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

NOVEMBER 17, 2017
IN LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEE	**EMPLOYER TRUSTEES**
Al Haight - Chairman	M. Goble
G. Oskoian	

Also present were:

H. Agoney - Optum Rx
H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Blank Rome, LLP
C. Little - PNC Capital Advisors
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

Ms. Welch reported that due to the resignation of Trustee Brown any motions passed by the Trustees at this meeting are subject to the replacement Trustees approval. The Chairman called the meeting to order.

II. TRUSTEE RESIGNATION AND APPOINTMENT

Ms. Welch reported receipt of written notification from Trustee Brown indicating her resignation as a Management Trustee effective February 10, 2017. She also noted receipt of written notification from Trustee Gillis indicating his resignation on July 11, 2017. Ms. Welch reported that she received written notification from Jason Paradis of the Food Employee Labor Relations Association, appointing Michael Goble as a Trustee to the Fund effective July 14, 2017. She said that Mr. Goble was supplied with the necessary Fund documents and policies and was added to the fiduciary liability policy. Ms. Welch noted that she had not received notification from the Food Employers Labor Relations Association as to who the replacement Trustee for Trustee Brown would be at this time. The Trustees welcomed Mr. Goble.

III. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on December 9, 2016, 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 December 9, 2016 were approved as presented.**

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

Mr. Little presented the Summary of Activity Report for the period December 31, 2016 through October 31, 2017. Such report showed a beginning market value of $1,923,283, receipts of $3,254,466, disbursements of $3,256,172, investment income of $14,751, market value increase of $637, investment return of $15,388, producing an ending market value of $1,938,200.

Mr. Little presented the asset allocation as of October 31, 2017. The Fund holds 64% in a limited maturity bonds and 36% in cash. The estimated annual income is $19,962 with an estimated 1.0% yield.

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

V. PROVIDER REPORTS

Optum Rx

The Trustees welcomed Ms. Holly Agoney, Account Manager from Optum Rx to the meeting.

A. Executive Summary

Ms. Agoney distributed the Optum Rx "Bakers Union and FELRA Health and Welfare Fund – January 2017 through September 2017 Yearly Plan Review." During the period, January 1, 2017 through September 30, 2017 there were 7,019 traditional prescriptions filled and 43 specialty prescriptions filled, for which the Plan paid $464,898 and $146,691 respectively. The Fund experienced an overall decrease of 19.1% in Plan costs per participant per month. The average cost per member per month was $66.65 for traditional prescriptions and $21.03 for specialty prescriptions. The Plan's average cost per prescription was $86.60, as compared to the UFCW book of business of $91.93. The Fund's generic utilization rate increased 2.5% to 82.9%.

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, Cost Drivers and Top Specialty Drugs by Plan Cost.

The Trustees requested that Ms. Agoney provide the plan performance comparison using the Taft Hartley book of business instead of the UFCW book of business at future meetings. The Trustees noted an increase in the 2017 rebate checks received from OptumRx and asked Ms. Agoney the reason for the increase. Ms. Agoney noted that Catamaran merged with OptumRx in 2015, which gave OptumRx more leverage in negotiating rebates with the pharmaceutical manufacturers and that could be the reason for the rebate increase. The Trustees asked Ms. Agoney to review the rebates received for 2016 and 2017 to assure that all rebates have been paid back to the Fund accurately.

B. Utilization Management Alignment

Ms. Agoney discussed the new Comprehensive Utilization Management Program which incorporates OptumRx Vigilant Drug Lists, Select Step Therapy Medications, Core and Select Prior Authorizations and Select Quantity Limits. She stated that the updates to these programs would encourage appropriate utilization of cost effective medications and promote better pharmacy cost and total cost management for the Fund.

The Trustees directed Ms. Agoney to prepare a detailed report for each of these Programs outlining the cost impact/savings, potential member disruption if these Programs were implemented and a list of all of the medications included in each of the programs.

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

VI. CO-COUNSEL REPORT

Co-Counsel reported that there were no legal matters for Board action at this time.

VII. ADMINISTRATIVE MANAGER REPORT

A. Fourth Quarter 2016

Ms. Welch presented the Administrative Manager Report for the fourth quarter of 2016. The report showed employer contribution income of $923,050, employee payroll deductions of $44,465, employee contributions of $4,845, interest and dividend income of $3,827, and miscellaneous income of $6,760 producing a total income of $982,947. Expenses included $529,967 for medical benefits, $29,840 for CIGNA premiums, $58,465 for dental premiums, $25,428 for disability benefits, $207,763 for prescription drug benefits, $4,933 for life insurance benefits, $30,432 for stop loss insurance, $7,573 for optical benefits, and $63,692 in operating expenses, producing total expenses of $958,093 and resulting in a surplus of $24,854 for the fourth quarter of 2016. Ms. Welch reported that contributions were made on behalf of 508 active participants and that there were no delinquencies. The Fund reserve was $1,923,283 as of December 31, 2016, which was projected to provide benefits for 6.0 months.

