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
JUNE 8, 2022
VIA VIDEO CONFERENCE

The following Trustees were present:

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

Also present were:
M. DeLancey - Blank Rome, LLP
C. Horn – Cigna Healthcare
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 at 10:04 am.

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on March 9, 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 9, 2022 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, 2022, 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 $338,997, net contributions and withdrawals that resulted in a loss of $3,806, investment income of $863, producing an ending market value of $779,099.

Mr. Little presented the portfolio holdings as of April 30, 2022. The Fund holds 34% in limited maturity bonds, with a market value of $265,121 and 66% in cash with a market value of $513,978. 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

Ms. Welch reviewed the OptumRx January to March 2022 Quarterly Review Plan Performance Report, 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 2022 to March 2022. The Plan cost per member per month (pmpm) was $113.48 for the period January 2022 to March 2022 as compared to $105.55 for the period January 2022 through March 2022. The OptumRx Taft Hartley book of business ("BOB") per member per month cost for the period January 2022 to March 2022 was $99.75. The Plan cost per prescription was $104.32, as compared to the Taft-Hartley BOB of $144.12. The participant cost share per prescription was $10.77, as compared to the Taft-Hartley BOB of $16.74. Specialty drugs accounted for less than 1% of the Plan's drug cost. The top twenty traditional and

specialty drugs paid by the Plan from March 1, 2022 were reviewed. She also reported the clinical outcome savings was $128,244 from April 2021 to March 2022. This includes Prior Authorization, Step Therapy, Quantity Limits and the Vigilant Drug Program. Ms. Welch noted that the home delivery rate had increased from 1.2% to 4.1% since the Fund implemented the Mail Service Saver Program on July 1, 2021.

V. CO-COUNSEL REPORT

A. Vendor Contracts

Mr. Delancey reported that Co-Counsel reviewed the OptumRx contract and it is complete. He noted Co-Counsel's concern that OptumRx does not notify Funds when new medications come to market and they are added to the formulary. OptumRx responded that updates are provided twice annually, in January and July, and the Fund currently has the New Drug to Market strategy in place. This program temporarily excludes newly launched drugs until they can be formally reviewed by the OptumRx National Pharmacy & Therapeutics Committee. The Account Team will also reach out to the Fund when expensive drugs become available. The Trustees approved the contract pending Fund Counsel's review via email poll on May 17, 2021.

Mr. Delancey noted the Cigna contract is still being reviewed and expected to be executed prior to the next meeting.

B. Fee Disclosure Rules under ERISA 408(b)(2)

Mr. Kimble informed the Trustees that the Consolidated Appropriations Act of 2021 amended section 408(b)(2) of the Employee Retirement Income Security Act to require certain covered health and welfare fund service providers that expect to receive $1,000 or more in direct or indirect compensation to disclose specific information regarding that compensation to the Board of Trustees. The new disclosure requirements apply to contracts or arrangements entered into, extended, or renewed on or after December 21, 2021. Co-Counsel recommended that the Fund send out a

written request for fee disclosure to all covered service providers and reviewed a Compliance Worksheet that should be used to document all correspondence sent and received.

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

RESOLVED, to approve the written request for fee disclosure under ERISA section 408(b)(2) prepared by Co-Counsel and approved sending requests to all Plan service providers.

VI. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the first quarter of 2022. The report showed employer contribution income of $1,160,235, employee payroll deductions of $36,937, interest and dividend income of $537, and miscellaneous income of $21,040, producing a total income of $1,160,235. Expenses included $453,038 for medical benefits, $35,054 for CIGNA premiums, $45,838 for dental premiums, $11,457 for disability benefits, $215,002 for prescription drug benefits, $4,411 for life insurance benefits, $26,578 for stop loss insurance, $6,305 for optical benefits, and $72,551 in operating expenses, producing total expenses of $870,234 and resulting in a surplus of $290,001. Contributions were made on behalf of 442 active participants. There were no delinquencies. Ms. Welch noted that as of May 31, 2022, the Fund had $801,822.30 in reserves, representing 2.5 months.

VII. INVOICES

Ms. Welch reviewed a list of invoices dated June 8, 2022. 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 8, 2022 as presented.

