December 12, 2024

Board of Trustees of the
Bakers Union and FELRA Health and Welfare Fund

Re: Administrative Services Contract Renewal

Trustees and Co-Counsel:

The contract between Associated and the Bakers Union and FELRA Health and Welfare Fund expires December 31, 2024. We hope the Trustees will consider favorably our request for a new three-year agreement.

Services Recap

Brief recap of some of the services provided by Associated over the last three years:

- Implemented and processed multiple benefit changes.
- Calculated PCORI fees.
- Annually completed the online disclosure to CMS to report the creditable coverage status of the Plan.
- Distributed numerous compliance notices such as the Women's Health Care and Cancer Rights Act Notice, Summary of Benefits and Coverage, Notice of Creditable Coverage and Summary Annual Report.
- Implemented change in Stop Loss carrier from US Fire to HCC.
- Implemented change in Life Insurance and Accidental Death and Dismemberment carrier from Amalgamated to Boston Mutual.
- Implemented a new Weekly Accident and Sickness benefit with Boston Mutual.
- Maintained website for participants to easily access benefit forms, Summary Plan Description and Summary Material Modifications and New Price Comparison Tool.
- Maintained our exceptional dedication to the participants.

- Implemented all provisions of the No Surprises Act and Transparency in Coverage Rule, detailed below, which involved complex and time-sensitive process changes, handling of regulatory filings, soliciting vendor services and developing specialized IT programming tools.

- Memorandum of Agreement - Implemented and processed eligibility changes.

- RxDC Prescription Drug Data Collection - Handling of 2020-2023 annual reporting, data gathering, custom IT programming, and collaboration with PBMs and CMS.

- Department of Labor Cyber Security Best Practices - Obtained Cyber security compliance documents from all service providers to provide to the Funds Cyber Security Consultant to ensure the Plan complies with Department of Labor Cybersecurity Best Practice.

- Gag Clause Attestation – Filed on behalf of the Fund.

- Patient Centered Outcomes Research Institute ("PCORI") Fee - Associated produces the data and processes the premiums for the PCORI fees mandated by ACA, paid via IRS Form 720.

Seamless and Efficient Shift to Remote Work Operations

Perhaps most impactful over the last 3 years was the shift in administrative and operational procedures to allow for remote work, which Associated was able to do without interruption to business operations or impact to participants. This was due to a committed group effort between Executives, IT, HR, Directors and Supervisors to coordinate workflow and job functionality.

Trending Increase in HIPAA Privacy, Security and Cybersecurity Services

After a significant uptick in external data security incidents over the past 3 years, as well as an increase in privacy and security standards across the industry, Associated expanded HIPAA Privacy and Security services and policies. We receive and respond to external breach notices, work with counsel to prepare letters to vendors, and handle HIPAA notifications.

In adhering to the DOL's Cybersecurity Best Practices released in 2021, Associated experienced an increase in time spent responding to cybersecurity inquiries and questionnaires, performing self-assessments, training staff, incorporating phishing tests and strengthening endpoint software.

The No Surprises Act and Transparency in Coverage Final Rule

The NSA and TiC regulations, released by the tri-agencies in 2020, involved a multitude of new regulatory provisions. The requirements hit benefit plans with little preparation time and minimal guidance, which called for time-sensitive compliance planning over the past 3 years, and encompassed all operational departments at Associated. For 6 months leading into and shortly after the regulatory effective date, Associated held weekly meetings with staff from all departments in order to fast-track compliance preparation, prioritize critical procedural changes and identify both internal and external resources and service providers. These regulations required full staff training, including the ability to communicate these changes to participants. Associated coordinated with counsel on the administrative implications, and drafted suggested Plan Amendments aligning with the regulations.

Compliance Monitoring

Associated continues to provide a compliance monitoring program to help each of our client Funds track regulatory reporting requirements, vendor contracts, and required documentation. Associated works hard to control its operating costs, but some are increasing. It is important to note that compliance work is continually expanding and impacts all TPA operations.

Information Technology Developments

Associated's highest cost increases and deliberate reinvestment have been in Information Technology. System enhancements allow us to better serve our clients and participants, and to maintain proper computer security. We utilize industry proven software to monitor network performance and to further block malware and phishing attacks on our ports, machines and applications. Our servers, desktops, and laptops are updated on a regular basis from software vendors to include critical and security updates. We are in the midst of completing our largest software update to date, allowing for state-of-the-art capabilities and increased protection against cyber-intrusions.

Postage

Associated pays all regular postage on behalf of the Fund, excluding mass mailings. The United States Postal Service implemented a rate hike in 2019 of 10% for first class mail. Another increase was implemented January 2021, and another in July, 2024.

Regulatory Changes

Over the last several years, regulations continue to affect benefits administration. Associated has increased its workforce, training, and systems to abide by these regulations. New Regulations will add significantly to Associated's workload, including those related to the "Transparency," "No Surprises," and COBRA Subsidies. Regulatory efforts are expected to impact administration during the term of this contract.

Class Actions

Associated continues to work to ensure the Fund participates to its fullest extent and receives settlement checks whenever possible. (Associated even files unclaimed property claims with the State to benefit the Fund.)

HIPAA and HITECH Act

This Act requires breach reporting regarding protected health information. Associated conducts ongoing in–house training of all our employees on the requirements of the Act and continually works to protect the Fund's data and security. This includes rotating in new software packages to protect against malware and other intrusions.

Experienced Executive Management

Associated has assigned an Account Executive and an Account Manager with over 20 combined years of health and welfare fund administration experience to work on the Bakers Union and FELRA Health and Welfare Fund. Supporting the account team is a staff of over 14 employees including Accounting, Eligibility, Medical Claims, and Participant Services, and IT. They are dedicated to providing superior service. Our experienced staff and our IT investments allow us to efficiently manage the Fund through many plan design changes.

We are proposing new rates effective January 1, 2025 for ongoing work. We propose a three-year contract term with 3% annual rate increases. Please see Attachment A for a full outline of the proposed rates through December 31, 2027.

Associated Administrators, LLC appreciates the opportunity to serve the Fund and welcomes all questions concerning our proposal.

Sincerely,

Amy Steen
Account Executive
Associated Administrators, LLC

BAKERS UNION AND FELRA HEALTH AND WELFARE FUND

ATTACHMENT A

Current Fee PPPM	01/01/2025 12/31/2025 PPPM	01/01/2026 12/31/2026 PPPM	01/01/2027 12/31/2027 PPPM
$32.23	$33.20	$34.20	$35.23

January 1, 2025 through December 31, 2027 Hourly Rates for New Regulatory Changes and Implementation of New Vendors:

$150/Hour - IT/Management
$100/Hour - Supervisor
$ 50/Hour - Regular Employees