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 8, 2021 ANNAPOLIS, MARYLAND

The following Trustees were present:

UNION TRUSTEE
L. Jones
G. Oskoian – Chairman

EMPLOYER TRUSTEES
J. Williams

Also present were:
H. Agoney - Optum Rx
M. DeLancey - Blank Rome, LLP
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. Ms. Welch reported that, due to extenuating circumstances, Trustee Goble was unable to attend the Board of Trustees meeting. Mr. Goble gave his proxy to Trustee Williams to act in all matters that come before the Trustees for this meeting.

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on September 8, 2021, 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, 2021 are approved as presented.

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

Mr. Little presented the Summary of Activity Report for the period ending October 31, 2021, 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 $16,337, investment income of $2,108, producing an ending market value of $398,974.

Mr. Little presented the portfolio holdings as of October 31, 2021. The Fund holds 67.4% in limited maturity bonds, with a market value of $268,725 and 32.6% in cash with a market value of $130,250. Mr. Little informed the Trustees that he did not recommend any changes to the asset allocation at this time, however he would continue to monitor the portfolio closely.

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

IV. 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 2021 to September 2021, 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 2021 to October 2021. The Plan cost per member per month (pmpm) was $109.72 for the period January 2021 to October 2021 as compared to $123.55 for the period of January 2020 through October 2020. The OptumRx Taft Hartley book of business ("BOB") per member per month cost for the period January 2021 to October 2021 was $100.30. Specialty drugs accounted for 0.7% of the Plan's drug cost. The top twenty traditional and specialty drugs

paid by the Plan from January 1, 2021 to October 30, 2021 were reviewed. She also reported the Utilization Management Program savings for October 2020 through September 2021 was $159,200.

Ms. Agoney reviewed the Vigilant Program Outcomes for October 2020 through September 2021. Total Plan Paid Savings was $35,535.

Ms. Agony informed the Trustees of two programs designed to protect plan incentives and guard members from undue cost exposure related to manufacturer assistance programs. The Copay Card Accumulator Adjustment Program ("CCAA") is an accounting mechanism that excludes copay card dollars from a members out of pocket expense. The Variable Copay Program ("VCS") provides saving on specialty medications obtained with manufacturer copay cards and coupons. The program leverages maximum available pharma subsidized coupons and co-payment assistance cards, which decrease the Plans cost share. VCS divides the coupons annual limit, over 12 months, to set drug specific copays to maximize yield and decrease the plan expenditure. She noted that both programs shift the costs from the Plan to pharma sponsored copayment assistance cards at no additional cost to the member. Ms. Agoney informed the Trustees there are no additional fees for the CCAA however, the VCS fee is $150 per VCS claim. She noted a net potential savings of $27,997.33 if both program are implemented.

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

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

RESOLVED, to adopt the Copay Card Accumulator Adjustment and Variable Copay Solution Programs effective as soon as administratively possible.

V. CO-COUNSEL REPORT

A. Department of Labor ("DOL") Cybersecurity Best Practices

Mr. Kimble reported on the DOL's informal guidance related to cybersecurity best practices. He also reviewed the proposed Cybersecurity Policy that was circulated at the last Board meeting. Co-Counsel recommended that the Fund send out a questionnaire to all vendors that handle client and Fund related information to review the cybersecurity practices and determine if security is satisfactory.

After discussion, and on Motion made and seconded, the Trustees voted unanimous approval of the following resolution

RESOLVED, to approve the Cybersecurity Policy prepared by Co-Counsel and approved that the Fund send cybersecurity questionnaires to Plan professionals.

B. No Surprises Act – Complaint Procedure

Mr. Kimble presented a draft complaint procedure related to the No Surprises Act.

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

RESOLVED to approve the No Surprises Act complaint procedure as presented.

