Teamsters Local 338 Welfare Fund

Health Benefits Report

Fiscal Year Ending June 2024

November 7, 2024 / Jacob Pine & Kayla Davis

Segal

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November 7, 2024

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

Dear Trustees:

We are pleased to present this fiscal 2024 Health Benefits Report for the Teamsters Local 338 Welfare Fund.

We look forward to reviewing this report 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:

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

Table of Contents

Key Findings & Recommendations

- This report is based on the audited financial statements for the year ended Jun 30, 2021, 2022 and 2023 and the unaudited cash flows provided by the Fund Office for the year ended June 30, 2024. Based on the audited financial statements for the year ended June 30, 2023, total income of $2,230,981 was less than the total expenses of $2,340,385 and resulted in an operating deficit of $109,404. After accounting for unrealized gains on investments of $8,366, the Fund experienced a total reduction to Net Assets of $101,038. As of June 30, 2023, Net Assets, excluding Incurred but Not Reported claims reserves, totaled $6,758,029.

- Projected employer contributions for fiscal 2024, 2025, 2026 and 2027 are based on the known weekly rates in effect for each employer and current lives provided by the Associated Administrators. There are no COBRA participants showing in the eligibility report and this report does not include any projection for COBRA payments.

- The projected Hospital, Medical, and Prescription Drug costs are based on two-years of claims experience through June 2024, adjusted for trend.

- Projected cost for Specific Stop Loss coverage is based on the HCC Life renewal rates with a 6 percent increase effective April 1, 2024. The renewal increases thereafter are based on a 12 percent trend.

- The projected Life and AD&D expenses are based on Amalgamated Life renewal rate of $0.20 per $1,000 for the Active Life and $0.035 per $1,000 for the AD&D guaranteed through December 31, 2025. The projected Disability expenses also reflect continuation of the current rate of $6.805 per participant per month through December 31, 2025. The January 1, 2024 renewal for Paid Family Leave coverage reflects 18 percent decrease per $10 of weekly benefit.

- During fiscal years 2024 through 2027, the projected breakeven contribution rates per week are $387.30, $408.42, $442.06, and $479.35, respectively.
- Assuming the projections reach fruition, we are estimating operating deficits of $570,700 in 2024, $364,900 in 2025, $576,600 in 2026 and $823,000 in 2027 and ending Fund Assets net of IBNR of $6,187,329, $5,822,429, $5,245,829, and $4,422,829 for fiscal years ending June 30, 2024, 2025, 2026, and 2027 respectively. If all employer contribution income ceased, the Fund would have a continuation value equivalent to 14.5 months of expenses as of June 30, 2027.

Key Findings & Recommendations

- The following weekly rates for the employer contributions are used for the income projections in this report.

Employers	Lives	2023	2024	2025	2026
Kraft Foods Global #49	59	9/1/2023 $296	9/1/2024 $296	9/1/2025 $296	9/1/2026 $296
LP Transportation #43	34	8/16/2023 $376	8/16/2024 $396	8/16/2025 $396	8/16/2026 $396
First Student/OC (Valley)	19	3/1/2023 $325.60	1/1/2024 $358.00	1/1/2025 $384.80	1/1/2026 $384.80
Paraco Gas	7	2/1/2023 $360	2/1/2024 $376	2/1/2025 $376	2/1/2026 $376
First Student (Kingston)	7	1/1/2023 $360	1/1/2024 $376	1/1/2025 $376	1/1/2026 $376
First Student (Roundout)	4	1/1/2023 $376	1/1/2024 $396	1/1/2025 $396	1/1/2026 $396
Precast Concrete	3	1/1/2023 $290.40	1/1/2024 $290.40	1/1/2025 $290.40	1/1/2026 $290.40
Westchester Local 860	1	10/1/2023 $360	10/1/2024 $376	10/1/2025 $376	10/1/2026 $376

