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 9, 2020 VIA VIDEO CONFERENCE

The following Trustees were present:

UNION TRUSTEE
L. Jones
G. Oskoian - Chairman

EMPLOYER TRUSTEES
M. Goble - Secretary

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
A. Towner - Optum Rx
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

Ms. Welch reported that with the resignation of Trustee Ridore, a quorum was not present and that any motions the Trustees adopt at this meeting will have to be ratified by the full Board after a replacement for Ms. Ridore is appointed. The Chairman called the meeting to order.

II. TRUSTEE RESIGNATION AND APPOINTMENT

Ms. Welch reported that she received an email from Trustee Ridore advising of her resignation as a Trustee effective September 11, 2020. Ms. Welch noted that a replacement for Ms. Ridore has not yet been appointed.

III. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on September 9, 2020, 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 9, 2020 are approved as presented.**

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

Mr. Little presented the Summary of Activity Report for the period ending October 31, 2020, 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 $783,352, net contributions and withdrawals that resulted in a loss of $377,264, investment income of $8,536, producing an ending market value of $416,052.

Mr. Little presented the portfolio holdings as of October 31, 2020. The Fund holds 87.8% in limited maturity bonds, with a market value of $365,352 and 12.2% in cash with a market value of $50,700. 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.

V. CO-COUNSEL REPORT

Co-Counsel reported that there were no legal matters for Board action at this time.

VI. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the third quarter of 2020. The report showed employer contribution income of $1,052,463, employee payroll deductions of

$31,896, employee contributions of $4,047, interest and dividend income of $2,032, and miscellaneous income of $6,760 producing a total income of $1,052,463. Expenses included $733,036 for medical benefits, $30,895 for CIGNA premiums, $48,775 for dental premiums, $11,343 for disability benefits, $255,441 for prescription drug benefits, $4,691 for life insurance benefits, $25,987 for stop loss insurance, $8,313 for optical benefits, and $69,265 in operating expenses, producing total expenses of $1,187,746 and resulting in a deficit of $135,283 for the third quarter of 2020. Ms. Welch reported that contributions were made on behalf of 457 active participants and that there were no delinquencies. The Fund reserve was $630.791 as of September 30, 2020, which was projected to provide benefits for 1.6 months.

Ms. Welch reviewed a High Cost Medical Claims Report and informed the Trustees that 8 participants incurred medical claim expenses over $125,000. The total amount paid from January 1, 2020 to November 30, 2020 for these participants was $1,540,809.36.

VII. INVOICES

Ms. Welch reviewed a list of invoices dated December 9, 2020. 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 9, 2020 as presented.

VIII. PARTICIPANT APPEALS

Appeal M20/119-3120

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 choice where her pathology was sent, and now she is being balance billed for the charges.

Fund records indicate the participant had a surgical procedure performed by Dr. Sarah Lentz of Carroll Health Group (a participating provider) at Carroll Hospital Center (a participating facility) on August 28, 2020. Drs. Hicken, Cranley, Taylor, PA submitted a claim for pathology services rendered on August 28, 2020. The claim was denied because Drs. Hicken, Cranley, Taylor, PA does not participate with CIGNA.

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. PROVIDER REPORTS

A. Optum Rx

The Trustees welcomed Ms. Holly Agoney and Mr. Adam Towner of Optum Rx to the meeting.

Ms. Agoney reviewed the OptumRx Plan Performance Report for the period January 2020 to September 2020, 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 2020 to September 2020 as compared to January 2019 to September 2019. The Plan cost per member per month (pmpm) was $132.91 for the period January 2020 to September 2020 as compared to $121.36 for the period of January 2019 through September 2019. The OptumRx Taft Hartley book of business ("BOB") per member per month cost for the period January 2020 to September 2020 was $85.59. Specialty drugs accounted for 43.4% of the Plan's drug cost. The top twenty traditional and specialty drugs paid by the Plan from January 1, 2020 to September 30, 2020 were reviewed. The Trustees questioned the increase in the per member per month cost of the Humira Pen from $6.20 in the previous report to $15.65. Ms. Agoney informed them that she would research and report her findings to the Administrative Manager.

She also reported the Utilization Management Program savings was $64,900.

Mr. Towner reviewed a report that compared key statistics with an OptumRx client that has a comparable size and benefit Plan design to provide an accurate benchmark that supplied similar outcomes. Ms. Agoney noted that OptumRx is working on updating there benchmark comparison reports to group multiple labor and trust clients with similar size and Plan design together to provide an accurate comparison.

