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Message from the President A Personal Story about Insurance

By David J. Walsh, President & Chief Executive Officer Amalgamated Family of Companies



Often, the best way to demonstrate a life lesson is to share one. I want to share a personal story because I believe it will help others.

1995 was a difficult year. My dad died. In the spring of 2015, I received a letter from an insurance company

saying, "We're sorry to learn about the recent loss of your father. He had a policy of insurance on you and that policy is now yours."

I called the company and explained that my dad had died 20 years before and, I think the customer service representative almost collapsed and said, "Oh, we're sorry, we needed to tell you." I said, "No, it's okay. I'm in the industry. I know what happened. It was a very small company in Iowa. The book (of business) probably got acquired by a larger company that had the wherewithal to figure this out." But, here's the backstory on this policy.

My father had been wounded a couple of times in World War II. He came home with recurring malaria which plagued him for the rest of his life. Financially, my folks had very little. Yet they took out a life insurance policy on me because when I was born, I had a lot of problems and my parents were told that I was not going to make it. My chances of living to be five were very, very small. So my father, because he did not want his child to have a pauper's funeral, scraped together \$90, which for my parents

was a lot of money. They borrowed from everybody, \$10 from my aunt and \$15 from my grandmother, etc. My dad knew that there was a need for which he needed to plan.

Back then, there weren't Nike shoes or iPods. It wasn't a question of, "Do I have the latest gadget?" For my father and my mother, it was a matter of this is what we need to do to plan for our family. So now 66 years later, that policy is worth \$3,000. I shared news of the policy with my brother and sister and together, we decided that we would use the cash from the policy to have a family reunion. One final, loving gift from mom and dad.

The financial planning my father did was not easy. It couldn't have been easy to think of the death of your firstborn. It was not easy for him to get that money together to actually provide the protection that his family needed, but he did it. All too often in our society today that doesn't happen. Part of our job, as lawmakers, as regulators, as people in the insurance industry is to tell the tale to families that financial planning is absolutely essential. It's essential because bad stuff happens to everybody, and when it does, sharing that risk with everybody else is really the only way to financially survive.

Broker's Column—Savings for Hearing

With the sales of hearing aids in the United States continuing to climb in parallel with the graying of America, Amalgamated Life made the decision to partner with United Hearing Services, Inc. of Pasadena, California and offer a new hearing benefit program—Savings for Hearing.

United Hearing Services, Inc. is a full-service hearing aid supplier, with benefits administered by the HearUSA Hearing Care Network of over 4,000 providers nationwide. HearUSA offers a complete portfolio of hearing aids, consisting of 12 different manufacturers and over 350 hearing models, to provide a comprehensive hearing aid savings benefit to businesses, Taft-Hartley multi-employer trust funds, and municipalities.

Through the *Savings for Hearing* program, hearing aid savings of 20%–60% over retail prices can be realized. Additionally, the program provides full concierge services that support individuals on their journeys to better hearing, from provider selection and appointment scheduling to follow-ups. Organizations that bring the Amalgamated Life's offering to their employees/members enable those individuals to secure significant savings for purchases of hearing aids for themselves and family members. Along with deep discounts on a wide selection of hearing aids, participants also can access a 10% discount on hearing aid parts and supplies.

Amalgamated Life's *Savings for Hearing* will be offered to organizations both with and without a hearing benefit. Hearing aids purchased through the Amalgamated Life program can be fully paid for by employees and/or using company-paid hearing benefit dollars. Those businesses/unions that decide to offer *Savings for Hearing* are assigned a dedicated account manager and their employees/members are issued ID cards giving them access to United Hearing Services' hearing aid products and services, administered by HearUSA.

LIMRA Says: —Voluntary Benefits on the Rise

According to the latest research from the Life and Market Research Association (LIMRA), voluntary benefits continue to see steady growth. The organization is projecting that sales of voluntary benefits such as critical illness insurance will double by 2018. Critical illness and accident insurance have grown by double digits for consecutive years based on LIMRA data.

In 2015, the LIMRA U.S. Worksite Sales survey documented the largest year-over-year increase in voluntary sales in the past five years. Other key findings of LIMRA relating to voluntary benefits include:

- ▶ — **71%** of employers believe voluntary benefits improve worker morale and satisfaction
- ▶ — Almost **60%** of employees prefer to buy their health benefits at work, and
- ▶ — **50%** of employees prefer to buy life insurance through work

The growth in voluntary benefits is attributed to the greater focus of Americans on financial wellness.

