Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on November 12, 2020
Via
WebEx

The following Trustees were present:

UNION TRUSTEES
Lori Polesel
Barry Russell

EMPLOYER TRUSTEE
Chris Palmer

Also present were:

Kristen Barshinger – Associated Administrators, LLC
Pat Blizzard – SEI Institutional Group[1]
Alicia Cochran – Associated Administrators, LLC
Lyndsay Giger – Express Scripts, Inc.
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Beth Robinson – Express Scripts, Inc.
Jill Rodriguez – Express Scripts, Inc.
John Urbank – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 2:04 p.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report which was previously distributed. He led a conversation regarding current market conditions, noting expected volatility in the

[1] Left the meeting at 2:51 p.m.

market due to a second wave of COVID-19, the U.S. Presidential election, and political uncertainty.

Mr. Blizzard reported that the Fund's market value of assets was $7,800,603 as of October 31, 2020, and its fiscal year-to-date rate of return is 1.98%, compared to the 1.44% return for the index. Since inception with SEI (01/31/11), the rate of return is 5.07%, compared to the 4.27% return for the index. Mr. Blizzard reviewed the Fund's asset allocation: 9.20% World Equity Ex-US Fund, 6.10% US Equity Factor Allocation Fund, 6.30% Large Cap Index Fund, 34.60% Core Fixed Income Fund, 24.80% Limited Duration Fund, 2.10% High Yield Bond Fund, 9.90% Ultra Short Duration, 5.00% Opportunistic Income Fund, 2.00% Emerging Markets Debt Fund, and 0.00% cash and equivalent. He then reported on the performance of each asset class.

Mr. Blizzard said that no changes were recommended to the portfolio at this time.

The Trustees thanked Mr. Blizzard for his report.

III. APPROVAL OF MINUTES

The minutes of the meeting held via conference call on June 23, 2020, which were previously distributed, were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held via conference call on June 23, 2020.

IV. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2019 through June 30, 2020. The report is attached hereto as Exhibit "A."

B. Claims Paid Detail Report

Ms. Cochran reviewed a report detailing medical claims paid by benefit from April 1, 2020 through June 30, 2020, January 1, 2020 through March 31, 2020, October 1, 2019 through December 31, 2019, and July 1, 2019 through September 30, 2019. The report showed paid claims by the following categories: anesthesia, COVID-19 testing, COVID-19 treatment, hospital, in-patient substance abuse, laboratory and x-ray, medical and surgery. The report also indicated claims paid in network and out of network. 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 2020. 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 in detail. 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 2020 through June 2020. The report is attached hereto as Exhibit "F."

H. Administrative Manager's Report

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

I. Participant Appeal – INTERIM ACTION

Ms. Cochran reported that the Trustees, via email on October 5, 2020, approved a participant appeal for a 30-day extension of coverage due to an earlier miscommunication with the participant regarding his coverage termination date. The 30-day extension is in addition to the 26-week extension applied while the participant collected the weekly disability benefit.

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

Ms. Cochran said the Trustees approved the snapshot method for the July 31, 2020 filing to determine the average number of covered lives under the Plan. She said the fee is $2.45 multiplied by the average number of covered lives under the Plan. Ms. Cochran said the auditor prepared the Form 720 and payment in the amount of $938.35 was mailed on July 27, 2020.

K. COBRA Rate Change Letters

Ms. Cochran stated that COBRA rate change letters were mailed to participants currently on COBRA and those in which COBRA has been offered within 60-days on June 24, 2020.

L. Stop Loss Reimbursement

Ms. Cochran reported that the Fund submitted two stop loss claims to HCC Life Insurance Company, resulting in reimbursements of $179,826.70 and $47,187.73 to the Fund.

M. Payroll Audit and Disputed Contribution Obligation – First Student Locations and Orange County Transit

Ms. Cochran reiterated the previous discussion of the payroll audits for the First Student locations. She reported that the total payment of $137,520.74 was received on August 20, 2020 and that the audits are now fully resolved.

