Bakers Union and FELRA
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DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE BAKERS UNION AND FELRA HEALTH AND WELFARE FUND SEPTEMBER 9, 2020 VIA VIDEO CONFERENCE

The following Trustees were present:

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

Also present were:
S. Abunassar – Kaiser Permanente
H. Agoney – Optum Rx
M. DeLancey - Blank Rome, LLP
C. Heppner - Segal
J. Kimble - Morgan, Lewis & Bockius, LLP
C. Little - PNC
K. Phillips - Associated Administrators, LLC
D. Russell – Kaiser Permanente
A. Towner – Optum Rx
D. Welch - Associated Administrators, LLC
T. Wyszomirski - Segal

I. CALL TO ORDER

A quorum being present, the Chairman called the meeting to order. Due to the continuing pandemic, the Trustees met via video conference.

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on June 17, 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 June 17, 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 July 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 $183,681, investment income of $6,467, producing an ending market value of $606,138.

Mr. Little presented the portfolio holdings as of July 31, 2020. The Fund holds 92.7% in limited maturity bonds, with a market value of $561,861 and 9.4% in cash with a market value of $44,277. 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

A. Subrogation

Mr. Kimble reported on a subrogation case, noting that the Plan received full reimbursement of its lien in the amount of $13,105.52 on August 27, 2020.

B. Patient-Centered Outcomes Research Institute (PCORI)

Mr. Kimble reported that the Plan filed a Protective Claim for Refund with the IRS. The filing reserves the Plan’s right to a refund of the PCORI Fees it has paid between July 31, 2017 and July 31, 2020, if the Supreme Court invalidates the Affordable Care Act retroactively.

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 second quarter of 2020. The report showed employer contribution income of $989,581, employee payroll deductions of $37,747, employee contributions of $3,713, interest and dividend income of $2,977, and miscellaneous income of $26,770 producing a total income of $1,060,788. Expenses included $752,140 for medical benefits, $31,882 for CIGNA premiums, $58,150 for dental premiums, $8,628 for disability benefits, $287,164 for prescription drug benefits, $4,670 for life insurance benefits, $25,627 for stop loss insurance, $8,432 for optical benefits, and $62,225 in operating expenses, producing total expenses of $1,238.918 and resulting in a decrease of $178,130 for the second quarter of 2020. Ms. Welch reported that contributions were made on behalf of 451 active participants and that there were no delinquencies. The Fund reserve was $590,406 as of June 30, 2020, which was projected to provide benefits for 1.5 months.

Ms. Welch reviewed a High Cost Medical Claims Report and informed the Trustees that 7 participants incurred medical claims expenses that were paid in the amount of $1,101,416.51 from January 1, 2020 to August 31, 2020.

VI. INVOICES

Ms. Welch reviewed a list of invoices dated September 9, 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 September 9, 2020 as presented.**

VII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
M20/113-3839	Hospital/Medical – Excluded Service	Denied

VIII. PROVIDER REPORTS

A. 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 2020 to June 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 June 2020 as compared to January 2019 to June 2019. The Plan cost per member per month was $132.91 for the period January 2020 to June 2020 as compared to $121.36 for the period of January 2019 through June 2019. The OptumRx Taft Hartley book of business ("BOB") per member per month cost for the period January 2020 to June 2020 was $85.59. Specialty drugs accounted for 43.4% of the Plan's drug cost.

Mr. Towner discussed the Plan metrics compared to the current Labor and Trust Book of Business benchmark. He noted that Optum Rx has been reviewing the current comparison and has determined that due to the large client population and different benefit structures in the Labor and Trust Book of Business it does not provide an accurate comparison. Ms. Agoney reviewed a report that compared key statistics with OptumRx clients that are similar in size and benefit design to provide a more accurate benchmark. This report will be included in the quarterly reporting going forward.

Ms. Agoney informed the Trustees that the Vigilant Drug Program implemented on July 1, 2019 provided an overall savings of $74,210 from July 1, 2019 through June 30, 2020. The Comprehensive Utilization Management Program that includes Prior Authorization, Step Therapy and Quantity Limits provided a savings of $80,500 from January 1, 2020 to June 30, 2020. Mr. Towner noted that the Plan could receive additional savings by changing from the Select Formulary to the Premium Formualry and by implementing mandatory mail order. The Trustees requested that a member disruption and savings report be provided at the next Board meeting.

The Trustees thanked Ms. Agoney and Mr. Towner for there presention and excused them from the meeting.

