Industry and Local 338
Welfare Fund
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Minutes of the Meeting of the Board of Trustees

Held on October 20, 2023
Via
WebEx

The following Trustees were present:

UNION TRUSTEES
Dan Maldonado
Lori Polesel

EMPLOYER TRUSTEE
Chris Palmer

Also present were:

Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Kayla Davis – The Segal Company
Rachel Grant – Associated Administrators, LLC
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
John Urbank – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 11:16 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a conversation regarding SEI's Outsourced Chief Investment Officer ("OCIO") model and SEI's services. He provided commentary on market conditions and economic trends, including a detailed report on market performance across different asset classes including inflation and Federal fund rates. Mr. Blizzard reviewed the economic outlook for 2023 and said that SEI has no recommendations at this time.

Mr. Blizzard reported that the Fund's market value of assets was $6,419,569 as of September 30, 2023, and its fiscal year-to-date rate of return is -0.77%, compared to the -0.96% return for the index. Mr. Blizzard reviewed the Fund's asset allocation: 8.80% World Equity Ex-US Fund, 5.90% US Equity Factor Allocation Fund, 5.80% Large Cap Index Fund, 15.90% Core Fixed Income Fund, 41.50% Limited Duration Fund, 3.00% High Yield Bond Fund, 8.10% Real Return Fund, 2.90% Emerging Markets Debt Fund, and 8.10% Multi Asset Real Return Fund. He then reported on the performance of each asset class.

The Trustees thanked Mr. Blizzard for his report.

III. APPROVAL OF MINUTES

The minutes of the meeting held on June 28, 2023 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on June 28, 2023.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2022 through June 30, 2023. The report is attached hereto as Exhibit "A."

B. Claims Paid Detail Report

Ms. Cochran reviewed a report detailing medical claims paid by type of benefit from July 1, 2022 through June 30, 2023. The report showed paid claims by the following categories: anesthesia, COVID-19 testing, hospital, laboratory and x-ray, medical, surgery, and in-patient substance abuse. The report also indicated claims paid in network and out-of-network ("OON"). The report is attached hereto as Exhibit "B."

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for April, May, and June 2023. The reports are attached hereto as Exhibit "C."

> **MOTION was made, seconded and unanimously adopted authorizing the disbursements listed in Exhibit "C."**

D. Delinquency Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "D."

E. Withdrawal Liability

Ms. Cochran reviewed the report showing the status of withdrawal liability payments owed to the Pension Fund by the Welfare Fund in connection with the 2013 closing of the former Fund Office. The report is included at the bottom of Exhibit "D."

F. Employer Contribution Rate Report

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "E."

G. Active Members and COBRA Participants Receiving Benefits

Ms. Cochran referred to the report for the period from January 2023 through December 2023. The report is attached hereto as Exhibit "F."

H. Provider Appeal

Ms. Cochran referred the Trustees to the detailed appeal memo in the meeting booklet. The memo is attached hereto as Exhibit "G." She explained that the provider is appealing the denial of claims for Avastin injections and she stated that, according to the provider, the participant is being treated for Diabetic Macular Edema and the injection was used many times to treat that diagnosis. Ms. Cochran reported that the claims were denied because Avastin injections have not been FDA approved for the treatment of this diagnosis and are considered experimental/investigational in nature and, therefore, excluded from coverage. Ms. Cochran noted that Healthlink, the Fund's utilization review manager, reviewed the case and found the injections to be medically necessary.

Following discussion,

MOTION was made seconded and unanimously adopted to approve the provider's appeal and to pay future claims deemed medically necessary by Healthlink.

I. Notice of Creditable Coverage

Ms. Cochran reported that the Notice of Creditable Coverage was mailed to participants on September 26, 2023.

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

Ms. Cochran reported that the WHCRA notice was mailed to participants on September 26, 2023.

K. Fiduciary Liability Policy – INTERIM ACTION

Ms. Cochran reported that the Fiduciary Liability policy was renewed on June 10, 2023 for the second policy year. She stated that, via email poll and based upon Segal's recommendation, the Trustees voted to renew coverage with the incumbent carrier, Ullico/Markel, for a two-year period in 2022. She stated that Segal confirmed all Waiver of Recourse fees were received for the period from June 10, 2023 through June 10, 2024.

L. Cyber Liability Policy – INTERIM ACTION

Ms. Cochran reported that the Trustees, via electronic poll, approved the renewal of the Cyber Liability Policy with Travelers based on Segal's recommendation. The policy period is October 4, 2023 through October 4, 2024.

M. L.P. Transportation, Inc. Payroll Audit

Ms. Cochran noted that the Trustees previously denied the employer's request to waive a portion of the interest owed related to disputed payroll audit findings. She reported that interest in the amount of $952.76 has since been paid and the audit is now resolved.