Ms. O'Leary sated that Trustee Polesel has advised that Orange County Transit is refusing to transmit employee contributions on behalf of new employees who decline to authorize payroll deductions for the employee share of the contribution obligation. She stated that she been in communication with the attorney for Orange County Transit regarding this matter and that she believes that, based on the collective bargaining agreement, Orange County Transit is required to deduct the employee portion of the contribution even if the employee does not authorize the deduction. She stated that she will provide an update on this matter when available.

N. Cash Balance – INTERIM ACTION

Ms. Cochran reported that the Trustees approved the transfer of $250,000 from the SEI investment account to the cash balance account in order to cover expenses.

O. Annual Creditable Coverage Disclosure to the Centers for Medicare & Medicaid Services ("CMS") (2020)

Ms. Cochran reported the electronic filing of the Creditable Coverage Disclosure to CMS for 2020 was timely filed and that CMS accepted the filing.

P. Notice of Creditable Coverage

Ms. Cochran reported that the Notice of Creditable Coverage was mailed on October 15, 2020 to participants and/or spouses regarding their prescription drug coverage.

Q. Anthem Subrogation Program

Ms. Cochran directed the Trustees to Anthem's Subrogation presentation contained in the meeting booklet. She stated that Associated currently monitors subrogation matters for the Fund but that there have not been any subrogation claims identified in the period that Associated has been providing this service. She explained that, if the Trustees elect to enroll in Anthem's program, Anthem would identify possible third party cases for all in-network claims, handle all related follow-up, and provide reporting. She stated that Anthem's fee is 25% of collection and that, if there is no recovery, there will be no expense. Ms. Cochran said that Associated would continue to monitor out-of-network claims for possible subrogation and, if necessary, refer them to Fund Counsel. The Trustees discussed the advantages of having Anthem handle the entire subrogation process on a contingency basis without the need to incur hourly attorney's fees from Fund counsel or retain other counsel in the event a subrogation case is identified.

MOTION was made, seconded and unanimously adopted to approve Anthem's Subrogation Program for in-network claims as soon as administratively possible.

V. EXPRESS SCRIPTS, INC. ("ESI") REPORT

Ms. Geiger, Ms. Robinson, and Ms. Rodriguez from ESI joined the meeting. Ms. Geiger reviewed the Plan's performance from January through September 2020.

Ms. Giger reviewed an optional program, Smart90 CVS. The program would require retail 90-day supplies to be filled by CVS or home delivery by the ESI pharmacy. Ms. Geiger said that the program would allow for deeper savings and have minimal participant impact.

Ms. Rodriguez reviewed the Pharmacy Vaccination Program which would allow certain vaccines, selected by the Trustees, to be administered at the pharmacy and covered under the Plan's prescription coverage rather than under the medical coverage through Empire. She said there is a program fee of $2.50 per vaccine claim. The Trustees requested that Ms. Cochran distribute an email from ESI with the list of available vaccines offered under the program and agreed to re-visit this program upon receipt of the requested information.

s. Rodriguez reviewed the SafeGuardRx Program, noting the Fund is enrolled in some of the programs under the platform. She discussed in detail the Inflammatory Conditions Care Value, Multiple Sclerosis Care Value, and Market Events Protections Programs. Ms. Rodriguez noted there is no fee to participate in the three programs. The ESI representatives recommended that the Trustees defer considering the Diabetes Care Value and Pulmonary Care Value Programs to a later date.

Mr. Urbank said he recommends the implementation of the Smart90CVS, Pharmacy Vaccination Program along with the three SafeGuardRx programs as they would provide savings to the Plan with little to no cost to the Plan.

MOTION was made, seconded and unanimously adopted to approve the Smart90 CVS Program with one courtesy refill and the three (3) SafeGuardRx Programs as soon as administratively possible.

