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 17, 2020
VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEE	EMPLOYER TRUSTEES
L. Jones	M. Goble - Secretary
G. Oskoian - Chairman	S. Ridore

Also present were:

M. DeLancey - Blank Rome, LLP
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. Due to the continuing pandemic, the Trustees met via videoconference.

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on March 4, 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 March 4, 2020 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 May 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 $170,696, investment income of $5,484, producing an ending market value of $611,606.

Mr. Little presented the portfolio holdings as of May 31, 2020. The Fund holds 90.6% in limited maturity bonds, with a market value of $554,352 and 9.4% in cash with a market value of $57,254. 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 portofolio closely.

The Trustees thanked Mr. Little for his report and he was excused from the meeting.

IV. CO-COUNSEL REPORT

Mr. Kimble noted that the Trustees via email poll on April 10, 2020 approved accepting one third of a $50,000 settlement stemming from a 2007 auto accident involving one of the Plan participants and her two minor children. The Fund received $16,052.67 as the full and final settlement on April 22, 2020.

Mr. DeLancey and Mr. Kimble reported that there were no other legal matters pending before the Board of Trustees at this time.

V. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the first quarter of 2020. The report showed employer contribution income of $983,777, employee payroll deductions of $37,785, employee contributions of $8,309, interest and dividend income of $4,431, and miscellaneous income of $54,110 producing a total income of $1,088,412. Expenses included $812,345 for medical benefits, $31,107 for CIGNA premiums, $59,095 for dental premiums, $9,229 for disability benefits, $210,384 for prescription drug benefits, $4,712 for life insurance benefits, $26,270 for stop loss insurance, $8,146 for optical benefits, and $58,656 in operating expenses, producing total expenses of $1,219,944 and resulting in a decrease of $131,532 for the first quarter of 2020. Ms. Welch reported that contributions were made on behalf of 467 active participants and that there were no delinquencies. The Fund reserve was $802,025 as of March 31, 2020, which was projected to provide benefits for 2.1 months. She informed the Trustees that the Fund had experienced high claims costs in the first quarter of 2020. The Fund reserve was $610,783.37 as of May 31, 2020, which was projected to provide benefits for 1.7 months.

VI. INVOICES

Ms. Welch reviewed a list of invoices dated June 17, 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 June 17, 2020 as presented.**

VII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
E20/102-3524	Eligibility – Open Enrollment	Denied

VIII. OTHER FUND BUSINESS

A. Optum Rx Utilization Review

Ms. Welch reported that Ms. Agoney from OptumRx was not able to attend the meeting but provided a copy of the OptumRx "Bakers Union and FELRA Health and Welfare Fund, January 2020 to March 2020 Plan Review". She noted that the review was circulated to the Trustees in advance of the meeting, a copy of which is attached to and made a part of these minutes as Exhibit B. Ms. Welch noted that the Plan cost per member per month was $127.78 compared to the OptumRx Taft Hartley book of business ("BOB") of $89.28. The Plan's average cost per prescription was $122.96, as compared to the Taft-Hartley BOB of $119.08. The specialty drug cost per prescription for the first quarter 2020 averaged $6,134.47. The member cost share per specialty drug was $15.58. The Trustees reviewed the top 20 traditional and specialty drugs paid by the Plan for the first quarter of 2020.

The Trustees noted a significant difference in the Plan's metrics compared to Optum's other Taft Hartley clients. The Trustees asked Ms. Welch to request a report and explanation from OptumRx that explains why the Plan's per member per month drug costs are so much higher than Optum's other Taft-Hartley clients to help determine whether changes should made to the Plan's design. The Trustees would like to know if the majority of the Taft Hartley Plans in OptumRx's BOB have a different Plan design and if they are utilizing programs or formularies that would save the Plan money. The Trustees also requested a savings report that notes the savings from the utilization management programs that were implemented in July 2019. The Trustees requested that the programs be defined and include the savings amount, number of members utilizing the program, drugs being used and the number of prescriptions for each drug.

B. Rebates

Ms. Welch reported that the Fund received a rebate check from OptumRx on March 27, 2020 for the third quarter of 2019 in the amount of $26,570**.**

C. Contribution Rates

Ms. Welch reviewed a report that listed the FELRA & UFCW Health and Welfare Plan contribution rates that became effective June 1, 2020, for June contributions payable by July 10, 2020. She noted that the Collective Bargaining Agreement states, " The employer agrees to make monthly contributions to the Bakers Union & FELRA Health and Welfare Fund for each employee eligible for benefits and working in a job classification covered by the collective bargaining agreement at the FELRA Health and Welfare Fund rates in effect. All rate changes are effective January 1 of each year."

