

From: Botwinick, Alexandra (HHS/OCIO)

Sent: Tuesday, December 21, 2010 2:03 PM

To: 'mcn@groom.com'; 'agogna@groom.com'

Cc: Habit, Sandra (HHS/OCIO)

Subject: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York Approval Letter for a Waiver of the Annual Limits Requirements 12-21-2010

Importance: High

Attachments: Updated Jan 1 Approval Letter .pdf

Good Afternoon,

Thank you for submitting an application for a Waiver of the Annual Limits Requirements of the PHS Act Section 2711 for **Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York**. HHS has reviewed your application and made its determination. Please see the attached letter.

Please confirm receipt of this letter by replying to this e-mail.

Please let me know if I can be of further assistance.

Sincerely,

Alexandra Botwinick

Office of Oversight

HHS/OCIO

alexandra.botwinick@hhs.gov

NYPD DET:000001

From: Gogna, Anubhav (AGogna@groom.com) [AGogna@groom.com]
Sent: Tuesday, December 21, 2010 2:15 PM
To: Botwinick, Alexandra (HHS/OCIIO); Nielsen, Mark (mcn@groom.com)
Cc: Habit, Sandra (HHS/OCIIO); Mazaway, Lou (ltm@groom.com)
Subject: RE: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York Approval Letter for a Waiver of the Annual Limits Requirements 12-21-2010

Ms. Botwinick,

This is to confirm receipt of your email with respect to the approval of the application for a Waiver of the Annual Limits Requirements for the Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York. Thank you.

Best regards,

Anu Gogna



Anubhav Gogna / 1701 Pennsylvania Ave., N.W. / Washington, DC 20006 / Phone: 202-861-2602 / Fax: 202-659-4503 /
www.Groom.com / AGogna@groom.com

From: Botwinick, Alexandra (HHS/OCIIO) [mailto:Alexandra.Botwinick@hhs.gov]
Sent: Tuesday, December 21, 2010 2:03 PM
To: Nielsen, Mark (mcn@groom.com); Gogna, Anubhav (AGogna@groom.com)
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York Approval Letter for a Waiver of the Annual Limits Requirements 12-21-2010
Importance: High

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Please confirm receipt of this letter by replying to this e-mail.

Please let me know if I can be of further assistance.

Sincerely,

Alexandra Botwinick

Office of Oversight
HHS/OCIIO
alexandra.botwinick@hhs.gov

NYPD DET:000002

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NYPD DET:000003

ANNUAL LIMIT WAIVER APPLICATION 2010

Current Essential Benefits Annual Limits (Annual Limit for Each Essential Benefit)										Office Visit Copays/Coinsurance	Hospital Inpatient Copay/Coinsurance	Emergency Room Copay/Coinsurance	Rx Copay/Coninsurance					
Ambulatory	Emergency	Hospitalization	Laboratory	Pediatric	Maternity/ Newborn	Mental Health/ Substance Abuse	Rehabilitative/ Devices	Preventive/ Wellness	Prescription	Plan Deductible	Copay (if applicabl e)	Coinsuranc e (if applicabl e)	Copay (if applicabl e)	Coinsura nce (if applicabl e)	Copay (if applicabl e)	Coinsura nce (if applicabl e)	Copay (if applicabl e)	Coinsuran ce (if applicabl e)
None	None	None	None	None	None	None	None	None										(b)(4)

ANNUAL LIMIT WAIVER APPLICATION 2010

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ANNUAL LIMIT WAIVER APPLICATION 2010

Current Essential Benefits Annual Limits (Annual Limit for Each Essential Benefit)										Office Visit Copays/Coinsurance	Hospital Inpatient Copay/Coinsurance	Emergency Room Copay/Coinsurance	Rx Copay/Coninsurance					
Ambulatory	Emergency	Hospitalization	Laboratory	Pediatric	Maternity/ Newborn	Mental Health/ Substance Abuse	Rehabilitative/ Devices	Preventive/ Wellness	Prescription	Plan Deductible	Copay (if applicabl e)	Coinsuranc e (if applicabl e)	Copay (if applicabl e)	Coinsura nce (if applicabl e)	Copay (if applicabl e)	Coinsura nce (if applicabl e)	Copay (if applicabl e)	Coinsuran ce (if applicabl e)
None	None	None	None	None	None	None	None	None										

