

REPORT OF THE OSMA HEALTH AND WELFARE BENEFIT CORPORATION

A-2010

Subject: Annual Report

Presented by: W. Frank Phelps, 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, two appointed lay members and three 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: February 21, 2009; April 25, 2009; June 24, 2009; August 19, 2009; September 3, 2009; October 21, 2009; and December 2, 2009. The following are pertinent activities to report to the House of Delegates:

- The Board completed an Educational Retreat February 20th – 21st at the Hilton Southern Hills Hotel in Tulsa, Oklahoma.
- The OSMA Board was informed of the CMS mandate that requires all OSMA Health files be shared with CMS electronically on a quarterly basis by October 1, 2009. This is to identify all participants who may be Medicare eligible. C.L. Frates developed software for CMS approval to see if patients are Medicare eligible.
- Jim Dunagin, MD retired from his position on the Board. Dana Stone, MD joined the Board for a 3-year term and Kent King, MD joined the Board as an advisory member during his one-year term of OSMA presidency. All remaining incumbent officers were re-elected by acclamation.
- The 2008 Audit was given an “unqualified opinion” indicating that 2008 financials were materially accurate and consistent. The Management Letter, which shows a test of controls, did reveal a small error noted in a Dental Plan. Tests were done to ensure proper procedures were in place, and no additional errors were found. The Required Communications letter indicated no disagreements with management on current accounting and auditing matters, and that information was provided in a timely manner.
- OSMA Health purchased furniture and a safe for the office of the OSMA Health Liaison in the new OSMA Headquarters.
- Marc Marion, Senior VP Health Services with C.L. Frates announced that C.L. Frates will no longer be his direct employer. He started his own independent consulting firm which OSMA Health contracts with in addition to the C.L. Frates contract. Staffing changes at C.L. Frates included: CEO of TPA Services: Rick Franklin; CEO of TPA Operations: Debi Oliver.
- Eligibility Clarifications were made which included (1) Two physicians who are married that have OSMA Health are not required to each have membership with the Association as long as the non-member physician is listed as a dependent member physician. (2) If a physician retires from the practice of medicine before the age of 65, he is eligible for a new policy with OSMA Health.
- The Board approved 3 new policies which included: (1) Compensation Policy, (2) Retention and Destruction Policy, and (3) Capital Expenditure Policy.

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- 1 • The Board approved utilizing Global Claim Resources as a secondary network for out-of-state
- 2 claims.
- 3 • Regarding Plan product changes for 2010, necessary changes were made to the Essential PPO
- 4 Plan to meet the qualification requirements for O-EPIC; the HDHP Option A was eliminated;
- 5 and the 65 plus Plan has been age-rated.
- 6 • An average rate increase of 17.4% on all plan products was approved.
- 7 • Michelle's Law went into effect January 1, 2010 and applies to MEWA plans.
- 8 • Due to new HB1055 requirements, OSMA Health will continue verifying benefits ONLY but
- 9 will do no pre-determinations.
- 10 • The 2010 Budget was approved.

11
12 **CONCLUSION**

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

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20 Respectfully submitted,

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22 W. Frank Phelps, MD, President

23 Jack J. Beller, MD

24 John Robinson, MD

25 Diane Heaton, MD

26 Renee Roy, MD

27 Dana Stone, MD

28 K. A. Mehta, MD

29 Michael J. Haugh, MD

30 George Caldwell, MD

31 Bryce Edwards, OB/GYN Assoc, Inc

32 Bill Davis, Administrator, Digestive Disease Specialists

33 Kent King, MD, OSMA President, Advisory

34 Kenneth King, OSMA Executive Director, Advisory