

REPORT OF THE OSMA HEALTH AND WELFARE BENEFIT CORPORATION

A-2011

Subject: Annual Report

Presented by: Michael J. Haugh, MD, President

INTRODUCTION

The OSMA established the OSMA Health and Welfare Benefit Corporation, under which OSMA Health commenced operations as a Multiple Employer Welfare Arrangement (MEWA) on January 1, 2005. The OSMA Health benefit replaced PLICO Health and is only available to OSMA members, their employees, and the dependents of each, as well as OSMA employees and their dependents. The OSMA Health Board, which oversees the activities of OSMA Health, consists of nine elected physicians, one appointed lay member and two ex-officio members. The Board meets regularly and receives operational reports from C.L. Frates and Company, which the Board hired as the OSMA Health Plan Service Provider. The Board reviews and approves a financial report at each meeting.

REVIEW OF ACTIVITIES

In the past year, the OSMA Health Board met on the following dates: January 20, 2010 February 17, 2010; March 10, 2010; April 17, 2010; June 23, 2010; August 18, 2010; September 8, 2010; October 5, 2010; October 25, 2010; November 4, 2010 and December 1, 2010. The following are pertinent activities to report to the House of Delegates:

- Michelle's Law went into effect January 1, 2010 and applies to MEWA plans.
- The Board discussed the current OSMA Health financial picture and ways to reduce costs to the Plan.
- The Board discussed updated Regulatory Requirements and new Mental Health coverage rules.
- K.A. Mehta, MD, became an advisory member only during his one-year term of OSMA presidency. Bill Davis was re-elected by acclamation to another one-year term as non-physician board member. Michael Haugh, MD; Jack Beller, MD; and George Caldwell, MD were all re-elected for 3 year terms on the Board. All incumbent officers were re-elected by acclamation.
- The 2009 Audit was given an "unqualified opinion" indicating that 2009 financials were materially accurate and consistent.
- The Board discussed the financial implications and made adjustments to the Plan to be in compliance with Patient Protection and Affordable Care Act (PPACA). OSMA Health is NOT considered a Grandfathered Health Plan.
- Based on recommendations from the Actuary, OSMA Health will require an overall rate increase of 23%. Cost for individual Plans will vary greatly as a result of each plans cost experience.
- The Board approved to discontinue the current Dental Plan. OSMA members will be eligible for Dental coverage thru Delta Dental. Rates will be lower in addition to an added vision benefit.
- The Board approved to discontinue the usage of a Wrap Network, Beechstreet.
- The Board approved a requirement that Medicare eligible enrollees participating in our group plans must enroll in both Medicare Part A and B to be eligible for reduced contribution rates.
- The Board agreed to continue current reimbursement levels even if Medicare reimbursement rates are lowered.
- The 2011 Budget was approved.

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1 During the February 23rd Board Meeting, W. Frank Phelps, MD, not seeking re-election to the Board,
2 asked that early election of President of OSMA Health take place to ensure a smooth transition over the
3 interim. Michael J. Haugh, MD was elected as President.

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6 **CONCLUSION**

7 OSMA Health continues to do well. I would like to express my thanks to the members of the Board and
8 the staff of C.L. Frates and Company for their efforts and commitment to our company. Both have been
9 tireless in their efforts to make this health benefit a competitive, attractive option to all OSMA
10 members.

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14 Respectfully submitted,

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16 Michael J. Haugh, MD, President

17 Jack J. Beller, MD

18 John Robinson, MD

19 Diane Heaton, MD

20 Renee Roy, MD

21 Dana Stone, MD

22 W. Frank Phelps, MD

23 George Caldwell, MD

24 Bill Davis, Administrator, Digestive Disease Specialists

25 K.A. Mehta, MD, OSMA President, Advisory

26 Kenneth King, OSMA Executive Director, Advisory