Amalgamated Life Insurance

Communicating the Importance of Life Insurance to Your Workforce

By John Thornton, Executive Vice President, Sales & Marketing Amalgamated Family of Companies



Mention life insurance and depending on the age of who you are speaking with, you are likely to get a range of reactions. There is clearly a large percentage of Americans who recognize the importance of having life insurance. In fact, a recent survey by the Lincoln Financial Group found that 74%

of Americans believe life insurance is an important step toward protecting their wealth. Americans who have life insurance policies generally feel in control of their lives, financial well-being and future. But for those with no life insurance or the estimated one-third of Americans cited in the 2015 Insurance Barometer Study who believe they need more life insurance, there is an obstacle to purchasing. It is their perceived belief that life insurance is far more costly than it actually is.

The Insurance Barometer Study found that 80% of consumers misjudge the price of term life insurance. This miscalculation of cost is especially pronounced among the younger generations with Millennials (ages 18–35) overestimating the cost of term life insurance by 213% and Gen Xers (ages 36–48) by 119%. Clearly, Americans need a better understanding of life insurance and its value proposition. Plan sponsors can help by providing basic education.

COST FACTORS

Americans should know that among the factors which may influence what an individual will pay for life insurance are: his/her credit history, driving record, hobbies and lifestyle. They should understand that maintaining a healthy lifestyle (i.e., avoiding use of tobacco, maintaining a healthy weight, controlling chronic illness like diabetes and hypertension, etc.) is factored in by a carrier when determining the premium for an individual's life insurance policy. Individuals with risky lifestyles such as those

who participate in extreme sports (i.e., mountain climbing, sky-diving, race car driving, recreational flying and scuba diving) may find themselves incurring higher insurance costs due to higher risks the carrier assumes. In addition to striving for a healthy, risk-free life, one of the best ways to keep life insurance costs down is to purchase a policy when you are younger and your premiums will be lower based on your age. Many carriers also provide discounts to customers who pay their premiums on an annual basis rather than on a monthly basis which requires a greater administrative burden for the carrier.

ROLE

Life insurance has many important roles. Policy proceeds can be used to protect one's heirs upon one's death. They can be used as a business succession financial tool, for charitable giving, as well as to help fund one's retirement, a child's college tuition, and to supplement long-term care expenses. In other words, life insurance should not be viewed as a death benefit, but rather a life benefit. When you think about it this way, it becomes easier to prioritize life insurance over, for example, purchasing another mobile device, going on an additional vacation or allocating funds for other expenditures. Interestingly enough, the Lincoln Financial Group study found that 41% of Millennials and 37% of Gen Xers believe they should be setting aside more money toward life insurance.

PEACE OF MIND

No matter how old you are or your financial situation, having life insurance delivers some peace of mind. Helping an individual determine how much life insurance he/she should have is the role of their broker/agent. Contacting a knowledgeable broker/agent, who can educate individuals regarding their life insurance needs and help them purchase the right coverage, is the first step toward gaining greater peace of mind.

AliCare—The Right TPA Is More Than Ever in Our Post Healthcare Reform Era

By Ann Joo Kim, Senior Vice President Amalgamated Family of Companies



There have always been sound reasons for plan sponsors to contract with a Third Party Administrator (TPAs). TPAs bring notable benefits to their clients in the areas of increased benefit administration efficiencies, enhanced regulatory compliance and improved claims handling. Those ben-

efits have only become more pronounced as plan sponsors across diverse businesses and unions grapple with the burdens imposed by the “Patient Protection and Affordable Care Act” (ACA). This legislation, the most significant healthcare reform in a half a century, has introduced new administrative and compliance requirements that demand the highest level of expertise, experience and insights. Managing the landmines left behind by ACA is a core strength of many TPAs, but not all TPAs are alike. It is important that plan sponsors, turning over this critical area of operations to a third-party service provider, be certain they have the right TPA by their side. For organizations now considering self-funded plans as a result of ACA, it is especially important to qualify the TPA. Following are some tips to help make the best TPA selection.

- Make sure the TPA has a proven track record of self-funded administration. Ask if the TPA has assisted in the design of an ACA-compliant, self-funded program and its administration.
- Inquire as to the TPA's experience in helping guide clients in their compliance with ACA and its various requirements which have been phased in over the past few years.

