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November 19, 2020

VIA EMAIL

Alicia Cochran
Associated Administrators, LLC
911 Ridgebrook Rd.
Sparks, MD 21152

Re: Warehouse Employees Local 730 Health and Welfare Fund – January 1, 2021 Updated Renewal

Dear Alicia:

In accordance with the January 1, 2021 upcoming renewal, this letter will provide the Warehouse Employees Local 730 Health and Welfare Fund notice of the Cigna's Shared Administration repricing program's renewal fees effective January 1, 2021, the anniversary of our contract. This proposal includes a three year renewal offering.

We are very pleased to have the Warehouse Employees Local 730 Health and Welfare Fund as a client of Cigna. Please know that we are appreciative of and thankful for our partnership with the Fund. Over this past year, Cigna has worked diligently to help maximize the value of its customers' health care dollars through our seamless, national PPO network. Our partnership with the Fund allows us to help manage medical care costs for your members, as well as, provide the highest quality and cost effective programs in the industry as outlined:

FINANCIAL PERFORMANCE

1/1/19-12/31/19 PLAN YEAR RESULTS

PPO Network Savings - \$ 4,243,808.95
Out of Network Savings - \$ 869,424.05
Utilization Management Savings - \$ 34,707.00
Case Management Savings - \$ 197,655.00
Outpatient Care Management Savings - \$ 45,968.00
Total Year to Date Savings - \$ 5,391,563.00

History of Fees

<u>Shared Administration Service</u>	<u>1/1/2018</u>	<u>1/1/2019</u>	<u>1/1/2020</u>
Shared Administration Fee and Pre-Pricing per Claim Fee	\$26.64 PEPM	\$27.15 PEPM	\$27.69 PEPM

Administrative Fee/Claim Charge 2021, 2022 and 2023 Renewal

Respectfully, Cigna is proposing a 3.5% increase to the sold rates effective 1/1/2021. Our proposal also includes a 1.5% lock in rate increase for year 2 effective 1/1/2022, and a 0% increase for year 3, effective 1/1/2023.

<u>Shared Administration Service</u>	<u>1/1/2021</u>	<u>1/1/2022</u>	<u>1/1/2023</u>
Shared Administration Fee and Pre-Pricing per Claim Fee	\$28.66 PEPM	\$29.09 PEPM	\$29.09 PEPM

Pharmacy Pricing

Attached you will also find a three year pharmacy proposal for the 2021, 2022 and 2023 policy years.

Services – Cigna Provides the Fund the current services as outlined below:

- Shared Administration Repricing Services
- Access to our National Network of more than 1 million provider locations
- Provider credentialing to NCQA Standards and Contract Negotiations
- Network Provider channeling & guidance
- Transplant Centers of Excellence
- Medical: Inpatient Pre-Admission Certification & Continued Stay Procedural Review
- Medical Care Case Management Support
- 24 Hour Nurse Line
- Health Risk Assessment/Online Coaching
- Mental Health Pre-Admission Certification Continued Stay Review
- Mental Health Case Management Support
- Healthy Rewards Discount Program
- Online Web Tools

Alicia, should you have questions about this renewal or if I can be of any further service to you or to the Trustees, please do not hesitate to contact me.

Sincerely,

Graham Hayes
Senior Client Manager



Warehouse Employees Local 730 H&W Fund
1/1/2021

Pharmacy Pricing Summary

		Current			
		1/1/2020	1/1/2021	1/1/2022	1/1/2023
	Subscribers	362	362	362	362
	Customers	752	752	752	752
Admin	Per Script Administrative Fee (Retail and HD)	\$0.00	\$0.00	\$0.00	\$0.00
	PEPM Administrative Fee	\$0.00	\$0.00	\$0.00	\$0.00
	Clinical Program Fee	\$0.00	\$0.00	\$0.00	\$0.00
Please note:		Single Source Generics are priced in the			
Retail	Retail 30 day Network:	Generic	Generic	Generic	Generic
	Retail Brand Discount	18.10%	18.50%	18.50%	18.50%
	Retail Generic Discount*	81.50%	81.75%	81.75%	81.75%
	Retail Dispensing Fee Brand	\$1.00	\$1.00	\$1.00	\$1.00
	Retail Dispensing Fee Generic	\$1.00	\$1.00	\$1.00	\$1.00
	Retail 90 day Network				
	Retail Brand Discount	23.00%	23.25%	23.25%	23.25%
	Retail Generic Discount*	84.00%	84.50%	84.50%	84.50%
	Retail Dispensing Fee Brand	\$0.00	\$0.00	\$0.00	\$0.00
	Retail Dispensing Fee Generic	\$0.00	\$0.00	\$0.00	\$0.00
Mail Order	Cigna Home Delivery				
	Cigna Home Delivery Brand Discount	23.00%	23.25%	23.25%	23.25%
	Cigna Home Delivery Generic Discount*	84.00%	84.50%	84.50%	84.50%
Specialty	Cigna Home Delivery Dispensing Fee (including specialty)	\$0.00	\$0.00	\$0.00	\$0.00
	Specialty Retail Brand Discount	10.50%	12.00%	12.00%	12.00%
	Specialty Retail Brand Dispensing fee	\$1.00	\$1.00	\$1.00	\$1.00
	Specialty Retail Generic Priced According to Specialty Product List				
	Specialty Home Delivery Brand Priced According to Specialty Product List.				
	Specialty Home Delivery Generic Priced According to Specialty Product List.				
Drug List		Standard	Standard	Standard	Standard
Rebate Sharing		Per Brand	Per Brand	Per Brand	Per Brand
	Retail 30	\$104.93	\$201.19	\$236.66	\$261.56
	Retail 90	\$338.29	\$376.49	\$407.06	\$436.33
	Home Delivery	\$0.00	\$0.00	\$0.00	\$0.00
Estimated rebates based on sharing methodology above					
	Retail 30	\$70.140	\$133.785	\$150.296	\$158.353
	Retail 90	\$18.313	\$20.274	\$20.417	\$20.291
	Mail Order	\$0	\$0	\$0	\$0
	Total	\$88.454	\$154.059	\$170.713	\$178.644
		100% to Client	100% to Client	100% to Client	100% to Client

