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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 6, 2023 RUTH'S CHRIS, ODENTON, MARYLAND

The following Trustees were present:

UNION TRUSTEE	EMPLOYER TRUSTEES
L. Jones	M. Goble
G. Oskoian - Chairman	J. Williams (via tele-conference)

Also present were:
H. Agoney – Optum Rx
M. DeLancey - Blank Rome, LLP
J. Kimble - Morgan, Lewis & Bockius, LLP
C. Little - PNC Bank, NA
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 13, 2023, 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 13, 2023 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, 2022 and 2021

Mr. Herishen presented the Financial Statements for the years ended December 31, 2022 and 2021. 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, 2022 were $1,884,349. He noted total additions for the year ended December 31, 2022 of $4,847,077 and total deductions $3,651,301, resulting in an increase of net assets available for benefits of $1,195,776, and producing net assets available for benefits on December 31, 2022 of $1,884,349. 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, 2022, total assets were $2,032,288 and accounts payable were $147,939. 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 2022 Financial Statements as presented.

B. Calibre Engagement Letter – Plan Year 2023

Mr. Herishen distributed a copy of the Calibre CPA Group, PLLC proposal to provide auditing services for the Plan year ending 2023.

The proposed fee increase was $500 from $15,350 to $15,850 as approved at the December 7, 2022 Board Meeting. In addition to the audit fee cap Calibre is requesting a maximum out of pocket expense cap of $650 (4%). The total fee cap would be $16,500. Mr. Herishen noted the out of pocket fee cap was implemented by Calibre due to an increase in costs related to regulatory requirements, ever changing cyber-security protocols, subscription fees, software and equipment updates required to deliver the highest level of service to the Fund.

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

After discussion,

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

> **RESOLVED, to deny the proposed additional $650 out-of-pocket fee cap for the 2023 Plan year audit.**

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, 2023, 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 $1,495,060, net contributions and withdrawals that resulted in a loss of $$25,907, investment income of $48,869, producing an ending market value of $1,521,607.

Mr. Little presented the portfolio holdings as of October 31, 2023. The Fund holds 18.2% in limited maturity bonds, with a market value of $276,787 and 81.8% in cash with a market value of $1,224,821. Mr. Little noted the year to date return was 3.92%.
Mr. Little reported the current market value of the portfolio was $1,521,607. Mr. Little recommended that the Trustees consider allotting $500,000 from the cash account to United States ("US") Treasuries and purchase two Treasuries with varied maturities from 6 to 12 months.

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

> **RESOLVED, to invest $500,000 from the cash account to purchase two US Treasuries in the amount of $250,000 each at varied maturities from 6 to 12 months.**

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 report prepared by Optum Rx titled Plan Performance Report for the period January 2023 to September 2023, 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 2023 to September 2023. The Plan cost per member per month (pmpm) was $171.29 for the period January 2023 to September 2023 as compared to $118.78 for the period of January 2022 through September 2022. The OptumRx Taft Hartley book of business ("BOB") per member per month cost for the period January 2023 to September 2023 was $127.24. Specialty drugs accounted for 97% of the Plan's drug cost. The top twenty traditional and specialty drugs paid by the Plan from January 1, 2023 to September 30, 2023 were reviewed. She also reported the Utilization Management Program savings for January 2023 through September 2023 was $182,100, Vigilant Drug Program savings was $12,595 and Variable Co-payment Program was $8,664.

The top traditional disease state is Diabetes, the top specialty disease state is Inflammatory Conditions. The top 5 disease states accounted for 75% of total plan paid.

Ms. Agoney reviewed a list of biosimilars and generic medications that will come to market in 2024 and 2025.

The Trustees thanked Ms. Agoney for her presentation and she was excused from the remainder of the meeting.

VI. <u>CO-COUNSEL REPORT</u>

A. <u>Consolidated Appropriations Act ("CAA") Gag Clause Prohibition Attestation</u>

Mr. Kimble informed the Trustees that Co-counsel had almost completed their review of the contracts with all Plan vendors to assure no gag clauses are in place.

Associated Administrators will submit the gag clause prohibition attestation to the Department of Labor, Treasury and Health and Human Services by December 31, 2023 that will cover the period beginning December 27, 2020 and ending on the date of the attestation.

VII. <u>ADMINISTRATIVE MANAGER REPORT</u>

Ms. Welch presented the Administrative Manager Report for the third quarter of 2023. The report showed employer contribution income of $1,124,850, employee payroll deductions of $40,091, interest and dividend income of $29,185, and miscellaneous income of $51,140, producing a total income of $1,124,850. Expenses included $459,920 for medical benefits, $30,144 for CIGNA premiums, $39,675 for dental premiums, $17,057 for disability benefits, $314,435 for prescription drug benefits, $4,775 for life insurance benefits, $34,302 for stop loss insurance, $5,382 for optical benefits, and $79,192 in operating expenses, producing total expenses of $984,785 and resulting in a surplus of $140,065. Contributions were made on behalf of 412 active participants and that there were no delinquencies.

