Bakers Union and FELRA
Health and Welfare Fund

911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone: (410) 683-6500
Toll Free: (866) 662-2537
www.associated-admin.com

4301 Garden City Drive, Suite 201
Landover, MD 20785-6102
Telephone: (301) 459-3020
Toll Free: (866) 662-2537
www.associated-admin.com

DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE BAKERS UNION AND FELRA HEALTH AND WELFARE FUND MARCH 22, 2019 IN 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
H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Blank Rome, LLP
C. Little – PNC Bank
K. Phillips - Associated Administrators, LLC
A. Towner - Optum Rx
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 March 22, 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 14, 2018 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 February 28, 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 $911,221, contributions of $661,687, disbursements of $631,288, market value increase of $1,637, investment return of $3,554, producing an ending market value of $946,810.

Mr. Little presented the asset allocation as of March 31, 2018. The Fund holds 86% in limited maturity bonds and 14% in cash. The estimated annual income is $13,286 with an estimated 1.4% yield.

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

RESOLVED, to accept the PNC Summary of Activity Report for the period ending February 28, 2019.

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

IV. CO-COUNSEL REPORT

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

V. ADMINISTRATIVE MANAGER REPORT

A. Fourth Quarter 2018

Ms. Welch presented the Administrative Manager Report for the fourth quarter of 2018. The report showed employer contribution income of $839,818, employee payroll deductions of $36,988, employee contributions of $4,177, interest and dividend income of $4,785, and miscellaneous income of $5,580, producing a total income of $883,348.

Expenses included $314,398 for medical benefits, $30,530 for CIGNA premiums, $62,931 for dental premiums, $27,542 for disability benefits, $225,240 for prescription drug benefits, $5,123 for life insurance benefits, $26,245 for stop loss insurance, $10,826 for optical benefits, and $74,036 in operating expenses, producing total expenses of $776,871 and resulting in an increase of $106,477 for the fourth quarter of 2018. Ms. Welch reported that contributions were made on behalf of 485 active participants and that there were no delinquencies. The Fund reserve was $1,024,161.00 as of December 31, 2018, which was projected to provide benefits for 3 months. The Fund reserve was $946,810,00 as of February 28, 2019, which was projected to provide benefits for 2.6 months.

Ms. Welch informed the Trustees that $779,998.70 had been paid for medical claims from January 1, 2019 to March 22, 2019. She noted that three members had incurred $337,260.95 of the total claims paid. The Fund reserve was $711,509.00 as of March 22, 2019, which was projected to provide benefits for 1.9 months.

VI. INVOICES

Ms. Welch reviewed a list of invoices dated March 22, 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 March 22, 2019 as presented.**

VII. OTHER FUND BUSINESS

A. Optum Rx Plan Review 2018 Plan Year Annual Review

The Trustees welcomed Ms. Holly Agoney and Mr. Adam Towner from Optum Rx to the meeting.

Ms. Agoney distributed the Optum Rx “Bakers Union and FELRA Health and Welfare

Fund, Annual Review " report dated March 22, 2019 a copy of which is attached and made part of these minutes as Exhibit B. Ms. Agoney reviewed the Plan's drug utilization and costs for the period January 1, 2018 through December 31, 2018. The Fund experienced an overall increase of 9.6% in Plan costs per participant per month for the 2018 Plan year as compared to the 2017 Plan year. During the 2018 Plan year there were 8,810 traditional prescriptions filled and 67 specialty prescriptions filled, for which the Plan paid $586,800 and $382,729 respectively. Ms. Agoney reviewed the Plan's drug utilization and costs for the 2018 Plan year, as compared to the 2017 Plan year. The cost per member per month(pmpm) in 2018 was $107.39 as compared to the Taft-Hartley book of business ("BOB") of $65.76. The Fund's generic utilization rate for the period was 83.8%. The Fund's average cost per prescription was $109.22, as compared to the Taft-Hartley BOB of $95.43. Specialty drugs represented 39.5% of the Fund's drug cost. The specialty drug cost for the 2018 Plan year was $42.39 pmpm, as compared to the 2017 Plan year of $31.08 pmpm, an increase of 36.4%. Ms. Agoney noted that there were three new specialty drugs being utililized on the Top 10 Specialty Drug List . The specialty drug cost for the 2018 Plan year averaged $5,712.38 per prescription, an increase of 26.6% as compared to the 2017 Plan year.