(b)(4)

ANNUAL LIMIT WAIVER APPLICATION 2010

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November 22, 2010

Via Electronic Delivery: healthinsurance@hhs.gov

Mr. James Mayhew
Office of Oversight—Office of Consumer Information and Insurance Oversight
U.S. Department of Health and Human Services
Room 737-F-04
200 Independence Avenue, SW
Washington, DC 20201

**RE: Waiver Request—Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York
Employer Identification Number: 13-2977629**

Dear Mr. Mayhew:

The Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York (the "Fund") respectfully submits this application for waiver of the restricted annual limits set forth in the Department of Health and Human Services' Interim Final Rule (the "IFR") issued on June 28, 2010 (75 Fed. Reg. 37188), promulgated pursuant to the Patient Protection and Affordable Care Act (the "ACA"). The Fund's next Plan Year begins January 1, 2011, and we therefore request that the Department review and approve this waiver application in accordance with the Sub-Regulatory Guidance (OCIIO 2010-1 and OCIIO 2010-1A) issued by the Office of Consumer Information and Insurance Oversight ("OCIIO") on September 3, 2010 and November 5, 2010, respectively.

Pursuant to OCIIO's Sub-Regulatory Guidance, the Fund submits the following information:

1. The Terms of the Plan for Which the Waiver Is Sought

This waiver application is submitted on behalf of the Fund, a self-funded plan that provides supplemental benefits to detectives who are actively employed by the New York City Police Department and who are covered under a collective bargaining agreement ("CBA") between the Detectives' Endowment Association, Inc., Police Department, City of New York (the "Union") and New York City, for whom the City makes contributions to the Fund. The Fund covers approximately (b)(4) participants which includes detectives, detective investigators, and their eligible dependents. The Fund provides prescription drug, dental, vision, hearing aid, disability, death and other supplemental benefits not provided by the City of New York to Fund members and their eligible dependents. The Fund's participants and eligible dependents receive health-related coverage (e.g., prescription drugs, dental, vision and hearing aid benefits) with minimal copayments and the Fund also provides a prepaid program of preventative dentistry through Dentcare Delivery Systems, Inc. The Fund's members may access dental and vision benefits through preferred provider networks that accept the Fund's benefit schedules with little to no out-of-pocket cost to the member, or members may see out-of-network

providers of their choice and seek direct reimbursement from the Fund. Basic health plans provided by New York City do not include prescription drug coverage and the other benefits offered by the Fund. As a consequence, most union sponsored supplemental benefit plans, such as those provided by the Fund, fill these critical gaps in coverage, typically with prudently established annual limits. Some of the benefits provided by the Fund are not subject to the ACA's restricted annual limits. However, the essential benefits provided by the Fund are currently subject to annual limits that are well below the \$750,000 restricted annual limit established by the IFR for Plan Years beginning on or after September 23, 2010 but before September 23, 2011. For these benefits, we believe that a waiver is warranted.

2. Number of Individuals Covered

The Fund currently provides coverage to approximately (b)(4) participants and dependents.

3. The Annual Limits and Rates Applicable to the Plan

The Fund has a (b)(4) annual limit per covered family on prescription drug coverage.

The City of New York contributes (b)(4) per employee/per annum to the Fund, which is applied to cover the cost of all Fund benefits and administrative costs. The contribution rate is established pursuant to a CBA between the Union and the City of New York. Fund members and their eligible dependents do not pay a premium or otherwise contribute directly to the Fund for access to coverage, although they do pay modest co-payments for various covered benefits. With respect to the Fund's prescription drug coverage, there is no copayment for generic drugs, and a (b)(4) copayment for brand-name drugs that are dispensed by participating network pharmacies. Fund participants that receive prescription drugs from out-of-network pharmacies are reimbursed directly in accordance with a fee schedule established by the Fund.

