

School Cafeteria Employees UNITEHERE Local No. 634

Health & Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on Thursday, April 25, 2023

Via Zoom

Present Were: Nicole Hunt, and Warren Heyman – Union Trustees

Marie Killian, Lisa Norton and Marissa Quinn –
Management Trustees

Also Present Were: Deborah R. Willig, Esq. and Kelly Brogan, Esq. of
Willig, Williams & Davidson – Legal Counsel; Frank
Iannucci of Summit Actuarial Services – Fund
Consultant; Dan Ohlemiller of Novak Francella –
CPA; Alicia Cochran of Associated Administrators,
LLC – Administrative Manager; Matt Walker¹ of The
Philadelphia Trust Company; Jennifer Fuhrmann-
Berger; Polly Pardo, Kevin Roe and Tom Rowe,
BeneCard² – Pharmacy Benefit Manager

The meeting was called to order at 10:06 a.m. with Ms. Hunt presiding as Chairperson. Notice of this meeting was communicated prior to the date of the meeting. A quorum was present.

- I. The Minutes of the meeting of the Board of Trustees held on January 19, 2023 were discussed.

MOTION was made and seconded to adopt the
Minutes of the meeting of the Board of
Trustees held on January 19, 2023.

UNANIMOUSLY ADOPTED

¹ Present for the investment report only.

² Present for the BeneCard report only.

- II. The Minutes of the special meeting of the Board of Trustees held on January 31, 2023 were discussed.

MOTION was made and seconded to adopt the Minutes of the special meeting of the Board of Trustees held on January 31, 2023.

UNANIMOUSLY ADOPTED

- III. **Investment Manager's Report.** Mr. Walker presented the Investment Manager's report and stated the following: As of March 31, 2023, the total assets held in the discretionary account were \$942,969.25 with a gain of 2.36% for the quarter and a gain of 1.10% for the year to date. Assets in the discretionary account were allocated 67.40% to fixed income, 21.70% to equities, 10.90% to cash and equivalents and 0.00% to other assets. Total assets held in the non-discretionary account were \$9,654.13.

Mr. Walker reviewed new holdings within the portfolio and said his firm continues to monitor inflation, international tension, and changes in the debt ceiling.

- IV. **Fund Consultants' Report.** Mr. Iannucci reviewed the Fund's reserves. He stated that the Fund's balance needs to be approximately \$1,400,000 in order to maintain a 6-month reserve. He said according to his review of the Fund's financials, he estimates the Fund will need a lump sum payment of \$500,000 from the School District in order to maintain a 6-month reserve. Mr. Iannucci said in order to sustain the Fund reserve in July and August and with the Fund's current deficit spending, the School District will need to provide funding in addition to the \$500,000.

Ms. Willig requested a monthly report with the reserve balance. Mr. Iannucci confirmed that he will send a monthly report around the 15th of each month to the Trustees. Ms. Willig suggested the employer Trustees forward the financial information to the School District. Mr. Iannucci suggested requesting a report from BeneCard in order to review prescription drugs for cancer and the impact the drugs have being oral as opposed to injectable.

- V. **Prescription Benefit Manager Report.** Mr. Tom Rowe, Jennifer Fuhrmann-Berger, Polly Pardo and Mr. Kevin Roe presented a report titled, "UNITEHERE Local 634 Performance Highlights & Strategic Review." Mr. Roe reviewed the total claims processed and the total paid by the Fund for the period January 1, 2022 through December 31, 2022, 10,162 claims and \$1,851,564 spend.

Mr. Rowe noted that specialty drugs made up 18.52% of the Fund's total spend. Mr. Rowe reviewed a utilization summary of brand versus generic prescriptions. He also reviewed a breakdown of prescriptions filled at retail versus mail order and also discussed the special plan that was set up for Cafeteria Workers related to diabetic supplies.

