Bakers Union and FELRA
Health and Welfare Fund

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DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE BAKERS UNION AND FELRA HEALTH AND WELFARE FUND DECEMBER 9, 2019 IN ANNAPOLIS, MD

The following Trustees were present:

UNION TRUSTEE
L. Jones
G. Oskoian - Chairman

EMPLOYER TRUSTEES
M. Goble - Secretary
S. Ridore

Also present were:

H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Blank Rome, LLP
J. Herishen - Calibre CPA Group, PLLC
J. Kimble - Morgan, Lewis & Bockius, LLP
K. Phillips - Associated Administrators, LLC
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

A quorum being present, the Chairman called the meeting to order.

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on June 20, 2019, which were circulated in advance of the meeting.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED, that the minutes of the regular Board meeting held on June 20, 2019 were approved as presented.

III. FINANCIAL REPORT – PNC BANK, NA – Summary of Activity

Mr. Little presented the Summary of Activity Report for the period ending October 31, 2019, a copy of which is attached to and made a part of these minutes as Exhibit A. The report showed a beginning market value of $911,121, contributions of $3,591,808, disbursements of $3,700,791, investment income of $599, market value increase of $5,602, investment return of $15,454, producing an ending market value of $823,892.

Mr. Little presented the asset allocation as of October 30, 2019. The Fund holds 76.3% in a limited maturity bonds and 23.7% in cash. The estimated annual income is $7,886 with an estimated 1.0% yield.

Mr. Little informed the Trustees that PNC Capital Advisors, LLC (PCA) sold assets related to PCA's advisory business to Federated Investors, Inc. on November 15, 2019. He noted that the investment management agreement with PCA was terminated and that PCA would no longer manage the Advised Mutual Fund Account. The interest in the PNC Funds was converted to interests in the corresponding Federated Funds and PNC Bank would continue to maintain a custody account for the Plan. Mr. Little noted that he would remain the Client Advisor on the account. The Trustees asked Mr. Little if a notice was sent out regarding this change and he stated that a notice should have been sent to Associated Administrators, LLC. Ms. Welch informed the Trustees that a notice was not received. The Trustees requested the Mr. Little forward a copy of the notice to Ms. Welch to be distributed to the Trustees and Co-Counsel.

The Trustees thanked Mr. Little for his report and he was excused from the meeting.

IV. AUDITOR'S REPORT

The Trustees welcomed Mr. Herishen, of Calibre CPA Group, PLLC to the meeting.

A. Financial Statements for the Years Ended December 31, 2018 and 2017

Mr. Herishen reviewed the Financial Statements for the years ended December 31, 2018 and 2017. He stated that the audit reflects an unqualified opinion, in all material respects, of the financial status of the Fund as of December 31, 2018 and 2017. The net assets available for benefits on December 31, 2017 were $2,057,917. He noted total additions for the year ended December 31, 2018 of $3,706,382 and total deductions $4,648,196, resulting in a decrease of net assets available for benefits of $941,814, and producing net assets available for benefits on December 31, 2018 of $1,116,103. He also reviewed the notes to the financial statements, the schedule of administrative expenses, the schedule of employer contributions, and the schedule of benefits. As of December 31, 2018, total assets were $1,228,946 and accounts payable were $112,843. Mr. Herishen reported that the Form 5500 and 990 were filed timely.

Mr. Herishen distributed a copy of the Calibre CPA Group, PLLC proposal to provide auditing services for the Plan year ending 2019. The proposed fee increase was $600 from $11,400 the prior year to $12,000.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED**, to approve the proposed $12,000 fee to perform the audit for the 2019 Plan year and to prepare the Form 5500.

The Trustees thanked Mr. Herishen for his presentation and he was excused from the remainder of the meeting.

V. CO-COUNSEL REPORT

Mr. DeLancey and Mr. Burton reported that there are no other legal matters pending before the Board of Trustees at this time.

