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Message from the President— **The Role of Insurance Carriers in Maintaining a Stable Economy**

By David J. Walsh, President and Chief Executive Officer



While most Americans are aware of the important risk protection role insurance companies play, fewer may realize just how important carriers are to our nation's economic stability. There are several ways in which insurance companies help maintain a stable economy.

Through its role in risk mitigation, insurance helps

contain a business' costs. These costs can range from a reduction in legal fees and litigation costs to gaining more favorable financing terms due to the protections it has in place. As a result of its lower operating costs, a business effectively needs less capital to operate. Therefore, it is in a better position to hire more workers, expand, grow and contribute to a nation or region's economic growth.

Similarly, a business armed with the protections and assurances insurance provides, is more confident in making new investments; whether spending for capital improvements, new workforce initiatives, or R&D initiatives and innovations. All of these activities infuse money into the economy which, in turn, also helps spark economic development. In many ways, insurance companies help fuel the nation's entrepreneurial spirit upon which our nation thrives. Without insurance, many business owners and entrepreneurs simply would not take the risks so integral to achieving the great rewards that entrepreneurship often produces.

Most everyone can relate to the role of insurance companies in helping preserve an individual's estate. Think about how health insurance and various worksite/voluntary insurance products like disability, critical illness, accident and other insurance products help protect an individual against what could be catastrophic financial losses. When an individual goes into a distressed financial situation, there is a ripple effect that resonates across various debt holders and the overall economy. By helping in the broader area of employee benefits including retirement plans, insurance carriers also serve as valuable partners in helping individuals become more self-sufficient in their later years, thereby reducing government's need to fully subsidize their living expenses.

Insurance companies also help fuel the economy through their institutional investments. They represent one of the largest categories of institutional investors. Their investments help facilitate other firms' access to capital, create liquidity and improve their ability to expand and make greater contributions to the economy.

As the President and CEO of the Amalgamated Family of Companies, which includes Amalgamated Life Insurance Company and Amalgamated Agency, as well as the newly elected 2015 Chairman of the Board of the Life Insurance Council of New York, Inc., ("LICONY"), my wish for 2015 would be that our elected officials in Washington and Albany keep this vital role of insurance companies in mind as they draft and consider regulations affecting our industry.

Brokers Corner—Worksite Dental Insurance

Did you know that dental insurance ranks second only to health coverage as the benefit that matters most to employees? It's not surprising either considering just how important preventive oral health care is and how having dental insurance enables more individuals to take better care of their teeth. The American Dental Hygienists' Association estimates that for every \$1 spent on preventive oral health care as much as \$8–\$50 will be saved on future emergency and/or restorative dental procedures.

Amalgamated Life Insurance offers a very competitive dental insurance plan that provides 100% coverage for these vital preventive services. It is a 100% employee-paid plan which is available with either single or family coverage. It has unlimited annual maximums, provides orthodontia coverage for adults and children, as well as coverage for oral cancer screenings, anesthesia and teeth whitening.

Dental insurance is a sure way for employers to demonstrate that they care about employees and what matters to them. This employee-centered action can be very instrumental in attracting and retaining staff. It's a strategy used by 72% of companies with 1,000 or more employees (Source: LIMRA and NADP U.S. Group Dental Plans 2009 Annual Review).

Remember, good oral health is not only important for preserving one's teeth, it is vital for overall well-being. Maintaining good oral hygiene has been shown to significantly reduce the risk of heart attacks and diabetes, not to mention oral cancer.

For more information about cost-effective Amalgamated Life's Worksite/Voluntary Dental Insurance, contact: marketing@amalgamatedlife.com.

Amalgamated Life—Worksite/Voluntary Benefits and Their Increasing Importance *By John Thornton, Executive Vice President*



"The Patient Protection and Affordable Care Act" ("Affordable Care Act") ushered in many changes in employee benefit plans, particularly relating to health coverage. As a result of the cost-shifting that has occurred, more companies are recognizing the value of worksite/voluntary benefits as a way to help employees/

plan members fill the gaps and access important protections. This is a significant change from a decade ago when only the larger employers were offering worksite products.

A LIMRA survey found that new annualized premium of voluntary benefits purchased at the worksite grew by 9% in 2013 to a total of \$4.3 billion. That same LIMRA survey indicated voluntary health products sales were \$2.6 billion in 2013; up 13% from 2012 sales. By offering robust worksite products, also known as voluntary benefits, employers and other plan sponsors believe they are contributing to their employees' overall health and financial well-being. A national survey conducted by the Boston Research Group found that 55% of employers believe financial wellness leads to greater productivity. Research supports this belief and has found higher rates of productivity, lower rates of absenteeism and overall improved employee satisfaction in organizations offering worksite benefits.

Prudential's "Fifth Annual Study of Employee Benefits: Today & Beyond" reported that 52% of the employees surveyed said they were interested in a wider array of worksite/voluntary benefits that they can select from and pay for on their own. There's no question that worksite/voluntary benefits have assumed a much greater role in helping businesses attract and retain employees.

There are some worksite/voluntary products that are gaining extra attention as evidenced by their increasing sales. Sales of critical illness products, for example, increased by 20% over the past few years with industry insiders expecting to document even higher growth rates in the years ahead. Accident insurance sales also jumped by 14% and are expected to increase more as deductibles and out-of-pocket expenses are increased stemming from health care reform changes. Other worksite/voluntary products projected to see an uptick in sales are hospital indemnity/supplemental medical products and long-term health care insurance bundled with life policies.

