Carpenters Local No. 491
Health & Welfare Fund

Board of Trustees Meeting

September 20, 2023

CARPENTERS LOCAL NO. 491
HEALTH AND WELFARE FUND
AGENDA
SEPTEMBER 20, 2023

A. ROLL CALL

B. MINUTES OF THE JUNE 15, 2023 BOARD MEETING

C. ADMINISTRATIVE REPORTS

1. Statement of Changes In Fund Balance (Apr - Jun, 2023)
2. Statement of Fund Balance (June 30, 2023)
3. Contribution / Claim Schedules (Jan - Jun, 2023)
4. Claim Payment Schedule (Jan - Jun, 2023)
5. Highest Cost Medical Claims (Apr - Jun, 2023)
6. Bills to be Approved and Paid (September 20, 2023)
7. Cash Management Statement

D. UNFINISHED BUSINESS

1. Delinquent Employer Listing
2. Payroll Audits

E. NEW BUSINESS

1. Bolton Partners Financial Update
2. Bolton Investment Report
3. ABoC and Custodial Manager Search
4. PCORI Fees
5. Mental Health Parity and Addiction Equity Act Guidance
6. Express Scripts Rebates
7. Pharmacy Benefit Audit Report
8. Express Scripts Rebate Reconciliation Methodology
9. Tele-health Carrier Change
10. Record Retention Policy
11. Insurance Policies - DOL
12. Questions
13. Date of Next Meeting - December 20, 2023

F. VACATION BENEFIT REPORT

CARPENTERS LOCAL NO. 491
HEALTH AND WELFARE PLAN
REGULAR MEETING OF THE BOARD OF TRUSTEES

June 15, 2023

MINUTES

A regular meeting of the Trustees of the Carpenters Local No. 491 Health and Welfare Plan was held at 10:48 p.m. on June 15, 2023, at the office of the Administrative Manager, Associated Administrators, LLC, 911 Ridgebrook Road, Sparks, Maryland 21152. Present were the following Trustees:

UNION TRUSTEES	EMPLOYER TRUSTEES
Sandy Forstner	Stephen deLeon was absent
Bill Sproule	Mike Joyce
Robert Tarby	Todd Weitzman by phone

Also present were Brad Parsons, Esq., Counsel for the Union; David J. Jensen, Dawn Welch, and Kathy Phillips, Administrative Manager; Ryan Devlin and Ken Olejniczak, of Bolton Partners, Inc.; Ira Marc Miller, CPA; Alton Fryer, of Bolton Partners Investment Consulting Group, Inc.; Pete Tonia; and Steven I. Batoff, Attorney.

The following matters were discussed with the indicated action taken:

1. The minutes of the meeting of March 15, 2023, were approved as read after a motion was made by Mr. Weitzman and seconded by Ms. Forstner.

2. The Administrative Manager reviewed with the Trustees the Administrative Manager's report for the three months ending March 31, 2023. The Fund balance as of March 31, 2023, was $6,786,909.39. The Administrative Manager reviewed with the Trustees the Fund balance report at market value as of March 31, 2023.

The Administrative Manager then reviewed the claims payments for the March 2023 quarter and compared them to the June 2022, September 2022, and December 2022 quarters. The Administrative Manager reported that there was one life insurance claim for the quarter ending March 31, 2023. The Administrative Manager reviewed the highest claim payments for the quarter. Upon motion duly made by Mr. Tarby and seconded by Ms. Forstner, the Administrative Manager's report was unanimously approved by the Trustees.

3. The Administrative Manager then reviewed with the Trustees the bills to be paid, as listed in an attachment to these minutes. The Trustees, upon motion duly made by Mr. Tarby and seconded by Mr. Joyce, unanimously approved payment of the aforementioned checks.

4. The following Delinquent Contractor Listing was reviewed by the Trustees and the Administrative Manager:

   NONE

5. The Administrative Manager reviewed with the Trustees the cash management statement.

6. Mr. Olejniczak, of Bolton Partners, Inc., then reviewed with the Trustees the summary of the 2022 plan year results. He then reviewed key findings and observations and a three-year projection. Mr. Olejniczak reviewed a summary statement of income and expenses and historical fund assets. He then reviewed the reserve development that showed net assets in months of expense of 18.53 and total assets in months of expense of 30.13. Mr. Olejniczak then reviewed key cost trends - from 2020 to 2022. Finally, he reviewed the three-year projection.

7. Alton Fryer, of Bolton Partners Investment Consulting Group, Inc., then reviewed the quarterly review of the Fund as of March 31, 2023. Mr. Fryer then provided a review of the economy and capital markets. He then reviewed asset allocation; asset reconciliation; long term asset growth; portfolio targets; historical performance; calendar year performance; and 3-year risk/reward summary, 5-year risk/reward summary, and 10-year risk/reward summary. He then reviewed calendar year-to-date returns for various investments and their respective benchmark.

Mr. Fryer stated that there were no recommended changes to investment managers and reviewed plan notes and the watch list. Western Asset Core Plus remains on the watchlist.

Mr. Fryer also discussed with the Trustees asset allocation for the Plan. He first reviewed the asset allocation process. He then discussed the asset allocation objectives and modeled portfolios. He then reviewed portfolio statistics and observations.

Mr. Fryer is on hold as to private real estate.

Mr. Fryer then discussed with the Trustees the "trading issue" with Amalgamated Bank. Mr. Fryer noted that Amalgamated Bank agreed to a partial error but not to reimburse the Fund for the full amount of the error. The Trustees requested that Mr. Batoff prepare a "demand letter" to Amalgamated Bank.

Mr. Fryer discussed the possibility of a request for proposal for a new custodian. The Trustees requested that Mr. Fryer inform the Trustees of the cost of an RFP.

Mr. Fryer further stated that the asset allocation for the Plan was to have 3% in cash. He recommended having the asset allocation go to 0.5% in cash.

Upon motion duly made by Mr. Weitzman and seconded by Mr. Joyce, the Trustees unanimously approved Mr. Fryer's report.

8. Dawn Welch reported that the PCORI fees increased to $3.

9. Dawn Welch then gave a verbal report to the Trustees as to demographics of claims. Ms. Welch also provided a written report as to demographics of claims.

