August 14, 2026

Board of Trustees
c/o Ms. Alicia Cochran, Account Executive
Industry and Local 338 Welfare Fund
911 Ridgebrook Road
Sparks, Maryland 21152

Re: Proposal to Assist with Preparation and Update of SPD – Draft for Review and Comment

Dear Trustees:

We are pleased to offer this proposed work plan and fee budgets to prepare a comprehensive and detailed update to the current Summary Plan Description (SPD), which we understand was last updated several years ago.

We review the requirements and the work proposed for you and the Trustees' consideration.

Suggested Workplan

In this analysis, we describe the steps noting that in practice the steps can overlap.

- **Confirmation of Prior Documents and Plan Communication to Members** – We have a head start as we have been extensively involved with our work as the actuary in this area. We will however be requesting confirmation of formal documents and informal communications to members. Informal communications will include any materials upon enrollment, announcements and changes in vendor approaches.
- **Initial call with each carrier vendor and the administrator** – We involve each vendor and Associated Administrators in the review of the SPD drafts and alert them in a short call at the start of the project if Cheiron is selected. Often, the carrier might have language that is preferred and we will incorporate that in the first draft. And, we expect that Associated Administrators will have important comments on areas that might deserve clarification in the SPD update.
- **Summary comparison charts** – In the SPD, we will evaluate any summary charts for format and content and decide if any update might make them more usable for the members.
- **Compliance section updates** – Given the date of the last SPD, we will review with counsel the preferred language templates after receiving from the vendors any templates. This relates to handling of appeals, subrogation, coordination of benefits, special enrollment rights, COBRA notifications and timing, ERISA rights and other areas.
- **Preliminary draft of SPD** – This will reflect comments from our work sessions and will be intended to serve as a solid draft.
- **Presentation of final SPD for the Trustees -** The final step is the presentation of the SPD to the Trustees and then the distribution of the SPD to members.

Please note that areas of particular importance in an SPD review often involve more than a mere update, but in fact a review of plan's procedures historically and what is intended. For example, areas that often involve more than an update include:

- Determinations of medical necessity
- Exclusions
- Authorizations and notifications
- Retrospective review
- Case management and level of direction and intervention and services offered
- Post-service review
- Outlier management
- Exclusions for experimental/investigative services
- Exclusions for failure to complete a course of treatment
- Rx therapy requirements
- Rx formulary exclusions
- Pharmacy protocols
- Appeals process

Some of the above areas involve important considerations for behavioral health and those separate requirements.

Cheiron Team

We are fortunate that in this particular project we are able to overlap with the current actuarial and benefits consulting Cheiron team. This includes Michele Domash, FSA, and Dr. Amul Shah, MD. An additional team member serving internally is Bill Kinney, J.D.

Suggested Fee Budgets

The cost for projects of this nature will range depending upon several key variables including, available support the plan vendors and how care and Rx management impact patients and what is contained in the SPD. We believe that your vendors and Associated Administrators will be extremely helpful.

We estimate that a solid report can be developed at a suggested Cheiron fee budget of $25,000 to $35,000 for the Fund. This includes addressing new compliance requirements for a significant time period working with counsel We also leverage the fact that Cheiron knows the plans because of its role as health actuary and consultant. We aim to be efficient but also comprehensive for such an important engagement.

Please note that any updates to procedures, documents, plans, vendor terms will be considered in this update, however, some situations can involve significant considerations and even pricing of changes. Those types of determinations we will identify and notify the Trustees of the issues. To the extent any plan procedures or plan clarifications are needed, that work is based upon a time and expense basis using our hourly rates as below:

Category/Consultant	2026 Rates
Principal Consulting Actuary	$415 - $550
Consulting Actuary	$330 - $510
Associate Actuary	$240 - $350
Senior Actuarial Analyst	$210 - $270
Actuarial Analyst	$170 - $225
Administrative Assistant	$134 - $175

* Hourly billing rates are expected to increase approximately 2% to 4% per year.

In the event of future regulatory updates that impact the scope or content of the SPD analysis, we will be available to assist the Fund, upon request, with any necessary updates to its analysis at our then applicable hourly billing rates.

We are available to further discuss this proposal and stand ready to commence work immediately. Thank you for considering Cheiron for this important project.

Sincerely,
Cheiron

Michele Domash, FSA, MAAA
Principal Consulting Actuary

Attachment