Ms. Agoney discussed several programs that could be implemented to provide additional savings to the Plan. She presented three Mandatory Mail Order Program options. The members would receive a 90 day supply for two copays. Each of the programs would allow 2 grace fills at the pharmacy prior to mail order being mandatory for maintenance drugs. The Mail Service Saver Plus Program would require the member to pay the full cost of the maintenance drug if the participant filled the prescription at retail after the grace fills. The savings for this program would be $56,840 annually. The Mail Service Saver would require the participants to pay an increased co-pay if he/she filled the presecription at retail after the grace period. The savings for this program would be $55,300 annually. The Mail Services Member Select Program would allow the member to opt out of the mail order program. The savings would be $21,200 annually.

Ms. Agoney discussed changing from the Select Formulary to the Premium Formulary. She noted the Premium Formulary offers an enhanced savings strategy that leverages exclusion capabilities with manufacturers to reduce costs. The change would cause disruption for 63 participants. The Plan would save $21,000 annually. The Premium Formulary would also provide better rebates for the Plan. The Trustees asked Ms. Agoney to provide a report using the current utilization to show the additional rebate savings that will occur Ms. Agoney explained that participants would receive a letter informing them that a drug they have been receiving would not be on the Premium Formulary and they would be given alternative medications that were on the formulary that they could receive. She noted that if the drug was not on the formulary and it was

medically necessary for a participant to receive they could contact Optum Rx and a medically necesssity review would be completed, if determined to be medically necessary the drug would be authorized and covered by the Plan. The Trustees asked if that was taken into consideration when the savings was determined. Ms. Agoney stated that they would be unable to determine which members would receive an exception however, she could provide the percentage of members that have received exceptions with other clients that have moved from the Select to the Premium Formulary and that she would provide that information to the Administrative Manager. She noted that the formularies are updated bi-annually in January and July.

Mr. Townsend discussed the Premium Value Formulary that will become available in 2021. The Premium Value Formulary maximizes cost savings and removes drugs that offer little or no added clinical value by focusing on a limited number of clinically proven therapies. The Trustees requested that Ms. Agoney provide a disruption and savings report for the Premium Value Formulary, when it becomes available.

Ms. Agoney presented several elements that could be added to the Opioid Risk Management Program that is already in place. The Program helps reduce exposure to excessive doses and prevent members from transitioning from acute to chronic use. There were seven high opioid utilizers identified from January 1 to August 31, 2020, which is 11.6% lower than the benchmark. She reviewed several add-on elements that could be added at no additional charge to the Plan. The refill window add-on would not allow a refill at the pharmacy until 90% of the drug had been exhausted and 80% must be exhausted prior to a fill through mail order. The Program also includes utilization management that is aligned with the CDC opioid prescribing guidelines that only allows a seven day supply on all short acting opioids and prior authorization and quantity limits for all long acting opioid and cough agents. Ms. Agoney also informed the Trustees that there were additional member and provider outreach add-on's that could be included for an additional charge.

Ms. Agoney discussed the Enhanced Savings Program (ESP) and the Optum Perks

Program. These Programs are free value-add programs for the members that allow them to receive a discount for drugs that are not covered by the Plan. The members would be able to use their current prescription card at the pharmacy to receive the discount with the ESP Program and reporting would be available to the Plan to track the members utilization of the Program. The Optum Perks Program is a stand alone Program similar to the ESP Program. The member would receive a separate card to present at the pharmacy to obtain the discounted price for drugs that are not covered by the Plan. Reporting would not be available with this Program. The members would have access to a website and an app that would help them locate the lowest cost pharmacy.

The Trustees thanked Ms. Agoney and Mr. Towner for their presentation and excused them from the meeting.

The Trustees discussed the optional programs offered by OptumRx. The trustees tabled a decision on the Mandatory Mail Order Program until additional information could be received.

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

RESOLVED, to implement the Premium Formulary and the Optum Perks Program effective July 1, 2021 and to add the refill window and additional utilization management elements to the Opioid Risk Management Program as soon as administratively possible.

X. OTHER FUND BUSINESS

A. Group Dental Service ("GDS")Utilization

Ms. Welch informed the Trustees that ,due to the low cost of care percentage, GDS agreed to provide a 3% rate reduction effective December 1, 2020 through December 31, 2021. GDS proposed a rate of $50.95 per member per month (pmpm).

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

RESOLVED, to approve the GDS renewal effective December 1, 2020 to December 31, 2021 at the rate of $50.95 pmpm.

