VIA ELECTRONIC MAIL

June 26, 2025

Industry and Local 338 Welfare Fund
c/o Alicia Cochran
Account Executive
Associated Administrators, LLC
911 Ridgebrook Rd.
Sparks, Maryland 21152

Re: Industry and Local 338 Welfare Fund July 1, 2025 COBRA Premium Rates

Dear Ms. Cochran:

The purpose of this letter is to provide the proposed July 1, 2025 COBRA premium rates of Industry and Local 338 Welfare Fund. As a reminder, COBRA regulations allow plan sponsors to change COBRA rates only once a year unless significant plan changes warrant the recalculation of the rates. The proposed COBRA rates are appropriate to charge active employees or their dependents who are enrolled in the Industry and Local 338 Welfare Fund's plan and who elect to continue their health coverage after becoming ineligible to receive the benefits during the Plan Year of July 1, 2025 through June 30, 2026.

COBRA Premiums

The tables below show the "REGULAR RATES - PLAN A" which include a 2% load for COBRA administration, and the "DISABILITY RATES - PLAN A" rates include a 50% load as allowed by law.

REGULAR RATES - PLAN A	7/1/2024 COBRA Rates	Proposed 7/1/2025	Change
Medical (Core)			
Individual	$1,049.49	$1,042.50	-0.7%
Family	$2,540.53	$2,606.25	2.6%
Full Benefits (Core + Dental & Vision)			
Individual	$1,065.74	$1,062.11	-0.3%
Family	$2,584.41	$2,655.27	2.7%

2% added for regular COBRA benefits as law permits.

DISABILITY RATES - PLAN A	7/1/2024 COBRA Rates	Proposed 7/1/2025	Change
Medical (Core)			
Individual	$1,543.37	$1,533.09	-0.7%
Family	$3,736.09	$3,832.73	2.6%
Full Benefits (Core + Dental & Vision)			
Individual	$1,567.27	$1,561.92	-0.3%
Family	$3,800.62	$3,904.81	2.7%

50% added for Disability COBRA as law permits.
COBRA for disabled participants is required for an additional 11 months.

The Individual Medical (Core) rates are projected to decrease 0.7% from the current July 1, 2024 COBRA rates, the Family Medical (Core) rates are projected to increase 2.6% from the current COBRA rates, the Individual Full Benefits (Core + Dental & Vision) rates are projected to decrease 0.3% from the current COBRA rates, and the Family Full Benefits (Core + Dental & Vision) rates are projected to increase 2.7% from the current COBRA rates.

The current ratio of Family to Individual COBRA rates effective July 1, 2024 is 2.42. We recommend aligning this ratio with industry norms, which typically range from 2.5 to 3.0. Accordingly, we have adjusted the Family to Individual COBRA rate ratio to 2.50 for the July 1, 2025 rates.

If you have any questions or wish to discuss this further, please let me know.

Disclosure and Uses

This letter was prepared for the Industry and Local 338 Welfare Fund for the purpose of setting up the COBRA rates effective July 1, 2025. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

In preparing the proposed COBRA rates, we relied on information (some oral and some written) supplied by the plan administrator. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

This letter and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as a credentialed actuary, I meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. I am not an attorney, and our firm does not provide any legal services or advice.

Please feel free to contact us if you have any questions or would like to discuss anything.

Sincerely,
Cheiron

Michael Domash, FSA, MAAA
Principal Consulting Actuary

cc: Rachel Grant
Elizabeth O'Leary, Esq.

Attachment I
Methodology and Assumptions

The proposed 2025 COBRA rates are expected to cover the cost of:

a) Medical claims
b) Prescription drugs claims
c) Dental claims
d) Vision claims
e) Third Party Administrator fees
f) Other Administrative Operating Expenses
g) Stop Loss premiums

a. Fiscal Year Ending 2026 medical claims were developed using Calendar Year (CY) 2022 through CY 2024 paid claims. The experience claims Per Member Per Month (PMPM) were trended from the midpoint of their respective experience period to the midpoint of the projected period (i.e., January 1, 2026) using a 6% annual trend rate. The following weights were used for blending of the experience periods: 33% for CY 2022, 33% for CY 2023 and 33% for CY 2024. We assumed a 2 month lag between paid claims and incurred claims.

b. Fiscal Year Ending 2026 prescription claims were developed using Calendar Year (CY) 2024 paid claims and an 8% annual trend rate. We assumed no lag between paid claims and incurred claims.

c. Similarly, the dental and vision costs were developed using CY 2023 and CY 2024 paid claims, a 5% annual trend rate, and a 50%/50% blending of the CY 2023 and CY 2024 experience. We assumed no lag between paid claims and incurred claims.

d. Third Pary Administrator fees were expressed as a percentage of total medical/Rx, dental and vision claims. They are projected to be equal to 5.3% of the FYE 2026 medical/Rx, dental and vision claims.

e. Other Administrative Operating Expenses were expressed as a percentage of total medical/Rx, dental and vision claims. They are projected to be equal to 10.1% of the FYE 2026 medical/Rx, dental and vision claims.

f. The current Stop Loss premium of $183.48 per subscriber per month was effective April 1, 2025. The April 1, 2026 Stop Loss premium is assumed to increase 20%.

The table below shows the breakdown of the projected COBRA costs.

Industry and Local 338 Health & Welfare Plan COBRA Rates - July 1, 2025 through June 30, 2026				
		Employee		Family
Medical & Rx Claims	$	802.72	$	2,006.81
TPA Fee (Medical & Rx Allocation)	$	42.46	$	106.16
Other Admin (Medical & Rx Allocation)	$	81.06	$	202.65
Stop Loss Premium	$	97.73	$	244.32
2% COBRA Load	$	18.52	$	46.31
Medical & Rx COBRA Rate	**$**	**1,042.50**	**$**	**2,606.25**
Dental & Vision Claims	$	16.66	$	41.64
TPA Fee (Dental & Vision Allocation)	$	0.88	$	2.20
Other Admin (Dental & Vision Allocation)	$	1.68	$	4.21
2% COBRA Load	$	0.38	$	0.96
Dental & Vision COBRA Rate	**$**	**19.61**	**$**	**49.01**
Full Benefits (Core + Dental & Vision)	**$**	**1,062.11**	**$**	**2,655.27**

Finally, we applied a 2% (50% for the disability extension) load for administration expenses to the Total PEPM by plan and rounded down the resulting rates to the nearest dollar.