CHEIRON

Classic Values, Innovative Advice

Actuarial Update for Industry and Local 338 Welfare Fund

Prepared for the Board of Trustees

Michele Domash, FSA, MAAA

Amul Shah, MD, ASA

May 23, 2025

Actuarial Topics

- **Recap of recent renewals**
  - Stop Loss
  - Anthem
- **Exploring dental options**
  - Current dental vendor
  - Consider going to market
- **Financial update**
  - Cheiron *H-Scan* projections

CHEIRON

Stop Loss Renewal Final Results (4/1/25)

- Cheiron removed commissions from the process, generating savings of ($19,646).
- The net increase of 10% for this policy is good value to retain the same stop loss attachment point.
- Also, no lasers apply, which means full insurance coverage for the plan.

Summary of Stop Loss Renewal Rates: Tokio Marine

Industry and Local 338

		Baseline Effective 4/1/2024 Current Rates	Final Selected Effective 4/1/2025 Renewal Rates
Enrollment - Subscribers	123		
Individual Trigger		$175,000	$175,000
Coverage Terms		12/18	12/18
Benefits Covered		Medical and Rx	Medical and Rx
Premium Rates for Fully Insured Stop Loss Coverage:			
Premium Rate Per Month Per Subscriber- **With Commissions**		$166.81	$196.79
Expressed as a % of Current Premium Rate			18.0%
Premium Rate Per Month Per Subscriber- **Removing Commissions**		$166.81	$183.48
Expressed as a % of Current Premium Rate			10.0%
Premium Dollars Estimated to Buy Fully Insured Stop Loss Coverage			
Estimated Premiums with Commissions (Prior Actuary Basis)		**$246,212**	**$290,462**
Savings to the Plan by Removing Commissions (via Cheiron)			($19,646)
Estimated Premiums wih No Commissions (viaCheiron)		**$246,212**	**$270,816**
Difference in Premiums from Current Rates after Removing Commissions			**$24,604**
Expressed as a % of Premium to Carrier			**10.0%**

Anthem Final Renewal Results (5/1/25)

- Cheiron negotiated a two-year agreement to lock-in the 2% rate increase that had been applied recently.
- Inflation is volatile and having this risk stabilized is good for the Fund.

JAA Administration Fee Per Plan Participant* Per Month:

Fee Agreement Period	05/01/25 - 04/30/26	05/01/26 - 04/30/27
	$18.73	$19.10

* Plan Participant is each family member under the plan.

- Anthem JAA network and administration fees for the upcoming year 2025-2026 are estimated to be $65,180 (using 290 participants).

Focus on Dental Benefits and Options

Recap of Current Plans in Effect

- The plan ancillary benefits for dental, vision, disability and life insurance as part of the benefits program.
- We believe that these programs have all been in effect for many years.

Other Benefits	Description
Dental Benefits ***Administered by S.I.D.S.*** *for Active Employees & Eligible Dependents*	• Scheduled benefits • No network offered • Ortho with $2,700 lifetime maximum
Vision Benefits ***Administered by NVA*** *for Active Employees & Eligible Dependents*	**In-Network**: • **Exams & Lenses**, once per 12 months; • **Frames**, once per 24 months **Out-of-Network**: Scheduled Benefits
Disability ***Administered by Amalgamated Life*** *for Active Employees Only*	$240 per week up to 26 weeks
Life Insurance ***Administered by Amalgamated Life*** *for Active Employees & Eligible Retirees*	$15,000 actives

Source: SPD 2006

Source: Plan Benefit documents (SBC, SPD, SMM);

Exploring Dental Options: Current Plan

- Current dental plan has been in place for decades
  - "Scheduled benefits"
  - Plan pays a dollar amount, and the patient pays the excess
- No network has been offered to members
  - No in-network or out of network options when choosing a dentist
    - The dentist charges their rates with no negotiations with the dental vendor
  - Member pays more than if a network was offered and the member chooses the network

Example	Regular Dental Exam - Preventative
Dental Plan Provider Charges – No Network Discount	$53 (on Average)
Plan Payment	$22
Patient Pays	$31

Options with Current Dental Vendor: Examples

- Increase the schedule of benefits for preventive and basic services
- Add a network but continue to offer out-of-network coverage too

