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

Held on March 17, 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
Rachel Grant – Associated Administrators, LLC
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
John Urbank – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 10:01 a.m.

II. AUDITOR REPORT

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") reviewed in detail the Financial Statements for the Plan Years ended June 30, 2022 and 2021, 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. He noted S&P's satisfaction with Associated's internal controls and noted that S&P did not have to issue a management letter. Mr. Murray reviewed the Form 990 with the Trustees, noting the responses to various questions on Form 990. He reported that Forms 5500 and 990 will be timely filed, under extension.

MOTION was made, seconded and unanimously adopted to approve the Form 990, Form 5500 and financial statements for Plan Year ended June 30, 2022.

Mr. Murray commented on the possible upcoming merger with the Local 445 Fund. He explained the final audit process and a related IRS filing. He stated that S&P would work with the Local 445 Fund's accountant to provide any required information.

III. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI referred the Trustees to SEI's report. He provided commentary on the market, noting the market volatility during the 2022 Calendar Year.

Mr. Blizzard noted the recent failures of Silicon Valley Bank ("SVB") and Signature Bank. He commented that SVB experienced significant growth in customer deposits in 2021 where a significant portion of the deposits was used by the bank to purchase long-dated agency mortgage-backed and U.S. Treasury securities. Although these securities are backed by the U.S. government and deemed safe in terms of credit quality, the investment portfolio's long duration led to considerable unrealized losses for the bank as interest rates rose meaningfully over the last year or so. When customers became aware of the situation at the bank, they sought to withdraw deposits, creating a run on the bank. Mr. Blizzard said that while the market was impacted by this situation, the Fund's only exposure was through its index fund allocations, representing less than 1 basis point.

Mr. Blizzard reported that the Fund's market value of assets was $6,690,591 as of February 28, 2023, and its fiscal year-to-date rate of return is 1.3%, compared to the 1.2% return for the index. Mr. Blizzard reviewed the Fund's asset allocation: 9.2% World Equity

Ex-US Fund, 6.0% US Equity Factor Allocation Fund, 6.0% Large Cap Index Fund, 15.8% Core Fixed Income Fund, 41.2% Limited Duration Fund, 3.0% High Yield Bond Fund, 8.0% Real Return Fund, 3.0% Emerging Markets Debt Fund, and 7.8% Multi Asset Real Return Fund. He then reported on the performance of each asset class.

After additional discussion, Mr. Blizzard concluded his report.

IV. APPROVAL OF MINUTES

The minutes of the special meeting held on November 4, 2022 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the special meeting held on November 4, 2022.

The minutes of the meeting held on November 22, 2022 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on November 22, 2022.

V. 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 "B."

B. Claims Paid Detail Report

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

C. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for July, August, and September 2022. 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 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 "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 2022 through December 2022. The report is attached hereto as Exhibit "G."

H. 2023 Summary of Benefits and Coverage ("SBC")

Ms. Cochran reported that the 2023 SBC Notice for the period January 1, 2023 through December 31, 2023 was mailed to participants on December 21, 2022.

I. Subrogation

Ms. Cochran reported that, as of June 1, 2021, Anthem Blue Cross Blue Shield is handling subrogation claims through the Anthem Subrogation Program. The report is attached hereto as Exhibit "H."

J. Form 1099NEC

Ms. Cochran reported that the Form 1099NEC was mailed to participants on January 25, 2023.

K. Form 1099MISC

Ms. Cochran reported that the Form 1099MISC was mailed to participants on January 27, 2023.

L. LP Transportation Memorandum of Agreement ("MOA")

Ms. Cochran reported on receipt of the MOA between Teamsters Local 445 and LP Transportation for the period from August 16, 2022 through August 15, 2025. She noted contribution rates of $332 per week for the first year, $376 per week for the second year, and $396 per week for the third year.