10. Mr. Miller informed the Trustees that he did payroll audits of the school and Display Craft.

11. Dawn Welch then updated the Trustees as to the Save on SP, which will go into effect on September 1, 2023. Ms. Welch reviewed the Save on SP information as set forth in the meeting booklet.

12. Dawn Welch then reviewed the Express Scripts rebates.

13. Dawn Welch reported on RxDC reporting.

14. Mr. Batoff reported to the Trustees, Administrative Manager, and Ira Miller that the government has made substantial revisions to Form 5500.

15. Mr. Batoff reviewed with the Administrative Manager and the Trustees the twentieth amendment to the Plan, which was executed by the Trustees. Mr. Batoff also reviewed with the Administrative Manager and the Trustees the summary of material modifications, which was distributed to participants and eligible beneficiaries.

16. Pete Tonia then updated the Trustees as to Level Care. He noted a doubling in size and reduction of fees with regard to Level Care participants. Mr. Tonia also noted that Level Care is looking for additional vendors.

17. The Administrative Manager distributed the gift policy disclosure form for the Trustees to sign. Mr. Batoff reviewed the gift policy disclosure form.

18. The Administrative Manager distributed the conflict-of-interest policy form for the Trustees to sign. Mr. Batoff reviewed the conflict-of-interest policy form.

19. Mr. Sproule then updated the Trustees regarding the UBC Benefit Funds Conference to be held on August 7-9, 2023.

20. The Administrative Manager reviewed with the Trustees its web portal.

21. The Trustees then reviewed with the Administrative Manager the cash balance report for the vacation benefit for the three months ending March 31, 2023. The cash balance as of March 31, 2023, was $341,261.66.

There being no further business, the meeting was thereupon adjourned at 11:54 p.m. with the next regular meeting scheduled for September 20, 2023, at 9:00 a.m.

Respectfully submitted,

Steven I. Batoff

Steven I. Batoff
Secretary of the Meeting

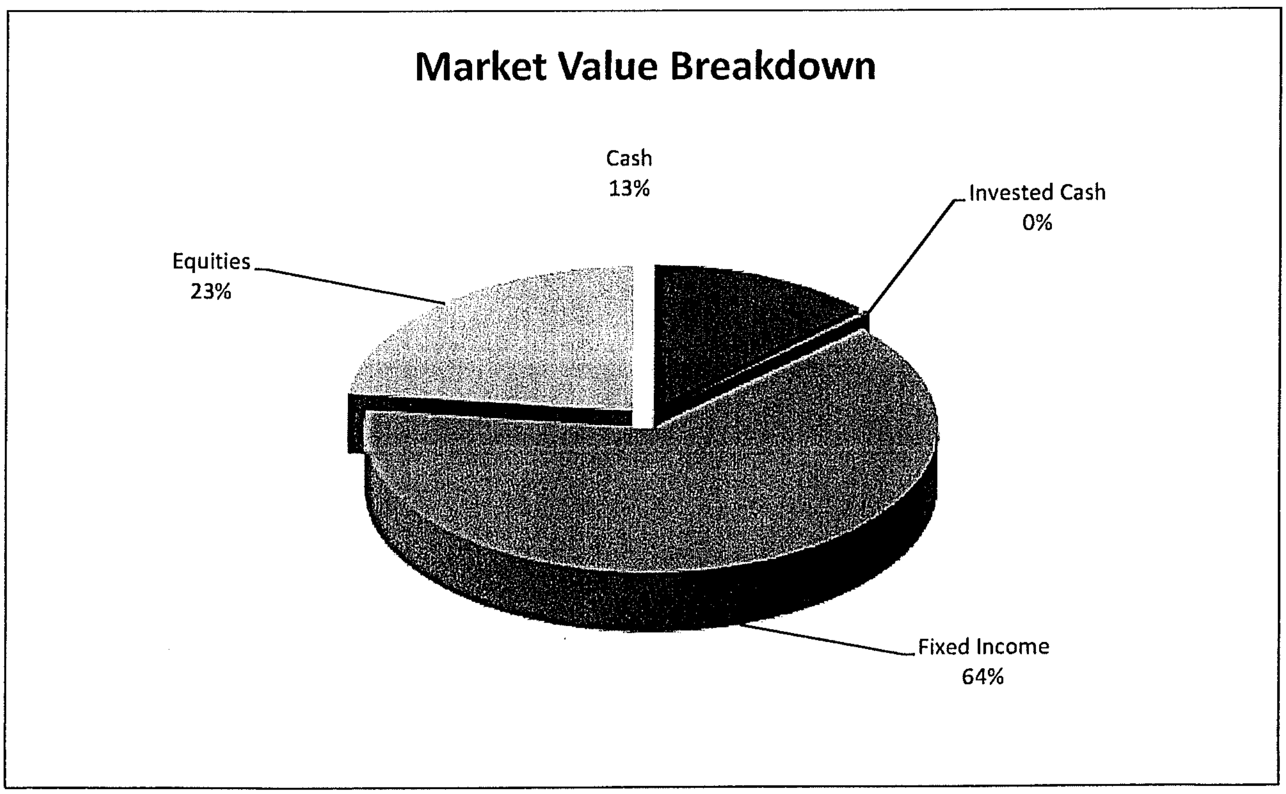
CARPENTERS LOCAL NO. 491 HEALTH AND WELFARE FUND
STATEMENT OF CHANGES IN FUND BALANCE - CASH BASIS
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Current Quarter	Year To Date
Additions		
Employer/Employee Contributions	$ 1,243,456.31	$ 1,979,925.77
Dividends	39,919.20	77,184.78
Interest	2,131.63	12,714.11
Rebates / ARPA REFUND	-	-
Gain (Loss) on Sale of Investments	-	61.74
Securities Litigation Proceeds/Unclaimed Prop.	591.36	591.36
Total Additions	1,286,098.50	2,070,477.76
Deductions		
Medical Deductions	35,899.32	188,815.41
P.P.O. Fees	-	-
Dental Premium	3,447.20	6,607.18
Claims - IHA	641,058.84	1,101,838.87
Cobra Reimbursement	-	-
PCORI Fee	-	-
ESI-FWA Fee	-	-
Actuarial Fees	5,000.00	19,000.00
Administration - AA LLC	33,475.00	66,950.00
Administration - IHA	21,436.95	59,237.35
HIPPA Compliance Fees	-	-
Computer Expenses	-	-
Conference Expenses	-	-
Reciprocals Paid	27,033.71	52,295.65
Audit Fees	-	-
Investment Manager Fees	740.00	1,240.00
Investment Performance Fees	720.00	1,420.00
Meeting Expense	201.02	402.20
Medical Consultant Fees	-	-
Dues	-	-
Employer Audits	-	-
Fidelity Bond	-	-
Cyber Liability Insurance	-	-
Fiduciary Liability Insurance	-	6,726.55
Independent Fiduciary Fee	55.38	119.41
Stop Loss Insurance	69,969.01	151,697.22
Stop Loss Reimbursement	-	-
Pharmacy Consulting	589.33	589.33
Office Expenses	-	12.26
Postage	761.96	2,064.07
Legal Fees	9,053.55	11,524.95
Printing	110.74	725.83
Hospital Reviews	-	-
Hospital Audits	-	-
Trustee Fees	-	-
Consulting Fees	-	-
Bank Service Charges	1,838.22	4,146.70
Transitional Reinsurance Fee	-	-
Settlement	-	-
Total Deductions	851,390.23	1,675,412.98
Net Increase (Decrease)	$ 434,708.27	$ 395,064.78
Fund Balance - December 31, 2022		6,826,552.88
Fund Balance - June 30, 2023		$ 7,221,617.66

