Teamsters Local 338 Welfare Fund

Health Benefits Reports

Year Beginning July 1, 2024

May 28, 2024 / Jacob Pine & Kayla M. Davis

Segal

333 West 34th Street
3rd Floor
New York, NY 10001-2402
T (212) 251-5000 F (646) 365-3243
segalco.com

May 28, 2024

Board of Trustees
Teamsters Local 338 Welfare Fund
911 Ridgebrook Road
Sparks, MD 21152

Dear Trustees:

We are pleased to present the July 1, 2024 COBRA Rates for the Teamsters Local 338 Welfare Fund.

We look forward to reviewing these rates with you and answering any questions you may have at the next meeting of the Board of Trustees. However, if there are any questions that need to be addressed prior to the meeting, please do not hesitate to contact us.

Sincerely,

Segal

By:

Jacob Pine
Senior Benefits Consultant
Jpine@segalco.com

Kayla M. Davis
Associate
KMdavis@segalco.com

cc: Associated-Administrators, Inc.
Fund Counsel
Fund Auditor

COBRA Rates - Year Beginning July 1, 2024

Table of Contents

Although we have provided Core and Non-core rates, plans are not required under COBRA to separate out rates in this manner. The Plan Sponsor may decide that this is an option they wish to offer to participants and beneficiaries.

The COBRA statute and regulations do not provide a specific methodology for calculating COBRA premiums. The law states that the "applicable COBRA premium" is the cost to the plan of providing the specific health coverage to "similarly situated actives." In the absence of a specific methodology in the law, we have used a reasonable good faith interpretation of the statute and IRS guidance to come up with an approach to calculating COBRA premiums, including COBRA premiums for the health reimbursement arrangement. The basis of our calculation should be reviewed and approved by legal counsel to assure that it is appropriately complying with federal law.

COBRA Rates - Year Beginning July 1, 2024

Summary

- All rates were calculated in accordance with generally accepted underwriting procedures, using actual claim experience, administrative expenses, expected medical plan trend and the maximum 2 percent load for COBRA administration.
- Maximum Rates - Regular: COBRA allows the Fund to charge as a COBRA rate up to 102 percent of the cost of benefits to a qualified beneficiary for 18 or 36 months of coverage. This additional two percent is for administrative expenses. We note that the Fund is at liberty to charge rates below the amount proposed in this report as long as the rate is applied consistently to everyone.
- Maximum Rates for the Disability Extension: The Fund must offer a disabled person 11 additional months of COBRA coverage if the U.S. Social Security Administration determines that the individual (member or dependent) was totally and permanently disabled on or within 60 days after loss of coverage under the plan. The extended COBRA coverage is provided for the disabled member or dependent as well as other family members that have elected COBRA. The Fund may charge up to 150 percent of the cost of COBRA benefits for the disability extension after the first 18 months of coverage (up to a maximum of 29 months).
- The Core Regular and Disability rates are projected to decrease by 0.2% for single coverage and 0.8% for family coverage. The Core plus Non Core Regular and Disability rates are projected to decrease slightly for single coverage and 0.7% for family coverage.
- The Hospital, Medical, Prescription Drug, Dental and Optical claims are based on our projections by benefit for fiscal year beginning July 1, 2024.
- The COBRA rates were developed using a two-year blend of claims experience trended and reflect the updated dependent ratio of 62.7 percent.
- The COBRA rates include the recently approved stop loss rates from HCC Life effective April 1, 2024, and from Empire JAA effective May 1, 2024.

COBRA Rates - Year Beginning July 1, 2024

REGULAR RATES - PLAN A

	Current	Proposed	Change
Core			
Individual	$1,051.23	$1,049.49	-0.2%
Family	$2,561.74	$2,540.53	-0.8%
Core Plus Non-Core			
Individual	$1,066.18	$1,065.74	0.0%
Family	$2,602.08	$2,584.41	-0.7%

2% added for regular COBRA benefits as law permits.

COBRA is required for 18 (or 36) months.

DISABILITY RATES - PLAN A

	Current	Proposed	Change
Core			
Individual	$1,545.93	$1,543.37	-0.2%
Family	$3,767.27	$3,736.09	-0.8%
Core Plus Non-Core			
Individual	$1,567.90	$1,567.27	0.0%
Family	$3,826.60	$3,800.62	-0.7%

50% added for Disability COBRA as law permits.

COBRA for disabled participants is required for an additional 11 months.

COBRA Rates - Year Beginning July 1, 2024

REGULAR RATES DETAIL - PLAN A

	Individual	Family
Core		
Hospital and Medical	$654.72	$1,767.74
Stop Loss Premium	166.81	166.81
Prescription Drug	120.28	324.77
Joint Council #16 Fees	2.21	2.21
Hosp and Med Claims Admin I	45.05	121.62
ACA Fees	0.27	0.72
Operating Expenses	39.57	106.85
Sub-Total	**$1,028.91**	**$2,490.73**
2% Administration	20.58	49.81
Total	**$1,049.49**	**$2,540.54**
Core Plus Non-Core		
Core Sub-Total	1,028.91	2,490.73
Dental	14.32	38.68
Optical	1.61	4.35
Sub-Total	**$1,044.85**	**$2,533.75**
2% Administration	20.90	50.67
Total	**$1,065.75**	**$2,584.42**