		Member Examples					
		Current Plan		Add Premier Plus Network		Add MetroDent Max	
					If InNetwork		If InNetwork
	Preventive Services	Plan Pays	Member Pays	Plan Pays	Member Pays	Plan Pays	Member Pays
'00120	PERIODIC ORAL EXAMINATION	$ 22.00	$ 31.59	$ 24.00	$ -	$ 25.00	$ 5.00
'00210	X-RAYS-FULL MOUTH	$ 55.00	$ 86.34	$ 60.00	$ -	$ 70.00	$ 5.00
	Basic services (fillings)						
'02330	RESIN - ONE SURFACE	$ 55.00	$ 122.38	$ 60.00	$ -	$ 50.00	$ 20.00
	Crowns and other restorative services						
'02750	CROWN-PORC.FUSED TO METAL	$ 400.00	$ 619.85	$ 400.00	$ 225.00	$ 400.00	$ 300.00
'08080	INITIAL ORTHO APP-ADOLESCENT	$ 400.00	$ 2,652.00	$ 400.00	$ 350.00	$ 400.00	$ 600.00

Example Options with Current Vendor

- Using ASO Dental Services and their network options:

		Estimated Annual Cost Paid by the Plan				
		No change in utilization	Member Utilization with Improved Plan	Total Plan Cost	Annual Increase in Plan Costs	% increase
	Current Plan Payments	$ 43,559	$ -	$ 43,559	$ -	N/A
Current approach with no network			20%			
Option A	Cover preventive care at 100%	$ 30,077	$ 14,727	$ 88,363	$ 44,804	103%
Add a network to the plan using Premier Plus			35%			
Option B	100% for preventive care and basic services; no changes for other services	$ 7,263	$ 17,788	$ 68,609	$ 25,050	58%
Add a network to the plan using MetroDent Max			35%			
Option C	$5 copay preventive, $20 copay basic	$ 6,070	$ 17,370	$ 66,999	$ 23,440	54%

Options and Strategy

- This is a special analysis not conducted for many years. Cheiron is able to offer special study options as below:
  - **Study Option A:**

    Work with the current vendor to improve plan costs, add a network and reduce member costs

    Cheiron fees: $6,000 to $8,000
  - **Study Option B:**

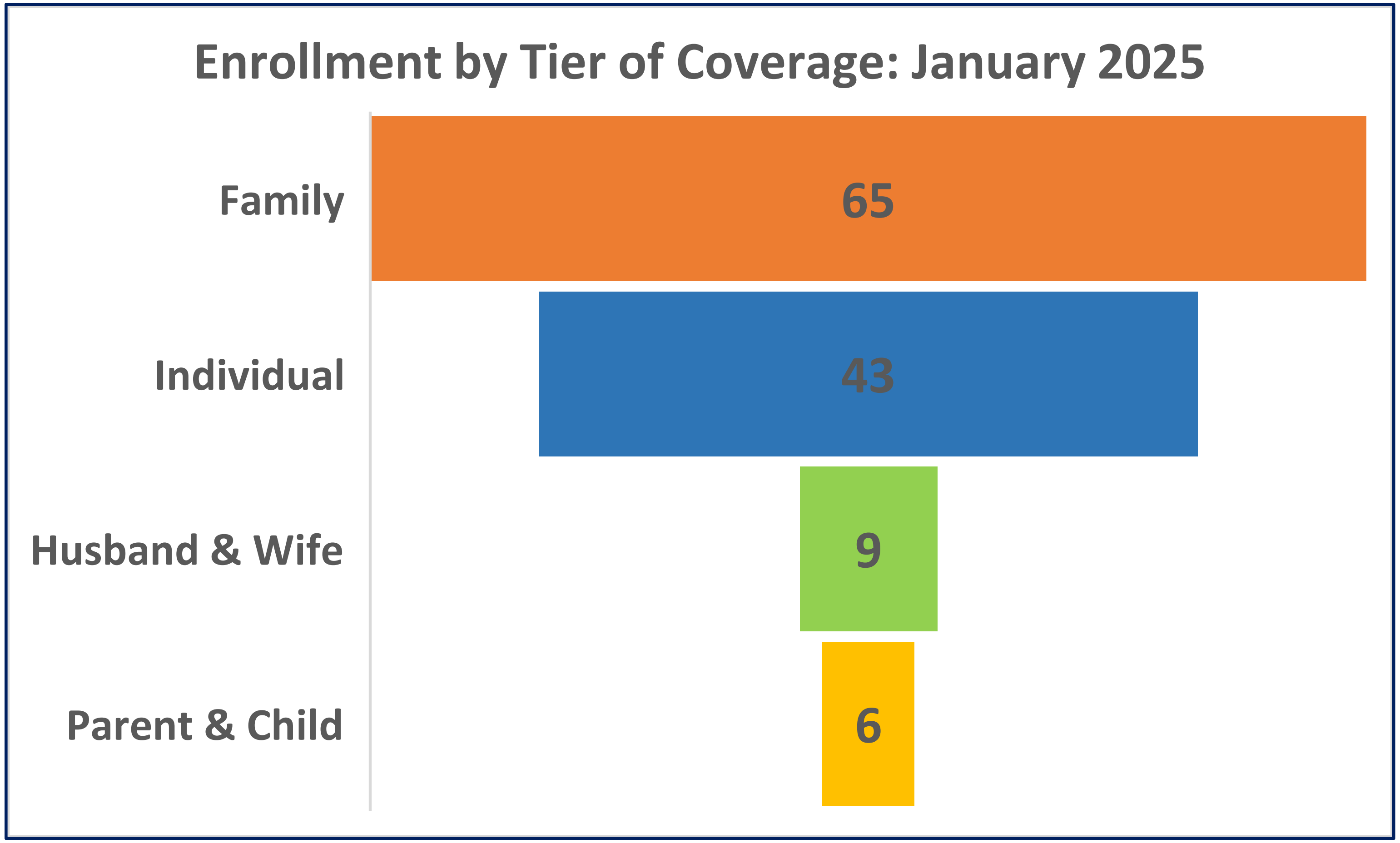
    Consider a focused market check for other networks and options