C. No Surprises Act

Mr. Kimble reported on the requirements related to the No Surprises Act, which establishes federal protections against surprise out-of-network emergency care or non-emergency care at an in-network facility from an out-of-network provider. He noted that Cigna will, as part of its repricing services, provide the Plan with the Qualified Payment Amount ("QPA") for each identified potential No Surprises Act claim. The QPA is based on the median rate (for 2019 and indexed for inflation) for a minimum of three contracts within a geographic region and include the consumer price index factor.

Mr. Kimble discussed the Independent Dispute Resolution process and noted that Cigna is currently developing a process to provide IDR services.

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

RESOLVED, to approve that Cigna provide the QPA for out-of-network claims

Mr. Kimble informed the trustees that Co-counsel is preparing a SMM detailing the required changes for the payment of Emergency Services, Non-Emergency Service provided at an in-network facility, and Air Ambulance Services ("covered services") under the No Surprises Act.

D. Purdue Pharma Class Action

Mr. Kimble presented a memo regarding the Purdue Pharma bankruptcy class action lawsuit. He informed the Trustees that given the administrative burden of completing a claim and the uncertainty as to how much money the Fund would receive and the restriction on how monies received could be used, Co-counsel recommends that the Fund forego filing a claim.

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

RESOLVED, Trustees voted to not participate in the Perdue Pharma bankruptcy class action lawsuit.

VI. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the third quarter of 2021. The report showed employer contribution income of $1,116,436, employee payroll deductions of

$39,084, interest and dividend income of $690, and miscellaneous income of $56,880, producing a total income of $1,213,090. Expenses included $729,058 for medical benefits, $31,212 for CIGNA premiums, $52,332 for dental premiums, $17,285 for disability benefits, $194,201 for prescription drug benefits, $4,640 for life insurance benefits, $26,333 for stop loss insurance, $5,656 for optical benefits, and $91,536 in operating expenses, producing total expenses of $1,152,253 and resulting in a surplus of $60,837; Contributions were made on behalf of 451 active participants and that there were no delinquencies. The Fund reserve was $371,185 as of October 31, 2021, which was projected to provide benefits for 1.1 months.

Ms. Welch presented the Third Quarter 2021 Savings Report prepared by Cigna. The plan incurred claims in the total amount of $919,072.22, Cigna allowed $439,647.22 for a 47.51% savings of $436,614.73.

Ms. Welch reviewed a High Cost Medical Claims Report for January 1, 2021 through December 7, 2021 and informed the Trustees that eleven participants had incurred claims above $50,000 that totaled $1,244,648.31. She noted four of the eleven participants are deceased.

The Trustees reviewed a Savings Report for the 2021 Plan year. The chart noted a savings of $73,247.62 as a result of plan benefit changes and a decrease in premiums for several plan providers.

VII. INVOICES

Ms. Welch reviewed a list of invoices dated December 8, 2021. 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 8, 2021 as presented.

VIII. PARTICIPANT APPEALS

A. Appeal M21/114-3120

Ms. Welch reviewed an appeal from a participant requesting payment of a surgical pathology claim that was denied because the provider does not participate with CIGNA. The participant states that she had no control over where the specimen was sent for testing. Fund records indicate that the participant had a surgical procedure performed by Dr. Arun Mavanur of Surgical Oncology Associates (a participating provider) at Sinai Hospital, (a participating Facility) on September 15, 2021. Drs. Hicken, Cranley, Taylor, PA submitted a claim for pathology services rendered on September 15, 2021. The claim was denied because Drs. Hicken, Cranley, Taylor, PA does not participate with CIGNA. The Trustees notes that the Fund has historically covered out-of-network pathology claims when incurred at an in-network facility and when the underlying surgery is performed by an in-network surgeon.

After discussion and review of the terms of the Plan**,** upon a motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the appeal to pay the surgical pathology claim up to the usual, customary and reasonable rate, in accordance with the parameters of the Plan.