B. First Quarter 2017

Ms. Welch presented the Administrative Manager Report for the first quarter of 2017. The report showed employer contribution income of $906,515, employee payroll deductions of $40,075, employee contributions of $5,512, interest and dividend income of $3,636, and miscellaneous income of $6,775 producing a total income of $962,513. Expenses included $683,897 for medical benefits, $30,713 for CIGNA premiums, $58,360 for dental premiums, $18,886 for disability benefits, $200,949 for prescription drug benefits, $5,560 for life insurance benefits, $30,924 for stop loss insurance, $7,902 for optical benefits, and $76,735 in operating expenses, producing total expenses of $1,113,926 and resulting in a deficit of $151,413 for the first quarter of 2017. Ms. Welch reported that contributions were made on behalf of 487 active participants and that there were no delinquencies. The Fund reserve was $1,763,763 as of March 31, 2017, which was projected to provide benefits for 5.0 months.

C. Second Quarter 2017

Ms. Welch presented the Administrative Manager Report for the second quarter of 2017. The report showed employer contribution income of $888,965, employee payroll deductions of $35,469, employee contributions of $6,180, interest and dividend income of $4,302, and miscellaneous income of $64,636 producing a total income of $999,552. Expenses included $364,601 for medical benefits, $29,468 for CIGNA premiums, $60,620 for dental premiums, $24,600 for disability benefits, $214,033 for prescription drug benefits, $4,813 for life insurance benefits, $32,744 for stop loss insurance, $8,810 for optical benefits, and $46,789 in operating expenses, producing total expenses of $786,478 and resulting in a surplus of $213,074 for the second quarter of 2017. Ms. Welch reported that contributions were made on behalf of 491 active participants and that there were no delinquencies. The Fund reserve was $1,807,393 as of June 30, 2017, which was projected to provide benefits for 5.4 months.

D. Third Quarter 2017

Ms. Welch presented the Administrative Manager Report for the third quarter of 2017. The report showed employer contribution income of $886,115, employee payroll deductions of $42,686, employee contributions of $2,563, interest and dividend income of $5,012, and miscellaneous income of $17,395 producing a total income of $953,771. Expenses included $318,257 for medical benefits, $33,021 for CIGNA premiums, $61,355 for dental premiums, $9,881 for disability benefits, $195,066 for prescription drug benefits, $4,842 for life insurance benefits, $32,497 for stop loss insurance, $8,319 for optical benefits, and $44,781 in operating expenses, producing total expenses of $708,019 and resulting in a surplus of $245,752 for the third quarter of 2017. Ms. Welch reported that contributions were made on behalf of 497 active participants and that there were no delinquencies. The Fund reserve was $1,934,828 as of September 30, 2017, which was projected to provide benefits for 6.0 months.

E. Plan 3 Contributions

Ms. Welch reported that the Plan continued to receive incorrect contributions from the participating employers on behalf of all Plan 3 participants. As previously explained contributions for Plan 3 participants were still being paid at the Plan 1 part time rate of $479, or the Plan 2-part time rate of $105 instead of the Plan 3 full time rate of $262, and $103 part time rate. She stated that she has notified the employers and will be working with them to ensure that the required hourly contribution rates are being remitted correctly.

VIII. INVOICES

Ms. Welch reviewed a list of invoices dated November 17, 2017. 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 November 17, 2017 as presented.

IX. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
M17/120-0171	Hospital/Medical Experimental	Tabled
M17/138-3465	Hospital/Medical Non-participating provider	Approve
M16/144-1297	Hospital/Medical Excluded Services	Tabled

X. OTHER FUND BUSINESS

Ms. Welch reported the following:

A. Fidelity Bond

The Fund's Fidelity Bond was renewed per Trustee directive for the period of June 1, 2017 to May 31, 2020 with Chubb at the $500,000 limit of liability for a premium of $2,514.00.

B. ULLICO – Stop Loss/Life/AD&D Policy

The Trustees via email poll on January 3, 2017 approved ULLICO's proposal for Stop Loss, Life and Accidental Death and Dismemberment (AD&D) Insurance. The Stop Loss Insurance Policy is effective for January 1, 2017 to December 31, 2017, with an individual deductible of $300,000 and a $50,000 aggregating individual deductible, for a composite rate of $30.92 per member per month (pmpm). The Life Insurance and AD&D Insurance policy is effective from January 1, 2017 to December 31, 2018. The Life Insurance premium is $3.80 pmpm and the AD&D Insurance policy is $0.40 pmpm.

C. "For Your Benefit" Newsletter

The Fund Office mailed the March 2017 and September 2017 "For Your Benefit" to the Fund participants.

D. Patient Centered Outcomes Research Initiative (PCORI) Assessment

The PCORI payment for the Plan year-ended December 31, 2016 was mailed to the IRS on July 20, 2017, in the amount of $1,769.58 along with Form 720, which was prepared by the Fund auditor.

E. Open Enrollment

Open Enrollment began on October 1, 2017 and would continue until November 30, 2017.

F. Summary Annual Report

The 2016 Summary Annual Report was mailed to participants prior to the September 30, 2017 deadline.

G. Form 5500 and 990

The Fund Auditor filed Form 5500 and Form 990 for the 2016 Plan Year timely on July 27, 2017.

H. OptumRx Rebate Checks

The Fund received rebate checks from Optum Rx on October 24, 2016, in the amount of $6,760, March 8, 2017, in the amount of $6,775, April 10, 2017, in the amount of $64,635.88 and on August 10, 2017, in the amount of $17,395.38.

XI. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Friday, March 30, 2018 at 10:00 a.m. in Landover, Maryland.

XII. ADJOURNMENT

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

Respectfully submitted,
Al Haight, Chairman