Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on March 16, 2021
Via
WebEx

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEE**
Lori Polesel	Chris Palmer
Barry Russell	

Also present were:

Kristen Barshinger – Associated Administrators, LLC
Pat Blizzard – SEI Institutional Group[1]
Alicia Cochran – Associated Administrators, LLC
Lyndsay Giger – Express Scripts, Inc. [2]
Peter Murray - Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Beth Robinson – Express Scripts, Inc.[2]
Jill Rodriguez – Express Scripts, Inc.[2]
Michael Tesoriero – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 10:04 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a conversation regarding current market conditions, noting the positive impact in the market during the fourth quarter of 2020 due to the COVID-19 vaccine breakthroughs. He then provided a review of SEI's

[1] Left the meeting at 10:44 a.m.
[2] Present for Express Scripts, Inc. report only

services for the Fund and discussed changes in the Fund's portfolio since the Trustees' retention of SEI in 2011.

Mr. Blizzard reported that the Fund's market value of assets was $8,161,225 as of February 28, 2021, and its fiscal year-to-date rate of return is 6.74%, compared to the 5.52% return for the index. Mr. Blizzard reviewed the Fund's asset allocation: 10.60% World Equity Ex-US Fund, 7.10% US Equity Factor Allocation Fund, 7.10% Large Cap Index Fund, 32.70% Core Fixed Income Fund, 23.80% Limited Duration Fund, 2.20% High Yield Bond Fund, 9.50% 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 SEI is not recommending any changes to the portfolio at this time.

After further discussion, the Trustees thanked Mr. Blizzard for his report.

III. AUDITOR REPORT

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") referred the Trustees to the Financial Statements for the Plan Years ended June 30, 2020 and 2019 which are attached hereto as Exhibit "A." He confirmed that the Financial Statements present fairly, in all material respects, the financial status of the Fund. Mr. Murray reviewed the audit report, Form 5500, and Form 990 in detail. He reported that Forms 5500 and 990 will be timely filed. He noted S&P's satisfaction with Associated's internal controls.

The Trustees thanked Mr. Murray for his report.

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

Ms. Geiger, Ms. Robinson, and Ms. Rodriguez from ESI joined the meeting. Ms. Geiger reviewed the Plan's prescription drug performance in 2020.

Ms. Rodriguez reviewed the SafeGuardRx Program, noting the Fund is enrolled in some of the programs under the platform. She discussed a new program under the platform, Weight Management Care Value. She said the Fund was automatically enrolled and there is no member impact or fee associated with the program. Ms. Rodriguez noted two programs that were discussed and tabled at the last meeting, the Diabetes Care Value and Pulmonary Care Value Programs. She reviewed the programs in detail and explained that because the Fund is already enrolled in the Smart90CVS program, there is no member impact or fees.

MOTION was made, seconded and unanimously adopted to implement the Diabetes Care Value and Pulmonary Care Value Programs.

Ms. Geiger, Ms. Robinson, and Ms. Rodriguez were excused from the meeting.

V. APPROVAL OF MINUTES

The minutes of the meeting held on November 12, 2020 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on November 12, 2020.

VI. 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 "B."

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 C."

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 "D."

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

D. **Delinquency Report**

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

E. **Withdrawal Liability**

Ms. Cochran reviewed the report in detail. The report is included at the bottom of Exhibit "E."

F. **Employer Contribution Rate Report**

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

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 "G."

H. **Administrative Manager's Report**

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

I. Form 1099MISC

Ms. Cochran reported that Form1099MISC was mailed to providers.

J. Summary of Material Modifications ("SMM")

Ms. Cochran reported that Associated will be mailing to participants and beneficiaries today the SMM regarding the COVID-19 vaccination and the Smart90CVS program.

K. Summary of Benefits and Coverage ("SBC")

Ms. Cochran reported that the 2021 SBC was mailed to participants on December 8, 2020.

L. Stop Loss Reimbursement

Ms. Cochran reported that the Fund submitted a stop loss claim to HCC Life Insurance Company, resulting in a reimbursement of $3,200.67 to the Fund.

M. Teamster Center Services ("TCS") – INTERIM ACTION

Ms. Cochran reported that the Trustees approved a fee increase of $0.10 per member per month, effective January 1, 2021, for TCS. She said that the fee request also included $0.10 increases for 2022 and 2023 however, the Trustees had only approved the fee request for 2021. The Trustees tabled the 2022 and 2023 fee request and asked Ms. Cochran to request a utilization report from TCS.