4. Description of Why Compliance With the IFR Would Result In a Decrease in Access to Benefits Or a Significant Premium Increase

The benefits provided by the Fund are collectively bargained between the Union and New York City, and are the result of hard-fought negotiations which contractually obligate New York City to remit the negotiated contribution rate to the Fund. The City's contributions to the Fund are limited by contract, and must cover *all* benefits provided by the Fund. The current CBA with the City will expire on March 31, 2012.

The Fund's actuary has calculated the impact that raising the Fund's annual limits to \$750,000 would have on the Fund. Currently, New York City contributes (b)(4) per member annually to the Fund, which is used to fund all of the benefits offered by the Fund, including prescription drug coverage. The Fund currently pays a maximum of (b)(4) annually per covered family for prescription drugs. The Fund cannot remain solvent if it were required to raise its annual limits on prescription drug benefits from (b)(4) to \$750,000 – a (b)(4) increase. Indeed, given that the Fund's resources are severely limited – and because contributions rates are contractually established through a CBA that was negotiated long before

the ACA's enactment – a (b)(4) increase in annual limits will force the Fund to discontinue or drastically diminish offering various benefits, including prescription drug coverage.

Further, the Fund's actuary estimates that implementing the \$750,000 annual limit between January 1, 2011 and December 31, 2011 would, on a conservative basis, increase the Fund's prescription drug costs by approximately (b)(4) and result in financial insolvency absent additional funding, of which there is none. This would require the Union to obtain an increase in New York City's contribution rate of almost (b)(4) (b)(4) per covered employee per year) simply to cover the Fund's additional benefit expenditures for prescription drugs during the 2011 Plan Year. A contribution rate increase is not possible, however, given that New York City's contribution rate is contractually established in a CBA. Accordingly, there is no way for the Fund to obtain a contribution rate that would sustain benefits offered with a \$750,000 annual limit, and to prevent insolvency, the Fund's Trustees would be forced to either cut the Fund's prescription drug benefits, or to reduce other critical benefits that the Fund offers, such as dental and vision, to offset the additional costs that will result from a \$750,000 annual limit during the 2011 plan year. Under either scenario, Fund members would experience a "significant decrease in access to benefits for those currently covered by the [Fund]," which is what OCIO's guidance requires for issuance of a waiver. See September 3, 2010 guidance, §III(4)-(5).

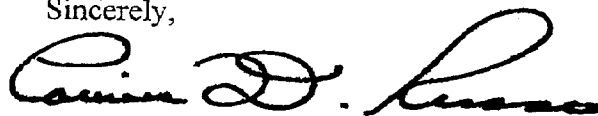
Based on the above information, we respectfully request a waiver of the \$750,000 restricted annual limit for the Plan Year commencing January 1, 2011.

5. Attestation

By my signature below, I certify that the coverage provided by the Fund was in force prior to September 23, 2010, and that application of the restricted annual limits to the Fund for the January 1, 2011-December 31, 2011 Plan Year would result in the Fund's insolvency and thus a significant decrease in access to, if not the total elimination of benefits for those currently covered by the Fund.

We very much appreciate the Department's consideration of this waiver application, and we look forward to hearing from you. In the meantime, please do not hesitate to contact the Fund's legal counsel, Louis T. Mazawey, Mark C. Nielsen or Anubhav Gogna, should you have any questions or require any additional information. Mr. Mazawey may be reached at 202.861.6608, or by email at ltm@groom.com. Mr. Nielsen may be reached at 202.861.5429 or by email at mcn@groom.com, and Mr. Gogna may be reached at 202.861.2602, or by email at agogna@groom.com.