UNAUDITED FINANCIAL REPORT

CARPENTERS LOCAL NO. 491 HEALTH AND WELFARE FUND
STATEMENT OF FUND BALANCE
AS OF JUNE 30, 2023

	Cost Basis	Market Basis
PNC Bank		
Cash - Operating	$ 888,389.22	$ 888,389.22
Cash - Benefit	253.08	$ 253.08
	888,642.30	888,642.30
Amalgamated Bank of Chicago		
Cash & Cash Equivalents	-	-
Money Market	28,430.63	28,430.63
Fixed Income	5,002,924.77	4,482,457.06
Equities	1,294,699.16	1,609,689.09
	6,326,054.56	6,120,576.78
Other Assets & Payables (Net)	6.52	6.52
Independent Health Deposit	61,000.00	61,000.00
Claims Stale Dated	(54,085.72)	(54,085.72)
	$ 7,221,617.66	$ 7,016,139.88
Market Value of Fund Balance as of December 31, 2022		6,404,364.91
Change in Market Value of Fund as of June 30, 2023		$ 611,774.97
Increase in Cash		395,064.78
Unrealized Gain on Investments		216,710.19
		$ 611,774.97



CARPENTERS LOCAL NO. 491 HEALTH AND WELFARE FUND
CONTRIBUTIONS / CLAIMS SCHEDULES
FOR THE SIX MONTHS ENDED JUNE 30, 2023

Employer Contributions

Hourly rates and their effective dates

Date	Shops	Exhibitors
03/01/07	2.40	3.55
07/17/07	2.50	3.55
01/17/08	2.60	3.55
03/01/08	2.60	3.80
07/17/08	2.70	3.80
01/17/09	2.80	3.80
03/01/09	2.80	4.15
03/01/10	2.80	4.45
03/01/11	2.80	4.60
07/17/11	3.00	4.60
03/01/12	3.00	5.00
03/01/13	3.00	5.25
03/01/14	3.15	5.60
07/01/14	3.40	5.60
03/01/15	3.40	5.85
07/20/15	3.50	5.85
03/01/14	3.50	6.10
05/01/21	3.50	6.35
05/01/23	3.50	6.45

Employer / Employee

Prior Years Analysis

Year	Receipts	Claims	Difference
2013	$ 4,049,717.46	$ 3,202,012.09	$ 847,705.37
2014	4,262,555.33	3,252,072.12	1,010,483.21
2015	4,501,646.07	2,728,405.47	1,773,240.60
2016	4,881,298.31	2,918,759.70	1,962,538.61
2017	5,049,927.78	2,915,661.88	2,134,265.90
2018	4,793,825.81	3,650,944.24	1,142,881.57
2019	4,818,837.41	4,379,457.69	439,379.72
2020	1,468,255.49	3,799,144.27	(2,330,888.78)
2021	1,415,440.80	3,022,642.31	(1,607,201.51)
2022	3,777,970.93	2,655,341.73	1,122,629.20
2023	1,979,925.77	1,290,654.28	689,271.49