B. COVID-19 Related Claims Processing - Status

Ms. Welch provided a summary of the COVID-19 medical claims experience for the period March 1, 2020 through November 30, 2020. She reported that the Fund paid for 110 COVID-19 tests totaling $10,362.59. Twenty eight participants and/or dependents sought treatment for COVID-19, totaling $100,150.81 in paid claims. There have been 309 telehealth claims paid totaling $17,344.17.

The Trustees discussed the telehealth visit benefit that was implemented due to the pandemic from March 1, 2020 to December 31, 2020.

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

RESOLVED, to extend the telehealth visit benefit through March 31, 2021 due to the continuing pandemic.

The Trustees discussed extending the telehealth visit benefit beyond March 31, 2021 and requested that Ms. Welch receive information and quotes from several telemedicine companies to present at the next Board meeting.

C. Open Enrollment

Ms. Welch informed the Trustees that Associated mailed Open Enrollment documents to the participants on November 18, 2020 and Open Enrollment would continue through December 20, 2020.

D. Group Vision Service ("GVS") Renewal

Ms. Welch reviewed the GVS Renewal Proposal. She informed the Trustees that GVS proposed no increase in the current premium of $6.98 pmpm. Currently, the Plan covers an eye exam and glasses every two years. GVS has also proposed to allow an eye exam every year for no increase in the current premium.

After a thorough discussion the Trustees tabled a decision on the GVS renewal and requested Ms. Welch to ask for their best and final offer if the vison benefits remain the same and the cost of providing an eye exam and glasses annually.

E. Stop Loss Policy Renewal

Ms. Welch reviewed the Stop Loss Policy Renewal comparison received from Madison Consulting. The current stop loss vendor Vista Underwriting proposed a 15% increase in the current premium of $25.73 pmpm to $29.60 pmpm. Gerber proposed a 4% increase to $26.76 pmpm. The stop loss individual deductible would remain $350,000 with a $50,000 aggregate.

After a discussion the Trustees tabled a decision on the Stop Loss Policy renewal and requested that Ms. Welch obtain the premium for lowering the individual deductible to $300,000 and $325,000 with and without the $50,000 aggregate from Gerber.

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

Ms. Welch reviewed the Life Insurance and AD&D renewal proposal received from ULLICO for the period of January 1, 2021 to January 1, 2023. ULLICO proposed a 15% increase from $3.80 pmpm to $4.38 pmpm for Life Insurance and $0.40 pmpm to $0.80 pmpm for AD&D.

She noted that Madison Consulting also provided a proposal from The Hartford. They proposed a 2% increase in the current premium to $3.90 pmpm for Life Insurance and a 50% reduction in the AD&D premium to $0.20 pmpm.

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

RESOLVED, to approe The Hartford Life Insurance and AD&D proposal for the period of January 1, 2021 to January 1, 2023 at the rate of $3.90 pmpm for Life Insurance and $0.20 pmpm for AD&D.

G. Fiduciary Liability Insurance

Ms. Welch referred to the Fiduciary Liability Renewal Policy Proposal provided by Segal. The incumbent carrier Chubb proposed an annual premium of $3,572, which is a 4.8% increase in the current premium for the Policy Period January 1, 2021 through January 1, 2022.

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 CHUBB for the period of January 1, 2021 through January 1, 2022 with a premium of $3,572.

H. COBRA RATES

Ms. Welch presented the COBRA rates at 102% of the plan's costs and 150% of the plan's costs for a disability extension as requested at the last Board meeting. She noted that the COBRA rates had mirrored the FELRA Health and Welfare Fund rates since 2015.

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

RESOLVED, to approve the COBRA rates at 102% of the plans costs and 150% of the plans cost for a disability extension as noted in the meeting booklet effective February 1, 2021.

I. KAISER PERMANENTE PROPOSAL – INTERIM ACTION

Ms. Welch reported that the Trustees, via email poll on November 17, 2020 voted to decline the Kaiser to provide an insured product for medical and prescription benefits.

XI. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Wednesday, March 10, 2021 at 10:00 a.m. via video conference. The remaining quarterly Board meetings for the 2021 Plan year were scheduled to be held on June 9, 2021, September 8, 2021 and December 8, 2021.

XII. ADJOURNMENT

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

Respectfully submitted,

Michael Goble, Secretary

Attachments:

Exhibit A: PNC Capital Advisors Investment Review for Period Ending October 31, 2020

Exhibit B: Optum Rx April 2020 through September 2020 Plan Review