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
MARCH 4, 2020
LANDOVER, MD**

The following Trustees were present:

UNION TRUSTEE	EMPLOYER TRUSTEES
L. Jones	M. Goble - Secretary
G. Oskoian - Chairman	S. Ridore

Also present were:

H. Agoney - Optum Rx
M. DeLancey - Blank Rome, LLP
J. Kimble - Morgan, Lewis & Bockius, LLP
C. Little - PNC
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 December 9, 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 December 9, 2019 are approved as presented.

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

Mr. Little presented the Summary of Activity Report for the period ending January 31, 2020, 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 $783,352, net contributions and withdrawals that resulted in a loss of $97,150, investment income of $2,684, producing an ending market value of $688,885.

Mr. Little presented the portfolio holdings as of January 31, 2020. The Fund holds 91.9% in limited maturity bonds, with a market value of $633,284 and 8.1% in cash with a market value of $55,601.

Mr. Little also distributed three additional reports for review. The Investment Research (IAR) Quarterly Review, A Market Update, and a Capital Markets Review for the fourth quarter of 2019.

Mr. Little reviewed a formal notice that explained the definiticve agreement that PNC Capital Advisors (PCA) and PNC Bank entered into to sell certain assets related to PCA's advisory business to Federated Investors, Inc. (Federated Investors) that he discussed at the December 9, 2019 Board meeting.

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

IV. CO-COUNSEL REPORT

Mr. Kimble informed the Trustees that the Cadillac tax on high cost group health coverage beginning in 2020 had been fully repealed. He also reported that the Patient Centered Outcomes Research Institute fees have been extended for ten years through September 30, 2029.

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

V. ADMINISTRATIVE MANAGER REPORT

Ms. Welch presented the Administrative Manager Report for the fourth quarter of 2019. The report showed employer contribution income of $995,753, employee payroll deductions of $38,267, employee contributions of $4,950, interest and dividend income of $4,097, and miscellaneous income of $19,050 producing a total income of $1,062,117. Expenses included $603,722 for medical benefits, $31,578 for CIGNA premiums, $62,931 for dental premiums, $15,001 for disability benefits, $276,982 for prescription drug benefits, $5,040 for life insurance benefits, $24,355 for stop loss insurance, $9,556 for optical benefits, and $54,395 in operating expenses, producing total expenses of $1,083,560 and resulting in an increase of $57,416 for the fourth quarter of 2019. Ms. Welch reported that contributions were made on behalf of 475 active participants and that there were no delinquencies. The Fund reserve was $1,024,161 as of December 31, 2019, which was projected to provide benefits for 2.2 months.

VI. INVOICES

Ms. Welch reviewed a list of invoices dated March 4, 2020. 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 March 4, 2020 as presented.

VII. PARTICIPANT APPEALS

Appeal Number	***Issue***	***Board Decision***
M19/134-7790	Gastric by-pass to treat obesity	Denied

VIII. OTHER FUND BUSINESS

A. Optum Rx Utilization Review

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

Ms. Agoney distributed the Optum Rx "Bakers Union and FELRA Health and Welfare Fund, January 2019 through December 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 9.3% in Plan costs per participant per month for all four quarters of 2019 as compared to 2018. During the period, January 1, 2019 through December 31, 2019 there were 8,997 traditional prescriptions filled and 72 specialty prescriptions filled, for which the Plan paid $635,414 and $428,400 respectively. Ms. Agoney reviewed the Plan's drug utilization and costs for the period January 1, 2019 to December 31, 2019, as compared to the period January 1, 2018 to December 31, 2018. The cost per member per month(pmpm) in 2019 was $117.43 as compared to the Taft-Hartley book of business ("BOB") of $76.52. The Fund's generic utilization rate for the period was 84.5%. The Fund's average cost per prescription was $117.30, as compared to the Taft-Hartley BOB of $110.90. Specialty drugs represented 40.3% of the Fund's drug cost. The specialty drug cost for four quarters of 2019 was $47.29 pmpm, as compared to the four quarters of 2018 of $38.80 pmpm, an increase of 21.9%. Ms. Agoney noted that there were five new specialty drugs being utililized on the Top 10 Specialty Drug List . The specialty drug cost for the four quarters of 2019 averaged $5,950.01 per prescription, a decrease of 18.5% as compared to the four 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 noted that the Orphan Drug Program that manages high cost drugs for rare conditions approved at the last Board meeting would be implemented on May 1, 2020.