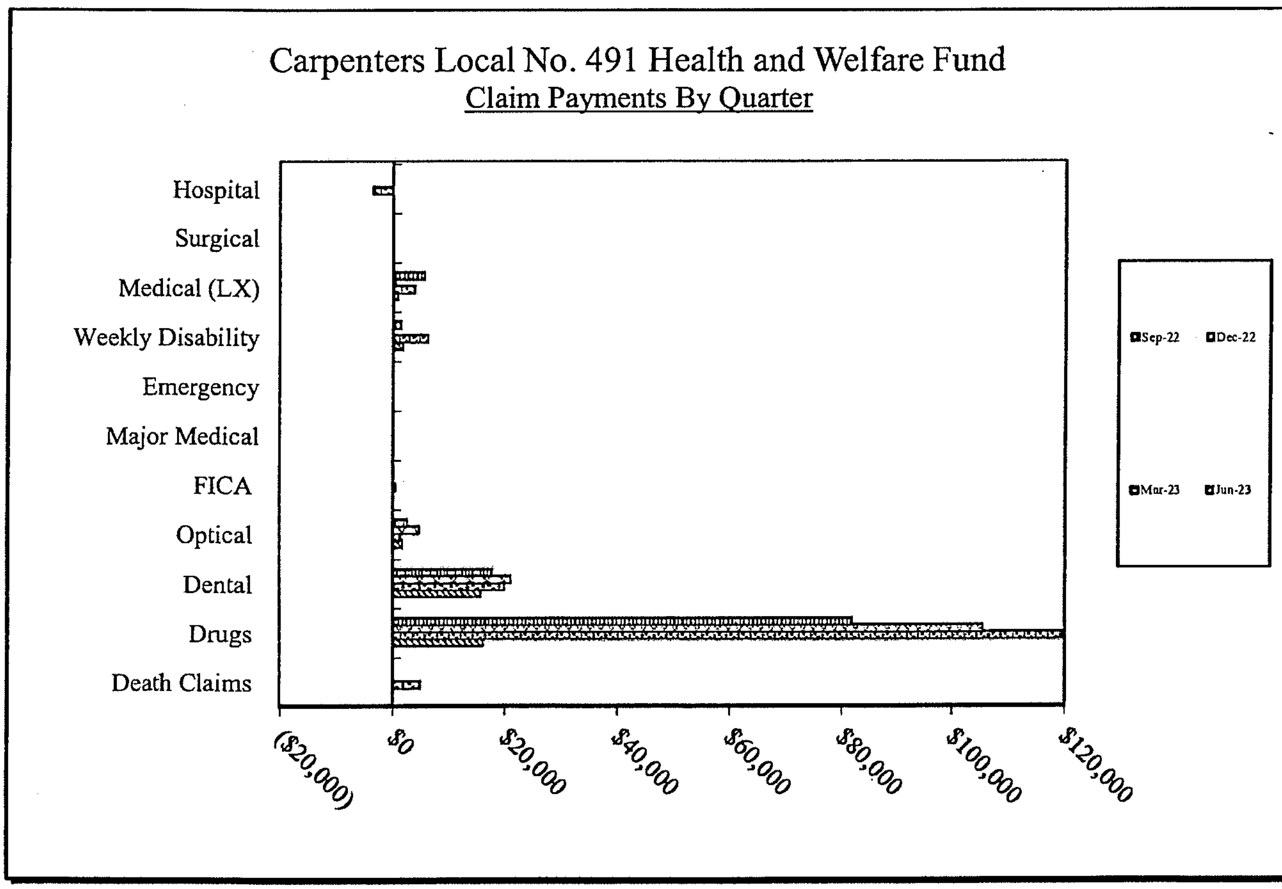
Current Year Analysis

Month	Receipts	Claims	Difference
January	$ 249,205.41	$ 244,106.75	$ 5,098.66
February	$ 259,571.78	$ 149,841.80	109,729.98
March	$ 227,692.27	$ 219,747.57	7,944.70
April	$ 445,818.60	$ 300,154.42	145,664.18
May	$ 352,363.12	$ 170,586.58	181,776.54
June	$ 445,274.59	$ 206,217.16	239,057.43
July			-
August			-
September			-
October			-
November			-
December			-
	$ 1,979,925.77	$ 1,290,654.28	$ 689,271.49
Average Per Month	$ 329,987.63	$ 215,109.05	$ 57,439.29

UNAUDITED FINANCIAL REPORT

CARPENTERS LOCAL NO. 491 HEALTH AND WELFARE FUND
CLAIM PAYMENT SCHEDULE
FOR THE SIX MONTHS ENDED JUNE 30, 2023

Claim Payments	Sep-22 Quarter	Dec-22 Quarter	Mar-23 Quarter	Jun-23 Quarter
Hospital	$ -	$ -	$ (3,566.30)	$ -
Surgical	-	-	-	-
Medical (LX)	5,485.96	393.20	3,868.44	812.62
Weekly Disability	1,457.20	-	6,171.44	1,671.44
Emergency	-	-	-	-
Major Medical	-	-	-	-
FICA	111.48	-	472.11	127.87
	7,054.64	393.20	6,945.69	2,611.93
Optical	2,643.79	4,717.64	1,475.90	1,677.56
Dental	17,811.81	20,995.20	19,853.75	15,548.18
Drugs	81,700.60	105,331.80	119,640.75	16,061.65
	102,156.20	131,044.64	140,970.40	33,287.39
Death Claims	-	-	5,000.00	-
	$ 109,210.84	$ 131,437.84	$ 152,916.09	$ 35,899.32
IHA Claims	980,014.23	447,359.39	460,780.03	641,058.84
	$ 1,089,225.07	$ 578,797.23	$ 613,696.12	$ 676,958.16



UNAUDITED FINANCIAL REPORT

Carpenters Local No. 491 Health and Welfare Plan
High Cost Claims

Reporting Date	April 1, 2023 to June 30, 2023	
Threshold	$25,000	
Shock Claimants	2	
Med. + Rx Paid, Shock C	$278,076.21	42.63%
Med. + Rx Paid, Others	$374,207.59	57.37%

Relationship to Employe	Medical Paid	Pharmacy Paid	Med. + Rx Paid	Highest Paid Medical Diagnosis	Dx Paid Amount
Employee	$198,326.55	$2,743.90	$201,070.45	C7A.8 - Other Malignant Neuroendocrine Tumors	$90,312.01
				C7B.8 - Other Secondary Neuroendocrine Tumors	$71,307.87
				N17.9 - Acute Kidney Failure, Unspecified	$21,270.87
Employee	$76,948.48	$57.28	$77,005.76	O13.4 - Gestatnl htn without significant protein, comp childbirth	$36,234.70
				N13.5 - Crossing Vessel And Stricture Of Ureter W/o Hydronephrosis	$21,278.00
				N13.6 - Pyonephrosis	$9,912.50

CARPENTERS LOCAL NO. 491 HEALTH AND WELFARE FUND
BILLS TO BE APPROVED AND PAID
OPERATING ACCOUNT
September 20, 2023

Payee/Purpose	Period	Check #	Amount
1. Batoff Associates, P.A. Legal Fees	5/23	1184	6,035.00
2. Bolton Partners, Inc. Investment Performance Fees	4/23 - 6/23	1185	720.00
3. Bolton Partners, Inc. Actuarial & Consulting - Quarterly Retainer	4/23 - 6/23	1186	5,000.00
4. CIGNA Dental, Inc. Dental Premium	6/23	1187	1,147.00
5. Union Labor Life Insurance Company Stop Loss Premium	6/23	1188	23,391.55
6. The Wagner Law Group Fiduciary Fee	4/23	1189	1.42
7. Washington Area Carpenters' Fund Reciprocal Hours	4/23	1190	10,175.93
8. Schmitz & Sons, Inc. Postage - QSR's	6/23	1191	600.00
9. Associated Administrators, LLC Administration Fee	7/23 - 9/23	1192	33,475.00
10. Associated Administrators, LLC Postage - $314.40 - Printing - $351.69 SMM COVID	6/23	1193	666.09
11. Associated Administrators, LLC Meeting Expense	6/23	1194	193.76
12. Batoff Associates, P.A. Legal Fees	6/23	1195	1,350.35
13. Level Care Consortium Administration	4/23 - 6/23	1196	1,297.50
14. The Wagner Law Group Fiduciary Fee	5/23	1197	18.20
15. Carpenters' Philadelphia Welfare Fund Reciprocal Hours	5/23	1198	949.78
16. Washington Area Carpenters' Fund Reciprocal Hours	5/23	1199	12,128.29
17. United States Treasury			