N. Patient- Centered Outcomes Research Institute ("PCORI") Fee

Ms. Cochran reviewed the PCORI fee imposed by the Affordable Care Act for self-insured group plans. She stated that the Trustees approved using the snapshot method and engaging Schultheis & Panettieri, LLP ("S&P") to prepare the Form 720. She reviewed the calculation of the PCORI fee ($2.79 multiplied by the average number of lives covered under the Plan for that Plan year) and stated that the total PCORI fee owed was $783.99. Ms. Cochran reported that the Form 720 was mailed on July 21, 2023.

O. Annual Creditable Coverage Disclosure to the Centers for Medicare & Medicaid Services ("CMS")

Ms. Cochran reported that the Creditable Coverage Disclosure to CMS for 2023 was electronically filed on time and CMS accepted the filing.

P. International Foundation of Employee Benefit Plans ("IFEBP")

Ms. Cochran reported receipt of the Fund's 2024 IFEBP membership renewal invoice in the amount of $1,195.00.

MOTION was made, seconded and unanimously adopted to approve the Fund's 2024 IFEBP renewal fee of $1,195.00.

Q. Subrogation Report

Ms. Cochran reported that, according to Anthem, there were no open cases to report.

R. Consolidated Appropriations Act ("CAA") – Gag Clause

Ms. Cochran reported on the Consolidated Appropriation Act's Gag Clause Attestation requirement pursuant to which the Fund must submit an annual attestation to CMS attesting that the Plan's contracts with certain of its service providers do not contain "gag clauses" as defined under the law. She explained that the regulation allows plans to delegate the annual submission responsibility to another entity, such as a Third-Party Administrator, which, in this case, would be Associated. Ms. Cochran confirmed that an Associated employee can electronically sign and submit the attestation on behalf of the Fund.

Following discussion,

MOTION was made seconded and unanimously adopted to approve to delegate the Gag Clause submission responsibility to Associated.

V. CONSULTANT'S REPORT

A. Affordable Care Act ("ACA") Annual Limits and 2024 Summary of Benefit Coverage

Mr. Urbank reported that the Out-of-Pocket Maximum ("OOPM") under the Affordable Care Act is again increasing on January 1, 2024 from $9,100 to $9,450 per individual, and from $18,200 to $18,900 per family. He noted that the Trustees had in the past increased the Welfare Fund's annual OOPM to the maximum allowable under the law.

Following discussion,

MOTION was made, seconded and unanimously adopted to increase the annual OOPM to $9,450 per individual and $18,900 per family applying $1,850 to medical and $7,600 to prescriptions for individuals and $3,700 to medical and $15,200 to prescriptions for family, effective January 1, 2024.

Ms. Davis noted that the 2024 Summary of Benefits and Coverage ("SBC") has been updated with this information and will be available for timely distribution.

B. <u>Financial Experience and Budget Projections Report</u>

Mr. Urbank reported that the FEBP Report for the fiscal year ended June 30, 2023 is currently being finalized. Mr. Urbank stated that he will distribute the report upon its completion in the next week or two and he offered to review the Report directly with any of the Trustees should there be any questions.

VI. <u>OTHER MATTERS</u>

Trustee Maldonado raised the issue of merging with the Teamsters Local 445 Welfare Fund. He stated that the Local 445 Fund remains interested in merging and he referred to the potential savings of $200,000 per year in administrative fees. He noted that this Fund's low participant count warrants serious consideration of a merger. Ms. O'Leary noted that Associated's decision that it could not administer the Local 445 Fund had made the merger less attractive. Trustee Maldonado stated that the Local 445 Fund is now being administered by Basil Castrovinci Associates, Inc., and that it has changed its claims administrator from MVP to Aetna. Trustee Palmer stated that his reservations about a merger are related to his interest in ensuring that the Fund's reserves are solely available for the benefit of this Fund's participants.

Ms. O'Leary stated that the Westchester Local 860, CSEA audit is not yet resolved and that further updates will be provided when available.

VII. NEXT MEETING DATE/ADJOURNMENT

It was agreed that the next regular meeting of the Board of Trustees was scheduled for January 26, 2024 at 12:00 p.m. in Rock Tavern, New York. With no further business to come before the Board, the meeting was adjourned at 12:21 p.m.

Exhibits

A – Cash Operating Statement

B – Claims Paid Detail Report

C – Authorization for Disbursements

D – Delinquency Report and Withdrawal Liability Report

E – Employer Contribution Report

F – Active Members and COBRA Participants Receiving Benefits

G – Participant Appeal