

TO: All boycott cities and volunteer boycott committees
FROM: Boycott Information
RE: RFK Plan
DATE: August 2, 1974

The Robert F. Kennedy Farm Workers Medical Plan's first benefit check was issued September 1, 1969. With this \$300.00 a farm worker from the Mt. LaSalle Vineyards in California was assisted in paying the expenses incurred from the birth of his daughter.

Five years later in early July 1974 - and more than 40,000 checks later- the RFK Plan passed the \$3.5 million mark in total benefits paid since its inception. The number of individuals who have received the benefits of this Health and Welfare Plan either directly or indirectly - through use of one of the National Farm Workers Health Group clinics - is conservatively estimated at 25,000.

Reflecting the membership of the United Farm Workers of America the recipients of these benefits have been generally Blacks, Mexicans, Arabs, and Filipinos in California, Texas, Arizona, Florida, Mexico, and the Philippines.

The letter below refers to a paragraph from a Time magazine article of April 22, 1974 which says: "Other criticism focuses on the U.F.W.A.'s poorly run medical benefits program. Farm Worker Concepcion Garcia claims that when she tried to collect a \$300 maternity benefit payment from the U.F.W.A., "I was told that I was ineligible because the grower I work for was a thief. I complained, and finally the person in the union office said I could have the money if I would steal his books."

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WESTERN BENEFIT PLAN CONSULTANTS, INC.
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July 23, 1974

Mr. Ralph Magana
The Robert F. Kennedy Farm Workers Medical Plan
P.O. Box 47
Keene, California 93531

Dear Ralph:

Thank you for sending me the TIME article which includes disparaging remarks concerning the operation of the Kennedy Plan.

Naturally, I can make no specific comment as to the veracity of the allegation made by Concepcion Garcia since I have no first hand knowledge. However, as actuarial consultant to the Plan since its inception, I can categorically state that such an action would be totally inconsistent with what I know to be the facts concerning the overall plan administration.

1. Total administrative cost of operating the Plan is less than 4% of Trust Fund income. This extremely low rate of administrative cost has been accomplished despite the fact that the design of the Plan benefits provides for payments of out-patient medical, diagnostic, and prescription drug costs

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from the first dollar of expense. The high frequency and low unit costs of such benefits normally lead to much higher percentages of income paid for administration.

Since the inception of the Plan, the Fund Trustees have made every possible attempt to minimize administrative costs while still providing exceptionally good service to the Trust Fund beneficiaries. No insurance companies have been used to underwrite or administer benefits which has eliminated the expense of premium taxes and insurance company profits.

2. Claims are paid efficiently and promptly. As a part of our services to the Trust Fund, we constantly analyze the average time lag required between the date a claim is incurred and the date payment is actually made by the administrative office. While this analysis is also used to estimate the outstanding claim liability of the Trust at any time, it is an excellent means of checking on the efficiency of the administrative office. We find the time lag to be considerably shorter than that experienced by most other Trust Funds with which we are familiar.

3. The Trustees have been innovative in finding means to make comprehensive medical care available to the farmworkers. It is of course no secret that prior to the advent of the Kennedy Plan, farmworkers found it difficult, because of language, financial, or other reasons, to receive adequate medical care.

The operation of the Delano Clinic, utilizing salaried physicians and paramedical personnel, provided comprehensive medical care to thousands of people that would not be available to them under conventional "fee for service" medicine. As well as making excellent quality medical care available to farmworkers, the quantity of care was provided at a small fraction of normal costs.

We are certainly puzzled as to why TIME would characterize the Plan as "poorly run". An investigation of the Plan by anyone knowledgeable in the field will find this contention not to be supported by the facts.

Sincerely,

Merle R. Arlen

MRA:c

(copied:WD/jg)
8/2/74