CARPENTERS LOCAL NO. 491 HEALTH AND WELFARE FUND
BILLS TO BE APPROVED AND PAID
OPERATING ACCOUNT
September 20, 2023

Payee/Purpose	Period	Check #	Amount
PCORI Fee	2023	1200	2,601.00
18. CIGNA Dental, Inc. Dental Premium	7/23	1201	1,029.20
19. Union Labor Life Insurance Company Stop Loss Premium	7/23	1202	21,952.07
20. Void		1203	-
21. Batoff Associates, P.A. Legal Fees	7/23	1204	958.50
22. CIGNA Dental, Inc. Dental Premium	8/23	1205	1,119.10
23. Union Labor Life Insurance Company Stop Loss Premium	8/23	1206	21,797.84
24. The Wagner Law Group Fiduciary Fee	6/23	1207	22.38
25. Washington Area Carpenters' Fund Reciprocal Hours	6/23	1208	9,167.93
26. Washington Area Carpenters' Fund Reciprocal Hours	6/23	1209	177.45
			$ 155,975.34

Carpenters Local 491 Benefit Funds
Cash Management

			Medical
Yearly Deductions		$	3,686,807
Loans per Year			
Total Yearly Deductions			
10% of Expenses		$	368,681
Current Cash Balance	As of 7/31/23	$	1,043,159
5% Floor		$	184,340
Replenish			Not now
15% Ceiling		$	553,021
Send to Amalgamated		**$**	**(490,138)**
Transfer Made:	Sep-12-23	$	490,000

CARPENTERS DELINQUENCY LIST
AS OF
SEPTEMBER 12, 2023

1) If Local has "X" in a block, please indicate "Worked" or "No Men"
2) Please fax updates to Ramona at 410-683-7794

	See Instructions Above			
EMP #	Balt.	Wash.	COMPANY NAME	WORK MONTHS DELINQ.

00086 5352796 01/01

J58940001601

Express Scripts Inc
St. Louis MO 63121

EXPRESS SCRIPTS

CARPENTERS LOCAL 491 H&W FUND
ATTN: DAWN WELCH
911 RIDGEBROOK ROAD
SPARKS MD 21152

Check Explanation:

Invoice #:	Date:	Description:	Amount:
RDGA R00007004483	06/30/2023	REBATE 03-01-2023-03-31-2023	4210.00

CL:

Express Scripts Inc
St. Louis MO 63121

EXPRESS SCRIPTS

Fifth Third Bank
Cincinnati, OH

73-27
421

1011011

DATE 30 Jun 2023

PAY
Four thousand two hundred ten and 00/100 Dollars

AMOUNT
****$4,210.00

TO THE
ORDER OF
CARPENTERS LOCAL 491 H&W FUND
ATTN: DAWN WELCH
911 RIDGEBROOK ROAD
SPARKS MD 21152

VOID AFTER 180 DAYS

Benjamin F Chestnut

THE ORIGINAL DOCUMENT HAS A REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW

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J76590004401

Express Scripts Inc
St. Louis MO 63121

EXPRESS SCRIPTS

CARPENTERS LOCAL 491 H&W FUND
ATTN: DAWN WELCH
911 RIDGEBROOK ROAD
SPARKS MD 21152

Check Explanation:

Invoice #:	Date:	Description:	Amount:
RD6A R00007004483	07/31/2023	REBATE 04-01-2023-04-30-2023	8477.50

CL

Express Scripts Inc
St. Louis MO 63121

EXPRESS SCRIPTS

Fifth Third Bank
Cincinnati, OH

73-27
421

1011141

DATE 31 Jul 2023

PAY
Eight thousand four hundred seventy seven and 50/100 Dollars

AMOUNT
****$8,477.50

TO THE ORDER OF
CARPENTERS LOCAL 491 H&W FUND
ATTN: DAWN WELCH
911 RIDGEBROOK ROAD
SPARKS MD 21152

VOID AFTER 180 DAYS

Benjamin F. Chestnut

THE ORIGINAL DOCUMENT HAS A REFLECTIVE WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW

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Express Scripts Inc
St. Louis MO 63121

EXPRESS SCRIPTS

CARPENTERS LOCAL 491 H&W FUND
ATTN: DAWN WELCH
911 RIDGEBROOK ROAD
SPARKS MD 21152

Check Explanation:

Invoice #:	Date:	Description:	Amount:
RD6A R00007004483	08/31/2023	REBATE 05-01-2023-05-31-2023	7557.50

CL3

Express Scripts Inc
St. Louis MO 63121

EXPRESS SCRIPTS

Fifth Third Bank
Cincinnati, OH

73-27
421

1011866

DATE 31 Aug 2023

PAY
Seven thousand five hundred fifty seven and 50/100 Dollars

AMOUNT
****$7,557.50

TO THE
ORDER OF
CARPENTERS LOCAL 491 H&W FUND
ATTN: DAWN WELCH
911 RIDGEBROOK ROAD
SPARKS MD 21152

VOID AFTER 180 DAYS

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ON THE BACK. HOLD AT AN ANGLE TO VIEW

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United Brotherhood of Carpenters and Joiners of America LevelCare Program– Carpenters' Local No. 491 Health & Welfare Plan

Pharmacy Benefit Audit - Final Report
Audit Period: January 1 through December 31, 2019

