

LOVE CANAL  
MEDICAL FUND,  
INC.



ANNUAL REPORT  
2007

# LOVE CANAL MEDICAL FUND, INC.

## ANNUAL REPORT 2007

### I. INTRODUCTION

This Board of Directors report for the Love Canal Medical Fund, Inc. (LCMF) is for the year ending December 31, 2007. The following two paragraphs describe the creation of the Love Canal Medical Trust Fund and the Love Canal Medical Fund, Inc.

#### A. Creation of the Love Canal Medical Trust Fund:

On December 20, 1983, the Supreme Court, State of New York, County of Niagara, approved a settlement agreement between the plaintiffs and the defendants in the case of Urban et al. vs. Occidental Chemical Corporation et al. The settlement agreement called for the establishment of the Love Canal Medical Trust Fund (LCMTF) for the benefit of the living plaintiffs of the lawsuit. The purpose of the Medical Trust Fund is to provide future benefits to plaintiffs who incur medical expenses related to medical problems, which reasonably could have been associated with exposure to toxic chemicals emanating from a former landfill in Niagara Falls, New York, known as the "Love Canal". Individuals who are eligible for benefits from the Love Canal Medical Trust Fund are limited to those thirteen hundred twenty-eight (1328) plaintiffs who entered into the settlement agreement.

#### B. Creation of the Love Canal Medical Fund, Inc.

On January 4, 1985, the same court ordered the establishment of a not-for-profit corporation to be named the "Love Canal Medical Fund Inc" (LCMF) to administer the Love Canal Medical Trust Fund, subject to the Court's supervision. The Court ordered that the Fund receive from the settlement the amount of one million (\$1,000,000) dollars and directed that the Fund report to the Court annually concerning its activities, and that the Court approve all expenditures. The Fund's Certificate of Incorporation was filed with the Secretary of State, State of New York on August 5, 1985. All of the Board's actions are subject to Court approval.

### II. BACKGROUND and ADMINISTRATION of the LOVE CANAL MEDICAL FUND

The Love Canal Medical Fund applied for and was granted tax exempt status under Section 501(c)(4) of the Internal Revenue Code in 1989. Form 990 – Return of Organization Exempt From Income Tax is filed with the Internal Revenue Service annually. A copy is available upon request.

LCMF received tax-exempt status from New York State sales tax in 1991. Payment of medical expenses from LCMF to beneficiaries is tax exempt.

### **A. Board Members**

The New York State Supreme Court appointed the initial members of the Board of Directors. Additional Board members have been appointed by the Board and approved by the Court. Half of the Board of Directors consists of one-time residents of Love Canal and approximately half are experts in professions related to administration of the Fund. All Directors volunteer their services. A list of the Board of Directors who served in 2007 is included at the end of this report.

### **B. Medical Benefits Plan**

The Board of Directors of the Love Canal Medical Fund was directed by the Court to develop and submit to the court for approval, a Medical Benefits Plan containing a process for the distribution of benefits to the beneficiaries of the Love Canal Medical Trust Fund. In response, the Medical Benefits Plan was prepared first in 1987 and later updated in 1994, 1996, and 1999. Amendments were made to the plan that had time limits, some of which were renewed several times, such as medications and appliance coverage. Some amendments were allowed to expire. The Plan is not an insurance policy. Beneficiaries should not rely upon the Medical Benefits Plan as their primary or sole source for reimbursement of medical expenses. Nor should the Medical Benefits Plan be considered a substitute for health insurance.

The Medical Benefits Plan describes the conditions, provisions, exclusions, and limitations of the coverage provided by LCMF for medical expenses incurred by beneficiaries for medical conditions, which reasonably could be associated with exposure to toxic chemicals found at the Love Canal, toxic waste site. The Plan also covers preventive and diagnostic procedures for early detection of medical conditions that could reasonably be associated with exposure to toxic chemicals. These medical conditions could have been present at the time of residency in Love Canal, or they may be any of the many medical conditions that may have developed since moving away from the area.

The Plan will pay up to a maximum of \$10,000 per beneficiary per year for covered medical expenses subject to a list of exclusions and limitations. Beneficiaries are directed to the Medical Benefits Plan Booklet for a list of these exclusions and limitations. Coverage provides for one annual routine physical examination per beneficiary per year.

### **C. Submission and Payment of Claims**

A procedure was established to review, approve, and pay claims. Claims are submitted on forms provided by the LCMF and are also found on the LCMF web site. Claims are received and processed by Albert F. Stager, Inc., a professional claims adjuster. The claims adjuster makes recommendations based on the Medical Benefits Plan. These claims are assigned a file number, so the identity of the claimant is not known to Board members. The processed claims are then sent to the LCMF Board. Claims are reviewed by the full Board or its authorized Committee that meet between Board meetings, to discuss and vote on each claim. The Board's decisions are then given to Albert F. Stager, Inc. who responds to the beneficiaries and issues payment of approved claims. Stager may contact people to clarify questions raised by the Board or to obtain additional information. People whose claims are denied, are also contacted by Albert F. Stager, Inc., and given the reason for the denial, and a description of the appeals process. Albert F. Stager has processed claims for the LCMF since the program was established.