Sincerely,



Carmine D. Russo
Executive Director, DEA Welfare Fund

Page 22 redacted for the following reason:

(b)(4)

From: Keels, Lisa (HHS/OCIIO)
Sent: Thursday, December 09, 2010 3:19 PM
To: Habit, Sandra (HHS/OCIIO)
Subject: FW: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New Work Waiver Application - Request for Additional Information

Attachments: DEA Fund Waiver Application Form (v1 12-7-10)--Final.xlsx

From: Nielsen, Mark (mcn@groom.com) [mailto:MNielsen@groom.com]
Sent: Wednesday, December 08, 2010 2:49 PM
To: Keels, Lisa (HHS/OCIIO); Mazawey, Lou (ltm@groom.com)
Cc: Habit, Sandra (HHS/OCIIO); Gogna, Anubhav (AGogna@groom.com)
Subject: RE: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New Work Waiver Application - Request for Additional Information

Dear Lisa,

Thank you for your email regarding the annual limit waiver request that was filed by the Detective Endowment Association, Inc., Police Department City of New York Health Benefits Fund (the "Fund"), and for taking the time to discuss the spreadsheet with me this morning. As requested, we are attaching the spreadsheet that your office provided, detailing information applicable to the Fund's prescription drug benefits, for which the Fund has requested a waiver of the annual limit that is currently in effect.

In response to your specific questions, please note:

1. As detailed in the Fund's attestation that accompanied its waiver request, the Fund was in existence prior to March 23, 2010; and
2. The Fund is in compliance with the grandfather provisions of the Interim Final Rule, 45 C.F.R. § 147.140.

I hope this is helpful and will facilitate approval of the Fund's waiver application. Please let me know if you have any questions or need anything else. Thanks.

Best regards,

Mark C. Nielsen

[019470/05]

Groom Law Group, Chartered



Mark C. Nielsen / 1701 Pennsylvania Ave., N.W. / Washington, DC 20006 / Phone: 202-861-5429 / Fax: 202-659-4503 /
www.Groom.com / MNielsen@groom.com

From: Keels, Lisa (HHS/OCIIO) [mailto:Lisa.Keels@hhs.gov]
Sent: Tuesday, December 07, 2010 4:11 PM
To: Mazawey, Lou (ltm@groom.com); Nielsen, Mark (mcn@groom.com)
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New Work Waiver Application - Request for Additional Information

Dear Mr. Mazawey and Mr. Nielsen,

Thank you for your application for the Waiver of the Annual Limits Requirements of the Public Health Service Act (PHS Act) Section 2711. In order to expedite your application, please provide the following information:

- I. Please complete the entire annual limits spreadsheet, which is attached to this email. Please return the

NYPD DET:000023

completed spreadsheet to this email address as an attachment. We will only be able to process spreadsheets that are fully complete (i.e., every cell should contain the information requested). If a cell on the spreadsheet does not pertain to your plan, please write "None," and/or provide an explanation regarding why you are unable to complete that particular cell in a separate document.

II. In addition, please provide the following information:

- Please confirm whether the plan was in existence prior to March 23, 2010. If so, is the plan in compliance with grandfathering provisions, pursuant to 45 CFR 147.140?

In order to complete your application, please provide this information by 5:00 pm, December 8, 2010. Once this information is received and the application is complete, it will be processed by the Department of Health and Human Services (HHS). As stated in our September 3, 2010 Sub-Regulatory Guidance, HHS will issue a decision within 30 days of receiving a complete application. You will receive an e-mail from HHS notifying you of the waiver decision.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

Notice: This message is intended only for use by the person or entity to which it is addressed. Because it may contain confidential information intended solely for the addressee, you are notified that any disclosing, copying, downloading, distributing, or retaining of this message, and any attached files, is prohibited and may be a violation of state or federal law. If you received this message in error, please notify the sender by reply mail, and delete the message and all attached files.