Ms. Agoney reviewed an Impact Analysis Report that provided the efficacy of the Utilization Management Programs that were implemented on July 1, 2019. The report showed the original projections and the actual savings outcome of the Vigilant Programs from July 1, 2019 through December 31, 2019. The Vigilant Program includes the "New Drugs to Market", "Me Too", "Non-FDA approved", "High Cost Generics and

Multisource Brand" exclusion strategies. The original projected savings was $19,022 and the overall savings outcome was $11,215. She noted that the RxOTC Utilization Management Program implemented July 1, 2019 provided an overall savings of $11,070. The Comprehensive Utilization Management Program that includes the Prior Authorization, Step Therapy and Quantity Limits provided a $117,349 savings from July 1, 2019 to December 31, 2019. The trustees requested that Ms. Agoney recreate the information provided with clear definitions of each of the programs and exclusion strategies and bullet points that include the number of utilizers, the number of prescriptions filled, and the drug names.

Ms. Agoney discussed the new controlled substance e-prescribing requirements that became effective on March 1, 2020. Optum Rx will only accept electronic prescriptions for controlled substances delivered through mail order. Paper or fax prescriptions will not be filled. She informed the Trustees that many states are mandating e-prescriptions for controlled substances. Ms. Agoney distributed the member notification that was sent to members that recently had filled a controlled substance drug through mail order informing them of the change.

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

B. <u>Stop Loss Insurance Renewal</u>

Ms. Welch reported that the Trustees approved Vista Underwritings' proposal for Stop Loss Insurance via email poll on January 15, 2020. Vista Underwriting proposed a 6.3% increase in the current Stop Loss Insurance premium of $24.21 pmpm to $25.74 pmpm. The proposal retained the same $350,000 attachment point and $50,000 aggregating deductible. The Stop Loss Insurance Policy is effective from January 1, 2020 to December 31, 2020.

C. <u>Cigna Renewal Proposal</u>

Cigna proposed a three year renewal that 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.

Cigna revised the original proposal which 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 second year rate effective September 1, 2020 would be $31.13 pepm and the third year rate effective September 1, 2021 would be $32.06 pepm.

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

> **RESOLVED, to approve Cigna's three year rate proposal for shared administrative repricing services with an increase of 3% to $30.23 pepm effective January 1, 2020, an increase of 3% to $31.13 effective January 1, 2021, and a 3% increase to $32.06 pepm effective January 1, 2022.**

D. <u>Rebates</u>

The Fund received a rebate check from Optum Rx on January 6, 2020 for the second quarter of 2019 in the amount of $27,540**.**

E. <u>Fiduciary Liability Policy Renewal</u>

Ms. Welch reported that the Fiduciary Liability Policy was renewed for the policy period of January 1, 2020 through December 31, 2020. She confirmed that all Trustees have paid their individual waiver of recourse premium.

F. <u>Transfers from Shoppers</u>

Ms. Welch informed the Trustees that two participants that recently started working for Safeway and previously worked for Shoppers Food contacted the Fund Office in regards to when their coverage would commence in the Bakers Union and FELRA Health & Welfare Plan. She noted that Shoppers Food has closed many of its stores. As part of Shoppers effect bargaining, they offered a severance agreement, and if the severance agreement was accepted by an employee, Shoppers would continue health contributions on eligibile employees for a period of 4 months. Both members are covered by Shoppers through July 31, 2020. The participants thought there coverage would commence immediately following the 4 month extension in coverage provided by Shoppers and they would be considered a transferring retail clerk. She noted that transferring clerks receive credit for all time worked for a contributing employer toward any waiting period for participation into Plan 2 however, Shoppers Food is not a contributing employer.

The Trustees tabled any further discussion until the number of recent new hires that previously worked at Shoppers Food could be determined.

IX. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Wednesday, June 17, 2020 at 10:00 a.m. in Landover, Maryland. The remaining quarterly Board meetings for the 2020 Plan year will be held on Wednesday, September 9, 2020 and Wednesday, December 9, 2020.

X. 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 January 31, 2020

Exhibit B: Optum Rx January 2019 through December 2019 Plan Review