Bakers Union and FELRA
Health and Welfare Fund

911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone: (410) 683-6500
Toll Free: (866) 662-2537
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, MD 20785-2361
Telephone: (301) 459-3020
Toll Free: (866) 662-2537
www.associated-admin.com

DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
BAKERS UNION AND FELRA HEALTH AND WELFARE FUND
MARCH 10, 2021
VIA VIDEO CONFERENCE

The following Trustees were present:

UNION TRUSTEE	EMPLOYER TRUSTEES
L. Jones	M. Goble – Secretary
G. Oskoian – Chairman	J. Williams

Also present were:
H. Agoney - Optum Rx
V. Almonte – Optum Rx
G. Colonna – 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

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

II. TRUSTEE APPOINTMENT AND ACCEPTANCE

Ms. Welch reviewed an appointment letter that was received from Trustee Goble appointing Joan Williams as an Employer Trustee on December 21, 2020. She also presented an Acceptance of Trusteeship letter that was received from Ms. Williams on December 23, 2020. Ms. Welch said Ms. Williams had been supplied with the necessary Fund documents and policies, and added to the fiduciary liability policy. The Trustees welcomed Ms. Williams.

Ms. Welch noted that a quorum was not present at the last meeting and that all motions from the December 9, 2020 Board meeting had been ratified by the full Board via email poll on January 20, 2021.

III. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on December 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 December 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 January 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 $10,115, investment income of $695, producing an ending market value of $404,368.

Mr. Little presented the portfolio holdings as of January 31, 2021. The Fund holds 87.8% in limited maturity bonds, with a market value of $367,913 and 9.0% in cash with a market value of $36,455. 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. OPTUM Rx

The Trustees welcomed Ms. Holly Agoney, Mr. Adam Towner, Mr. Gregory Colonna and Mr. Vladimir Almonte of Optum Rx to the meeting.

Ms. Agoney reviewed the OptumRx Annual Plan Performance Report for the period January 2020 to December 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 December 2020 as compared to January 2019 to December 2019. The Plan cost per member per month (pmpm) was $123.55 for the period January 2020 to December 2020 as compared to $117.43 for the period of January 2019 through December 2019. The Optum Rx Taft Hartley book of business ("BOB") per member per month cost for the period January 2020 to December 2020 was $80.86. Specialty drugs accounted for 0.9% of the Plan's drug cost. The top twenty traditional and specialty drugs paid by the Plan from January 1, 2020 to December 31, 2020 were reviewed. She also reported the Utilization Management Program savings for the 2020 Plan year was $174,000.

Ms. Agoney reviewed the three maintenance drug mail order program options that were discussed at the last Board meeting and provided a savings analysis based on the Plan's utilization. Optum Rx recommended implementing the Mail Service Saver Program that would provide an annualized savings of $36,000. Mr. Towner informed the Trustees that 90 days' notice would be needed for implementation.

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

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

A. <u>Consolidated Appropriations Act</u>

Mr. Kimble reviewed a memorandum regarding the Consolidated Appropriations Act ("CAA") that was signed into law on December 27, 2020. He summarized the key provisions of the Act that apply to multiemployer health and welfare plans, such as protecting participants from surprise medical bills and enhancing multiemployer health and welfare plan transparency. He noted the Fund will be required to conduct an analysis of the Fund's compliance with the Mental Health Parity Act's Non-Quantitative

Treatment Limitations and that the analysis will have to be provided to DOL and plan participants upon request. Mr. Kimble advised that additional guidance is expected to help clarify how to implement the CAA's requirements.

B. Employee Benefit Security Administration ("EBSA") Disaster Relief Notice 2021-01

Mr. Kimble reported on the EBSA Disaster Relief Notice 2021-01 that was issued on February 26, 2021. The notice clarifies that the suspended deadlines that were implemented in March 2020 related to COBRA, claims, appeals, and HIPAA open enrollment will be extended until the earlier of (a) one year from the date the plan or individual was first eligible for relief, or (b) the end of the Outbreak Period.

He noted the timeframes described in the COBRA, HIPAA Special Enrollment, and Claims/Appeals regulations are all minimums and plans can establish timeframes that are longer than required. Therefore, the Board should consider the following options: (1) enforce the termination of deadline extensions consistent with Notice 2021-01 (subject to appropriate notice to participants); or (2) Continue deadline extensions until 60 days after the end of the National Emergency.

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

> **RESOLVED, to enforce the termination of deadline extensions consistent with Notice 2021-01. Deadlines are extended one year from the date the Plan or individual was first eligible for relief.**

C. Blank Rome LLP Fee Request

Mr. Delancey requested an increase in his hourly rate of $610 to $660, effective April 1, 2021.

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

RESOLVED, to approve the Blank Rome LLP hourly rate of $660 effective April 1, 2021.

VII. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the fourth quarter of 2020. The report showed employer contribution income of $1,091,067, employee payroll deductions of $38,505, employee contributions of $3,032, interest and dividend income of $1,362, and miscellaneous income of $26,070, producing a total income of $1,091,067. Expenses included $682,629 for medical benefits, $31,680 for CIGNA premiums, $58,039 for dental premiums, $17,858 for disability benefits, $178,766 for prescription drug benefits, $4,686 for life insurance benefits, $25,730 for stop loss insurance, $7,881 for optical benefits, and $73,416 in operating expenses, producing total expenses of $1,080,685 and resulting in a gain of $10,382 for the fourth quarter of 2020. Ms. Welch reported that contributions were made on behalf of 460 active participants and that there were no delinquencies. The Fund reserve was $413,455 as of December 31, 2020, which was projected to provide benefits for 1.1 months.