Summary

12 Months Ending	Historical Results			Projections			
	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27
Average Number of Active Employees	121	128	126	134	130	130	130
Average Contribution Rate Per Week	$304.36	$282.15	$302.76	$305.33	$354.40	$356.69	$357.51
Total Income	$2,056,375	$2,015,269	$2,230,981	$2,626,900	$2,613,500	$2,611,900	$2,592,000
Total Expenses	$2,576,197	$2,430,238	$2,340,385	$3,197,600	$2,978,400	$3,188,500	$3,415,000
Average Income Per Active Per Month	$1,416.24	$1,312.02	$1,475.52	$1,633.65	$1,675.32	$1,674.30	$1,661.54
Average Expenses Per Active Per Month	$1,774.26	$1,582.19	$1,547.87	$1,988.57	$1,909.23	$2,043.91	$2,189.11
Breakeven Contribution Rate	$387.04	$344.55	$319.47	$387.30	$408.42	$442.06	$479.35
Fund Assets	$8,077,994	$6,859,067	$6,758,029	$6,187,329	$5,822,429	$5,245,829	$4,422,829
Continuation Value (Months)	39.9	35.2	25.4	24.9	21.9	18.4	14.5

Disclosures

Category	Description
Lives Assumption	Based on Fund Office data through June 2024
Investment Yield	Based on the historical result in 2023
Average Contribution Rate Basis	Throughout this report, the average contribution rate and the breakeven rate are a blend of contribution rates for all employers included in report rather than a specific rate.
Fund Asset Basis	Net assets available for benefits, less Incurred But Not Reported Claims reserves.
Expense Basis	Expenses shown in this report are on an incurred basis, and therefore may not match exactly to the audits or other unaudited financial statements.
General	This document has been prepared for the exclusive use and benefit of Teamsters Local 338 Welfare Fund, based upon information provided by you and your other service providers or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.
Projections	The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Segal has not audited the information provided. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, medical innovations/FDA approvals, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases. The ability to project future expenses accurately using current expenses, claims, premium rates and income is significantly lessened the further that projection is extended. Moreover, long-range projections will be influenced by other variables including; a shift in covered population, changes to health provider ownership, and the competitive landscape of local markets. Therefore, caution must be used when referring to these projections.
Accumulated Eligibility	The Fund Assets do not take into account the cost of paying for benefits which are based on the participants' accumulated eligibility under the Fund's extended eligibility rules.
Retiree Projections	Projection of retiree costs takes into account only the dollar value of providing benefits for retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled or terminated employees during a period other than that which is referred to in the projection.
Non-Grandfathered	The projections incorporate all known future plan changes needed to comply with ACA as a Non-Grandfathered plan, as of the date of this report.

Assumptions

12 Months Ending	Jun-24	Jun-25	Jun-26	Jun-27
Actives				
Average Number of Actives:	134	130	130	130
Average Contribution Weeks per Month				
Actives	4.3	4.3	4.3	4.3
Average Contribution Rate				
Actives (Per Week)	$305.33	$354.40	$356.69	$357.51
Trend Factors - By Year to Fiscal Year:	Jun-24	Jun-25	Jun-26	Jun-27
Hospital and Medical Claims	7.0%	7.0%	7.0%	7.0%
Stop Loss Premium	12.0%	12.0%	12.0%	12.0%
Prescription Drug Claims	10.0%	10.0%	10.0%	10.0%
Dental Claims	4.0%	4.0%	4.0%	4.0%
Optical Claims	4.0%	4.0%	4.0%	4.0%
Life, AD&D, STD, NY PFL	0.0%	0.0%	0.0%	0.0%
Joint Council #16 Fees	3.0%	3.0%	3.0%	3.0%
Health Claims Admin Fees	3.0%	3.0%	3.0%	3.0%
Associated Admin Claim Processing Fees	3.5%	3.5%	3.5%	3.5%
ACA Federal Fees	3.0%	3.0%	3.0%	3.0%
Operating Costs	3.0%	3.0%	3.0%	3.0%
Investment Yield	8.0%	3.7%	3.7%	3.7%

Aggregate

The ACA fees for the historical periods are included in the Operating Costs as prepared by the auditor in the audit repot while the projections separate the fees from the Operating Costs.

