

LOVE CANAL MEDICAL FUND, INC.



LCMF Medical Benefits Claims Committee Members,
First Niagara Risk Management Staff and LCMF Administrator

ANNUAL REPORT 2011

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I. INTRODUCTION

This Board of Directors report for the Love Canal Medical Fund, Inc. (LCMF) is for the year ending December 31, 2011. 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 dollars (\$1,000,000) 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. The majority of the Board of Directors consists of former residents of Love Canal while others 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 2011 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, 1999, 2008, 2009 and 2010. 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 found at the Love Canal toxic waste site. 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 currently provides reimbursement of out-of-pocket expenses up to \$250.00 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 found on the LCMF web site. Claims are received and processed by First Niagara Risk Management, 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 Medical Benefits Claims Committee (Committee). Claims are reviewed by the Committee, which meets between Board meetings, to discuss and vote on each claim. The Committee's decisions are then given to First Niagara Risk Management, Inc. which responds to the beneficiaries and issues payment of approved claims. First Niagara Risk Management, Inc. may contact beneficiaries or that beneficiary's medical providers to clarify questions raised by the Committee to obtain additional information. In certain instances the Committee will refer a claim to the entire Board for its review and decision. When a claim is denied, the beneficiary is contacted by First Niagara Risk Management, Inc., and given the reason for the denial and a description of the appeals process. First Niagara Risk Management, Inc., has processed claims for the LCMF since February 1, 2009. Previously Albert F. Stager was the claims adjuster from the time 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 vote on their own claims.

E. Medical Appeals Board

The Fund established a Medical Appeals Board in 1990. The purpose of the Medical 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 Medical Appeals Board may also be contacted for expert opinion when required. Members of the Medical Appeals Board are not paid.

F. Financial Matters

Merrill Lynch manages the investments of the Love Canal Medical Fund, Inc. 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 monthly by Merrill Lynch to the Treasurer and interested Board Members.

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 John M. Curran is the current court officer appointed to review the budget and expenditures.

III YEAR 2011 ACTIVITIES

A. Meetings

In the year 2011, the Love Canal Medical Fund met in April, and October, in Amherst, New York.

B. Board of Directors

Jan Alexander, Joseph Dunmire, Luella Kenny and Renee Retton were re-elected to the Board on October 14th. Gerald Docteur joined the Board effective October 14th.

C. Benefits Paid

The amount of benefits paid to beneficiaries in the year 2011 was \$40,378.57. The total amount of benefits paid since the inception of the Fund, including the year 2011, is \$1,197,979.08.

D. Financial Statement

Brown and Company, LLC completed an audit for the year 2011 showing that the fiscal year ended with a net loss of \$80,566.69. Details are as follows: Realized investment income of \$56,755.31 was offset by an unrealized loss of \$54,610.56 resulting in total income of \$2,144.75. Expenses totaling \$82,711.34 coupled with total income of \$2,144.75 resulted in the net loss of \$80,566.69.

The Fund's total assets as of December 31, 2011 were \$1,434,753.33.

E. By-Laws

The By-Laws review was completed in 2011 with revisions being adopted. A copy of the By-Laws of the Love Canal Medical Fund, Inc. is available upon request.

F. Medical Benefits Plan

The Board of Directors at their October Board Meeting approved an increased reimbursement of up to \$400.00 per year per beneficiary for prescription medication expenses related to medical conditions that reasonably could be associated with exposure to toxic chemicals at Love Canal for the period beginning January 1, 2012 and ending December 31, 2013 (unless extended or modified by the Board of Directors). This benefit is subject to the existing \$100.00 deductible fee for medical benefits. This revision was contained both in the Chair's Annual Letter and the Bulletin - Health News & Benefits – Issue 26 that were mailed to all beneficiaries for whom LCMF had an address in December 2011.

G. Outreach Activities

- Efforts to encourage beneficiaries to contact LCMF continued in 2011.
- One Health News and Benefits Newsletters was produced:
 - Winter 2011 Bulletin – Health News and Benefits, Issue 26 containing information on Annual Physical Recommendation; Prescription medication increased coverage; and Spring 2012 Reception Invitation
- An annual letter (with enclosures) was mailed to all beneficiaries with known addresses in December. Included in that mailing were:
 - Telephone numbers of the Fund (716-773-6578) and a toll free number for Claims Adjuster, First Niagara Risk Management (1-800-899-3078).
 - Flyer inviting beneficiaries to attend a reception immediately following the Fund's Board Meeting on April 27, 2012.
 - A copy of both the Annual Physical and Medical Claims forms.
 - A post card addressed to the Love Canal Medical Fund for beneficiaries to inform the Fund of an address, name change or to request additional claim forms. Nineteen (19) post cards were returned during 2011.
- The Love Canal web site (www.lcmf.org) was completely redone in 2010.
 - Visitors to the web site can download Annual Reports, Medical Benefits Plan, bulletins and claim forms.
 - The web site home page provides an e-mail communication section where visitors can notify the Fund of a change of address, request claim forms and other pertinent information.
 - The Administrator responded to 10 e-mail inquiries in 2011 versus 4 in 2010.
- 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 Administrator responded to 47 telephone inquiries in 2011 versus 52 in 2010.
- In 2011 the LCMF attempted to update beneficiary information in the following ways:

- The Fund's Administrator uses returned postcards and telephone inquiries as a means of updating the Beneficiary contact information. This has proved to be a successful methodology.

H. General Board Activities

- All Board Members:
 - Have either completed their initial HIPPA (Health Insurance Privacy and Portability Act) training or retraining in accordance with current Board policy.
 - Have completed a Conflict of Interest Policy Statement identifying, if appropriate, any business relationships they may have with the LCMF.
- Voted on the following Board Member categories at the Annual Meeting:
 - Election of Directors for three-year terms.
 - Election of Officers for a one-year term.
 - Election of Committee Members for one-year terms

**LOVE CANAL MEDICAL FUND
BOARD OF DIRECTORS SERVING IN 2011**

Janice Alexander	Resident
Perry Davis, PhD.	Resident
Beverly Docteur	Expert
Gerald Docteur	Expert – (effective 10/14/11)
Joseph Dunmire	Resident
Lois Gibbs	Resident
Sheila Graziano, Esq.	Expert
Janice Hastrup, PhD.	Expert
Luella Kenny	Resident
Robert J.Krul	Resident
Leo Kuziemkowski	Expert
Stephen U. Lester, MS	Expert
Barbara Quimby	Resident
Renee Retton	Resident
Willie Underwood, MD	Expert
Michael Zimmerman	Resident

LOVE CANAL MEDICAL FUND OFFICERS

Luella Kenny	Chairperson
Michael Zimmerman	Vice-Chairperson
Sheila Graziano	Secretary
Joseph Dunmire	Treasurer

Respectfully submitted,

Thomas H. Reinagel

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Administrator