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 6, 2022 VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES
T. Richardson – Chairman
J. Lacy

EMPLOYER TRUSTEES
J. Paradis – Secretary
H. Sebhat
F. Stegman
M. Goble – Alternate

Also present were:

K. Bakich – The Segal Company
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
R. Grant – Associated Administrators, LLC
G. Hayes – Cigna
J. Kimble – Morgan, Lewis & Bockius, LLP
G. Kreidler – Cigna
G. Richardson-Davis – Cigna
R. Sichel – Investment Performance Services, LLC
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 14, 2022.

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 14, 2022 are approved as presented.

III. FINANCIAL REPORT

A. Investment Performance Services, LLC ("IPS")

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

Mr. Sichel distributed his report titled, "Master Consulting Services Report – March 31, 2022." Mr. Sichel reported that the total market value of assets as of March 31, 2022 was $16,712,387.

B. Asset Allocation

Mr. Sichel reported that as of March 31, 2022, the Fund held 37.1% in Investment Grade Fixed Income, 42.5% in Short Duration High Yield, 4.1% in Real Estate – Core, 2.2% in Real Estate – Value Add, and 14.2% in cash equivalents. He noted Wedge Capital held $6,195,444, Chartwell Investment held $7,100,825, ARA Core Property Fund L.P. held $687,012, Boyd Watterson held $359,361, and there was $2,369,745 in the cash account.

IV. COUNSEL REPORT

A. Subrogation Report

Mr. DeLancey reviewed the status of subrogation matters as of June 6, 2022. He stated that there are no cases requiring Trustee action at this time.

B. Cigna Contracts

Mr. Kimble reviewed the status of the contracts between Cigna and the Fund, noting that negotiations were almost completed.

C. Consolidated Appropriations Act of 2021 ("CAA") – Section 408(b)(2)

Mr. Kimble reported on the new ERISA Section 408(b)(2) fee disclosures that service providers to the Fund are required to provide. The disclosure requirement applies to service providers that provide brokerage and consulting services to the Fund and who are first hired after December 21, 2021, or whose contract is renewed or extended after that date. Mr. Kimble noted that the CAA does not define the term "consulting services." As a result, co-counsel is recommending that the Fund send a letter to all service providers asking the service provider to provide the required disclosure, or to explain why the service provider believes they are not a covered service provider under the statute.

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

> **RESOLVED to approve sending the Section 408(b)(2) letter to service providers to identify if they are covered by the Health and Welfare provider fee disclosure.**

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2022. The report showed contributions of $1,621,011, interest and dividend income of

$130,676, self-payments of $4,133, and miscellaneous income of $4,873, producing a total income of $1,767,403 for the quarter. Expenses included $669,316 of benefit expenses and $107,664 of operating expenses, producing a total expense of $776,980. This produced a total surplus of $990,423 for the quarter ended March 31, 2022. Ms. Cochran noted that contributions were made on behalf of 338 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated June 6, 2022 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 6, 2022 are approved for payment as presented.**

VII. PROVIDER REPORT – CIGNA

The Trustees welcomed Mr. Graham Hayes, Ms. Greta Kreidler, Ms. Gloria Richardson-Davis, and Ms. Jada Wuthrich from Cigna to the meeting.

A. PPO Savings Report

Mr. Hayes reviewed the CIGNA PPO savings report for the period January 1, 2022 through March 31, 2022. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $470,545. This represents an overall PPO savings of 52.8% for the period January 1, 2022 through March 31, 2022. Mr. Hayes reviewed the out-of-network savings results for the period January 1, 2022 through March 31, 2022 noting a savings of 45.2%.

B. Patient Assurance Program

Ms. Wuthrich reviewed the Patient Assurance Program, which provides participant savings at the point of sale on preferred insulin and non-insulin diabetes medications.

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

> **RESOLVED to approve enrollment in the Patient Assurance Program as soon as administratively possible.**

C. Maintenance Medication Program

Ms. Wuthrich reviewed the Maintenance Medication Voluntary Program, which offers savings for the Fund and requires participants to use in-network pharmacies. The Trustees requested a list of the in-network pharmacies. The Trustees tabled the decision until additional information regarding the program is provided.

VIII. PROVIDER REPORT – SEGAL

The Trustees welcomed Ms. Kathy Bakich to the meeting. Ms. Bakich discussed the No Surprises Act and Transparency Rule regarding the Machine Readable Files ("MRF"). Ms. Bakich reviewed the status of each compliance item with the Trustees. She reviewed the proposals submitted by Greenlight and Med Expert to provide services for the out-of-network MRF. She stated that Change Healthcare did not submit a proposal. Ms. Bakich said Cigna would be able to provide MRF for in-network claims and recommended engaging Greenlight as the provider for the out-of-network MRF. Ms. Bakich noted the vendor fees: Greenlight (implementation fee of $1,000 and monthly fee of $500) and Med Expert (implementation fee of $20,000 and monthly fee of $1,800).

Ms. Bakich reviewed the Price Comparison Tool and described the requirements associated with the compliance item. She noted that some of the data needed for the MRF is similar to data needed for the Price Comparison Tool and recommended engaging the same vendor for those services.

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

> **RESOLVED to engage Greenlight to facilitate the out-of-network MRF under an implementation schedule prepared by Segal.**

Ms. Bakich noted that she would like to review the Summary Plan Description ("SPD") with Counsel and Associated regarding Mental Health Parity compliance. Ms. Cochran stated she would arrange a conference call to review the remaining items.

Trustee Paradis asked if the assignment language in the SPD needed additional detail regarding the "injuries sustained during a criminal act" exclusion and how the Fund would enforce the rule if needed. Mr. Kimble stated the interpretation of the provisions can be difficult because there are so many scenarios that can arise, but the courts generally uphold such exclusions.

IX. OTHER FUND BUSINESS

A. Cyber Liability Policy

Ms. Cochran noted interim action regarding the renewal of the Cyber Liability policy for the period May 20, 2022 through May 20, 2023 with Markel, through the broker NFP Property & Casualty Service, Inc. She said that the annual premium increased by $3,429.90. She said the renewal was approved by Chairman and Secretary in an electronic poll conducted in May 2022.

B. Fiduciary Liability Policy

Ms. Cochran reported the Fiduciary Liability policy expires July 26, 2022 and that proposals will be distributed to the Trustees once available.

C. 2021 Annual Audit

Ms. Cochran reported that Novak Francella performed fieldwork for the audit in the Administrative Manager's office the week of May 23, 2022. Due to the timing of the fieldwork, draft financials are not yet available. She said the auditor expected to file the Form 990 and Form 5500 on time, however would like to request approval to file for extensions in case of an unforeseen delay.

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

> **RESOLVED to approve Novak Francella to file an extension for the Form 990 and Form 5500.**

D. Class Action Settlement

Ms. Cochran said the Fund received a class action settlement check in the amount of $17.32 related to Solodyn and an additional check in the amount of $2.27 related to DDAVP tablets.

E. Patient Centered Outcomes Research Institute (PCORI)

Ms. Cochran said the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, must be filed and paid by July 31, 2022. The fee is $2.79 multiplied by the average number of lives covered under the plan for the 2021 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, 2021 and to engage Novak Francella to file Form 720 at no additional fee**.

F. **<u>Payroll Audit Status – Warehouse Local 730 Union</u>**

Ms. Cochran reported that the audit for the period January 1, 2019 through December 31, 2021 was completed with no exceptions noted.

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected September 23, 2022 as their next regular meeting date immediately following the companion Pension Fund meeting via teleconference.

XI. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis

Secretary