Ms. Welch noted that as of August 31, 2023, the Fund had $1,515,594.95 in reserves, representing 4.5 months of reserves.

VIII. INVOICES

Ms. Welch reviewed a list of invoices dated December 6, 2023. 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 6, 2023 as presented.**

IX. PARTICIPANT APPEAL

Ms. Welch reviewed an appeal from a participant requesting reimbursement in the amount of $2,993.22, for health coverage premiums she paid under another policy, for the period from October 2022 through March 2023.

Fund records indicate the participant initially became eligible for Fund coverage, under Plan 3, effective October 1, 2022. The Fund office received the participant's address on January 6, 2023, and an enrollment packet was mailed to her on January 11, 2023. The Fund did not receive completed enrollment and payroll deduction authorization forms. The participant called the Fund office on March 10, 2023 regarding coverage, and the Fund mailed another enrollment packet at that time. The Fund received completed enrollment and payroll deduction authorization forms from the participant on March 20, 2023, which were signed and dated March 15, 2023. The participant was enrolled in Fund coverage, retroactively effective October 1, 2022. The participant called the Fund office again on May 8, 2023, regarding reimbursement of health coverage premiums she had been paying under another policy since October 2022. The Fund received the participant's appeal on May 30, 2023.

The participant states in summary that she was hired in April 2022 and her store manager told her during the hiring process that her health benefits would begin in 30 days. The participant states that with that information, she accepted the position and left her previous job. The participant states that she later discovered that she would have to wait 11 months, and was forced to acquire outside health coverage. The participant states that around February 2023, she began calling to start the process of getting health coverage through the Union, and later discovered that her eligibility began in October 2022. Lastly, the participant states that she strongly feels she is due reimbursement because of the lack of communication or miscommunication.

The Fund office does not have any record of receiving a phone call from the participant prior to March 10, 2023. The participant's address was loaded on January 6, 2023, and matches the address on her appeal correspondence. No return mail has been received from the post office.

In considering the appeal the Trustees reviewed the applicant's letter dated May 24, 2023 and a copy of the health care premiums paid from October 2022 to March 2023.

After reviewing the foregoing the Trustees

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

> **RESOLVED, to approve payment to the participant for health care premiums paid in the amount of $1,496.61 for the months of October to December 2022, but to deny payment of the balance requested.**

X. OTHER FUND BUSINESS

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

Ms. Welch reported that MZQ Consulting had begun working on the Comparative Analyses of Non-Quantitative Treatment Limitations and was still gathering information from the Plan Vendors.

B. Quorum of the Board of Trustees

Mr. Goble discussed amending the Trust Documents definition of a quorum of the Board of Trustees from two Union Trustees and Two Employer Trustees to one Union Trustee and one Employer Trustee.

Further discussion was tabled pending Fund Counsels review of the Trust Document.

C. Summary Annual Report ("SAR")

Ms. Welch reported that the Fund mailed the SAR to participants on September 25, 2023.

D. Life, Accidental Death and Dismemberment ("AD&D") and Accident and Sickness Benefit Carrier Summary Material Modification ("SMM")

Ms. Welch informed the Trustees that the Fund mailed the SMM regarding the new Accident and Sickness Benefit and the new benefit carrier Boston Mutual for Life, AD&D, and Accident and Sickness to participants on September 25, 2023.

E. Cybersecurity Liability Insurance

Ms. Welch presented the cybersecurity liability insurance policy renewal proposal provided by Segal. The incumbent carrier Travelers proposed $3,267 which is a 34% decrease in the current premium that would be effective December 29, 2023 through December 29, 2024. Segal requested quotes from Axis, Chubb, and Beasley and they advised 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, 2023 through December 29, 2024 with a premium of $3,267.**

F. <u>Open Enrollment</u>

Ms. Welch reported that the Fund mailed open enrollment materials to all participants on November 20, 2023. Changes to elections received from participants will be effective January 1, 2023.

G. <u>Optum Rx Rebate</u>

Ms. Welch reported first quarter Optum Rx Rebate was received in the amount of $51,140.00.

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

Ms. Welch reported that the Fund mailed the WHCRA Notice and Creditable Coverage Notice to Plan participants on October 15, 2023.

XI. <u>NEXT MEETING DATE AND LOCATION</u>

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:

Friday, March 8, 2024 at 10:00 A.M.

Wednesday, June 12, 2024 at 10:00 A.M.

Thursday, September 12, 2024 at 10:00 A.M.

Thursday, December 12, 2024 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, 2023
Exhibit B: Optum Rx Plan Performance Report January 2023 through September 2023