Ms. Geiger, Ms. Robinson, and Ms. Rodriguez were thanked for their presentation and excused from the remainder of the meeting.

VI. CONSULTANT'S REPORT

A. Amalgamated DBL / PFL policy renewal

Mr. Urbank reviewed Segal's November 12, 2020 memorandum regarding the renewal. He explained that Amalgamated Life proposed maintaining the current rate for the Enhanced DBL coverage effective January 1, 2021. He stated that, based on Amalgamated Life's experience report, paid claims year to date have exceeded paid premiums. Mr. Urbank stated that, based on the group's size and recent experience, the offer to maintain the current Enhanced DBL rate is reasonable. He noted that the annual premium is approximately $9,600.

Mr. Urbank advised that the benefit rating for the Paid Family Leave ("PFL") benefit is in accordance with NYS law and is payable as a percentage of a participant's average weekly wage. For 2021, the benefit will increase from 60 percent to 67 percent and the maximum length of leave will increase from 10 weeks to 12 weeks in any 52 week consecutive period. As a result of this benefit improvement and the State's unfavorable claim experience, the contribution rate in the New York State will increase from 0.270 percent to 0.511 percent of a participant's gross weekly wages. Overall, this results in an 89.3 percent increase in the monthly premium rate and, including the 3.5 percent increase in the maximum average weekly wage, produces a maximum increase of 95.9 percent. Mr. Urbank stated that this rate is set annually by New York State and is not subject to any negotiation or appeal.

Mr. Urbank stated that, based on current 2020 estimated annual PFL premiums paid of $9,200, the estimated annual renewal for PFL premiums for 2021 will be in the $17,500 to $18,000 range.

Mr. Urbank commented that the PFL benefit is an employer responsibility that the Fund previously assumed because the Fund provides the short-term disability benefit and the two benefits are generally linked. It was noted that the Trustees agreed when they initially decided to provide the PFL benefit that they would periodically re-visit the decision of offer PFL through the Fund. Ms. Cochran noted that the employers were notified that the Fund was covering the PFL benefit. The Trustees discussed the possibility that, notwithstanding that the Fund is providing the PFL benefit, employers may be unnecessarily deducting the cost from participant wages and determined that the employers should be surveyed to determine if they are. The Trustees further requested that Associated again inform Employers that the Fund is providing the PFL benefit. The Trustees agreed that, after the survey is complete, they will consider whether to discontinue offering the PFL benefit beginning in 2022.

With regard to the renewal,

MOTION was made, seconded and unanimously adopted to approve the Amalgamated DBL/PFL policy renewal effective January 1, 2021.

B. Claims Audit

Mr. Urbank reported that claims audit is progressing slower than expected due, in part, to the audit being done remotely on account of the pandemic. He advised that a conference call is being scheduled with Anthem, Associated and Segal to discuss pending data needed from Anthem.

C. Summary of Benefit Coverage (SBC)

Mr. Urbank reported that the 2021 SBC has a new template and additional calculations are needed for the coverage examples. He stated that, while there are relatively minor changes in the format of the SBC, the coverage examples page of the SBC simulates how much a participant would have to pay “out of pocket” based on the Plan’s actual cost-sharing requirements under three hypothetical treatment scenarios: having a baby, managing type 2 diabetes, and foot fracture with a trip to the emergency room. He stated that, although these treatment scenarios are not new, HHS has updated the underlying cost data that must be used to run the simulations and that this change requires additional work by Segal to prepare the SBC. Mr. Urbank stated that, as previously advised, there is a fee of $1,500 for Segal to do the SBC, which the Board approved by poll vote. Thereupon, a

MOTION was made, seconded and unanimously adopted to ratify the prior poll vote approving Segal’s $1,500 fee for preparation of the SBC.

VII. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Tuesday, March 16, 2021 by WebEx. With no further business to come before the Board, the meeting was adjourned at 3:58 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 – Administrative Manager's Report