#### **D. Claims for Board Members**

Some members of the Board of Directors are beneficiaries of the Fund. The Court ruled that Board members who are beneficiaries are entitled to payment of their medical claims. Procedures were established so that Board Members who have a claim against the Fund do not review or vote on their own claims. They are excused from that portion of the meeting. Claims paid to Board members are taken from the principal of the Fund and not the earnings as directed by the New York State Supreme Court.

#### **E. Appeals Board**

The Fund established an Appeals Board in 1990. The purpose of the Appeals Board is to review any claim appealed by a beneficiary that has been rejected for payment based on medical reasons. The Board decides on all policy issues. The appeals Board may also be contacted for expert opinion when required. Members of the Appeals Board are not paid.

#### **F. Financial Matters**

Merrill Lynch manages the investments of the Love Canal Medical Fund. The funds of the Love Canal Medical Trust Fund are invested primarily in Certificates of Deposit, Mutual Funds and to a lesser degree in U.S. Government securities. All financial matters are approved by the Board of Directors and by the NY State Supreme Court. A statement describing the account status is sent by Merrill Lynch to the Treasurer and Chairman of the Board each month.

#### **G. Reporting to the New York State Supreme Court**

The Love Canal Medical Fund Board reports annually to the Supreme Court of the State of New York concerning its activities and all financial matters. Judge Joseph D. Mintz reviews and approves the budget and expenditures.

### **III YEAR 2007 ACTIVITIES**

#### **A. Meetings**

In the year 2007, the Love Canal Medical Fund met in March, June and October, in Amherst, New York.

#### **B. Board of Directors**

Lois Gibbs, Adeline Levine, Carol Segal and Michael Zimmerman were re-elected to the Board in 2007. No new members were added to the Board of Directors in 2007.

#### **C. Benefits Paid**

The amount of benefits paid to beneficiaries in the year 2007 was \$28,028.72. The total amount of benefits paid from the inception of the Fund, including the year 2007, is \$1,034,479.73.

#### **D. Financial Statement**

Investment income for the year 2007 was \$115,461.35. Total expenses, including beneficiary payments were \$73,537.13. Net income was \$41,924.22. The total Fund balance at the end of the year was \$1,673,112.22.

Brown and Company completed audits for years 2005 and 2006.

### **E. Update of by-laws**

There were no changes to the LCMF by-laws in 2007.

### **F. Medical Benefits Plan**

The Medical Benefits Plan committee began review and updating of the plan during 2007.

### **G. Outreach Activities**

- Efforts to encourage beneficiaries to contact LCMF continued in 2007.
- A newsletter was mailed to beneficiaries in the Fall, 2007 reporting the preliminary findings of the New York State Department of Health's follow-up study of former Love Canal residents.
- An annual letter was mailed to all beneficiaries with the telephone numbers of the Fund (716-773-6578) and a toll free number for Albert F. Stager Inc. (1-800-427-1384).
- A post card addressed to the Love Canal Medical Fund was enclosed for beneficiaries to inform the Fund of an address or name change.
- Beneficiaries can use the Love Canal web site ([www.lcmf.org](http://www.lcmf.org)) to down load Annual Reports, bulletins and claim forms. There is also a link to the LCMF e-mail address: [lcmfund@yahoo.com](mailto:lcmfund@yahoo.com) which beneficiaries may use to notify the Fund of a change of address, request claim forms and other pertinent information.
- A telephone line with voice mail (716-773-6578) was put into service in 2001 for beneficiaries. This continues to be the most used method for reaching the Fund.
- The LCMF continues to try to locate beneficiaries who move without providing new addresses.

### **H. General Board Activities**

- Following the placement of help wanted advertisements in the Buffalo News, a new Administrator was employed in March 2007. This Administrator resigned due to health issues on September 30, 2007. The Board then chose another previously interviewed candidate to be the LCMF Administrator effective October 1, 2007.
- The Board approved the closing of the original LCMF PO Box and the opening of a new Post Office Box effective in December 2007. The new Post Office Box is: PO Box 1782, Amherst, NY 14226-7782.

**LOVE CANAL MEDICAL FUND  
BOARD OF DIRECTORS SERVING IN 2007**

|                       |          |
|-----------------------|----------|
| Janice Alexander      | Resident |
| Joseph Dunmire        | Resident |
| Lois Gibbs            | Resident |
| Sheila Graziano, Esq. | Expert   |
| Janice Hastrup, PhD.  | Expert   |
| Luella Kenny          | Resident |
| Robert J. Krul        | Resident |
| Stephen U. Lester, MS | Expert   |
| Adeline Levine, PhD.  | Expert   |
| Barbara Quimby        | Resident |
| Carol Segal, MD       | Expert   |
| Michael Zimmerman     | Resident |

**LOVE CANAL MEDICAL FUND OFFICERS**

|                 |                  |
|-----------------|------------------|
| Luella Kenny    | Chairperson      |
| Lois Gibbs      | Vice-Chairperson |
| Sheila Graziano | Secretary        |
| Joseph Dunmire  | Treasurer        |