Mr. Roe reviewed the report “Renewal Proposal to Provide PBM Services for Unite Here Philly Local 634”. He reported the total savings achieved of \$1,561,815 by implementing certain clinical programs. He stated the estimated rebate value of \$1,571,579 over a three-year period in the renewal proposal. The proposal included an administrative fee of \$1.80 per life per month and a DVHCC fee of \$0.50 per retail prescription and \$1.00 per mail and specialty prescription.

Mr. Rowe reviewed cost savings programs recommended by BeneCard. After a general overview of the programs, the Trustees established a special committee to review the programs. Ms. Cochran said she would coordinate with the special committee and Plan professional for a special meeting.

The Trustees thanked Mr. Rowe, Ms. Fuhrmann-Berger, Ms. Pardo and Mr. Roe for their report and they were excused from the meeting.

- VI. **Administrative Manager’s Report.** Ms. Cochran presented an unaudited statement of cash receipts and cash disbursements for fiscal year 2022-2023, as of February 28, 2023 with a comparative report for fiscal year 2021-2022. Receipts and disbursements for the period were reviewed, with the Fund experiencing a deficit of \$259,927.52 compared to a surplus of \$12,334.25 for the prior period.

A report was presented indicating the total Fund balance through February 28, 2023 was \$1,008,335.12.

A report was presented detailing the number of eligible employees as of February 17, 2023- 749 Cafeteria Workers and 990 Student Climate Staff for 1,739 employees.

A COBRA report was presented for September 1, 2022 through August 31, 2023 showing a total of 77 COBRA notices sent, with one COBRA payee in the month of February 2023.

A dental claims report for Cafeteria Workers and Student Climate Staff for December 1, 2022 through February 28, 2023 was presented. Payments totaled \$23,811.20 on 441 claims for Cafeteria Workers and \$13,265.40 on 212 claims for Student Climate Staff.

A report of orthotic claims paid for the period September 1, 2022 through February 28, 2023 was presented. Orthotic claims paid to date for Cafeteria Workers totaled \$830.00 and \$555.00 for Student Climate Staff.

A report of wig claims paid for the period September 1, 2022 through February 28, 2023 was presented. Wig claims paid to date for Cafeteria Workers totaled \$0.00. Claims paid to date for Student Climate Staff totaled \$0.00.

- VII. **Participant Appeal.** Ms. Cochran presented a participant appeal regarding reimbursement for three COBRA premium payments remitted for the month of January, February, and March 2023. The participant states in summary that she did not realize the COBRA coverage was limited and if she had known in advance, she would not have elected the coverage. The Trustees reviewed the facts of the appeal.

MOTION was made and seconded to deny the appeal.

UNANIMOUSLY ADOPTED

- VIII. **Fund Counsel's Report.** Ms. Brogan reported that the federal government announced that the COVID-19 public health emergency will end on May 11, 2023.

- IX. **Other Business.** Ms. Cochran reported the following: She stated the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, must be filed by July 31, 2023. The fee is \$2.79 multiplied by the average number of lives covered under the Plan for the 2022 Plan year. The Trustees directed the Administrator to engage Novak Francella to file Form 720, which is the tax form to be filed along with the fee payment. Ms. Cochran noted that the 2022 fee was calculated using the snapshot method.

MOTION was made and seconded approving calculation of the PCORI fee using the snapshot method and engaging Novak Francella to file the Form 720.

UNANIMOUSLY ADOPTED

Ms. Cochran reported the Form 1099NEC was mailed to on January 25, 2023 and the Form 1099MISC was mailed on January 27, 2023.

Ms. Cochran reported receipt of payment from the School District for the Diabetic Supply invoice in the amount of \$37,997.08.

Ms. Cochran reported that BeneCard submitted the prescription portion of the Prescription Drug and Health Care Spending Report to the Centers for Medicare and Medicaid Services ("CMS") on December 21, 2022.

- X. The date of the next regular Board meeting was scheduled for July 11, 2023. The meeting will convene at 10:00 a.m. via Zoom.
- XI. There being no further business before the Board of Trustees, the meeting was adjourned.

Union Trustee

School District Trustee