Warehouse Employees Union Local No. 730
Health and Welfare Trust Fund

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DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND JUNE 27, 2024 VIA ZOOM

The following Trustees were present:

UNION TRUSTEES
R. Brooks
F. Myers

EMPLOYER TRUSTEES
J. Paradis – Chairman
F. Stegman
M. Goble – Alternate

Also present were:

A. Cochran – Associated Administrators, LLC
R. Grant – Associated Administrators, LLC
G. Hayes – Cigna
B. Hicks – Investment Performance Services, LLC
J. Kimble – Morgan, Lewis & Bockius, LLP
G. Kreidler – Cigna
B. Saindon – Mooney, Green, Saindon, Murphy & Welch, P.C.
W. Settles – Teamsters Local 639 Vice President
J. Timm – The Segal Company
J. Wuthrich – Cigna

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held March 13, 2024. Trustee Stegman noted that “Fixed Income High Yield” in the Investment Performance Services Asset Allocation section needed to be updated to “Investment Grade Fixed Income.”

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the minutes of the last regular meeting held on March 13, 2024 are approved as amended.**

III. FINANCIAL REPORT

A. Investment Performance Services, LLC (“IPS”)

The Trustees welcomed Mr. Brian Hicks of IPS to the meeting.

Mr. Hicks distributed his report titled, “Master Consulting Services Report – March 31, 2024.” He reviewed the financial markets generally. Mr. Hicks reported that the Fund’s total market value of assets as of March 31, 2024 was $23,995,529, and its year-to-date return is 0.3%, compared to the 0.2% return for the index.

B. Quarterly Performance Report

Mr. Hicks reported that as of March 31, 2024 the Fund held 38.3% in Investment Grade Fixed Income, 43.5% in Short Duration High Yield, 5.4% in Real Estate – Core, 6.1% in Real Estate – Value Add, and 6.7% in cash equivalents. He noted Wedge Capital held $9,191,667, Chartwell Investment held $10,435,644, ARA Core Property

Fund L.P. held $1,287,471, Boyd Watterson held $1,471,068, and there was $1,609,679 in the cash account.

The Trustees thanked Mr. Hicks for his report and he was excused from the meeting.

IV. COUNSEL REPORT

A. Fund Policies

Ms. Saindon recommended reviewing and updating the Collection, Delinquency, and Payroll Audit Policies as the policies have not been revised in some time. The Trustees approved Counsel reviewing and revising any policies as needed.

B. Employer Termination – Adams Burch

Ms. Saindon confirmed that the Fund received reimbursement from Teamsters Local 639 Health and Welfare Fund for the coverage provided to the Adams Burch employees for the month of July 2023. Ms. Saindon noted that the Fund Office would create a final invoice for any remaining claims received within the 12-month filing deadline.

C. Subrogation Report

Ms. Saindon reviewed the status of the subrogation matters as of June 27, 2024. She reviewed the current cases and stated that there was one case requiring Trustee action at this time. She reported on the Mansaray case, stating that the attorney requested a reduction in the lien amount.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to deny the lien reduction request from Mr. Mansaray's attorney.**

D. <u>Health Insurance Portability and Accountability Act of 1996 ("HIPAA") Final Rule – Reproductive Health Care Privacy</u>

Mr. Kimble stated that the Department of Health and Human Services issued a Final Rule to modify the HIPAA Privacy Rule to support reproductive health care privacy. He said the effective date is December 22, 2024 and the Fund will need to update its HIPAA Notice no later than February 2026. Mr. Kimble said Co-Counsel will provide more information as the Final Rule deadline approaches.