VI. ADMINISTRATIVE MANAGER REPORT

A. Third Quarter 2019

Ms. Welch presented the Administrative Manager Report for the third quarter of 2019. The report showed employer contribution income of $1,019,723, employee payroll deductions of $39,485, employee contributions of $9,192, interest and dividend income of $4,638, and miscellaneous income of $18,100 producing a total income of $1,091,038. Expenses included $582,349 for medical benefits, $30, 329 for CIGNA premiums, $63,194 for dental premiums, $10,428 for disability benefits, $255,904 for prescription drug benefits, $5,049 for life insurance benefits, $24,525 for stop loss insurance, $7,664 for optical benefits, and $54,280 in operating expenses, producing total expenses of $1,033,722 and resulting in an increase of $57,416 for the third quarter of 2019. Ms. Welch reported that contributions were made on behalf of 479 active participants and that there were no delinquencies. The Fund reserve was $751,163 as of September 30, 2019, which was projected to provide benefits for 1.8 months. The Fund reserve was $823,892 as of November 30, 2019, which was projected to provide benefits for 2.3 months.

VII. INVOICES

Ms. Welch reviewed a list of invoices dated December 9, 2019. She stated that there were no additions, deletions or changes to the list. The Trustees reviewed the list and determined that all invoices represented proper Fund expenses.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED, to approve payment of the list of invoices dated December 9, 2019 as presented.

VIII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
M19/126-9077	Hospital/Medical Non-participating provider	Approve
M19/125-9801	Hospital/Medical Non-participating provider	Approve
M19/133-5598	Hospital/Medical Non-participating provider	Approve
M19/132-7564	Hospital/Medical Non-participating provider	Approve
M19/112-4984	Hospital/Medical Late Claim Filing	Tabled

IX. PROVIDER REPORTS

Optum Rx

The Trustees welcomed Ms. Holly Agoney from OptumRx to the meeting.

A. Utilization Review

Ms. Agoney distributed the Optum Rx "Bakers Union and FELRA Health and Welfare Fund January 2019 through September 2019 Plan Review," a copy of which is attached and made part of these minutes as Exhibit B. The Fund experienced an overall increase of 4.8% in Plan costs per participant per month for the first three quarters of 2019 as compared to the first three quarters of 2018. During the period, January 1, 2019 through September 30, 2019 there were 6,576 traditional prescriptions filled and 70 specialty prescriptions filled, for which the Plan paid $444,659 and $342,976 respectively. Ms Agoney reviewed the Plan's drug utilization and costs for the period January 1, 2019 to September 30, 2019, as compared to the period January 1, 2018 to September 30, 2018. The cost per member per month(pmpm) in 2019 was $113.61 as compared to the Taft-Hartley book of business ("BOB") of $75.23. The Fund's generic utilization rate for the period was 84.5%. The Fund's average cost per prescription was $118.51, as compared to the Taft-Hartley BOB of $110.35. Specialty drugs represented 43.5% of the Fund's drug cost. The specialty drug cost for the first three quarters of 2019 was $49.47 pmpm, as compared to the first three quarters of 2018 of $42.09 pmpm, an increase of 17.5%. Ms. Agoney noted that there were six new specialty drugs being utililized on the Top 10 Specialty Drug List . The specialty drug cost for the first three quarters of 2019 averaged $4,899.66 per prescription, a decrease of 12.8% as compared to the first three quarters of 2018.

The report also reviewed the Fund's Top 5 Diseases by Plan Cost, 10 Therapeutic Classes by Plan Cost, Top 20 Drugs by Total Plan Cost, and Top Specialty Drugs by Plan Cost.

Ms. Agoney discussed the Orphan Drug Program that manages high cost drugs for rare conditions. She noted that currently the Fund does not have any paid Orphan Drug claims. The program provides ongoing personalized support for members that are taking Orphan Drugs. The annual cost of these drugs can be as high as $750,000. Ms. Agoney informed the Trustees that the cost of the program is $300 per engaged member, per year.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED, to adopt the Ophan Drug Program as soon as administratively possible.