    Cheiron fees: $6,000 to $8,000
  - **Do both of the above studies if needed**
- Given the size of plan expenditures, these are large amounts. However, this type of study is not conducted frequently and is a longer-term plan investment.

H-Scan Projections and Financial Status

Demographics: Who is Enrolled?

- Stable but some declines
  - **136** average in the first six moths of 2024
  - **123** enrolled January 2025
- No COBRA elections
- Average age of subscribers is **age 49**



Source: Associated Administrators Jan 2025 census

Recap of Available Plan Assets

- At the end of June 30, 2023, $7.04 million in assets
- At the end of June 30, 2024, $6.42 million in assets
- At the end of June 30, 2025, expecting decline to $6.17 million in assets (projected from January 1, 2025 onwards)

KEY RESULTS			
12 Months Ending	7/1/22 to 6/30/23	7/1/23 to 6/30/24	7/1/24 to 6/30/25
Average Participants	126	134	128
(in $millions)			
Contribution Revenue	$1.99	$2.21	$2.49
Investment/Other Inc	$0.25	$0.48	$0.01
Expenses (Paid)	$2.37	$3.30	$2.75
Gain/(Loss)	($0.13)	($0.61)	($0.25)
Projected at End of Year			
Assets	$7.04	$6.42	$6.17
Months Reserve	25.6	26.3	23.2
- 24-Mo. Expenditures	$6.10	$5.85	$6.37

Assets do not substract IBNR in this preliminary analysis.

Projected assets at 6/30/25 to be $6.17 M; actual will vary.

Source: audited financials 6/30/23; draft 6/30/24; cash operating statements through 12/31/2024

Scenario 1: Individual Employer Rates "As Is"

Stress Testing -Industry and Local 338 Health & Welfare Plan - HSCAN

TRENDS

Starting 6/30	2025	2026	2027+
Medical	6.0%	6.0%	6.0%
Rx	7.0%	8.0%	8.0%
Dental	5.0%	5.0%	5.0%
Other*	2.5%	2.5%	2.5%
Claims Admin	3.0%	3.0%	3.0%
Expenses	3.2%	3.2%	3.2%
Claim Margin	$ -	$ -	$ -

*Other applies to Life Insurance, Paid Family Leave, Disability, and Stop Loss Insurance