July 2023 / Cristina De Leon, Senior Vice President, Benefit Audit Solutions

Segal

Segal

Cristina De Leon
Senior Vice President
T 312.825.3850
cdeleon@segalco.com

101 North Wacker Drive, Suite 500
Chicago, IL 60606-1724
segalco.com

July 2023

The Board of Trustees
Carpenters' Local No. 491 Health & Welfare Plan
911 Ridgebrook Road
Sparks Glencoe, MD 21152-9451
VIA EMAIL

Re: Carpenters' Local No. 491 Health & Welfare Plan - Pharmacy Benefit Audit Final Report: January 1 through December 31, 2019

Dear Trustees:

On behalf of the Carpenters' Local No. 491 Health & Welfare Plan (the Fund), as a participating Fund of the United Brotherhood of Carpenters and Joiners of America (UBC) LevelCare Program, Segal completed an audit of the financial guarantee performance of the prescription drug program administered by the pharmacy benefit manager (PBM), Express Scripts, Inc. (ESI), for the audit period of January 1, 2019 through December 31, 2019. This review included assessments of the Financial Performance Guarantees: Average Wholesale Price (AWP) Discounts, Dispensing Fees, and Minimum Rebates. The PBM's financial performance is measured and reconciled on an individual Fund-basis.

This report presents the details and results of the review process. ESI was provided an opportunity to review Segal's audit findings and their responses have been incorporated in the analysis, as applicable. ESI received the UBC LevelCare summary Final Report as per the contract stipulations for a final response.

During the audit period, ESI experienced underperformances in the AWP Discount guarantees and a minor Dispensing Fees shortfall that were reconciled on an annual, true-up basis. Overall, Segal confirmed that ESI's reconciliation of the financial provisions met the requirements of the contract terms. Observations regarding contract provisions and recommendations are also incorporated herein.

Based on the audit findings, Segal recommends that the Fund accept ESI's results and close the audit.

We look forward to reviewing the report with you at your convenience.

Sincerely,

Cristina A. De Leon

Cristina A. De Leon
Senior Vice President, Benefit Audit Solutions

Introduction

Purpose and Background

On behalf of the Carpenters' Local No. 491 Health & Welfare Plan (the Fund), as a participating Fund of the United Brotherhood of Carpenters and Joiners of America (UBC) LevelCare Program, Segal is monitoring the financial terms of the Fund's pharmacy benefit manager (PBM) program administered by Express Scripts, Inc. (ESI). The review period consisted of the 12-month period of January 1, 2019 through December 31, 2019 (audit period).

The purpose of the review is to examine the financial performance of the Fund's pharmacy program by ESI. Segal reviewed the pricing Agreement between the Fund and ESI and measured the following pricing rate guarantees stipulated in the Agreement and Amendment:

- Average Wholesale Price (AWP) Discount Guarantees;
- Dispensing Fee Guarantees; and,
- Minimum Rebate Guarantees.

The AWP Discounts and Dispensing Fees as well as Rebates are measured and reconciled by the annual contract period.

Review Process

To conduct this review, Segal requested a file of all claims adjudicated by ESI during the audit period. Segal performed an initial review of these claims to determine any aberrant or unexplained pricing methodology. The findings of the initial review were shared with ESI, and ESI was provided the opportunity to comment or explain any issues that were uncovered.

Following ESI's feedback, Segal reviewed aberrant claims and either confirmed the initial findings or adjusted the findings to reflect the additional information ESI provided. This process is iterative in order to achieve to the most accurate and true representation of ESI's administration.

Source Documentation

In order to determine the correct pricing, Segal reviewed the following documents:

- **Master Agreement** between ESI and Level Care PBM I, LLC, Level Care PBM II, LLC, Level Care Pharmacy I, LLC, Level Care Pharmacy II, LLC, UBC Mission Venture, LLC, and Placid Investors, Inc. that was effective July 1, 2017 through December 31, 2020 (Agreement).

- **First Amendment between ESI** and Level Care PBM I, LLC, Level Care PBM II, LLC, Level Care Pharmacy I, LLC, Level Care Pharmacy II, LLC, UBC Mission Venture, LLC, and Placid Investors, Inc. that was effective July 1, 2018 (Amendment).

Executive Summary

Summary of Results

Segal evaluated the financial guarantees metrics of AWP Discounts, Dispensing Fees, and Minimum Rebates in order to review ESI's performance as the Fund's PBM. The following chart compares the aggregate financial review results of the pricing guarantee performance for the audit period:

AWP Discounts	Segal Calculated Underperformance	ESI Reported Underperformance	Result
	$40,292	$39,305	Segal agrees with ESI's Reconciliation
Dispensing Fees	Segal Calculated Underperformance	ESI Reported Underperformance	Result
	$85	$2	Segal agrees with ESI's Reconciliation
Minimum Rebates**	Segal Calculated Minimum Guarantee	ESI Reported Rebate Amount	Result
	$134,900	$218,107	Segal agrees with ESI's Reconciliation

Totals are rounded.

*** Minimum Rebate guarantees are contractually measured and reconciled on the contract period. Dollar amounts shown are total calculated minimum guarantees and ESI-reported total rebate amounts, not additional shortfalls.*

Segal found the following performance for the audit period:

- Overall, Segal agrees with ESI's reconciliation of AWP Discounts and Dispensing Fee financial terms of the Agreement.
  - Segal calculated a total $40,292 underperformance of the AWP Discount Guarantees for the audit period. ESI calculated an underperformance of $39,305 for the audit period. No additional amount is due to the Fund.
    - The slight differences in Segal and ESI's total AWP Discount shortfall amount is attributed to minor adjustments, e.g., out-of-cycle claims, rounding, etc. Segal agrees with ESI's self-reported underperformance amounts.
  - Overall, the Dispensing Fees had a minor underperformance.
    - Segal notes that during the audit period, ESI began to pass a mail-order dispensing fee charge due to a postage increase during 2019 that was not explicit in the Agreement. The Agreement allows for incremental fee increases due to postage costs; however, the applicable fee is not outlined.
- The Agreement guarantees the greater of 99% of rebates or Minimum Rebate guarantees based on a per Brand Claim basis.

Segal calculated a total Minimum Rebate amount of $134,900. ESI reported a total Rebate amount of $218,107 (PBM Percent Share Calc Amount). Segal recommends that rebate payments (i.e. date of payment, invoice and/or check numbers) from ESI be validated to confirm the actual paid rebate amounts.

