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

Held on April 1, 2022
Via
WebEx

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEE**
Dan Maldonado	Chris Palmer
Lori Polesel	

Also present were:

Pat Blizzard – SEI Institutional Group
Joseph Bruzzo – Empire BlueCross BlueShield
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. INVESTMENT CONSULTANT REPORT

Mr. Patrick Blizzard of SEI reviewed SEI's report. He led a conversation regarding SEI's OCIO model and the services provided by SEI to the Fund, including thorough due diligence and monitoring of sub-advisors, and decision making over public fund manager selections and terminations. He then provided commentary on the market.

Mr. Blizzard reported that the Plan has outperformed its benchmark for every annualized time period and every calendar year with the exception of 2018. He reviewed the Plan objectives to achieve risk-adjusted returns in excess of 2% to improve liquidity, and he noted the Fund's 10-year return of 4.7%. He stated that the well-diversified positioning within the fixed income allocation helped minimize the impact of the sharp rise in yields on Fixed Income returns, noting that the Bloomberg Barclays US Aggregate Bond Index was down by 3.3% year to date through February 28, 2022.

Mr. Blizzard reported that the Fund's market value of assets was $7,542,383 as of February 28, 2022, and its fiscal year-to-date rate of return is -1.99%, compared to the -2.23% return for the index. Mr. Blizzard reviewed the Fund's asset allocation: 8.90% World Equity Ex-US Fund, 5.90% US Equity Factor Allocation Fund, 5.90% Large Cap Index Fund, 37.30% Core Fixed Income Fund, 17.10% Limited Duration Fund, 2.00% High Yield Bond Fund, 18.00% Ultra Short Duration Fund, 3.00% Opportunistic Income Fund, and 1.90% Emerging Markets Debt Fund. He then reported on the performance of each asset class.

Mr. Blizzard stated that SEI intends to review an asset allocation study at an upcoming meeting.

After questions and answers, the Trustees thanked Mr. Blizzard for his report.

III. <u>AUDITOR REPORT</u>

Mr. Peter Murray of Schultheis & Panettieri, LLP ("S&P") reviewed in detail the Financial Statements for the Plan Years ended June 30, 2021 and 2020 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 draft Communication of Financial Statement Audit Matters for the year ended June 30, 2021. He noted that, in S&P's test of benefits paid, there were instances identified where marriage certificates were not available. He recommended that Associated obtain the necessary documentation in those cases. He also stated that, in S&P's review of the report on internal controls of Anthem, S&P noted that a deficiency at Anthem had been identified. He stated that Anthem does not believe that the deficiency had any impact on this Fund. Finally, Mr. Murray reviewed the Form 990 with the Trustees, noting the responses to various questions on Form 990. He stated that the Form 5500 and Form 990 will be timely filed.

IV. PROVIDER REPORT – EMPIRE BLUECROSS BLUESHIELD ("Anthem")

A. Anthem Renewal – May 1, 2022

Mr. Urbank reported that the Fund's Joint Administration Arrangement ("JAA") Administrative Fee with Empire BlueCross BlueShield renews each year effective May 1, 2022. He stated the JAA Administrative Fee includes Claims Repricing, Utilization Management services, Case Management services and the Behavioral Health utilization management program. Mr. Urbank reported that Empire has requested a 3.0% increase to the administrative fee of $17.22 per participant per month ("PPPM") to $17.74 which amounts to an increase of $0.52 PPPM. He explained that this fee is based on all individuals covered and assumes 289 total individuals (or 122 contracts). He stated that the current annual fee (based on 289 individuals covered) is $59,720 and would increase by $1,800 annually to $61,520. Mr. Urbank indicated that the increase is Empire's usual request and is reasonable. He noted that Empire has had multiple opportunities to increase the Fund's fee by 10% due to the reduction in the number of participants, and that Empire has never availed itself of that contractual right. He also stated that the Fund's size means that it does not have leverage to negotiate more favorable terms. Finally, he noted that Empire is not charging for various new compliance obligations and technological changes. Following Joseph Bruzzo's presentation, the Trustees determined that, based on all of these factors, the requested fee increase was reasonable.

MOTION was made, seconded and unanimously adopted to approve the terms of the JAA renewal as presented.

The Trustees then welcomed Mr. Joe Bruzzo from Empire to the meeting.