*Discounts include non-specialty generic drugs. Retail and Home Delivery Specialty Generic drugs are priced according to the Specialty Product List.

PRESCRIPTION FINANCIAL UNDERWRITING CAVEATS

Warehouse Employees Local 730 H&W Fund

General

- The effective date for this quotation is 1/1/2021 and the policy term will run for 36 months. Fees and rates represented within this quotation are valid for the policy term.
- This quotation assumes a total in-force of 362 employees covered under the pharmacy plan. Should actual enrollment vary by +/- 15 percent or, at any time after the effective date, Cigna's prescription drug rates, administrative fees, dispensing fees, and manufacturer consideration sharing guarantees included in this proposal will be subject to change.
- In the event that Employer purports to terminate such arrangement or enters into an agreement with another pharmacy benefit manager (PBM) or other third party to provide any or all pharmacy benefit management services for Employer's benefit plan prior to the end of such thirty-six (36)-month period, then, within thirty (30) days of CHLIC's written request, Employer shall pay CHLIC a fee in the amount of \$1.50 per the average monthly number of Members who were enrolled in the Plan's Pharmacy Benefit from the beginning of the 36-month period to the effective date of such purported termination or other agreement multiplied by the number of months remaining until the end of the 36-month period. However, if this Agreement terminates in its entirety (i.e., with respect to the Plan's medical as well as pharmacy benefit), no such fee shall apply.
- Our discount and dispensing fee guarantees are offered pursuant to the language provided in our ASO contract or amendment, and will only be reconciled and payment issued according to the terms offered and agreed upon in a signed document between CHLIC and the client.
- Employee contribution percentages will be the same as the current arrangement.
- Quotation assumes Cigna standards of implementation, financials, edits, banking, plan operations, formulary, programming, reporting, systems capabilities, online functionality and consulting. Any non-standards may result in fees billable to the client.
- Quotation assumes Cigna is the exclusive provider of mail order, retail and specialty benefits.
- Quotation assumes no client specific network, in-house pharmacy, or onsite pharmacy.
- Quotation assumes exclusive home delivery for specialty medication.
- Quotation assumes a (30) day fill at home delivery for specialty medication.
- Quotation assumes up to a ninety (90) day fill at retail pharmacies through Cigna's 90 Now retail 90 network. Retail 90 discount, dispensing fee, and rebate will apply to a minimum 83 day supply.
- Quotation assumes Cigna's 90 Now retail pharmacy network.
- Quotation assumes Cigna's Standard prescription drug list.
- Brand claims for purposes of rebate reconciliation exclude 340B, Run-Out, Reversals, Medical Specialty drugs, Compounds, Vaccines.
- Unless otherwise indicated, this proposal assumes applicable requirements of the Patient Protection and Affordable Care Act will be implemented on the effective date/renewal date unless you direct otherwise.
- Cigna reserves the right to revisit and revise the fees if any of the following occur:
 - Additional optional services are requested or client structure requirements change significantly
 - Modifications to proposed benefit options are requested

Government Regulations

- At Cigna's option, this quotation, and any rate, fee, trend, or other guarantee included in this quotation, or agreements arising from this quotation, shall be void in the event of federal, state or local action impacting the benefit levels quoted herein or affecting our ability to meet our obligations to you, to your employees/our members or to our contracted providers. Should this happen, Cigna will make a good faith effort to work with the Employer to reach a new agreement that equitably reflects the circumstances as altered by government action.

Exclusivity

- This quotation assumes Cigna will be the exclusive pharmacy carrier for all employer worksites. Other competitors "like" products will not be offered in conjunction with the products noted above.

Optional Services

- Additional charges may apply if Cigna is requested to interface with a non-Cigna network, utilization management, third party mental health, prescription drug, or other third party vendor sample.

Average Wholesale Price (AWP)

- References in this proposal to the average wholesale price, or "AWP," of pharmaceutical products are based on the AWP's as published by Medi-Span or other alternative industry-accepted publication reasonably designated by Cigna. In the event of any change in the markup, methodologies, processes, or algorithms underlying the published AWP(s), or if Cigna chooses a benchmark different than AWP or chooses a different source for the AWP, Cigna may adjust any or all of the AWP-based charges to reflect the economics of this proposal prior to such change.

"Cigna HealthCare" refers to various operating subsidiaries of Cigna Corporation. Products and services are provided by these subsidiaries and not by Cigna Corporation. These subsidiaries include Connecticut General Life Insurance Company, Cigna Health and Life Insurance Company, and HMO or service company subsidiaries of Cigna Health Corporation and Cigna Dental Health, Inc.

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