



January 18, 2022

Board of Trustees of the
School Cafeteria Employees UNITEHERE Local No. 634 Health and Welfare Fund

Re: Administrative Services Contract Renewal

Dear Trustees:

The administrative services contract between Associated Administrators, LLC ("Associated") and the School Cafeteria Employees UNITEHERE Local No. 634 Health and Welfare Fund ("Fund") expired December 31, 2021. We hope the Trustees will consider favorably our request for a new three-year agreement at the rates attached in Exhibit A, which represents a 3% increase each year, designed to cover increased costs of doing business effective January 1, 2022.

Services Recap

Brief recap of some of the services provided by Associated over the last three years:

- Implemented new benefit group with BeneCard, including Cafeteria Workers working less than 4 hours
- Implemented new benefit group with BeneCard, eligibility for diabetic supplies for Cafeteria Workers with medical coverage through the School District
- Annually completed the online disclosure to CMS to report the creditable coverage status of the Plan
- Distributed numerous compliance notices such as the Women's Health Care and Cancer Rights Act Notice, Summary of Benefits and Coverage, and Notice of Creditable Coverage.
- Maintained website for participants to easily access benefit forms, Summary Plan Description and Summary Material Modifications
- Maintained our accurate and efficient service, despite the serious challenges of the COVID – 19 pandemic

Associated works hard to control its operating costs, but most are increasing. Associated's expenses track higher than the Consumer Price Index ("CPI") for many reasons, but mainly because we are dependent on

Information Technology (“IT”) services to a greater degree than is represented in the CPI. Our expenses increase every year, as described below, but we do not depend solely on increases in our rates to compensate. We work hard to control our costs internally, including frequent re-negotiations with our vendors, such as Basys.

- **Employee Benefits**

Associated’s bargaining unit employees participate in a multiemployer Health and Welfare Fund. The cost of medical benefits for our unit staff increased 4% effective November 2020 and pension benefits will increase 9% per year for the next four years starting November 2020.

- **Business Insurance**

The cost of Associated’s business insurance policy increased 11% between 2019 and 2020.

- **Postage**

Associated pays all regular postage on behalf of the Fund, excluding mass mailings. The United States Postal Service implemented a rate hike in 2019 of 10% for first class mail. Another increase was implemented January 2022.

- **Regulatory Changes**

Over the last several years, regulations continue to affect benefits administration. Associated has increased its workforce, training, and systems to abide by these regulations. New Regulations will add significantly to Associated’s workload, including those related to the Consolidated Appropriations Act, 2021, No Surprises Act and the Consolidated Omnibus Budget Reconciliation Act Subsidy program.

- **Class Action Lawsuits**

Associated continues to work to ensure the Fund participates to its fullest extent and receives settlement checks whenever possible. Associated files unclaimed property claims with the State to benefit the Fund.

- **Health Insurance Portability and Accountability Act and Health Information Technology for Economic and Clinical Health Act**

These Acts require breach reporting regarding protected health information. Associated conducts ongoing in-house training of all our employees on the requirements of the Acts and continually

works to protect the Fund's data and security. This includes rotating in new software packages to protect against malware and other intrusions.

- **Information Technology Developments**

Associated's highest cost increases and deliberate reinvestment have been in Information Technology. We paid over \$560,000 in 2020. System enhancements allow us to better serve our clients and participants, and to maintain security. We utilize industry proven software to monitor network performance and to further block malware and phishing attacks on our ports, machines and applications. Our servers, desktops, and laptops are updated on a regular basis from software vendors to include critical and security patches. Four servers were replaced at a cost of \$140,000 in 2020 and a new contract was recently executed with Basys for software upgrades and cloud hosting to better guard against cyber-intrusions.

Associated has assigned an Account Executive and an Account Manager with over 24 combined years of administration experience to work on the School Cafeteria Employees UNITEHERE Local No. 634 Health and Welfare Fund. Supporting the account management team is a staff of over fourteen employees including Accounting, Eligibility, Medical Claims, Participant Services, and IT. We are all dedicated to providing superior services.

Associated appreciates the opportunity to serve the Plan participants and Trustees, and welcomes all questions concerning our proposal.

Sincerely,



Alicia Cochran
Account Executive
Associated Administrators, LLC

Exhibit A

Current Monthly Fee	01/01/2022 12/31/2022 PPPM	01/01/2023 12/31/2023 PPPM	01/01/2024 12/31/2024 PPPM
\$9,548	\$9,834 Monthly Increase - \$286	\$10,129 Monthly Increase - \$295	\$10,433 Monthly Increase - \$304

January 1, 2022 through December 31, 2024 Hourly Rates for New Regulatory Changes and Implementation of New Vendors:

\$100/Hour - IT/Management
\$60/Hour - Supervisor
\$30/Hour - Regular Employees