B. NASCO Migration

Mr. Bruzzo discussed the NASCO Migration, noting Anthem will be migrating its JAA business, which includes the Fund, to WellPoint Group System, effective May 1, 2022. Mr. Bruzzo stated that Associated and Anthem have been having weekly implementation meetings. He reviewed the required updates needed for the migration, including updated 837 and 835 file layouts, new ID cards, and Basys programming.

C. Consolidated Appropriations Act, 2021 ("CAA")

Mr. Bruzzo reported that the Independent Dispute Resolution process and in-network machine readable files required by recent legislation affecting group health plans would be handled by Empire. Ms. Cochran said she would provide additional CAA updates later in the meeting.

After discussion on the impact of various new legislative requirements on the Fund and its participants, Mr. Bruzzo was thanked for his report and excused from the meeting.

V. PROVIDER REPORT – EXPRESS SCRIPTS, INC.

Ms. Cochran reported that representatives from Express Scripts, Inc. were unable to attend the meeting. She referred the Trustees to Express Scripts' report.

VI. APPROVAL OF MINUTES

The minutes of the meeting held on September 22, 2021 were reviewed.

MOTION was made, seconded and unanimously adopted to approve the minutes of the meeting held on September 22, 2021.

VII. ASSOCIATED ADMINISTRATORS, LLC REPORT

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2021 through June 30, 2022. 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 October 1, 2021 through December 31, 2021, and July 1, 2021 through September 30, 2021. The report showed paid claims by the following categories: anesthesia, COVID-19 testing, COVID-19 treatment, hospital, 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 October, November, and December of 2021. 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 2021 through December 2021. 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. Associated Administrators, LLC Acquisition

Ms. Cochran reported that, effective November 30, 2021, Associated Administrators, LLC ("Associated") was acquired by Harbour Benefit Holdings, Inc. She stated that though the ownership has changed, there will be no impact to clients, and she explained that Associated is now a wholly-owned, independently-operating subsidiary of Harbour which includes Zenith American Solutions. Ms. Cochran stated there would be no change to the management team and staff will remain the same.

J. Administrative Services Agreement Renewal

Ms. Cochran referred to her letter which noted that the administrative services contract between the Fund and Associated expired on March 31, 2022. She provided detailed information in support of the request for a three-year renewal with increased fees. A copy of the renewal letter is annexed hereto as Exhibit "I." She explained that Associated is proposing a 5% increase to the monthly fee in the total yearly amounts of $3,900 for Year One (4/1/22 to 3/31/23), $4,095 for Year Two (4/1/23 to 3/31/24), and $4,300 for Year Three (4/1/24 to 3/31/25). She noted that the current monthly fee is $6,500. She reviewed the hourly rates for regulatory changes and new vendor implementation, as described in the proposal. At the end of this meeting, the Trustees immediately re-convened via conference call with Ms. O'Leary. The Trustees authorized Ms. O'Leary to propose a 3.5% increase to the monthly fee for each year of the new contract.

K. Over-the-Counter ("OTC") COVID 19 Home Test Letters

Ms. Cochran reported that the OTC COVID 19 Home Test Kit letter was mailed to participants on February 10, 2022.

L. 2022 Summary of Benefits and Coverage ("SBC")

Ms. Cochran reported that the 2022 SBC Notice for the period January 1, 2022 through December 31, 2022 was mailed to participants on December 19, 2021.

M. Notice of Creditable Coverage

Ms. Cochran reported that the Notice of Creditable Coverage was mailed to participants on October 8, 2021.

N. Form 1099NEC

Ms. Cochran reported that the Form 1099NEC was mailed to participants on January 21, 2022.

O. Form 1099MISC

Ms. Cochran reported that the Form 1099MISC was mailed to participants on January 28, 2022.

P. Stop Loss Reimbursement

Ms. Cochran reported that the Fund submitted a stop loss claim to HCC Life Insurance Company, resulting in a reimbursement of $68,330.42 to the Fund for policy period from April 1, 2020 through March 31, 2021.

Q. American Rescue Plan Act of 2021 ("ARPA") COBRA Subsidy

Ms. Cochran reported that the Fund received an ARPA COBRA Subsidy refund in the amount of $6,803.82 for the third quarter of the 2021 Plan year.

R. Cyber Liability Policy – INTERIM ACTION

Ms. Cochran reported that, based on Segal's recommendation, the Trustees approved the Cyber Liability policy renewal with Travelers for the period from October 4, 2021 through October 4, 2022.

