Bakers Union and FELRA
Health and Welfare Fund

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DRAFT

**MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
DECEMBER 7, 2022
ANNAPOLIS, MARYLAND**

The following Trustees were present:

UNION TRUSTEE	**EMPLOYER TRUSTEES**
L. Jones	M. Goble
G. Oskoian - Chairman	J. Williams

Also present were:
H. Agoney - Optum Rx
M. DeLancey - Blank Rome, LLP
J. Herishen - Calibre, LLC
J. Kimble - Morgan, Lewis & Bockius, LLP
C. Little - PNC
K. Phillips - Associated Administrators, LLC
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on September 8, 2022, which were circulated in advance of the meeting.

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

RESOLVED, that the minutes of the regular Board meeting

held on September 8, 2022 are approved as presented.

III. AUDITOR'S REPORT

The Trustees welcomed Mr. Herishen, of Calibre CPA Group, PLLC ("Calibre") to the meeting.

A. Financial Statements for the Years Ended December 31, 2021 and 2020

Mr. Herishen presented the Financial Statements for the years ended December 31, 2021 and 2020. He stated that the auditor's opinion was an unmodified opinion and the financial statements were in conformity with the generally accepted accounting principles.

Mr. Herishen reported the net assets available for benefits on December 31, 2021 were $747,678. He noted total additions for the year ended December 31, 2021 of $4,532,156 and total deductions $4,424,660, resulting in a decrease of net assets available for benefits of $107,496, and producing net assets available for benefits on December 31, 2021 of $688,573. He also reviewed the notes to the financial statements, the schedule of administrative expenses, the schedule of employer contributions, and the schedule of benefits. As of December 31, 2021, total assets were $747,678 and accounts payable were $59,105. Mr. Herishen reported that the Form 5500 and 990 were filed timely.

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

> **RESOLVED, to accept the 2021 Financial Statements as presented.**

B. Calibre Engagement Letter – Plan Year 2022

Mr. Herishen distributed a copy of the Calibre CPA Group, PLLC proposal to provide auditing services for the Plan year ending 2022. The proposed fee increase was $2,200 from $13,150 the prior year to $15,350. He noted the public accounting profession is experiencing unprecedented staffing demands and overall market inflationary pressures. In addition, the fund years ending 2021 and 2022 audits of employee benefit plans are now subject to ASU 136 which has implemented substantial changes to the independent auditors report. Calibre also propsed to cap the fiscal year audit ending December 31, 2023 at $15,850 (an increase of $500).

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

> **RESOLVED, to approve the proposed $15,350 fee to perform the audit for the 2022 Plan year and the fee of $15,850 to perform the 2023 Plan year audit.**

The Trustees thanked Mr. Herishen for his presentation and he was excused from the remainder of the meeting.

IV. FINANCIAL REPORT – PNC BANK, NA – SUMMARY OF ACTIVITY

The Trustees welcomed Mr. Little, of PNC Bank, NA to the meeting.

Mr. Little presented the Summary of Activity Report for the period ending October 31, 2022, a copy of which is attached to and made a part of these minutes as Exhibit A. The report showed a beginning market value of $413,788, net contributions and withdrawals that resulted in a loss of $1,461, investment income of $2,439, producing an ending market value of $338,997.

Mr. Little presented the portfolio holdings as of October 31, 2022. The Fund holds 19.1% in limited maturity bonds, with a market value of $263,815 and 80.9% in cash with a market value of $1,115,189.

Mr. Little discussed the increase in assets in the 2022 Plan year due to increased receipts and a decrease in expenses. Mr. Little recommended that the Trustees consider allocating

$250,000 from the cash account to United States Treasuries. He noted the Federal Reserve was expected to raise the target federal funds rate at their next meeting on December 15, 2022

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

> **RESOLVED, to invest $250,000 from the cash account to United States Treasuries after December 15, 2022 as recommended unless other direction is provided by PNC Bank after December 15, 2022.**

The Trustees thanked Mr. Little for his presentation and he was excused from the remainder of the meeting.

V. OPTUM Rx

The Trustees welcomed Ms. Holly Agoney of Optum Rx to the meeting.

Ms. Agoney reviewed the OptumRx Plan Performance Report for the period January 2022 to September 2022, a copy of which is attached to and made a part of these minutes as Exhibit B. She reviewed the Plan's drug utilization and costs for the period January 2022 to October 2022. The Plan cost per member per month (pmpm) was $108.72 for the period January 2022 to October 2022 as compared to $109.72 for the period of January 2021 through October 2021. The OptumRx Taft Hartley book of business ("BOB") per member per month cost for the period January 2022 to October 2022 was $107.99. Specialty drugs accounted for 19.6% of the Plan's drug cost. The top twenty traditional and specialty drugs paid by the Plan from January 1, 2022 to October 30, 2022 were reviewed. She also reported the Utilization Management Program savings for October 2022 through September 2022 was $77,700, Vigilant drug program savings was $16,907 and VCS was $5,666.