OTHER ASSUMPTIONS

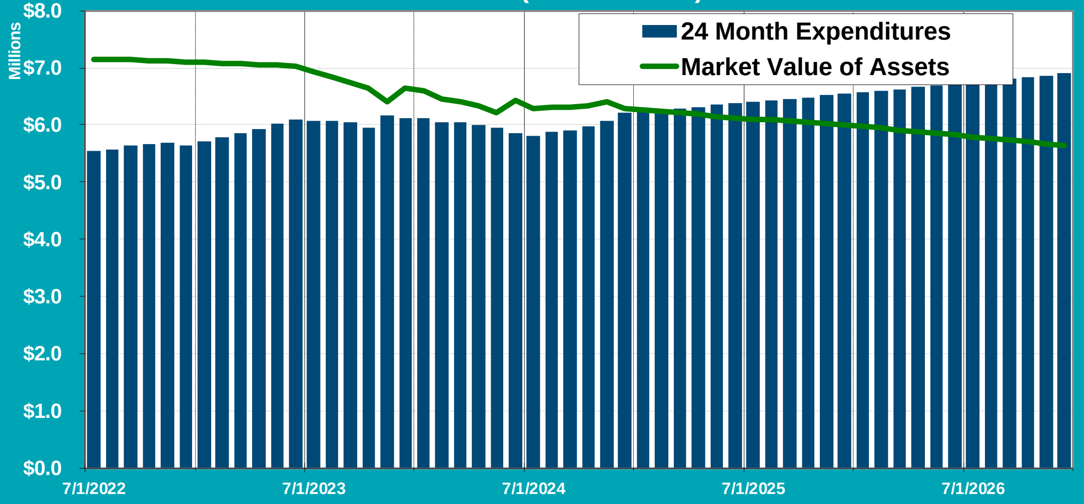
Organic Participant Growth	0%
Investment Return	4.0%
Projected as of July 1, 2025:	
Increase Employee Count?	Yes
% New Employees	0%
Assumed Additional Ees	0
All use Mondelez or Individual Employer Rates?	Individual

Note: For individual, pending LP Transport rates for 2025+

PROJECTED PLAN DESIGN AND EMPLOYER CONTRIBUTION

Plan Design Changes Effective 7/1	2024	2025	2026	2027
Medical	Current Plan	0%	0%	0%
Rx	Current Plan	0%	0%	0%
Dental/Vision	Current Plan	0%	0%	0%
Model Contribution Rate Changes?	Yes	Future Changes in Employer Contributions		
Average Month Starting for Model		7/1/2024	7/1/2025	7/1/2026
Average Weekly Employer Rate		$383	$404	$417
Increase in Weekly Employer Rate as %			5.5%	3.1%
Target Weekly Employer Rate		$396	$418	$431
Paraco Weekly Employer Rate		$376	$397	$409
Individual Average Weekly Employer Rate		$383	$404	$417

Assets vs. 24 Month Reserve Expenditures
(End of Month)



KEY RESULTS

12 Months Ending	7/1/22 to 6/30/23	7/1/23 to 6/30/24	7/1/24 to 6/30/25	7/1/25 to 6/30/26	7/1/2026 to 6/30/27
Average Participants	126	134	128	122	122
(in $millions)					
Contribution Revenue	$1.99	$2.21	$2.45	$2.56	$2.64
Investment/Other Inc	$0.25	$0.48	$0.01	$0.24	$0.22
Expenses (Paid)	$2.37	$3.30	$2.75	$3.10	$3.27
Gain/(Loss)	($0.13)	($0.61)	($0.30)	($0.30)	($0.41)
Projected at End of Year					
Assets	$7.04	$6.42	$6.13	$5.82	$5.42
Months Reserve	25.6	26.3	23.1	20.8	18.3
- 24-Mo. Expenditures	$6.10	$5.85	$6.37	$6.72	$7.09
Break-Even Est Weekly Rate	$323.32	$404.71	$413.47	$452.03	$480.68

Assets do not substract IBNR in this preliminary analysis.

This scenario assumes individual employer rates as currently bargained and weekly contribution rates.
Note: Contracts for 2025+ not in place for LP Transportation, PreCast Concrete, or Westchester Local 860.