	Historical Results				Projections		
12 Months Ending	**Jun-21**	**Jun-22**	**Jun-23**	**Jun-24**	**Jun-25**	**Jun-26**	**Jun-27**
Income							
Employer Contributions	$1,913,546	$1,876,568	$1,982,153	$2,125,900	$2,393,900	$2,409,400	$2,414,900
COBRA Contributions	23,959	14,657	3,601	0	0	0	0
Investment Income	118,870	124,044	245,227	501,000	219,600	202,500	177,100
Total Income	**$2,056,375**	**$2,015,269**	**$2,230,981**	**$2,626,900**	**$2,613,500**	**$2,611,900**	**$2,592,000**
Expenses							
Hospital and Medical Claims	$1,693,969	$1,627,207	$1,426,188	$2,165,100	$1,920,900	$2,054,800	$2,198,100
Stop Loss Premium	113,507	159,372	245,297	235,400	255,700	286,300	320,700
Prescription Drug Claims	361,472	249,208	222,303	375,800	373,700	407,000	443,500
Dental Claims	29,688	34,042	41,348	48,900	47,400	49,300	51,200
Optical Claims	4,468	3,761	3,689	3,500	4,600	4,900	5,000
Life, AD&D, STD, NY PFL	41,860	64,115	68,181	60,200	56,700	56,700	56,700
Joint Council #16 Fees	2,579	2,975	3,495	3,400	3,400	3,500	3,600
Health Claims Admin Fees	86,568	83,202	98,755	65,900	69,000	71,100	73,200
Associated Admin Claim Processing Fees	76,299	78,684	81,441	84,300	87,200	90,300	93,400
ACA Federal Fees	0	0	0	900	1,000	1,000	1,100
Operating Costs	165,787	127,672	149,688	154,200	158,800	163,600	168,500
Total Expenses	**$2,576,197**	**$2,430,238**	**$2,340,385**	**$3,197,600**	**$2,978,400**	**$3,188,500**	**$3,415,000**
Operating Deficit	**($519,822)**	**($414,969)**	**($109,404)**	**($570,700)**	**($364,900)**	**($576,600)**	**($823,000)**
Gains (Losses) on Investments	616,549	(803,958)	8,366				
Total Addition (Reduction) to Fund Assets	**$96,727**	**($1,218,927)**	**($101,038)**	**($570,700)**	**($364,900)**	**($576,600)**	**($823,000)**
Beginning Fund Assets	**$7,981,267**	**$8,077,994**	**$6,859,067**	**$6,758,029**	**$6,187,329**	**$5,822,429**	**$5,245,829**
Ending Fund Assets	**$8,077,994**	**$6,859,067**	**$6,758,029**	**$6,187,329**	**$5,822,429**	**$5,245,829**	**$4,422,829**
Continuation Value (Months)	**39.9**	**35.2**	**25.4**	**24.9**	**21.9**	**18.4**	**14.5**
Average Number of Actives	**121**	**128**	**126**	**134**	**130**	**130**	**130**
Contribution Rates							
Breakeven Contribution Rate	**$387.04**	**$344.55**	**$319.47**	**$387.30**	**$408.42**	**$442.06**	**$479.35**
Average Contribution Rate	**$304.36**	**$282.15**	**$302.76**	**$305.33**	**$354.40**	**$356.69**	**$357.51**

Per Active Per Month

This exhibit reflects total income and expenses for all participants (active, COBRA members and retirees) divided by only the number of active employees (*i.e.*, COBRA members and retirees are not included in the average number of actives shown on this page).