- Segal recommends that the Fund accept ESI's results and close the audit for the audit period.

Express-Scripts Report for January – June 2023

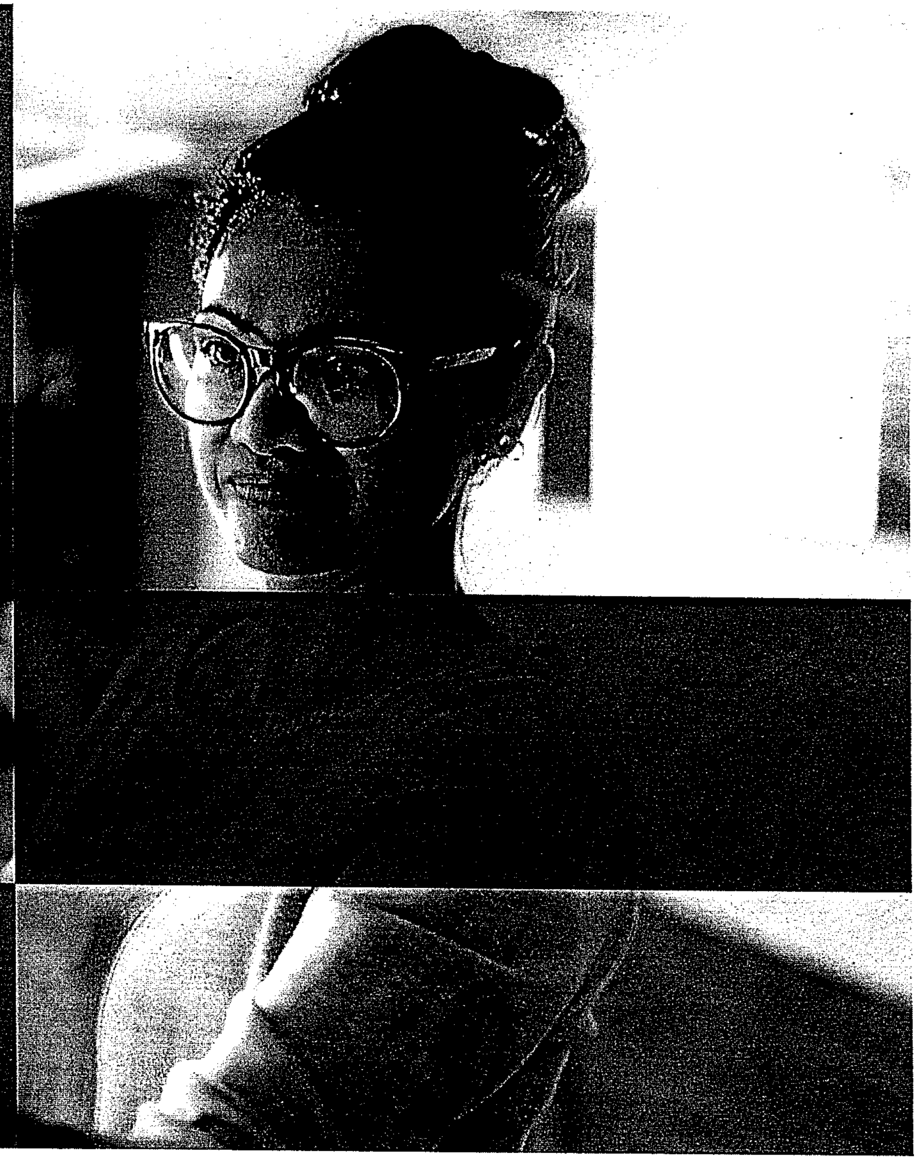
Key Performance Notes for Carpenters Local 491 Health & Welfare Plan's total population:

- Total Pharmacy Plan Cost increased 54.2% from $136,129 to $209,858
- Total Pharmacy Plan Cost PMPM (trend) increased 20.5% from $43.59 to $52.50
- Generic Fill Rate increased from 91.7% to 92.9%
- Specialty Medications accounted for 8.6% of total pharmacy costs
- Total member cost share was 11.2%
- The top 2 indications for this time period were HIV & CHEMICAL DEPENDENCE. They represented 36.1% of total spend

Carpenters Local 491 Health & Welfare Plan (RD6A)			
Description	Jan-Jun 2023	Jan-Jun 2022	Change
Avg Subscribers per Month	358	264	35.6%
Avg Members per Month	666	521	28.0%
Number of Unique Patients	328	285	15.1%
Pct Members Utilizing Benefit	49.2%	54.8%	(5.5)
Total Plan Cost	$209,858	$136,129	54.2%
Total Days	83,856	66,429	26.2%
Total Rxs (Adjusted)	3,174	2,543	24.8%
Plan Cost PMPM	$ 52.50	$ 43.59	20.5%
Plan Cost Net PMPM (estimate)	$ 41.52	$ 36.54	13.6%
Plan Cost/Day	$ 2.50	$ 2.05	22.1%
Plan Cost per Rx	$ 66.12	$ 53.53	23.5%
Nbr Rxs PMPM	0.79	0.81	(2.5%)
Generic Fill Rate	92.9%	91.7%	1.2
Retail 90 Utilization Rate	18.1%	19.4%	(1.2)
Home Delivery Utilization	28.3%	30.0%	(1.7)
Member Cost % (Based on Plan Cost)	11.2%	12.7%	(1.4)
Specialty Percent of Plan Cost	8.6%	0.0%	8.6
Specialty Plan Cost PMPM	$ 5.00		0.0%
Formulary Compliance Rate	98.7%	99.1%	(0.4)

Top Indications by Net Cost							
Rank	Indication	Rxs (Adjusted)	Patients	Estimated Net Cost	Estimated Net Cost per Patient	Estimated Net Cost PMPM	Estimated Net Cost PMPM Trend
1	HIV	15	3	$44,101	$14,700	$ 11.03	3.9%
2	CHEMICAL DEPENDENCE	101	15	$31,634	$2,109	$ 7.91	46.6%
3	ENDOCRINE DISORDERS	6	3	$18,140	$6,047	$ 4.54	-
4	PAIN/INFLAMMATION	257	72	$10,549	$ 147	$ 2.64	(16.4%)
5	ANTICOAGULANT	33	7	$7,832	$1,119	$ 1.96	269.4%
	Total Top 5	**412**		**$112,256**		**$ 28.09**	**42.6%**

American Rescue Plan Act (ARPA) Retrospective Commercial Reconciliation Methodology



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AMP Cap Elimination 1/1/2024

CURRENT STATE

Pharma pays Medicaid in part based on a product's Average Manufacturer Price ("AMP").

