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 JUNE 9, 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
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. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on March 10, 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 March 10, 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 April 30, 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 $16,599, investment income of $1,076, producing an ending market value of $398,264.

Mr. Little presented the portfolio holdings as of April 30, 2021. The Fund holds 92.5% in limited maturity bonds, with a market value of $368,289 and 7.5% in cash with a market value of $29,976. 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 and Mr. Adam Towner of Optum Rx to the meeting.

Ms. Agoney reviewed the OptumRx Plan Performance Report for the period January 2021 to March 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 March 2021. The Plan cost per member per month (pmpm) was $105.55 for the period January 2021 to March 2021 as compared to $123.55 for the period of January 2020 through December 2020. The Optum Rx Taft Hartley book of business ("BOB") per member per month cost for the period January 2021 to March 2021 was $95.29. Specialty drugs accounted for 0.6% of the Plan's drug cost. The top twenty traditional and specialty drugs paid by the Plan from January 1, 2021 to March 31, 2021 were reviewed. She also reported the Utilization Management Program savings for April 2020 through March 2021 was $146,400.

Ms. Agoney reviewed the Vigilant Program Outcomes for April 2020 through March 2021. Total Plan Paid Savings $17,732.

Ms. Agoney informed the Trustees that the FDA recently approved a new drug, Aducanumab, which is the first disease-modifying treatment drug that changes the underlying course of Alzheimers Disease rather than only addressing the symptoms. The annual cost of this drug is projected to be $56,000. Aducanumab has been added to the New Drugs to Market temporary exclusion list and OptumRx formulary placement will be guided by recommendations approved by the OptumRx independent Pharmacy & Therapeutics committee. The Trustees requested a report identifying if any participants were currently receiving drugs for treatment of Alzheimers Disease symptoms.

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

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

Mr. Kimble reviewed a memorandum regarding the Mental Health Parity and Addiciion Equity Act ("MHPAEA") Comparative Analyses of Non-quantitative Treatment Limitations ("NQTL"). He noted that on April 2, 2021 the Department of Labor ("DOL") issued a series of Frequently Asked Questions to provide guidance in regards to the MHPAEA requirements. The guidance explained that the comparative 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 than those in place for medical and surgical benefits. The guidance stated that Plans should be prepared to make their comparative analysis available upon request. Fund Counsel recommends that the Fund comply with the applicable laws and DOL guidance and that the Fund begin preparing the comparative analysis by taking the following steps: (1) gather all plan documents, internal guidelines, and any other materials that may include NQTLs, (2) complete the DOL self compliance tool using the steps outlined in the April 2, 2021 guidance, (3) have all supporting documents that support the plan's rationale if NQTLs are identified, and (4) contact all Plan service providers to ensure they have begun a parity analysis for all NQTLs using the self-compliance tool.

Ms. Welch noted that Cigna and Optum Rx had been contacted and confirmed that they are working on preparing the comparative analysis.

Mr. Kimble noted that the Fund may need to retain a third-party consultant to perform and draft the comparative analysis due to the complexity of the new guidance.

VI. MADISON CONSULTING – DENTAL BENEFIT PROVIDER PROPOSALS

Ms. Welch noted that Group Dental Services ("GDS") informed the Plan that they will no longer offer the Denex Dental plans as of December 1, 2021. Aetna purchased GDS several years ago. Aetna submitted a proposal for the Trustees consideration in the event the Trustees opted to continue receiving dental benefits from Aetna. The Trustees directed the Associated Administrators to contact Madison Consulting to obtain proposals from alternate dental providers for presentation at the June 2021 Trustees meeting.

The Trustees welcomed Jorge Valentin and Marisol Medina to the meeting.

Mr. Valentin reviewed a dental benefit provider proposal comparison sheet that compared the benefits and the proposed rates for Aetna Dental, Delta Dental, Cigna PPO, and Cigna DHMO. Aetna proposed an 11.8% increase in the current premium of $50.95 per member per month ("pmpm") to $56.96 pmpm. Delta Dental proposed a premium of $41.11 pmpm (-19.3%). Cigna proposed a premium of $54.41 pmpm (6.79%) for the Cigna PPO Plan and $31.72 pmpm (-37.74%) for the Cigna DHMO Plan.. Mr. Valentin noted that 95% of the dentists currently being utilized by Plan participants were in the Delta Provider Network and only 36% of the dentists currently being utilized were in the Cigna DHMO Provider Network.

The Trustees thanked Mr. Valentin and Ms. Medina for their presentation and excused them from the meeting.

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

> **RESOLVED to terminate the current policy with GDS and accept the Delta Dental proposal, effective as soon as administratively possible, with the proposed premium of $41.11 pmpm.**

VII. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the first quarter of 2021. The report showed employer contribution income of $1,011,272, employee payroll deductions of $30,847, employee contributions of $1,906, interest and dividend income of $899, and miscellaneous income of $32,460, producing a total income of $1,077,384. Expenses included $817,853 for medical benefits, $32,220 for CIGNA premiums, $56,760 for dental premiums, $10,572 for disability benefits, $217,710 for prescription drug benefits, $4,786 for life insurance benefits, $27,429 for stop loss insurance, $5,973 for optical benefits, and $60,269 in operating expenses, producing total expenses of $1,233,572 and resulting in a deficit of $156,188 for the first quarter of 2021. Ms. Welch reported that contributions were made on behalf of 461 active participants and that there were no delinquencies. The Fund reserve was $472,194 as of March 31, 2021, which was projected to provide benefits for 1.0 months.