	Historical Results				Projections		
12 Months Ending	**Jun-21**	**Jun-22**	**Jun-23**	**Jun-24**	**Jun-25**	**Jun-26**	**Jun-27**
Income							
Employer Contributions	$ 1,317.87	$1,221.72	$1,310.95	$1,322.08	$1,534.55	$1,544.49	$1,548.01
COBRA Contributions	16.50	9.54	2.38	0.00	0.00	0.00	0.00
Investment Income	81.87	80.76	162.19	311.57	140.77	129.81	113.53
Total Income	**$1,416.24**	**$1,312.02**	**$1,475.52**	**$1,633.65**	**$1,675.32**	**$1,674.30**	**$1,661.54**
Expenses							
Hospital and Medical Claims	$1,166.65	$1,059.38	$943.25	$1,346.46	$1,231.35	$1,317.18	$1,409.04
Stop Loss Premium	78.17	103.76	162.23	146.39	163.91	183.53	205.58
Prescription Drug Claims	248.95	162.24	147.03	233.71	239.55	260.90	284.29
Dental Claims	20.45	22.16	27.35	30.41	30.38	31.60	32.82
Optical Claims	3.08	2.45	2.44	2.18	2.95	3.14	3.21
Life, AD&D, STD, NY PFL	28.83	41.74	45.09	37.44	36.35	36.35	36.35
Joint Council #16 Fees	1.78	1.94	2.31	2.11	2.18	2.24	2.31
Health Claims Admin Fees	59.62	54.17	65.31	40.98	44.23	45.58	46.92
Associated Admin Claim Processing Fees	52.55	51.23	53.86	52.43	55.90	57.88	59.87
ACA Federal Fees	0.00	0.00	0.00	0.56	0.64	0.64	0.71
Operating Costs	114.18	83.12	99.00	95.90	101.79	104.87	108.01
Total Expenses	**$1,774.26**	**$1,582.19**	**$1,547.87**	**$1,988.57**	**$1,909.23**	**$2,043.91**	**$2,189.11**
Operating Deficit	**($358.02)**	**($270.17)**	**($72.35)**	**($354.92)**	**($233.91)**	**($369.61)**	**($527.57)**
Gains (Losses) on Investments	424.62	(523.41)	5.53				
Total Addition (Reduction) to Fund Assets	**$66.60**	**($793.58)**	**($66.82)**	**($354.92)**	**($233.91)**	**($369.61)**	**($527.57)**
Continuation Value (Months)	**39.9**	**35.2**	**25.4**	**24.9**	**21.9**	**18.4**	**14.5**
Average Number of Actives	**121**	**128**	**126**	**134**	**130**	**130**	**130**
Contribution Rates							
Breakeven Contribution Rate	**$387.04**	**$344.55**	**$319.47**	**$387.30**	**$408.42**	**$442.06**	**$479.35**
Average Contribution Rate	**$304.36**	**$282.15**	**$302.76**	**$305.33**	**$354.40**	**$356.69**	**$357.51**

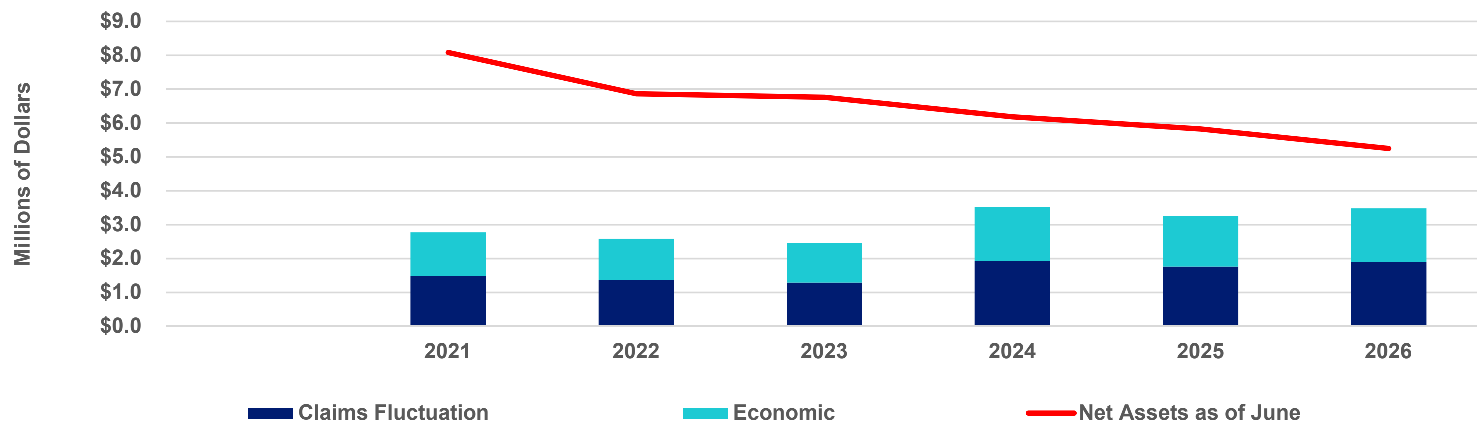
Fund Reserves and Asset Position (in Dollars)

Definitions of each reserve can be found on page 9.