Ms. Agoney discussed the Optum Rx Price Edge Program that would allow members to receive an additional savings on co-payments for some generic drugs. The Trustees asked Ms. Agoney to provide a report that would provide the savings for the members if the program is implemented.

The Trustees thanked Ms. Agoney for her presentation and excused her from the meeting

VI. CO-COUNSEL REPORT

A. Cybersecurity Consulting Services Request for Proposal ("RFP")

Mr. Kimble reviewed the results of the RFP for cybersecurity consulting services to review and assess current and prospective plan service provider's cybersecurity programs to assure they are in compliance with the Department of Labors issued cybersecurity guidance, as previously requested by the Trustees. Responses had been received from the following cybersecurity consultant firms: (1) Modevity, LLC, (2) StoneTurn Group, (3) Segal, (4) EisnerAmper, (5) Elevate, (6) Moore Colson, and (7) PKF O'Connor Davies.

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

> **RESOLVED, to engage PKF O'Connor Davies to provide cybersecurity consulting services at the proposed rate of $325 per hour.**

VII. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the third quarter of 2022. The report showed employer contribution income of $3,284,699, employee payroll deductions of $114,489, interest and dividend income of $4,946, and miscellaneous income of $121,959, producing a total income of $3,539,523. Expenses included $1,242,096 for medical benefits, $99,269 for CIGNA premiums, $132,580 for dental premiums, $33,028 for disability benefits, $670,422 for prescription drug benefits, $13,221 for life insurance benefits, $80,261 for stop loss insurance, $18,240 for optical benefits, and $226,388 in operating expenses, producing total expenses of $2,515,505 and resulting in a surplus of $1,024,018; Contributions were made on behalf of 439 active participants and that there were no delinquencies. The Fund reserve was $1,375,297 as of October 31, 2022, which was projected to provide benefits for 4.4 months.

Ms. Welch reviewed a High Cost Medical Claims Report for January 1, 2022 through December 7, 2022 and informed the Trustees that four participants had incurred claims above $50,000 that totaled $284,901.97.

Ms. Welch noted that as of November 30, 2022, the Bakers Union and FELRA Health and Welfare Fund had $1,389,901.92 in reserves, representing 4.4 months of reserves. The average monthly expense through November 30, 2022 was $316,391.13.

VIII. INVOICES

Ms. Welch reviewed a list of invoices dated December 7, 2022. She stated that there were no additions, deletions or changes to the list. The Trustees reviewed the list and determined that all invoices represent proper Fund expenses.

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

> **RESOLVED, to approve payment of the invoices dated December 7, 2021 as presented.**

IX. PARTICIPANT APPEALS

A. Appeal - #M22/126-9037

Ms. Welch reviewed an appeal from a participants spouse requesting payment of a claim for telehealth services that was denied. The participant's spouse states that he called Maryland Primary Care for a complaint of ear pain, and that an antibiotic was called in. The participant's spouse further states that the antibiotic did not help, and that he has been suffering with shingles on his face, ear, and tongue. The participant's spouse states that the doctor did not think that he needed to be seen so a telephone visit was done. Fund records indicate that Maryland Primary Care submitted a claim for telehealth services rendered on May 31, 2022 with a diagnosis of "Otitis media, unspecified, left ear." The claim was denied because the Plan specifically excludes coverage of telehealth services.

In considering the appeal the Trustees reviewed the participants's letter dated October 15, 2022, a copy of the claim, and the Summary of Material Modifications that was mailed to participants which stated that: "TeleHealth Services coverage is limited to the period from March 18, 2020 through June 30, 2021." This claim occurred on May 31, 2022.

After reviewing the foregoing the Trustees

RESOLVED, to deny the appeal for coverage of telehealth services.

X. OTHER FUND BUSINESS

A. Mental Health Parity and Addiction Equity Act ("MHPAEA") Comparative Analyses of Non-Quantative Treatment Limitations ("NQTL")

Ms. Welch informed the Trustees that a Comparative Analysis of Non-Quantative Treatment Limitations had been received from Cigna and Optum Rx. Mr. Kimble noted that the guidance provided by the Department of Labor explained that the analyses must be sufficiently "specific, detailed and reasoned" to demonstrate that the processes, strategies and evidentiary standards or other factors used in applying NQTLs to mental health and substance abuse benefits are comparable to, and applied no more stringently that those in place for medical and surgical benefits. Due to the complexity of the analysis co-counsel suggested retaining a third-party consultant to review the comparative analyses received and assure the Plan is in compliance with the MHPAEA NQTL requirements.