IX. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance

Ms. Welch presented the fiduciary liability policy renewal proposal provided by Segal. The incumbent carrier Chubb proposed $3,951 which is a 5.3% increase in the current premium that would be effective January 1, 2022 through January 1, 2023. Segal requested quotes from Ullico, 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, 2022 through January 1, 2023 with a premium of $3,951.

B. Stop Loss Policy Renewal

Ms. Welch reviewed the Stop Loss Policy Renewal received from Madison Consulting. The current stop loss vendor Gerber Life Insurance Company proposed a 4% increase in the current premium of $26.76 pmpm to $27.83 pmpm. The stop loss individual deductible would remain $350,000 with a $50,000 aggregate.

RESOLVED, to approve the stop loss policy renewal with Gerber Life Insurance Company for the period of January 1, 2022 to December 31, 2022, with an individual deductible of $350,000 with a $50,000 aggregate, for a rate of $27.83 pmpm.

C. Rebates

The Fund received a rebate check from OptumRx on September 7, 2021 for the first quarter of 2021 in the amount of $26,780**.**

D. Administrative Services Contract Renewal

Ms. Welch informed the Trustees that Associated Administrators, LLC ("Associated") had been acquired by Harbour Benefit Holdings, Inc. (Harbour) on November 30, 2021. She noted that Associated will remain its own legal entity and its name will not change and will have no effects on locations, personnel, or Associated's existing agreements.

Ms. Welch stated that the Fund's administrative services contract with Associated will

expire on December 31, 2021. She presented a letter from Associated dated December 7, 2021, proposing a three-year contract renewal for the period of January 1, 2022 to December 31, 2024 with an annual fee increase of 2% each year.

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

> **RESOLVED, to approve a three-year extension of the administrative contract between the Fund and Associated Administrators, LLC for the period January 1, 2022 through December 31, 2021 as presented.**

E. Calibre CPA Groups Plan Year 2021 Audit Engagement Proposal

Ms. Welch reviewed Calibre's 2021 audit engagement proposal. She reported that Calibre was requesting a fee of $13,500, which represents a $700 increase (5.47%) over the prior year's fee. She noted that hourly rates for additional services not covered by the agreement would be in the range of $72 to $345 per hour. Fund Counsel has forwarded several questions to Calibre regarding the engagement proposal that are currently unanswered. The Trustees tabled a decision on the engagement proposal pending Calibre's response to Fund Counsel's questions.

F. COVID-19 Related Claims Processing

Ms. Welch provided a summary of the COVID-19 medical claims experience from January 1, 2021 through October 31, 2021. She noted that 385 tests were paid at a cost of $46,356.37. Treatment was provided to 10 plan participants at a cost of $118,896.54.

G. Open Enrollment

Ms. Welch reported that open enrollment materials were mailed to all participants on November 10, 2021 for coverage effective January 1, 2022.

H. Medical Plan Identification Cards

Ms. Welch reviewed the new member identification ("ID") card template prepared by OptumRx that includes the Plan deductible, out-of-pocket maximum, telephone number and website address that members can use to receive assistance as required by the No Surprises Act. She noted that the new ID cards will be available and sent to all new members beginning January 1, 2022. The ID card changes will also be reflected on the virtual ID cards that members can obtain on the OptumRx website at www.optumrx.com

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

RESOLVED, to approve the new ID card template to be provided to participants effective January 1, 2022.

XI. NEXT MEETING DATE AND LOCATION

The quarterly Board meetings for the 2022 Plan year are scheduled to be held on March 9th, June 8th, September 7th and December 7th.

XII. ADJOURNMENT

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

Respectfully submitted,

Gary Oskoian

Attachments:

Exhibit A: PNC Capital Advisors Investment Review for Period Ending October 31, 2021
Exhibit B: Optum Rx Plan Performance Report January 2021 through October 2021
Exhibit C: Bakers Union and Felra Health and Welfare Fund Financial Statements December 31, 2020