As for the top sellers in worksite/voluntary products, that remains life insurance and disability. Other highly sought after worksite/voluntary products are dental which saw a 22% increase in annual sales over the past few years, vision which saw an estimated 10% increase in sales and legal benefits.

Amalgamated Life—Creates Dedicated Worksite Product Division

Recently, in view of the increasing demand for our worksite/voluntary products, we at Amalgamated Life Insurance established a new Worksite Division. Staffed with an expanded, dedicated team of benefits professionals, this new unit will enable us to bring a stronger focus to our marketing of our growing menu of worksite/voluntary solutions. We have added several new experienced representatives to better meet the needs of employers/unions and their employees/members with these high demand insurance solutions.

Through Amalgamated Life's Worksite Division, we offer a suite of vital worksite insurance products, which include: Term Life, Whole Life, AD&D, Critical Illness, Accident, Disability, Dental, Vision and Legal.

For more information on worksite/voluntary products, contact marketing@amalgamatedlife.com.

AliCare Medical Management—Health Care Reform Prompts Heightened Demand for Medical Case Management

By Julie O'Brien, President—AliCare Medical Management



Since it was first signed into law by President Obama in 2010, the "Patient Protection and Affordable Care Act" ("Affordable Care Act") has been a lightning rod for medical case management. While health care reform has been affecting many in various ways, one thing is certain. The demand for high quality medical case management services has never been

greater. Let's look at how the Affordable Care Act has affected different groups and the heightened role created for case management.

As a result of the new law, hospitals will save an estimated \$5.7 billion in uncompensated care costs (i.e., costs they incur that would not be reimbursed) in 2014. (Source: Department of Health and Human Services). That's the good news. On the flip side, the legislation established the Medicare Hospital Readmission Reduction Program which, as of fiscal year 2013, provides a financial incentive to hospitals to lower their preventable readmission rates or said differently, a financial penalty for hospitals with excess Medicare readmissions. To address this new requirement, hospitals must have in place effective transitions of care plans for which case managers have a vital role.

For employers, the Affordable Care Act has created new requirements relating to the health insurance coverage of their employees (e.g., prohibiting lifetime limits, ending pre-existing condition exclusions for children under 19, extending the coverage to dependents up to age 26 whether they are married and/or students) and new responsibilities for disease prevention, wellness program, plan reporting and transparency. With some of these responsibilities also come new incentives. For instance, the Affordable Care Act created new incentives to promote

wellness programs and support healthier workplaces. These so-called health-contingent wellness programs have standards that employees must meet (e.g., weight loss, decreased use of tobacco, increased exercise, lowering levels of cholesterol or blood pressure, etc.). Employers with these health-contingent wellness programs in place can realize a 20–30% reduction in the cost of health coverage for these improvements, with programs designed to achieve tobacco reduction earning them even higher cost reductions of up to 50%. Of course wellness programs, health coaching and disease prevention programs are core offerings of case management firms.

Finally, health care reform has ushered in consumer-driven health care with more Americans being covered by high deductible health care plans such as health savings accounts (HSAs). And health reimbursement accounts (HRAs). These plans encourage healthy lifestyles, an emphasis on disease prevention and prudent consumption of health care services. They also place a much higher level of responsibility and decision-making on the shoulders of consumers. Consequently, consumers too will need experienced, dedicated case managers to help them make wise decisions, navigate our complex health care delivery system and access the best care. Our nation's changing demographics—our aging population, increasingly more multicultural population and higher number of individuals with age-related illnesses as well as other conditions such as diabetes, obesity and hypertension now occurring at higher rates—will also create higher demand for professional case managers.

At AliCare Medical Management, we offer a full suite of programs including: Case Management, Disease Management, Utilization Management, Hospital Readmission Management, Maternity Management, Nurse HelpLine and Health Information, Wellness Health Coaching, Independent Physician Review and Claims Cost Management. They are designed to help employers, unions, health care providers and consumers meet important goals and responsibilities in our new era of healthcare. For more information on our programs, contact: marketing@amalgamatedlife.com.

In the News

Amalgamated Life CEO: As Company Branches Out, Moves Into Disability, Critical Care Products—February 2015

Dave Walsh spoke with A.M. Best TV about Amalgamated's history of writing insurance for unions and its geographic expansion and moving into medical stop loss, disability, critical illness and other areas. A video of the interview is available at <http://www.ambest.com/v.asp?v=walsh215>.

Amalgamated Life CEO Gains LICONY Appointment—January 2015

The Life Insurance Council of New York, Inc., (LICONY), elected David J. Walsh to serve as Chairman of the Board of Directors for 2015.

LICONY is the domestic trade association representing the life insurance industry in New York. Its member companies provide the vast majority of life, disability income, long-term insurance and annuity benefits for New Yorkers. In 2015, LICONY's membership will include 72 life insurance companies and 24 allied professional firms.

Community Involvement

As usual the Charity Committee of Amalgamated Family of Companies has been hard at work raising money, obtaining gifts and toys for various worthwhile organizations.

The Charity Committee held the 11th Annual Holiday Toy Drive in memory of Foo Mang. In addition to toys, the drive also received outerwear, non-perishable food items and \$180 which were donated to the Westchester Coalition for the Hungry and Homeless. The Coalition is a not-for-profit organization composed of food pantries, soup kitchens, shelters and service organizations interested in alleviating hunger and homelessness in our region.

The annual book fair held on December 2, 2014 raised \$2,075.07 with 10% of the money going to the proposed Amalgamated Life Scholarship Fund that and the remainder will be spread among our various charities.

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