VIII. PARTICIPANT APPEALS

A. Appeal #M22/107-9299

Ms. Welch presented an appeal from a participant requesting payment of aclaim for laboratory services that were not performed at a Quest or Labcorp facility. In considering the appeal the Trustees reviewed the participants letter dated, March 29, 2022, a copy of the claim, and the SMM that was mailed to participants and which explained the change to the Summary Plan Description ("SPD") provisions related to coverage for laboratory services. The SMM stated that: "[f]or all laboratory service claims incurred after September 1, 2021, you must use either a Quest Diagnostics Patient Service Center ("Quest") or Laboratory Corporation of America Center ("LabCorp") in order for such services to be covered by the Plan. Please advice all of your physicians and their offices of this change so they will refer you to the proper LabCorp or Quest facility for all laboratory services performed September 1, 2021 and after. The laboratory services must be performed at a LabCorp or Quest facility to be covered by the Plan."

After reviewing the foregoing the Trustees

RESOLVED to deny the appeal to pay for laboratory services not performed at a Labcorp or Quest facility.

B. Appeal #M22/108-9299

Ms. Welch presented an appeal from a participant requesting payment of a claim for laboratory services that were not performed at a Quest or Labcorp facility. In considering the appeal the Trustees reviewed the participant's letter dated March 29, 2022, a copy of the claim, and the SMM that was mailed to participants and which explained the change to the Summary Plan Description ("SPD") provisions related to

coverage for laboratory services. The SMM stated that: "[f]or all laboratory service claims incurred after September 1, 2021, you must use either a Quest Diagnostics Patient Service Center ("Quest") or Laboratory Corporation of America Center ("LabCorp") in order for such services to be covered by the Plan. Please advice all of your physicians and their offices of this change so they will refer you to the proper LabCorp or Quest facility for all laboratory services performed September 1, 2021 and after. The laboratory services must be performed at a LabCorp or Quest facility to be covered by the Plan."

After reviewing the foregoing the Trustees

RESOLVED to deny the appeal to pay for laboratory services not performed at a Labcorp or Quest facility.

C. <u>Appeal #M22/109-2194</u>

Ms. Welch presented two appeals from a participant requesting payment of two claims for laboratory services that were not performed at a Quest or Labcorp facility. In considering the appeal the Trustees reviewed the participant's letter dated April 5, 2022, a copy of the claim, and the SMM that was mailed to participants and which explained the change to the Summary Plan Description ("SPD") provisions related to coverage for laboratory services. The SMM stated that: "[f]or all laboratory service claims incurred after September 1, 2021, you must use either a Quest Diagnostics Patient Service Center ("Quest") or Laboratory Corporation of America Center ("LabCorp") in order for such services to be covered by the Plan. Please advice all of your physicians and their offices of this change so they will refer you to the proper LabCorp or Quest facility for all laboratory services performed September 1, 2021 and after. The laboratory services must be performed at a LabCorp or Quest facility to be covered by the Plan."

After reviewing the foregoing the Trustees

RESOLVED to deny the appeals to pay for laboratory services not performed at a LabCorp or Quest facility.

D. Appeal #M22/110-2194

Ms. Welch presented an appeal from a participant requesting payment of a claim for laboratory services that were not performed at a Quest or Labcorp facility. In considering the appeal the Trustees reviewed the participants letter dated April 5, 2022, a copy of the claim, and the SMM that was mailed to participants and which explained the change to the Summary Plan Description ("SPD") provisions related to coverage for laboratory services. The SMM stated that: "[f]or all laboratory service claims incurred after September 1, 2021, you must use either a Quest Diagnostics Patient Service Center ("Quest") or Laboratory Corporation of America Center ("LabCorp") in order for such services to be covered by the Plan. Please advice all of your physicians and their offices of this change so they will refer you to the proper LabCorp or Quest facility for all laboratory services performed September 1, 2021 and after. The laboratory services must be performed at a LabCorp or Quest facility to be covered by the Plan."

After reviewing the foregoing the Trustees

RESOLVED to deny the appeal to pay for laboratory services not performed at a Labcorp or Quest facility.