Scenario 2: If Apply Same Rates as Mondelez

Stress Testing -Industry and Local 338 Health & Welfare Plan - HSCAN

TRENDS

Starting 6/30	2025	2026	2027+
Medical	6.0%	6.0%	6.0%
Rx	7.0%	8.0%	8.0%
Dental	5.0%	5.0%	5.0%
Other*	2.5%	2.5%	2.5%
Claims Admin	3.0%	3.0%	3.0%
Expenses	3.2%	3.2%	3.2%
Claim Margin	$ -	$ -	$ -

*Other applies to Life Insurance, Paid Family Leave, Disability, and Stop Loss Insurance

OTHER ASSUMPTIONS

Organic Participant Growth	0%
Investment Return	4.0%
Projected as of July 1, 2025:	
Increase Employee Count?	Yes
% New Employees	0%
Assumed Additional Ees	0
All use Mondelez or Individual Employer Rates?	Mondelez

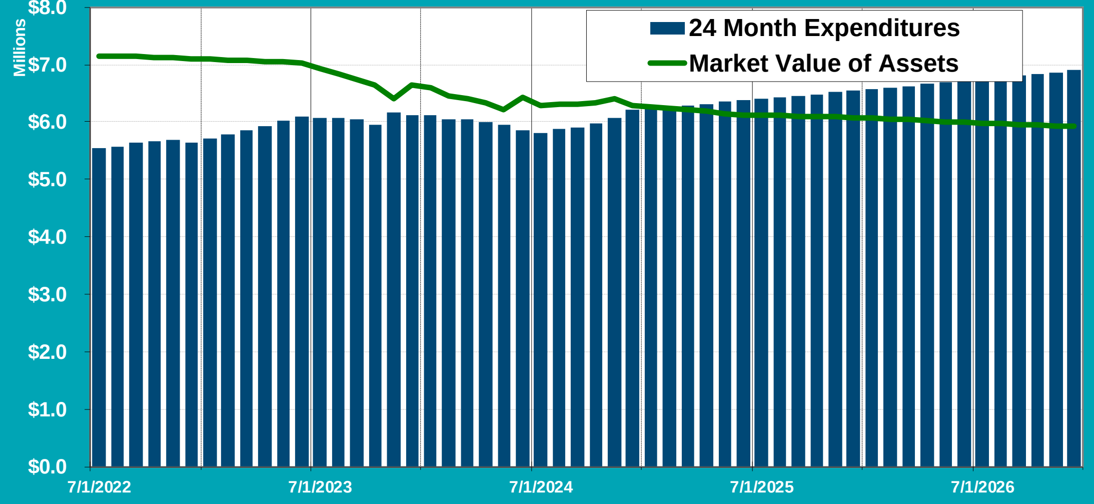
Note: For individual, pending LP Transport rates for 2025+

PROJECTED PLAN DESIGN AND EMPLOYER CONTRIBUTION

Plan Design Changes Effective 7/1	2024	2025	2026	2027
Medical	Current Plan	0%	0%	0%
Rx	Current Plan	0%	0%	0%
Dental/Vision	Current Plan	0%	0%	0%

Model Contribution Rate Changes?	Yes	Future Changes in Employer Contributions	
Average Month Starting for Model	7/1/2024	7/1/2025	7/1/2026
Average Weekly Employer Rate	$383	$430	$452
Increase in Weekly Employer Rate as %		12.3%	5.0%
Target Weekly Employer Rate	$396	$445	$467
Paraco Weekly Employer Rate	$376	$422	$444
Mondelez Average Weekly Employer Rate	$383	$430	$452

Assets vs. 24 Month Reserve Expenditures
(End of Month)



KEY RESULTS

12 Months Ending	7/1/22 to 6/30/23	7/1/23 to 6/30/24	7/1/24 to 6/30/25	7/1/25 to 6/30/26	7/1/2026 to 6/30/27
Average Participants	126	134	128	122	122
(in $millions)					
Contribution Revenue	$1.99	$2.21	$2.45	$2.73	$2.87
Investment/Other Inc	$0.25	$0.48	$0.01	$0.24	$0.23
Expenses (Paid)	$2.37	$3.30	$2.75	$3.10	$3.27
Gain/(Loss)	($0.13)	($0.61)	($0.30)	($0.14)	($0.17)
Projected at End of Year					
Assets	$7.04	$6.42	$6.13	$5.99	$5.82
Months Reserve	25.6	26.3	23.1	21.4	19.7
- 24-Mo. Expenditures	$6.10	$5.85	$6.37	$6.72	$7.09
Break-Even Est Weekly Rate	$323.32	$404.71	$413.47	$451.55	$478.98

Assets do not substract IBNR in this preliminary analysis.