The Trustees discussed the proposed rates and requested that Ms. Welch obtain a quote from

Segal to perform a contribution rate review and benefit analysis for Plan 3 full time and Plan 3 part time.

D. Fidelity Bond Renewal

Ms. Welch noted that the Trustees via email poll on June 1, 2020 approved the Fidelity Bond Renewal for the period of June 1, 2020 to June 1, 2023 at a premium of $2,730. This was an increase in the prior premium of $216 (8.6%). The limit of liability on the policy remained $500,000 and social engineering fraud coverage was added to the policy per Segal Select's recommendation.

E. Deadline Extensions

Ms. Welch noted that on April 28, 2020, the Department of Labor and Treasury Department issued a Final Rule extending certain deadlines due to the COVID-19 pandemic. The extended deadlines would apply for the period beginning March 1, 2020 and continuing until sixty (60) days after the end of the COVID-19 national emergency (the "Outbreak Period"). The Final Rule extended the deadlines related to COBRA election and premium payments, and timely claims filing and appeals. She informed the Trustees that a one page insert has been added to the COBRA notice to notify the participants of the COBRA extensions allowable during the pandemic. Ms. Welch said that a summary material modification (SMM) was mailed to the participants on June 19, 2020.

F. The Families First Coronavirus Response Act – Interim Action

Ms. Welch reported that the Trustees via email poll on March 24, 2020 approved covering various testing and diagnostic services related to the coronavirus without any cost-sharing, including deductibles, co-payments, and coinsurance, and without prior authorization or other medical management. She informed the Trustees that a SMM was mailed to participants on April 1, 2020.

G. Telehealth Office Visits – Interim Action

Ms. Welch reported that the Trustees approved, via interim action, that telehealth visits during the pandemic would be covered with the same copayments and coinsurance that would normally be applied to office visits per Plan guidelines. Coverage is limited to the period from March 1, 2020 to December 31, 2020. She noted that an SMM was mailed to participants on June 19, 2020.

H. Women's Health and Cancer Rights Act ("WHCRA")

Ms. Welch noted that the annual WHCHR notice was mailed to participants on March 27, 2020.

I. Transfers from Shoppers

The Trustees discussed the initial eligibility requirements for participants that were terminated from Shoppers Food and hired by a contributing employer after February 25, 2020 and prior to June 1, 2020 and who previously had health coverage under the UFCW and Participating Employers Health Fund.

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

> **RESOLVED, that an individual terminated by Shoppers Food and hired by a contributing employer on or after February 25, 2020 and prior to June 1, 2020 shall receive credit for the time the individual was covered under the UFCW and Participating Employers Health Fund ("Non-Food Fund") toward any waiting period for participation in Plan 3 (full-time or part-time) or Plan 4 of the Bakers Union & FELRA Welfare Fund. Provided the period for which the individual is credited with coverage under this paragraph satisfies any applicable waiting period for coverage under this Fund, the individual shall be eligible for benefits effective on the first day following termination of the individual's coverage under the Non-Food Fund. This waiver of the initial eligibility period is non-precedential and is only applicable to the time period referenced in the first paragraph hereof. Employer contributions on individuals covered by this special rule will be made in accordance with the relevant collective bargaining agreement and after expiration of any waiting period that would otherwise apply but for this special rule.**

The Trustees also discussed the initial eligibility requirements for transferring associates from a contributing employer.

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

> **RESOLVED, a transferring associate shall receive credit for all time worked for a contributing employer toward any waiting period for participation in Plan 3 (full-time or part-time) or Plan 4 of the Bakers Union & FELRA Welfare Fund. Provided the period for which the individual is credited with coverage under this paragraph satisfies any applicable waiting period for coverage under this Fund, the individual shall be eligible for benefits effective on the first day the transfer is completed.**

IX. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Wednesday, September 9, 2020 at 10:00 a.m. in Landover, MD. The remaining quarterly Board meeting was scheduled to be held on December 9, 2020.

X. 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 May 31, 2020

Exhibit B: Optum Rx January 2020 through March 2020 Plan Review