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NYPD DET:000024

From: Keels, Lisa (HHS/OCIIO)

Sent: Tuesday, December 07, 2010 4:11 PM

To: ltm@groom.com; mcu@groom.com

Cc: Habit, Sandra (HHS/OCIIO)

Subject: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New Work Waiver Application - Request for Additional Information

Attachments: Waiver Application Form.xlsx

Dear Mr. Mazawey and Mr. Nielsen,

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- I. Please complete the entire annual limits spreadsheet, which is attached to this email. Please return the completed spreadsheet to this email address as an attachment. We will only be able to process spreadsheets that are fully complete (i.e., every cell should contain the information requested). If a cell on the spreadsheet does not pertain to your plan, please write "None," and/or provide an explanation regarding why you are unable to complete that particular cell in a separate document.
- II. In addition, please provide the following information:
 - Please confirm whether the plan was in existence prior to March 23, 2010. If so, is the plan in compliance with grandfathering provisions, pursuant to 45 CFR 147.140?

In order to complete your application, please provide this information by 5:00 pm, December 8, 2010. Once this information is received and the application is complete, it will be processed by the Department of Health and Human Services (HHS). As stated in our September 3, 2010 Sub-Regulatory Guidance, HHS will issue a decision within 30 days of receiving a complete application. You will receive an e-mail from HHS notifying you of the waiver decision.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

NYPD DET:000025

From: Nielsen, Mark (mcn@groom.com) [MNielsen@groom.com]
Sent: Wednesday, December 08, 2010 2:49 PM
To: Keels, Lisa (HHS/OCIIO); Mazawey, Lou (ltm@groom.com)
Cc: Habit, Sandra (HHS/OCIIO); Gogna, Anubhav (AGogna@groom.com)
Subject: RE: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York Waiver Application - Request for Additional Information

Attachments: DEA Fund Waiver Application Form (v1 12-7-10)--Final.xlsx

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1. As detailed in the Fund's attestation that accompanied its waiver request, the Fund was in existence prior to March 23, 2010; and
2. The Fund is in compliance with the grandfather provisions of the Interim Final Rule, 45 C.F.R. § 147.140.

I hope this is helpful and will facilitate approval of the Fund's waiver application. Please let me know if you have any questions or need anything else. Thanks.

Best regards,

Mark C. Nielsen

[019470/05]



Mark C. Nielsen / 1701 Pennsylvania Ave., N.W. / Washington, DC 20006 / Phone: 202-861-5429 / Fax: 202-659-4503 / www.Groom.com / MNielsen@groom.com

From: Keels, Lisa (HHS/OCIIO) [mailto:Lisa.Keels@hhs.gov]
Sent: Tuesday, December 07, 2010 4:11 PM
To: Mazawey, Lou (ltm@groom.com); Nielsen, Mark (mcn@groom.com)
Cc: Habit, Sandra (HHS/OCIIO)
Subject: Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York Waiver Application - Request for Additional Information

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- I. Please complete the entire annual limits spreadsheet, which is attached to this email. Please return the completed spreadsheet to this email address as an attachment. We will only be able to process spreadsheets that are fully complete (i.e., every cell should contain the information requested). If a cell on the spreadsheet does not pertain to your plan, please write "None," and/or provide an explanation regarding why you are unable to complete that particular cell in a separate document.
- II. In addition, please provide the following information:

NYPD DET:000026

- Please confirm whether the plan was in existence prior to March 23, 2010. If so, is the plan in compliance with grandfathering provisions, pursuant to 45 CFR 147.140?

In order to complete your application, please provide this information by 5:00 pm, December 8, 2010. Once this information is received and the application is complete, it will be processed by the Department of Health and Human Services (HHS). As stated in our September 3, 2010 Sub-Regulatory Guidance, HHS will issue a decision within 30 days of receiving a complete application. You will receive an e-mail from HHS notifying you of the waiver decision.