IX. OTHER FUND BUSINESS

A. Cigna – Enhanced Cost and Quality Tool

Cindy Horn, client manager for Cigna Healthcare, joined the meeting. Ms. Horn informed the Trustees that beginning on or after January 1, 2023, plans will be required to make an internet based self-service tool available to participants to disclose pricing and cost

sharing liability for 500 covered services and provide in paper form if requested. Beginning January 1, 2024 all covered services and items will be required. She presented information regarding Cigna's Enhanced Cost and Quality Tool. The tool would provide cost estimates that would be reflective of plan benefits and accumulator status and provide an accurate cost of care estimate for participants. The tool would cost $5 pmpm.

The trustees thanked Ms. Horn for her presentation and she was excused from the meeting.

The Trustees reviewed proposals to provide the self-assessment pricing tool submitted by MedExpert, Greenlight, Change Healthcare and Zelis. After discussing the different options, the trustees requested that the administrative manager contact Greenlight and request a 2 to 3 year proposal with a rate guarantee.

B. <u>Machine Readable Files</u>

Ms. Welch reported on the requirements under the Consolidated Appropriations Act ("CAA") to make publically available two machine readable files ("MRF"), one for in-network containing provider negotiated rates by plan, and one for out of network, containing historical payments and billed charges from out of network providers when an item or service includes 20 or more different claims or payments under a single plan or coverage during the 90 day time period in the preceding 180 days prior to the publication date of the MRF.

She reported that Cigna would be able to provide the MRF for in-network claims and will provide a link to these files that can be added to the Associated Administrators, LLC ("AALLC") Bakers/FELRA web page. Ms. Welch informed the Trustees that Associated Administrators, LLC would be able to create and host the out-of-network claims MRF.

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

resolution:

RESOLVED, to approve the in-network MRF being created by Cigna. The out-of-network MRF will be created by AALLC and AALLC would host both files in compliance with the Consolidated Appropriations Act.

C. OptumRx Rebate

Ms. Welch reported that the Fund had received a rebate from OptumRx for the third quarter of 2021 in the amount of $21,040.

D. Weekly Accident & Sickness Benefit Increase

The Trustees reviewed a memorandum prepared by Segal regarding the estimated costs associated with increasing the current Weekly Accident and Sickness Benefit of $200 per week for up to 26 weeks to 50% of gross salary for the first 18 weeks and 40% of gross salary for the remaining 8 weeks for a total of 26 weeks. The estimated annual costs for the improved benefits would be $38,050 to $56,500 based on 27 to 35 claimants annually. Segal noted that based on 433 members in the census an estimated 36 part-time members would receive a benefit of less than $200 per week during the first 18 weeks and an estimated 83 part-time members would receive a benefit of less than $200 per week during the remaining 8 weeks at 40% of gross salary.

Following a discussion, the Trustees directed the administrative manager to contact Madison Consulting to obtain several proposals from disability insurance policy providers to be presented at the September 2022 Board meeting.

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

Ms. Welch reported that the PCORI fee increased from $2.66 to $2.79 per covered life. The premium payment for the Plan year ended December 31, 2021 would be $1,852.56

using the same snapshot method as in previous years.

On MOTION made and seconded, The Trustees voted to approve the following:

RESOLVED to approve payment of the PCORI premium of $1852.56 for the Plan year ended December 31, 2021 based on the snapshot method of calculation.

F. Annual Audit Engagement Letter

Ms. Welch reported that the Trustees via email poll on April 7, 2022 unanimously approved Calibre's proposal to provide auditing services for the 2021 Plan year, a copy of which is attached to and made part of these minutes as Exhibit C. Calibre proposed a $350 (2.5%) increase in the prior premium of $12,800 to $13,150.

G. Independent Dispute Resolution Service

Ms. Welch noted that the Trustees via email poll on April 28, 2022 approved Cigna with the support of MultiPlan providing post payment negotiation and arbitration management services to meet the independent dispute resolution requirements under the No Surprises Act.

H. For Your Benefits Newsletter

The Trustees reviewed the June For Your Benefits Newsletter prepared by Associated Administrators, LLC and reviewed by Co-counsel.

X. NEXT MEETING DATE AND LOCATION

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

XI. 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 April 30, 2022
Exhibit B: OptumRx Plan Performance Report January 2022 through March 2022
Exhibit C: Calibre Audit Engagement Letter