- Discuss the TPA's flexibility in designing a plan and providing services that best meet the specific organization's requirements relevant to the number of plan participants, demographics, business model, corporate culture, risk tolerance and geographic locations. The most customer-focused TPAs will provide their services (e.g., enrollment, benefits administration, claims processing and adjudication, case management, compliance assistance, etc.) in an a la carte manner in order to best meet their customers' needs.
- Ask the TPA to describe its processes and history in helping customers keep their claims cost down and their experience with medical stop loss insurance; especially important given ACA's prohibition on lifetime limits for benefits. Pro-active TPAs should be able to cite a long history of success in containing their customers' claims costs, as well as their strategies for managing costs (i.e., robust claims analysis and reporting, high-dollar case review, effective utilization management and care management programs, application of advanced information technologies, fiduciary liability coverage, and strong customer service skills, etc.).
- Determine the TPA's experience working with a broad network of health care insurers, from HMOs and PPOs to Blue Cross and Blue Shield, which covers one in three Americans.

With these guidelines in hand, plan sponsors can facilitate a strong working relationship with a qualified TPA who will serve their best interests even in this era of healthcare reform.

AliCare Medical Management—Case Management for Our Multicultural Nation

By Julie O'Brien, President AliCare Medical Management



Long the melting pot, America has since become an even larger cauldron for a wide range of cultures. In fact, there are over 150 different ethnic cultures reflected in the American society today. According to the latest U.S. Census, multicultural individuals are becoming the largest com-

ponent of the U.S. population. Specifically, African Americans, Asian Americans and Hispanics now represent 120 million people living in America or 38% of the entire U.S. population. This figure is projected to increase by 2.3 million annually until the multicultural groups comprise the majority of the U.S. population expected to happen by 2044.

What does this mean for medical case managers? It requires that they have a greater understanding of the cultural differences and nuances that patients of multiple cultures bring to the health-care setting. Let's consider the different languages, for example, spoken by patients. In addition to English and Spanish, which are spoken by the most individuals in the U.S., there is Chinese, the Philippines' native language (Tagalog), French, German, Vietnamese, Korean, Italian, Hebrew, Polish, Greek, Native American and African. Effective communications with patients is essential from the initial assessment to transitions of care where case managers look to assess how patients are doing and if they are adhering to their treatment plans. To facilitate better communications, many healthcare providers are bringing in special translators and/or adding healthcare professionals with multilingual capabilities to their staffs. Language isn't the only potential barrier to effective patient care. There are many cultural differences associated with different ethnicities which affect how a patient views his/her healthcare and their related behaviors.

For example, Latinos believe in religious healing and rely on prayer to various saints for their health. In Asian cultures, maintaining balance between yin and yang, using certain herbs and maintaining a free flow of "qi" energy by using acupuncture is common. Harmony with nature is held as a key to good health among African culture along with religion's healing powers.

Multiculturalism is also reflected in how patients of different cultures view medical decisions, terminal illness and death. African Americans and European Americans largely believe their loved ones should be told of their terminal illness before a patient is told, whereas fewer Korean American and Mexican Americans feel this way. In some cultures, the patient's family hears first about a serious illness. This is true among the Chinese, Filipinos, Mexicans and Iranians. There are also pronounced differences regarding what medical problems will drive patients of different cultures to seek treatment. Armenians, for instance, more often use health services for problems relating to their teeth, eyes and medications. Vietnamese are also likely to seek out help for these areas as well as gastro-intestinal ailments. Even adherence to medication prescriptions varies among cultures. Armenians, for example, most compliant with taking pills and/or having injections, while Vietnamese individuals less willing to have injections.

Given the multiculturalism in America today, medical case managers are making obtaining greater cultural knowledge a top priority so that they can deliver the highest standards of medical care. They are participating in cultural sensitivity training programs, using patient educational materials in their patients' native language, and adapting their interactions with patients to demonstrate a respect for different cultures.

NEWS & DEVELOPMENTS

- Emily Jordan, Esq. joined Amalgamated Family of Companies as Assistant Vice President, Compliance Counsel.



- Amalgamated Family of Companies has chosen MTS Software Solutions to migrate the current Oracle Enterprise Content Management (ECM) system and implement OnBase by Hyland.

- Julie A. Ragatz, a professor at the American College of Financial Services, recently addressed the Amalgamated Life sales team on the “Importance of Ethics in the Financial Services Industry” which was interesting and well-received.

- On March 23, 2016, Amalgamated Life continued its annual tradition and participated in the 105th anniversary of the Triangle Shirtwaist Factory Fire that occurred on March 25, 1911 in New York City. The Shirtwaist Factory Fire was the largest industrial disaster in the history of New York City.
- Members of the Amalgamated Family of Companies and the Charity Committee again showed their support by raising money to help several worthwhile organizations including: Habitat for Humanity, City Harvest Skip Lunch Fight Hunger, Volunteers of America’s Operation Backpack, Abbott House and World Disasters.

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Amalgamated Life Insurance Company
 333 Westchester Avenue
 White Plains, NY 10604
 914-367-5000
www.amalgamatedlife.com