B. <u>Kaiser Permanente</u>

The Trustees welcomed Mr. Sam Abunassar and Mr. David Russell of Kaiser Permanente to the meeting.

The Trustees invited Kaiser Permanente to provide a proposal for a fully insured product that would replace the current self insured design and shared administration agreement with Cigna and pharmacy agreement with OptumRx.

Mr. Abunassar reviewed the HMO Plus proposal that was circulated to the Trustees prior to the meeting. He noted that this plan would lower the annual deductible to $250 and that the member co-insurance would be 10% for in-network providers. The plan would provide coverage for ten out-of-network medical visits per year for certain physician, laboratory and radiology services, and five pharmacy refills a year with any liscensed provider outside of the Kaiser Permanente care delivery system.

He also reviewed the Preventative, Adult POS and Pediatric Dental Riders that were available for an additional cost.

Mr. Russell informed the Trustees that the monthly premium for HMO Plus would be $785.04 per subscriber for individual coverage and $1,106.91 per family. He reported that the projected net savings if claims remained at the current level would be $700,000.

The Trustees thanked Mr. Abunassar and Mr. Russel for there presentation and excused them from the meeting.

After a thorough discussion the Trustees asked Ms. Welch to obtain additional information regarding member disruption and a detailed explanation of the estimated savings.

C. <u>Segal</u>

The Trustees welcomed Mr. Thomas Wyszomirski and Mr. Christopher Heppner of Segal to the meeting.

Ms. Welch noted that the Trustees had engaged Segal to complete a contribution rate review and benefit analysis for Plan 3.

Mr. Wyszomirski reviewed the report titled, "Plan 3 Experience." The report provided an analysis of Plan 3 through March 2020. Mr. Wyszomirski reviewed two different methodologies that were used to determine the projected 2021 Plan 3 expenses. He reviewed Exhibit III which provided a projection based on standard underwriting methodology. The projection utilized three years of experience from April 1, 2017 to March 31, 2020. Claims projections were weighted 40%/35%/25%, with the most recent 12 month period receiving the greatest weighting. The per capita expenses for 2021 was projected to be $538.44, which is a 89.2% increase in the current per capita contribution of $284.55. The projected deficit for the 2021 Plan year based on 122 participants would be $371,700

Mr. Wyszomirski reviewed the second projection illustrated in Exhibit IV, which was based on experience since January 1, 2019. They included a 13% load to provide an additional margin. The per capita expenses for 2021 were projected to be $318.97 and represented a 12.1% increase from the current average per capita contribution of $284.55. The projected deficit for the 2021 Plan year using this method based on 122 participants would be $50,400.

The Trustees thanked Mr. Wyszomirski and Mr. Heppner for there presentation and excused them from the meeting.

VIII. OTHER FUND BUSINESS

A. Group Dental Service ("GDS")Utilization

Ms. Welch reviewed a 2019 and 2020 Utilization Report provided by Group Dental Services. The 2019 Utilizaton Report showed total claims paid in the 2019 Plan year of $125,430, and total premiums paid in the amount of $253,000, with a total cost of care of 49%. The 2020 Utilization Report showed total claim paid from January 1, 2020 to August 30, 2020 of $75,166, with a total cost of care of 59%.

The Trustees discussed the relatively low cost of care percentage and directed the Administrative Manager to request a rate reduction based on the reports that were provided by GDS.

B. COVID-19 Related Claims Processing - Status

Ms. Welch provided a summary of COVID-19 medical claims experience for the period March 1, 2020 through August 31, 2020. She indicated that the Fund paid for 44 COVID-19 tests totaling $5,601.17. Seven participants and/or dependents sought treatment for COVID-19 totaling $11,144.94 in paid claims.

C. Patient Centered Outcomes Research Institute ("PCORI") Fee Assessment

The Funds's PCORI payment for the Plan year ended December 31, 2020 was filed via certified mail sent to the IRS on July 30, 2020 in the amount of $1,836.40.

D. Form 5500 and Form 990

Ms. Welch reported that the Fund's Auditor, Calibre, filed the Form 5500 and the Form 990 on July 14, 2020.

E. Perdue Pharma, L.P. Bankruptcy

Ms. Welch reported that a proof of claim form was filed on behalf of the Fund on July 28, 2020, in order to preserve the Fund's rights as a creditor in the .Perdue Pharma L.P. bankruptcy proceeding.

IX. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Wednesday, December 9, 2020 at 10:00 a.m. via video conference.

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 July 30, 2020

Exhibit B: Optum Rx April 2020 through June 2020 Plan Review