Ms Agoney presented a report that listed the specialty drugs that have copay cards that are accepted by BriovaRx. She also provided a report of the drugs listed as covered drugs in the Summary Plan Description compared to the drugs that are covered in the Utilization Management Programs that have been implemented since the Summary Plan Description was revised in July 2016. The Trustees requested that the list of specialty drugs that have a copay card available through BriovaRx be printed in the next For Your Benefits newsletter and that the changes to the drugs being covered by the current Utilization Management Programs be updated when the Summary Plan is revised.

Ms. Agoney reported that she would be able to provide a savings report on the efficacy of the new Programs that were implemented on July 1, 2019 by March 1, 2020.

The Trustees thanked Ms. Agoney for her presentation and excused her from the remainder of the meeting.

X. OTHER FUND BUSINESS

A. Stop Loss Insurance Renewal

Ms. Welch noted the Vista Underwriting Stop Loss Insurance Policy Renewal Offer was circulated to the Trustees prior to the meeting.

Vista Underwriting proposed a 6.3% increase in the current Stop Loss Insurance premium of $24.21 pmpm to $25.74 pmpm. The proposal retains the same $350,000 attachment point and $50,000 aggregating deductible. The Trustees requested that Madison Consulting provide alternative stop loss providers for consideration. Madison Consulting provided quotes from Amalagamated Life and JB Murphy & Associates and was expecting a quote from ULLICO. Amalgamated Life proposed a rate of $31.50 pmpm, which was 30% higher then the current premium and JB Murphy & Associates proposed a rate of $32.00 pmpm which was 32% higher the current premium.

After discussion, the Trustees tabled a decision on the Stop Loss provider for the 2020 Plan year until the proposal was received from ULLICO.

B. 2018 Summary Annual Report

Ms. Welch reported that the 2018 Summary Annual Report was mailed to Plan participants on September 29, 2019.

C. Kaiser Request for Information

Trustee Jones requested that the Fund send data to Sam Abunassar at Kaiser Permaneate to obtain a proposal for medical and prescription benefits.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to provide the requested information to Kaiser Permaneate to obtain a proposal.

D. Cigna Renewal Proposal

Ms. Welch reviewed the three year renewal proposal that Cigna presented at the June 20, 2019 Board meeting. Cigna proposed a three year renewal which included a 5% increase the first year and a 3% increase each of the following years. The Trustees requested additional information on the rationale for the 5% increase in the first year of the renewal.

The Cigna revised proposal was pre-circulated prior to the meeting. They proposed a three year renewal that included a 3% increase the first year from the current rate of $29.36 per employee per month (pepm) to $30.23 pepm and a 3% lock in rate increase for the subsequent two years. The Trustees tabled a decision on the renewal proposal.

Ms. Welch distributed a lab services utilization report and a report detailing the steerable emergency room visits that could have been treated in an urgent care center that was prepared by Cigna.

E. Rebates

The Fund received a rebate check from OptumRx on October 11, 2019 for the first quarter of 2019 in the amount of $19,050**.**

F. "For Your Benefits" Newsletter

Ms. Welch reported that the "For Your Benfits" Newsletter was mailed to participants on October 10, 2019 and included the Notice of Creditable Coverage and Women's Health and Cancer Rights Act Notice.

XI. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Friday, March 4, 2020 at 10:00 a.m. in Landover, Maryland. The remaining quarterly Board meetings for the 2020 Plan year were scheduled to be held on June 10, 2020, September 9, 2020 and December 9, 2020.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned.

Respectfully submitted,

Michael Goble, Secretary

Attachments:

Exhibit A: PNC Capital Advisors Investment Review for Period Ending October 31, 2019

Exhibit B: OptumRx January 2019 through September 2019 Plan Review