N. Positive Pay – INTERIM ACTION

Ms. Cochran reported that the Trustees approved the implementation of the positive pay program with Amalgamated Bank.

O. Fidelity Bond Policy – INTERIM ACTION

Ms. Cochran reported that the Trustees approved Segal Select's recommendation to renew with Chubb, the incumbent carrier, for a three-year period effective February 15, 2021 through February 15, 2023 at a prepaid premium for a three-year period of

$10,437. Ms. Cochran noted that the policy includes coverage for the Pension Fund, and that the costs are allocated between the two Funds. Ms. O'Leary and Ms. Cochran reported on complications during the application process and the need to provide additional information after the submission of the initial application.

P. <u>Anthem Subrogation Program</u>

Ms. Cochran said that the Trustees had approved the implementation of Anthem's Subrogation Program at the last meeting. She said that Joe Bruzzo confirmed that the effective date of the program is June 1, 2021.

Q. <u>Associated's Website</u>

The Trustees approved Ms. Cochran's request to provide a link on Associated's website to offer members access to documents such as the Summary Plan Description and enrollment forms, as well as provider links.

VII. <u>CONSULTANT'S REPORT</u>

A. <u>HCC Life – Specific Stop-loss Renewal Effective April 1, 2021</u>

Mr. Tesoriero referred to Segal's stop loss memorandum dated March 16, 2021. He explained that, effective April 1, 2021, HCC Life proposed an increase in the Fund's specific stop-loss rate of 25.9% from $73.19 to $92.17 per participant per month, and that, assuming 120 participants, the Fund's annual premium would increase by approximately $27,300. He explained that, in response to Segal's appeal to HCC Life for rate relief, HCC Life has reduced the rate increase from 25.9% to 19.6% over current rates, which saves the Fund $6,600 annually.

Mr. Tesoriero reported that Segal prepared an RFP and solicited specific stop loss proposals from Segal's list of stop loss bidders effective April 1, 2021. He stated that, of the 10 vendors sent RFPs only the incumbent HCC Life submitted a proposal, and that all of the other vendors declined to quote or did not respond to the bid.

Following review,

MOTION was made, seconded and unanimously adopted to approve the specific stop-loss renewal with HCC at the same stop-loss level of $175,000.

B. Empire BlueCross BlueShield Joint Administered Arrangement (JAA) Administrative Fee Effective May 1, 2021

Mr. Tesoriero reported that the Empire JAA renewal is effective May 1, 2021. He noted that Empire has requested a fee increase from $16.72 to $17.22 per individual per month, which reflects an increase of 3% or $1,700 annually based on 286 individuals covered. He noted that, based on 286 contracts, the annual fee is estimated at $59,100. Mr. Tesoriero stated that Segal has reviewed the proposed increase and, based on marketplace conditions, determined it to be reasonable.

Following discussion,

MOTION was made, seconded and unanimously adopted to approve the JAA renewal with Empire, effective May 1, 2021.

VIII. COUNSEL'S REPORT

A. Orange County Transit

Ms. O'Leary reported that, as previously discussed, 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 an audit of the Employer is in progress to determine the total amount at issue. She stated that, after discussion with the Union's attorneys, the Union agreed to file for arbitration of this matter and has agreed to allow Ms. O'Leary to participate in the arbitration on behalf of the Fund. She explained that, given the circumstances of this case, arbitration should be a lower cost and more expedient alternative to an ERISA collection litigation. The Trustees agreed with this approach. She stated that the arbitration is tentatively scheduled for April 29, 2021, and that she will provide an update on this matter when available.

B. COBRA Subsidy

Ms. O'Leary reported that the American Rescue Plan Act of 2021 ("ARPA"), which was signed into law on March 11, 2021, includes a COBRA subsidy for the period from April 2021 to September 2021 for eligible individuals who have lost coverage due to an involuntary termination of employment or reduction in hours. She referred to the PowerPoint that she had previously circulated regarding the COBRA subsidy. Ms. O'Leary and Mr. Tesoriero explained that "assistance eligible individuals" will be permitted to elect COBRA at no cost and the Fund will be reimbursed by the federal government. They stated that they will work with Associated to comply with notice requirements and related issues.

IX. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Tuesday, June 15, 2021 by WebEx. With no further business to come before the Board, the meeting was adjourned at 12:27 p.m.

Exhibits

A – Financial Statement

B – Cash Operating Statement

C – Claims Paid Detail Report

D– Authorization for Disbursements

E – Delinquency Report and Withdrawal Liability Report

F – Employer Contribution Report

G – Active Members and COBRA Participants Receiving Benefits

H – Administrative Manager's Report