Ms. Welch reviewed a High Cost Medical Claims Report and informed the Trustees that 10 participants incurred 40% of the total medical claim expenses for 2020. The total amount paid from January 1, 2020 to December 31, 2020 for these participants was $1,883,169.19.

The Trustees reviewed a Potential Savings Chart for the 2021 Plan year. The chart noted the estimated savings that would result from the decrease in the optical and dental benefit premiums for the 2021 Plan year and changing the prescription drug formulary from the Select Formulary to the Premium Formulary that would go into effect on July 1, 2021, would result in an estimated savings of the $30,063.72 annually.

The Trustees discussed implementing the Mail Service Saver Program with Optum Rx that would provide an estimated savings of $36,000 annually. They also discussed changing the Plan One basic benefits, that are currently paid at 100% to be covered under major medical at 80%, based on the Plan's utilization for the 2019 and 2020 Plan years, which would produce an estimated annual savings of $334,002.98.

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

> **RESOLVED, to implement the Mail Service Saver Program and to change Plan One to cover all basic benefits currently covered at 100% to be covered under major medical at 80% effective July 1, 2021.**

The Trustees discussed the current employer contribution rates. The current employer contribution rates mirror the FELRA and UFCW Health and Welfare Fund ("FELRA") rates and are based on the FELRA benefit plans, experience, and operating expenses as set forth in the relevant collective bargaining agreements. The Trustees discussed the differences in the benefit plans and operating expenses between the two Plans and noted that they are no longer aligned and comparable. After further discussion, the Trustees directed Fund Counsel to send a letter to the bargaining parties requesting that future contribution rates be evaluated on an annual basis based upon the Bakers Union and FELRA Health and Welfare Fund's actual experience and not the FELRA Fund's experience, effective January 1, of each year.

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

> **RESOLVED, to request that the bargaining parties consider the financial experience of the Bakers Union and FELRA Health and Welfare Fund when updating the employer contribution rates in the collective bargaining agreements and cease basing the employer contribution rates on the FELRA contribution rates. The rate will be reviewed annually and effective January 1 of each year.**

VIII. INVOICES

Ms. Welch reviewed a list of invoices dated March 10, 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 March 10, 2021 as presented.

IX. PARTICIPANT APPEALS

A. Appeal M20/121-8476

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 a colonoscopy performed at an in-network facility and assumed that every aspect of the surgery was in-network. The participant further states that she did not have control as to where her lab work was sent.

Fund records indicate the participant had a surgical procedure performed by Dr. Ronald Concha-Parra of Mid Sussex Medical Center (a participating provider) at Nanticoke Memorial Hospital (a participating facility) on September 24, 2020. Peninsula Pathology Associates submitted a claim for pathology services rendered on September 24, 2020. The claim was denied because Peninsula Pathology Associates 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 Plan's terms.

B. M20/121-8476

Ms. Welch noted that the Trustees via email poll on February 1, 2021 unanimously approved a participant appeal regarding payment of Accident and Sickness benefits for the period from August 20, 2020 through present.

X. OTHER FUND BUSINESS

Ms. Welch presented the following:

A. Group Vision Service ("GVS")

The Trustees via email poll on December 15, 2020 unanimously approved renewing the

Fund's contract with GVS effective January 1, 2021. The new agreement provides a 23% reduction in the prior premium of $6.98 per member per month ("pmpm") to $5.36 pmpm and includes a two year rate guarantee.

B. Stop Loss Insurance Policy Renewal

The Trustees via email poll on January 18, 2021 unanimously approved renewing the Stop Loss Insurance Policy with Gerber. The renewed Policy has a 4% premium increase from the prior rate of $25.73 pmpm to $26.76 pmpm for the coverage period of January1, 2021 to December 31, 2021.

C. COVID-19 Related Claims Processing – Status

Ms. Welch presented a summary of the COVID-19 medical claims experience for the period March 1, 2020 through December 31, 2020. Ms. Welch reported that the Fund paid for one hundred and fifty-five COVID-19 laboratory tests totaling $14,468.68. One hundred fifty-six participants and/or dependents sought treatment for COVID-19, totaling $115,150.81 in paid claims. There have been 327 telehealth claims paid totaling $19,429.54.

D. Summary of Material Modification ("SMM")

Ms. Welch advised that, on February 9, 2021, Associated mailed the SMM regarding coverage of COVID-19 vaccines to Fund participants.

E. Telehealth Visit Benefit

The Trustees discussed the temporary telehealth visit benefit that was implemented due to the pandemic from March 1, 2020 to March 31, 2021.

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

> **RESOLVED, to extend the telehealth visit benefit through June 30, 2021 due to the continuing pandemic**.

XI. NEXT MEETING DATE AND LOCATION

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

XII. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Michael Goble, Secretary

<u>Attachments:</u>

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

Exhibit B: Optum Rx Annual Review January 2020 through December 2020