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2024. The report showed contributions of $1,404,185, interest and dividend income of $206,391, COBRA payments of $2,497, self-payments of $2,380, and miscellaneous income of $0, producing a total income of $1,615,453 for the quarter. Expenses included $711,348 of benefit expenses and $88,462 of operating expenses, producing a total expense of $799,810. This produced a surplus of $815,643 for the quarter ended March 31, 2024. Ms. Cochran noted that contributions were made on behalf of 312 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated June 27, 2024 for the Trustees' review. It was noted that there were no additions, deletions, or changes to the list.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the invoices on the list dated June 27, 2024 are approved for payment as presented.**

VII. PROVIDER REPORT – Segal Consulting

A. Benefit Improvement Study

The Trustees welcomed Mr. Josh Timm from Segal Consulting to the meeting.

Mr. Timm reviewed Segal's Memorandum related to the Benefit Improvement Study including the individual and family deductibles and out-of-pocket maximums. He noted that the projected numbers were estimated based on the financials provided by the Fund Office and the factors provided by Cigna. He reviewed additional benefit changes that Segal determined would not have a significant financial impact on the Fund including increasing the hearing aid benefit from once every five years to once every three years, adding dental implant coverage, and increasing the frame and contact allowance from $130 to $150 once every 12 months. Mr. Timm recommended an effective date of January 1, 2025 for the ease of administration.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the following benefit changes: 1) reduce the annual deductible by 50%, 2) reduce the annual out-of-pocket maximum by 50%, 3) increase the hearing aid benefit to once every three years, and 4) increase the frame and contact allowance to $150 once every 12 months. All benefit changes will be effective January 1, 2025 with the exception of the hearing aid benefit which will be effective September 1, 2024.**

B. Medical, Prescription, and Dental Request for Proposal ("RFP")

Mr. Timm stated that Segal will present responses to the RFPs as more information is received from the solicited carriers. He recommended that the Trustees schedule a separate meeting to interview the finalists. The Trustees scheduled a special meeting for the RFP finalist presentations for August 22, 2024 at 9:30 AM via Zoom.

The Trustees thanked Mr. Timm and he was excused from the meeting.

VIII. PROVDIER REPORT – Cigna

The Trustees welcomed Mr. Graham Hayes, Ms. Greta Kreidler, and Ms. Jada Wuthrich from Cigna to the meeting. A copy of their report titled, "January 2023 – December 2023 Savings Results, Pharmacy Updates and Member Engagement" was included in the meeting booklet.

A. PPO Savings Report

Mr. Hayes reviewed the CIGNA PPO savings report for the period January 1, 2023 through December 31, 2023 and January 1, 2024 through March 31, 2024. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $870,400 for the period January 1, 2024 through March 31, 2024. This represents an overall PPO savings of 64.5%. Mr. Hayes reviewed the out-of-network savings results for the period January 1, 2024 through March 31, 2024 noting a savings of 42.5%.

B. Pharmacy Report

Ms. Wuthrich reviewed the pharmacy utilization for the period January 1, 2023 through December 31, 2023. She reviewed the key indicator summary, top therapeutic classes by plan spend, and top drugs by plan spend and by volume. She discussed the Formulary Changes made effective July 1, 2020 that continue to reflect Cigna's low net drug cost approach and proven utilization management strategies.

C. Cigna 90 Now Exclusive

Ms. Wuthrich presented information regarding the Cigna 90 Now Exclusive Program. She said this program offers savings through the use of a narrower network of pharmacies for 90-day refills for maintenance medications and by requiring prescriptions be filled via home delivery or participating retail pharmacies. Ms. Wuthrich advised that this program requires members to use a Walgreens or CVS pharmacy.

D. <u>Member Engagement</u>

Mr. Hayes reviewed the member engagement report which included emergency room and urgent care utilization for the 2022 and 2023 Plan years.

The Trustees thanked Mr. Hayes, Ms. Greta Kreidler, and Ms. Jada Wuthrich and they were excused from the meeting.