This scenario assumes all employers use Mondelez rates after 7/1/2025 and weekly contribution rates.

Scenario 3: If Trends are Lower, 22 months

Stress Testing -Industry and Local 338 Health & Welfare Plan - HSCAN

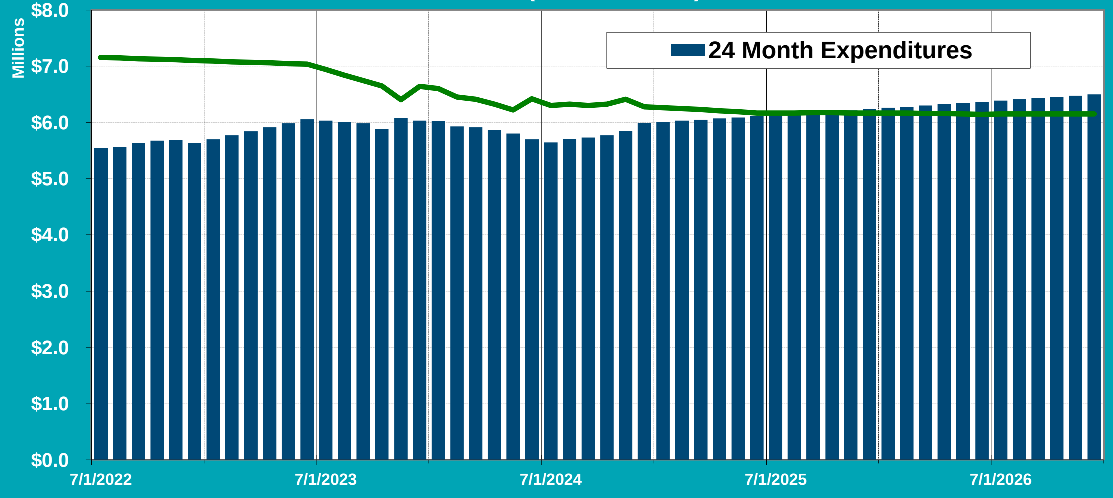
TRENDS			
Starting 6/30	2025	2026	2027+
Medical	4.0%	4.0%	4.0%
Rx	7.0%	8.0%	8.0%
Dental	5.0%	5.0%	5.0%
Other*	2.5%	2.5%	2.5%
Claims Admin	3.0%	3.0%	3.0%
Expenses	3.2%	3.2%	3.2%
Claim Margin	$ -	$ -	$ -

*Other applies to Life Insurance, Paid Family Leave, Disability, and Stop Loss Insurance

OTHER ASSUMPTIONS	
Organic Participant Growth	0%
Investment Return	4.0%
Projected as of July 1, 2025:	
Increase Employee Count?	Yes
% New Employees	0%
Assumed Additional Ees	0
All use Mondelez or Individual Employer Rates?	Mondelez
Note: For individual, pending LP Transport rates for 2025+	

PROJECTED PLAN DESIGN AND EMPLOYER CONTRIBUTION				
Plan Design Changes Effective 7/1	2024	2025	2026	2027
Medical	Current Plan	0%	0%	0%
Rx	Current Plan	0%	0%	0%
Dental/Vision	Current Plan	0%	0%	0%
Model Contribution Rate Changes?	Yes	Future Changes in Employer Contributions		
Average Month Starting for Model		7/1/2024	7/1/2025	7/1/2026
Average Weekly Employer Rate		$383	$430	$452
Increase in Weekly Employer Rate as %			12.3%	5.0%
Target Weekly Employer Rate		$396	$445	$467
Paraco Weekly Employer Rate		$376	$422	$444
Mondelez Average Weekly Employer Rate		$383	$430	$452

Assets vs. 24 Month Reserve Expenditures
(End of Month)



KEY RESULTS					
12 Months Ending	7/1/22 to 6/30/23	7/1/23 to 6/30/24	7/1/24 to 6/30/25	7/1/25 to 6/30/26	7/1/2026 to 6/30/27
Average Participants	126	134	128	122	122
(in $millions)					
Contribution Revenue	$1.99	$2.21	$2.45	$2.73	$2.87
Investment/Other Inc	$0.25	$0.48	$0.01	$0.24	$0.24
Expenses (Paid)	$2.37	$3.30	$2.71	$2.99	$3.12
Gain/(Loss)	($0.13)	($0.61)	($0.26)	($0.02)	($0.01)
Projected at End of Year					
Assets	$7.04	$6.42	$6.17	$6.15	$6.14
Months Reserve	25.6	27.0	24.2	23.2	22.2
- 24-Mo. Expenditures	$6.06	$5.70	$6.11	$6.37	$6.64
Break-Even Est Weekly Rate	$323.32	$404.71	$407.30	$433.61	$453.38

Assets do not substract IBNR in this preliminary analysis.