M. LP Transportation Payroll Audit

Ms. Cochran referred to the discussion at Board of Trustees' meeting held on November 4, 2022 regarding the payroll audit findings for L.P. Transportation (the "Company"). She noted that, as discussed at that meeting, the Company disagreed with the findings related to the first four weeks of employment for new hires and that, after discussion, it had been agreed that Ms. Cochran would further review the findings from previous payroll audits. Ms. Cochran noted that, as she previously reported, the Company appears to have been inconsistent with its prior reporting and payment on behalf of new hires. Mr. Palmer responded that the Company could provide information on its prior reporting, noting that the Company reports immediately on part-time employees who transition to full-time status but that it does not report and pay on behalf of new employees until they have one month of employment. It was noted that, as previously discussed, Mr. Palmer is recused from participating in how to respond to the Company's objections. Ms. O'Leary recommended, and the Trustees agreed, that a special meeting should be held with the non-conflicted Trustees, Associated, and counsel to review the Company's objections. Ms. Cochran added that the Company has made payment on the undisputed findings.

N. Westchester Local 860 Payroll Audit

Ms. Cochran reported that Westchester Local 860 is disputing the findings of $6,480.16 related to the payroll audit for period from 2019 to 2021. She noted that, according to the employer, one employee was not a union member until July 2022 and, therefore, it does not believe that contributions are owed on behalf of that employee for the period prior to her joining the Union. Ms. Cochran said that the auditor has confirmed that union status is irrelevant to whether an employee performed covered work for which contributions are due and that Trustee Polesel has confirmed that the employee performed bargaining unit work for the period at issue. After discussion, it was agreed that Ms. O'Leary should send a demand letter to the Employer.

O. Consolidated Appropriations Act

1. Prescription Drug and Health Care Spending Report

Ms. Cochran reported that Associated submitted the medical portion to the Centers for Medicare and Medicaid Services ("CMS") on December 21, 2022. She stated that Express Scripts confirmed the prescription reporting was also submitted prior to the deadline.

2. **Price Comparison Tool and Machine-Readable Files (MRF")**

Ms. Cochran reviewed the report entitled "Green Light Proposal For: Technology Services" which was provided prior to the meeting. She explained that the proposal has the pricing for the OON Machine-Readable Files, with a $1,000 implementation fee and a $500 monthly fee, and the Price Comparison Tool, which also has a $1,000 implementation fee and $500 monthly fee.

Discussion ensued regarding the frustration at Anthem's inability to assist the Fund in ensuring compliance given the very small amount of OON claims at issue and the interest in avoiding additional administrative fees, particularly given the possibility that the services may be unnecessary in light of potential upcoming changes and the expectation that this issue would have been addressed when the Fund adopted Anthem's OON solution. Following discussion, it was agreed that the Fund's representatives should have a further call with Anthem to determine whether there is any way for Anthem to provide these services.

The Trustees tabled the discussion pending the outcome of the follow up call with Anthem.

P. **Express Scripts Digital Identification Cards**

Ms. Cochran reviewed the email received from Express Scripts ("ESI") advising on the implementation of digital ID cards effective July 1, 2023. She reported that ESI subsequently advised that the digital ID card implementation would be delayed and, thus, no action is required at this time. Ms. Cochran stated that the issue will likely be presented again at a later date. She said that she notified ESI that the Fund does not collect or require email addresses which would deliver the digital ID cards and that ESI responded that if a member did not have an email address available, ESI would contact the member with instructions in order to obtain the ID card.

Mr. Urbank said he was unaware of the digital ID card implementation. Ms. Cochran said that the coalition was also unaware of this matter.

VI. CONSULTANT'S REPORT

A. Anthem Renewal – May 1, 2023

Mr. Urbank reported that the Fund's Joint Administrated Arrangement ("JAA") Administrative Fee with Empire BlueCross BlueShield renews each year effective May 1, 2023. He stated that the JAA Administrative Fee provides the Fund with Claims Repricing, Utilization Management services, Case Management services and Behavioral Health utilization management program. He stated that Empire has requested a 2.4% increase in the administrative fee of $17.74 per participant per month ("PPPM") to $18.17, which amounts to an increase of $0.43 PPPM. Mr. Urbank noted that this fee includes the program integrity fee offset of $0.10. Based on all individuals covered of 284 (or 119 member contracts), the current annual fee of $60,500 would increase to $61,900, or by $1,400 annually. Mr. Urbank indicated that the increase is Empire's usual request and is reasonable.