IX. <u>OTHER FUND BUSINESS</u>

A. <u>Fiduciary Liability Policy</u>

Ms. Cochran reviewed the renewal memo prepared by Segal Select for the Fiduciary Liability policy for the period July 26, 2024 through July 26, 2025. As noted in the memo, Chubb and Encore/Hudson declined to provide quotes due to being non-competitive. She said that the incumbent carrier, Markel American Insurance Company/Ullico ("Ullico"), provided a quote with an increase in the annual premium of $40.00. Ms. Cochran noted the proposed renewal is for a two-year period at the same premium each year.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Fiduciary Liability policy renewal with the incumbent carrier, Ullico for a two-year period July 26, 2024 through July 26, 2026 with an annual premium of $8,463.00.**

B. Dental Health Centers and Associates, LLC ("DHC")

The Trustees reviewed the Dental Health Centers and Associates 2023 report. The report indicated the total yearly premium paid for dental coverage was $121,519.84. The dollar value of dentistry performed at the average "usual and customary" fees in 2023 was $171,310.00. Ms. Cochran said the report indicates that for each $1.00 in premiums paid, the members are receiving $1.41 of dental services based on "usual and customary" values.

C. Summary of Material Modifications ("SMM")

Ms. Cochran reported that Associated mailed an SMM to participants on March 20, 2024 regarding changes to the Board of Trustees, telehealth office visits being covered with the same co-pays and coinsurance as in-person visits, and effective April 10, 2024, normal co-pays and coinsurance for regular office, urgent care, and emergency visits would again apply due to the end of the National Emergency related to COVID-19.

D. Change Healthcare Cybersecurity Incident

Ms. Cochran reported the Change Healthcare Cyber Incident notice was mailed to participants May 29, 2024. She stated that Change Healthcare has not determined whether the Fund participants were impacted, but as a precautionary measure offered credit monitoring services and identity protection services for all participants.

E. Cyber Liability Policy – INTERIM ACTION

Ms. Cochran reported that between meetings the Trustees voted to renew the Cyber Liability policy for the period May 20, 2024 through May 20, 2025 with Beazley, through the broker Segal Select. She advised that the annual premium was $6,451.54 with a $2,000,000 limit of liability, noting the policy also covers the Legal and Pension Funds.

F. Patient Centered Outcomes Research Institute ("PCORI")

Ms. Cochran said the PCORI fee, imposed by the Affordable Care Act for self-insured group health plans, must be filed and paid by July 31, 2024. The fee is $3.22 multiplied by the average number of lives covered under the plan for the 2023 Plan year. Ms. Cochran said the Board selected the snapshot method for the prior filings to determine the average number of lives covered under the Plan. The Trustees directed the Administrative Manager to engage Novak Francella to file Form 720, which is the tax form to be filed along with the fee payment.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the snapshot method for the Plan year ended December 31, 2023 and to engage Novak Francella to file Form 720 at no additional fee**.

The Trustees authorized Associated to use the snapshot method each year to determine the average number of lives covered under the Plan so that annual approval from the Trustees is no longer necessary.

G. Stop Loss Policy – Ullico

Ms. Cochran reported that the Fund received a dividend in the amount of $5,389.00 for the January 1, 2023 through December 31, 2023 policy year. The rebate is 5% of the plan's specific gross stop loss premium.

H. No Surprise Act and Transparency Rule

Ms. Cochran stated that Associated submitted the medical portion of the Prescription Drug and Health Care Spending Report to CMS. She said that Cigna confirmed submitting the prescription portion prior to the deadline.

Ms. Cochran reported that the Price Comparison Tool is working accurately.

I. 2023 Annual Audit

Ms. Cochran reported that Novak Francella will perform fieldwork for the audit in the Administrative Manager's office the week of May 6, 2024. She said that the auditor expects to file the Form 990 and Form 5500 by the due date.

J. Administrative Services Contract Renewal

Ms. Cochran reported that the new administrative services contract between the Fund and Associated Administrators, LLC was approved by Counsel and will be circulated for Trustee signature.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected September 13, 2024 as their next regular meeting date immediately following the companion Pension Fund meeting via Zoom.

XI. ADJOURNMENT

There being no further business to come before the Trustees, the meeting was adjourned.

Respectfully submitted,

Jason Paradis
Chairman