The Trustees requested that Ms. Welch obtain several quotes from third party consultants to complete the Comparative Analysis of NQTLs.

B. Fiduciary Liability Insurance

Ms. Welch presented the fiduciary liability insurance policy renewal proposal provided by Segal. The incumbent carrier Chubb proposed $4,159 which is a 5.26% increase in the current premium that would be effective January 1, 2022 through January 1, 2023. Segal requested quotes from Ullico, Markel, Euclid/Hudson, RLI and Hartford and they stated they could not provide a competitive quote at this time.

After a discussion, on MOTION made and seconded the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to approve the Fiduciary Liability Insurance Policy renewal with the incumbent carrier CHUBB for the period of January 1, 2023 through January 1, 2024 with a premium of $4,159.**

C. Cybersecurity Liability Insurance

Ms. Welch presented the cybersecurity liability insurance policy renewal proposal provided by Segal. The incumbent carrier Travelers proposed $4,303 which is a 14.2% increase in the current premium that would be effective December 29, 2022 through December 29, 2023. Segal requested quotes from Axis, Chubb, and Beasley refused to bid as they could not provide a competitive quote at this time.

After a discussion, on MOTION made and seconded the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to approve the cybersecurity liability insurance policy renewal with the incumbent carrier Travelers for the period of December 29, 2022 through December 29, 2023 with a premium of $4,303.**

D. Group Vision Services ("GVS") Renewal

Ms. Welch presented the contract renewal proposal provided by GVS for vision services. The proposed renewal is for a two year period from January 1, 2023 to December 31, 2024 with no fee increase in the current premium of $5.36 per employee, per month ("pepm").

After a discussion, on MOTION made and seconded the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to approve the GVS renewal for the period of January 1, 2023 to December 31, 2024 with no increase in the current premium of $5.36 pepm.**

E. Life Insurance and Accidental Death & Dismemberment ("AD&D") Insurance Policy Renewal

Ms. Welch informed the Trustees that Madison Consulting had obtained a renewal proposal for the life insurance policy from the incumbent carrier The Hartford. The Hartford proposed a 25% increase in the current premium of $0.195 per $1000 ($3.90 pepm) to $0.252 per $1000 ($5.04 pepm). The Hartford proposed no increase to the current AD&D policy premium of $0.02 per $1,000 ($0.40 pepm).

Madison Consulting also obtained a proposal from Amalgamated. Amalgamated proposed a 15% increase in the current life insurance premium. They proposed a premium of $0.225 per $1000 ($4.50 pepm) for the life insurance policy and a 25% increase in the AD&D policy premium to $0.025 per $1000 ($0.50 pepm). Ms. Welch reported that Madison Consulting was waiting for a response from two other carriers and should have there proposals within the week.

The Trustees tabled further discussion on the life insurance and AD&D policy renewal until all of the proposals had been received from Madison Consulting.

F. Open Enrollment

Ms. Welch reported that open enrollment materials were mailed to all participants on November 10, 2022. Changes to elections received from participants will be effective January 1, 2023.

G. Optum Rx Rebate

Ms. Welch reported first quarter Optum Rx Rebate was received in the amount of $76,885.00.

H. Women's' Health and Cancer Rights Notice ("WHCRA") and Creditable Coverage Notice

Ms. Welch reported the WHCRA Notice and Creditable Coverage Notice was mailed to Plan participants on October 10, 2022.

XI. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees noted that the next regular Board meetings are scheduled to be held in the first floor conference room of Associated Administrators, LLC in Landover, Maryland on the following dates:

Thursday, March 9, 2023 at 10:00 A.M.

Friday, June 16, 2023 at 10:00 A.M.

Wednesday, September 13, 2023 at 10:00 A.M.

Wednesday, December 6, 2023 at 10:00 A.M.

XII. ADJOURNMENT

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

Respectfully submitted,

Michael Goble

Attachments:

Exhibit A: PNC Capital Advisors Investment Review for Period Ending October 31, 2022
Exhibit B: Optum Rx Plan Performance Report January 2021 through October 2022
Exhibit C: Bakers Union and Felra Health and Welfare Fund Financial Statements December 31, 2022