This scenario assumes lower trends and still continues to show a gradual decline in the reserve months.

Observations and Commentary

- Continued increases in contributions is needed as with any fund to address ongoing inflation and cost of health care.
- Current year ending June 30, 2025, is estimated to be a deficit with revenues not covering expenditures with low investment yields.
- With increase in contributions, break-even status can be achieved, however, reserve status is declining.
  - Key question is whether the fund has a defined reserve goal
- Improving the member experience with the dental options brings more value to this benefit program.

Required Disclosures

The purpose of this presentation is to assist the Industry and Local 338 Welfare Fund (the "Fund") in assessing the ongoing financial status of the fund and providing a wholistic view of emerging experience . It is intended for the exclusive use of the Fund. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

In preparing our presentation, we relied on information (some oral and some written) supplied by the Fund, as well its administers and business partners. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

In projecting results, we have smoothened experience using a 50/50 weighting of the last two years of experience; final projections will reflect the final methodology as we gather additional information.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Michele Domash, FSA, MAAA
Principal Consulting Actuary

Review of Current Plans in Effect

- In-Network coverage is comprehensive.
- The plan steers to in-network coverage with higher deductibles and cost sharing for out-of-network coverage.
- Rx applies a 15% coinsurance and uses SaveOnSP for specialty Rx.

Medical Benefits	In-Network (Anthem)	Out-of-Network
Individual/Family Deductible per Year	**$250/$500**	**$2,000/$5,000**
Coinsurance after Deductible	**10%**	**40%**
Doctor Visit Copays	**$20 Primary Care; $40 Specialist Per Visit**	**40% after deductible**
ER	**$150 copay**	**$150 copay**
Out of pocket Maximum	**$1,850/$3,700**	**$9,450/$18,900**
Rx Benefits	**In-Network (ESI)**	**Out-of-Network**
Generic/Brand	15%, $5 minimum copayment	Not covered
Specialty	30% *for drugs included on SaveOnSP List*	Not covered

Source: 2025 SBC

Source: Plan Benefit documents (SBC, SPD, SMM); https://www.saveonsp.com/wp-content/uploads/2025/01/local338.pdf

Prior Actuary Projections – For Reference

- **Pacaro's current 2024 rate is $376 per week, between the average and the break-even for the period 7/1/2024 through 6/30/25, with the average at $323.62/week and break-even at $419.22/week.**
- **On average, the projected weekly employer rate for 7/1/2025 through 6/30/2026 was $324.60, compared to break-even of $455.71 per week on average, a difference of 32%.**
- **Cheiron has conducted a more detailed review of rates and has applied updated claims to date.**

Financial Experience and Budget Projections

Summary

	Historical Results			Projections		
12 Months Ending	**Jun-21**	**Jun-22**	**Jun-23**	**Jun-24**	**Jun-25**	**Jun-26**
Average Number of Active Employees	119	127	126	123	123	123
Average Contribution Rate Per Week	$278.84	$289.98	$286.41	$317.60	$323.62	$324.60
Total Income	$1,903,643	$2,061,549	$2,153,028	$2,297,000	$2,310,900	$2,288,100
Total Expenses	$2,318,553	$2,576,197	$2,430,153	$2,732,900	$2,922,500	$3,126,800
Average Income Per Active Per Month	$1,333.08	$1,352.72	$1,423.96	$1,556.23	$1,565.65	$1,550.20
Average Expenses Per Active Per Month	$1,623.64	$1,690.41	$1,607.25	$1,851.56	$1,979.99	$2,118.42
Breakeven Contribution Rate	$345.95	$367.97	$328.71	$385.73	$419.22	$455.71
Fund Assets	$7,981,267	$6,662,661	$6,393,902	$5,958,002	$5,346,402	$4,507,702
Continuation Value (Months)	37.2	32.9	28.1	24.5	20.5	16.2

Source: Segal HBR Report 2024