Following discussion, the Trustees cited the additional cost the Fund may incur based on Empire not offering a solution for the machine-readable files and cost comparison tool for certain OON services and requested that Segal try to renegotiate the renewal increase. Mr. Urbank stated that he would provide an update when available.

B. Stop Loss Renewal

Mr. Urbank reported that, for the Fund's stop loss policy renewal effective April 1, 2023, BCS proposed an initial increase of 11.9% but, when notified of competitive bids, provided a best and final offer that lowered the increase to 2.3%, which represents a savings of $22,200. Her stated that, based on the current premium, the 2.3% increase reflects a $5,200 annual premium increase.

Mr. Urbank reported on competitive proposals from the prior carrier HCC Life and Ironshore, which offered rate decreases from the current rate of 3.2% and 0.9%, respectively. He stated that the HCC Life quote would provide an annual savings of $7,400, while the Ironshore policy would save $2,100. He stated that both competitive offers provide the same contract terms as the current BCS policy and can be recommended.

Following discussion,

MOTION was made seconded and unanimously adopted to approve the HCC Life stop loss insurance policy effective for the year beginning April 1, 2023 based on the contract terms set forth in the proposal.

C. Upcoming End of the COVID 19 Health Emergency

Mr. Urbank reported that the federal government announced that the COVID-19 public health emergency will end on May 11, 2023. He explained that the public emergency declaration was important to health plan sponsors because it determined the period during which group health plans and insurers must pay for COVID-19 tests and related services without charging cost sharing. In addition, he stated that the non-grandfathered plans must cover vaccines in network as a preventive benefit, but during the public emergency must also cover them on an OON basis. Mr. Urbank explained that health plans must decide whether to continue coverage with no cost sharing or cover COVID-19 tests and related services under the Plan's usual cost-sharing requirements, i.e., copayments and/or coinsurance. Mr. Urbank noted that non-grandfathered plans, such as the Fund, must cover vaccines without cost sharing but may limit such coverage to in-network providers.

Following discussion,

MOTION was made seconded and unanimously adopted to: (1) cover COVID-19 testing, in-network only, with all cost- sharing payments applied, (2) cover vaccines in-network only, with no cost share, (3) cover anti-virals under the prescription drug benefit plan with cost share and (4) cease coverage of over-the-counter tests.

VII. COUNSEL'S REPORT

A. Withdrawal Liability Owed to the Pension Fund by the Welfare Fund

Ms. O'Leary referred to the discission at the Board of Trustees' meeting held on November 22, 2022 regarding the remaining withdrawal liability owed by the Welfare Fund to the Pension Fund in connection with the closing of the former Fund Office in 2013. She stated that, following the meeting, Ms. Cochran asked the Local 338 Pension Fund's actuary to calculate the present value of the Welfare Fund's remaining payments required to satisfy the assessment of withdrawal liability in the event that the Trustees would like to consider making a lump sum payment rather than continuing the current monthly payment schedule. Ms. O'Leary stated that the actuary has performed the calculation and that, depending on the discount rate used in the calculation, the amount of the lump sum payment would range from $133,186.75 to $193,824.98. After discussion, the Trustees agreed not to pursue a lump sum payment at this time and to continue paying the monthly payments.

VIII. NEXT MEETING DATE/ADJOURNMENT

It was agreed that the next regular meeting of the Board of Trustees will be scheduled at a later time. The Trustees agreed to hold a special meeting on Friday, May 19, 2023. With no further business to come before the Board, the meeting was adjourned at 11:52 a.m.

Exhibits

A – Financial Statements

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 – Subrogation Report