	Historical Results			Projections			
12 Months Ending	**Jun-21**	**Jun-22**	**Jun-23**	**Jun-24**	**Jun-25**	**Jun-26**	**Jun-27**
Auditor's Statement of Fund Assets	$8,397,294	$7,169,052	$7,036,386				
Less Incurred But Not Reported Claims	319,300	309,985	278,357	0	0	0	0
Net Fund Assets as of Period End (Per Segal)	**$8,077,994**	**$6,859,067**	**$6,758,029**	**$6,187,329**	**$5,822,429**	**$5,245,829**	**$4,422,829**
Next Year's Annual Expenses	$2,430,238	$2,340,385	$3,197,600	$2,978,400	$3,188,500	$3,415,000	$3,659,700
Continuation Value (Months)	39.9	35.2	25.4	24.9	21.9	18.4	14.5
Targeted Reserves to Consider							
Claims Fluctuation	$1,489,900	$1,370,600	$1,293,900	$1,921,600	$1,764,600	$1,892,000	$2,028,700
Economic	1,288,100	1,215,100	1,170,200	1,598,800	1,489,200	1,594,300	1,707,500
Total Targeted Reserves	**$2,778,000**	**$2,585,700**	**$2,464,100**	**$3,520,400**	**$3,253,800**	**$3,486,300**	**$3,736,200**

The claims fluctuation reserve is based on a 95% confidence that claims will not exceed the amount illustrated in this report.

Net Assets vs. Targeted Reserves



Definition Of Key Terms

Accumulated Eligibility Credits Reserve	Amount needed to cover eligibility earned by active members but not yet provided as of the end of the period, commonly due to the lag between hours worked and eligibility for benefits.
Breakeven Contribution Rate	The income needed to cover benefit expenses, net of participant contributions and investment income. It does not include the amount needed to maintain or achieve targeted reserves.
Claims Fluctuation Reserve	Amount set aside to cover the possibility of actual benefit payments exceeding projected claims, commonly due to variations in large claims, claims trend patterns, legislative changes, and other factors. The claims fluctuation reserve is based on a 95% confidence that claims will not exceed the amount illustrated in this report.
Continuation Value	Fund Assets divided by the following year Benefit Expenses times 12 months. A measure of Reserve Strength.
Economic Reserve	Amount set aside to preserve financial solvency during a prolonged, adverse economic situation.
Incurred But Not Reported Claims	Reserve needed to cover claims that are known but not yet paid (pending), as well as unknown claims that have been incurred but not yet submitted (unrevealed), as of the end of the period.
Investment Income	Amount of interest from fixed income securities and dividends from equities. This does not include other realized or unrealized gains or losses on investments.
A Realized Gain or Loss	The difference between the proceeds from the sale of an asset and the cost of acquiring the asset. An unrealized gain or loss is the difference between the market value of an asset that is still being held and the cost of acquiring the asset.
Margin	A recommended amount added to the breakeven contribution rate to cover future fluctuations in expenses.
Operating Surplus / (Deficit)	Income less expenses, not including impact of unpredictable items such as realized or unrealized gains or losses on investments.
Fund Assets	Net assets available for benefits, less Incurred But Not Reported Claims reserves.
Targeted Reserves	Minimum desired level of Fund Assets, generally including Accumulated Eligibility Credit Reserves, Claims Fluctuation Reserves, Economic Reserves, and other reserves as determined by Trustee policy.
Trend Factors	Expected future increases in benefit and other expenses, expressed as a percentage of the prior year's expense. For insurance premiums and vendor fees, trend is the projected or estimated increases in rates or fees.
	For self-insured benefit expenses, trend is the projected change in per capita claims costs and is influenced by price inflation, utilization changes, the leveraging impact of fixed deductibles and copayments, legislative changes and advances in health care technology.