Since 2010, a cap has been in place on the most a manufacturer must pay in Medicaid rebates (set at 100% of AMP).

EFFECTIVE 1/1/2024

- **American Rescue Plan Act** removes statutory cap on rebates paid to Medicaid which can result in Pharma paying rebates >100% to Medicaid
- *Certain categories are more likely to be impacted like Diabetes and COPD/Asthma, potentially others.
- Any resulting Pharma action will affect not only Medicaid, but all PBM lines of business

*Products analyzed based on factors like: 1) On the market ≥ 10 yrs. 2) Took or takes ≥ 5-10% inflation, outpacing CPI. 3) Discounts in the marketplace 60% or above

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Pharma Action

Pharma Manufacturers will make their own decisions regarding products in their portfolio as a result of Change in Law / Government Action.

WHAT WE KNOW

- Eli Lilly, Novo Nordisk, and Sanofi announced list price decreases for their insulin products of 65% to 78%.
- ESI expects manufacturers rebates to decrease for these products.
- ESI anticipates additional manufacturers could take action, but does not expect major price decreases like what has been seen in the insulin space.

Express Scripts Response:
Retrospective Settlement Methodology

As a result of the reduced list price, and subsequent impact on rebates, ESI will calculate the **estimated decrease in rebates** to plans associated with drug price changes and subtract savings from current rebate guarantees when calculating rebate settlements.

In lieu of renegotiating rebate guarantees:

- This is a market event resulting from a change in law and applies only to drugs with price changes resulting from the removal of the AMP Cap
- Clients execute a contract amendment, reflecting this methodology change, through an ESI microsite

Objective of our approach is cost neutrality

Rebate Settlement Methodology

Guarantee calculation is performed **retrospectively** after price change has occurred.

Example:

AMP Cap Rebate Reconciliation Adjustment	
2023 Average Rebate Per Insulin Claim	$250
Inflation Adjustment	2%
2024 Estimated non Amp Cap Average Rebate Per Insulin Claim	$255
Actual Insulin Claim Count	100
2024 Estimated non Amp Cap Total Insulin Rebates	**$25,500**
2024 Actual Amp Cap Rebates Per Insulin Claim	$25
Actual Insulin Claim Count	100
2024 Actual Total Insulin Rebates	**$2,500**
Rebate Guarantee Offset	**$23,000**

BoB inflation adjustment

Retro Adjustment

Resulting Change

Quarterly or Annual Rebate guarantees *(depending on client arrangement)* will be paid **net of price reductions**

Note: "Actual" amounts are calculated retrospectively and occur after the "Anchor Date"

EXPRESS SCRIPTS by Evernorth

Questions?

Independence
Independence Administrators

August 1, 2023

Mr. Pete Tonia
Executive Director
Level Care Health
1811 Spring Garden Street
Philadelphia, PA 19130

Announcing Transition to Teladoc from MDLive Effective January 1, 2024

Dear Pete:

We are excited to announce that Independence Blue Cross has chosen Teladoc Health (Teladoc) as our vendor of choice for telemedicine, telebehavioral health, and teledermatology virtual care services! Teladoc will replace MDLIVE as the provider of these services effective January 1, 2024. The Level Care funds that will be impacted by this transition and their current MDLive elections are as follows:

Local 491 – MDLive telemedicine, telebehavioral health, teledermatology
Greater PA - MDLive telemedicine, telebehavioral health
MARCC - MDLive telemedicine, telebehavioral health, teledermatology
MRCC - MDLive telemedicine, telebehavioral health, teledermatology
New York - MDLive telemedicine, telebehavioral health, teledermatology
WV - MDLive telemedicine, telebehavioral health
NAS - MDLive telemedicine, telebehavioral health, teledermatology
EAS - MDLive telemedicine, telebehavioral health, teledermatology
Hollow Metal - MDLive telemedicine, telebehavioral health, teledermatology
IKO - MDLive telemedicine, telebehavioral health, teledermatology
MI – MDLive telemedicine
NYC - MDLive telemedicine, telebehavioral health, teledermatology
OH - MDLive telemedicine, telebehavioral health, teledermatology
Southwest - MDLive telemedicine, telebehavioral health, teledermatology

There is also a Teladoc "primary care" feature which will allow members to see the same provider for each telehealth visits to create a "primary care" relationship with the provider. This feature will roll out in July 2024. In addition, we are able to add additional virtual care specialties, such as second opinion services, in the near future with Teladoc! Offering services through Teladoc will also allow us to expand our existing relationships with Livongo condition management programs, and offer the myStrength behavioral health tool, both of which are owned by Teladoc. MyStrength will replace On To Better Health in our portfolio of products.

Another key advantage that we would like to emphasize with this transition is the cost-efficient pricing. Independence is pleased to report that Level Care's current preferred administrative pricing will be retained at $0.55 PCPM. Additionally, visit costs for all services (as outlined below) will be reduced allowing the Level Care funds to save on claims costs.

Service	MDLive	Teladoc
Telemed	$64	$60
Derm	$94	$85
BH	$90-250	$90-$220

Members can register on the platform starting January 1, 2024. Any member who registered for MDLive will be notified of this change through IBX wire, email, or direct mail. A continuity of care plan is being developed for members who have seen an MDLive telebehavioral health provider in 2023. Members will be given instructions on when and how to register on the new platform. Communication for Level Care members is currently being finalized and is targeted to go out at the end of September. Independence will share communications in advance with each of the funds. The Account Management team will reach out to each fund individually to walk them through the transition and answer any questions they may have.

We value our partnership with Level Care and each of the enrolled funds and remain committed to providing Level Care with the best solutions possible.

Sincerely,

Ken Norton
Director, Labor

Copy: Mr. Joe DiBella, Executive Partner, Conner Strong & Buckelew