Ms. Welch reviewed a High Cost Medical Claims Report for January 1, 2021 through May 30, 2021 and informed the Trustees that five participants had incurred claims above $75,000 that totaled $1,346,640.22. She noted three of the five participants are now deceased.

The Trustees discussed the 1.0 month reserve. The Trustees requested that the Administrative Manager determine the maintenance of benefit rate for each Plan taking into account the estimated savings generated by the benefit changes previously approved that will become effective July 1, 2021 as soon as administratively possible and circulate to the Trustees.

Ms. Welch presented a summary of the COVID-19 medical claims experience for the period January 1, 2021 through April 30, 2021. Ms. Welch reported that the Fund paid for one hundred and ninety-five COVID-19 laboratory tests totaling $22,348.26. Four participants and/or dependents sought treatment for COVID-19, totaling $117,878.47 in paid claims. There have been 75 telehealth claims paid totaling $2,530.01.

VIII. INVOICES

Ms. Welch reviewed a list of invoices dated June 9, 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 June 9, 2021 as presented.**

IX. PARTICIPANT APPEALS

A. Appeal M21/105-2538

Ms. Welch reviewed an appeal from a participant requesting payment of claims related to the swelling of wrists and hands during her pregnancies. The participant was seen previously in 2015 for a work related claim for carpal tunnel syndrome as a result of repeated stress during her work for Safeway as a cake decorator.

On October 28, 2020, the Fund Office received a letter from Sedgwick, Safeway's Worker's Compensation carrier dated October 9, 2020 indicating that Workers' Compensation was denied, the claim was not compensable, and that the participant must appeal to the Maryland Workers' Compensation Commission. The participant stated that she has significant swelling in her wrists and hands during her pregnancies, but it went away after her babies were born. In her opinion, these claims were due to her pregnancies and not work related carpal tunnel syndrome from 2015.

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 claims incurred on dates of service February 27, 2020, March 16, 2020 and September 26, 2020 up to the usual, customary, and reasonable rate, in accordance with the Plan's terms.**

X. OTHER FUND BUSINESS

Ms. Welch presented the following:

A. American Rescue Plan Act of 2021 ("ARPA")

COBRA notices related to the American Rescue Plan Act were mailed on May 10, 2021. The General Notice was mailed to all beneficiaries with a COBRA Qualifying Event (reduction in hours or involuntary termination) between the period of April 1, 2021 through September 30, 2021. An Extended Election Notice was mailed to all beneficiaries with a Qualifying Event prior to April 1, 2021 and within the 18-month election period.

B. For Your Benefits Newsletter

The May 2021 issue of the Bakers Union and FELRA Health and Welfare Fund "For Your Benefit" newsletter was mailed to participants on April 30, 2021.

C. Telehealth Services

The Trustees discussed the temporary telehealth visit benefit that was implemented due to the pandemic from March 1, 2020 to June 30, 2021.

D. Audit Engagement Letter

The Trustees via email poll on April 8, 2021 unanimously approved Calibre's proposal to provide auditing services for the 2020 Plan year, a copy of which is attached and made part of these minutes as Exhibit C. Calibre proposed an $800 increase (6.7%) in the prior premium of $12,000 to $12,800. Calibre noted the increase was partially due to the merger (Salter & Company with Calibre) that occurred a couple of years ago and Calibre continued to gradually bring the Salter rates up to the Calibre rate structure.

E. Patient-Centered Outcomes Research Institute ("PCORI")

Ms. Welch reported that the premium payment for the Plan year ended December 31,. 2020 would be $1,814.12 using the same snapshot method as last year. The Form 720 and premium payment are due by July 31, 2021. The PCORI fee increased from $2.54 to $2.66 per covered life.

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

RESOLVED, to approve payment of the PCORI premium of $1,814.12 for the Plan year ended December 31, 2021 based on the snapshot method of calculation.

F. Memorandum of Agreement Amendment

Ms. Welch reported receipt of amendments to the Memorandum of Agreements between Giant, Safeway and BCTGM Local Union Nos. 68 and 118. The amendment provides that the contributions rates payable to the Fund will be evaluated on an annual basis, effective January 1 of each year based on the Bakers Union and FELRA Health and Welfare Fund's actual experience. The Fund's financial experience provided by the Administrative Manger will be considered when updating the contribution rate.

XI. NEXT MEETING DATE AND LOCATION

The remaining quarterly Board meetings for the 2021 Plan year are scheduled to be held on September 8, 2021 and December 8, 2021 at the Landover Office.

XII. ADJOURNMENT

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 March 31, 2021

Exhibit B: Optum Rx Plan Performance Report January 2021 through March 2021