Thank you,
Lisa Keels

Lisa M. Keels, J.D.
U.S. Department of Health & Human Services
Office of Consumer Information and Insurance Oversight
Office of Oversight
lisa.keels@hhs.gov
301-492-4168

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Consumer Information and
Insurance Oversight
Washington, DC 20201

Date: October 2010

From: Steve Larsen, Director, Office of Oversight 

Subject: Application for Waiver of the Annual Limits Requirements of PHS Act Section 2711

Dear Waiver Applicant:

Section 2711(a)(2) of the Public Health Service Act (PHS Act), as added by the Patient Protection and Affordable Care Act (Affordable Care Act), requires the Secretary to impose restrictions on the imposition of annual limits on the dollar value of essential health benefits (as defined in section 1302(b) of the Affordable Care Act) for any participant or beneficiary in a new or existing group health plan or a new policy in the individual market for plan or policy years beginning on or after September 23, 2010 and prior to January 1, 2014. Specifically, the Secretary is granted the authority to determine what constitutes a "restricted annual limit" that can still be imposed under such plans or policies prior to January 1, 2014.

The interim final regulations published on June 28, 2010 (codified at 26 CFR § 54.9815-2719T; 29 CFR § 2590.715-2719; and 45 CFR § 147.126) established such restricted annual limits. The regulations also provided that these restricted annual limits may be waived by the Secretary of Health and Human Services (HHS) if compliance with the interim final regulations would result in a significant decrease in access to benefits or a significant increase in premiums. Pursuant to the regulation, HHS issued guidance on September 3 regarding the scope and process for applying for a waiver.

The Office of Consumer Information and Insurance Oversight, Office of Insurance Oversight received and processed your application for the plan(s) or policy(ies) year beginning January 1, 2011. We have determined that your application has met the criteria to obtain a waiver of the restricted annual limits requirements because compliance with the interim final regulations would result in a significant decrease in access to benefits for those currently covered by such plans or policies, or a significant increase in premiums paid by those covered by such plans or policies. To the extent you make any change to your benefit package after March 23, 2010, you must determine whether the change(s) will trigger loss of grandfathering status pursuant to 45 CFR § 147.140(g)(1).

An approval of your request for waiver of the restricted annual limits requirements granted under this process applies only to the annual limit(s) provided in your application for the plan or policy year beginning between September 23, 2010 and September 23, 2011. This waiver only applies to the annual limits requirements in Section 2711 of the ACA and does not apply to any other requirement of the Affordable Care Act, ERISA, the IRS Code or the PHS Act. Further, a group

health plan or health insurance issuer must reapply for any subsequent plan or policy year prior to January 1, 2014 when this waiver expires in accordance with future guidance from HHS. HHS may modify this waiver approval process memorandum and other relevant information.

If you have any questions regarding this letter, please email OCIIOOversight@hhs.gov.

From: Gogna, Anubhav (AGogna@groom.com) [AGogna@groom.com]

Sent: Tuesday, November 23, 2010 8:44 AM

To: HHS HealthInsurance (HHS)

Cc: Mazaway, Lou (ltm@groom.com); Nielsen, Mark (mcn@groom.com); Killion, Tammy (TKillion@groom.com)

Subject: WAIVER--Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York

Attachments: DEA Fund--Projections by Actuary.pdf; DEA Fund Waiver--FINAL (11-22-10).doc.pdf

Dear Mr. Mayhew,

On behalf of the Health and Welfare Fund of the Detectives' Endowment Association, Inc. Police Department City of New York (the "Fund"), I am submitting this application for waiver of the restricted annual limit under Public Health Services Act § 2711, pursuant to OCIO Sub-Regulatory Guidance OCIO 2010-1 and 2010-1A. The Fund has a per-family annual limit on prescription drug benefits of \$ (b)(4) and, as detailed in the attached waiver application and accompanying actuarial projection, imposition of a \$750,000 annual limit would result in the Fund's insolvency, or drastically reduced access to benefits for those currently covered by the Fund.

We appreciate your consideration of the Fund's request. Please let Lou Mazaway, Mark Nielsen or me know if you have any questions or need anything else. Lou can be reached at 202.861.6608, Mark can be reached at at 202.861.5429 and I can be reached at 202.861.2602.

Best regards,

Anubhav Gogna

[019470/05]



Anubhav Gogna / 1701 Pennsylvania Ave., N.W. / Washington, DC 20006 / Phone: 202-861-2602 / Fax: 202-659-4503 / www.Groom.com / AGogna@groom.com

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NYPD DET:000030