S. Coordination of Benefits ("COB") Mailing

Ms. Cochran reported that 33 completed COB forms were received out of the 115 forms that were mailed on August 23, 2021. She stated that the forms indicated a total of two members and four dependents have other coverage. The Trustees requested that Ms. Cochran draft a second request COB letter for the participants who did not return the form and to verify that all marriage and dependent certificates are on file for all eligible participants.

T. Summary Plan Description ("SPD")

Ms. Cochran stated the revised SPD draft was distributed to Counsel for review.

U. Consolidated Appropriations Act, 2021 (“CAA”)

Ms. Cochran reviewed the compliance items that Associated has been working with Anthem to complete. She noted that the effective date for this Fund is July 1, 2022 in accordance with its Plan year.

Ms. Cochran reviewed the Notice of Surprise Billing with the Trustees. She stated that the notice needs to be available on a public website and must outline the new balance-billing limitations that apply for out-of-network (“OON”) emergency services, OON air ambulance services, and certain non-emergency services furnished at OON providers at in-network facilities. She reported that the draft Notice of Surprise Billing was reviewed and approved by Segal and Fund Counsel. Ms. Cochran said that the notice would be posted on the Fund’s website hosted by Associated.

Ms. Cochran discussed the new ID cards being issued prior to May 1, 2022 that are associated with the NASCO migration. She noted that the new ID cards will be compliant with the CAA regulations.

Ms. Cochran reported that the No Surprises Act Complaint Policy was drafted. She explained that the Complaint Policy implements procedures to respond to a complaint related to the Fund’s processing of OON emergency services and ancillary services. She stated that Associated’s Appeals Department is the designated contact to address complaints.

Ms. Cochran reported that Associated and Anthem are still working to determine the entity that will have final approval of whether the requirements of Continuity of Care are met. She explained that if the requirements are met, the participant can continue care with a provider for a limited period, if the provider ceases to be in-network.

Ms. Cochran reviewed the Anthem fees associated with the Independent Dispute Resolution process for provider payment disputes for in-network and OON claims, noting that the fees range from $200 to $500 per claim according to Anthem and would be charged back to the Fund.

Ms. O'Leary stated that she would draft the updated CAA language regarding benefits to be included in the draft SPD to be adopted by the Trustees.

VIII. CONSULTANT'S REPORT

A. Stop Loss Renewal

Mr. Urbank reported that, for the Fund's stop loss policy renewal effective April 1, 2022, HCC Life proposed an initial increase of 67.8% from $87.56 to $146.93 PPPM. He explained that, assuming 126 participants, the annual premium would increase by approximately $89,800 to $222,200 and in its initial renewal offer, HCC Life also increased the laser risk (i.e., the separate deductible for an individual) from $250,000 to $400,000.

Mr. Urbank reported that Segal appealed the initial renewal offer after receiving one competitive bid out of 14 requests from the marketplace. He stated that HCC Life then reduced the requested premium increase by $10,000 annually to $212,200 and reduced the laser risk by $25,000 from $400,000 to $375,000. Mr. Urbank stated that HCC Life's best and final renewal rate and laser amount increase is predominantly due to the Fund's unfavorable stop loss experience where paid and pending large claim reimbursements of $703,100 have exceeded paid premiums of $325,200 since April 1, 2019.

Mr. Urbank explained that BCS's competitive proposal has an annual premium of $243,900, which is $31,700 above tHCC Life. He explained, however, that the laser risk would be reduced from $375,000 to $250,000, or by $125,000, and, thus, that the overall risk in premium and specific laser would be $587,200 with HCC Life and $493,900 with BCS. He stated that Segal believes that this risk/reward ratio would be favorable to the Fund given that this individual has incurred more than $500,000 in paid claims during this policy year to date.

Following discussion,

MOTION was made, seconded and unanimously adopted approving the BCS stop loss insurance policy effective for the year beginning April 1, 2022 based on the contract terms set forth in the proposal and documented in Segal's March 30, 2022 memorandum to the Board.

IX. NEXT MEETING DATE/ADJOURNMENT

The next regular meeting of the Board of Trustees is scheduled for Friday, July 22, 2022 by Webex. With no further business to come before the Board, the meeting was adjourned at 11:57 a.m.

Exhibits

A – Auditor's Report

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

I – Administrative Services Agreement Renewal