The report also reviewed the Fund's top five diseases, the top ten therapeutic classes, the top twenty drugs, and the top specialty drugs paid by the Plan for the 2018 Plan year.

Ms. Agoney presented information to the Trustees about Optum Rx's Diabetes Management Program. The Program monitors low and high risk diabetic participants by monitoring adherence and gaps in care. The Diabetes Management Program provides all high risk members up to four diabetes management counseling sessions per Plan year with a Diabetes Specialist and offers a free smart meter and test strips. She informed the Trustee the cost for the adherence monitoring is $0.06 per member per month (pmpm), $0.02 pmpm for gaps in care monitoring and $195 annually per high risk diabetic member that elects to participate in the Program. Ms. Agoney noted that there were eight diabetes drugs in the top twenty traditional drugs utilized by the Plan. The cost of these drugs in the 2018 Plan year was $89,838 and was 15% of the total traditional drug plan spend and 10% of the total Plan spend.

Ms. Agoney discussed the Vigilant Drug Program that is an exclusion program that focuses on choosing clinically appropriate alternative medications that are therapeutically equivalent to brand name or more expensive generic medications. She noted the program includes the "New Drugs to Market", "Me Too", "Non-Essential", and "Prescription (Rx) with Over the Counter (OTC)", "High Cost Generics and Multisource Brand" exclusion strategies. Mr. Towner said that the Fund already has the "New Drugs to Market" exclusion in place. The Trustees requested additional information on the acid reflux and allery drugs noted in the Rx with OTC Utilization Report to assure the Step Therapy Program criteria in the Plan was enforced.

Ms. Agoney reviewed the Comprehensive Utilization Management Program that incorporates prior authorization, step therapy and quantity limit edits that help to ensure appropriate medication use, ingredient cost savings and rebate potential. The Trustees requested additional information regarding the drug Elidel and Contrave noted on the Comprehensive Utilization Analysis to assure the Step Therapy Program criteria was applied and the required prior authorization was completed.

Mr. Towner noted that the Plan could receive additional savings by changing to the Premium Formulary, incorporating the Copay Card Accumulator Adjustment Program (CCAA) and the Preferred Copay Card Acceptance Program (PCCA) into the Plan. The CCAA Program provides a real time accumulator so that when a manufacturer copay card or coupon is used the copay card or coupon amount is not applied toward a members' deductible and out of pocket maximum. The PCCA Program encourages the use of preferred lower cost drug options through restricting the use of non accepted copay cards. Mr. DeLancey asked if Optum Rx is currently working in conjunction with Payer Matrix to receive additional savings on specialty drugs. Mr. Towner informed the Trustees that Optum Rx has made the decision to not do business with Payer Matrix at this time. Mr. DeLancey asked if there were any programs for Bio-Similar drugs and if OptumRx had a universal policy on how these drugs will be covered. Mr. Towner noted that there is an Orphan Drug Program that is available for high cost therapies for rare conditions and stated that he would research if there were any programs available or policies in place for Bio-Similar drugs and Ms. Agoney would bring that feedback to the next meeting. The Trustees requested that an analysis be completed to determine the savings and member disruption if the Plan changed to utilizing the Premium Formulary and if there was a charge for any of the programs Mr. Towner discussed.

The Trustees thanked Ms. Agoney and Mr. Towner for there presentation and excused them from the remainder of the meeting.

The Trustees discussed the optional programs offered by OptumRx. On motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to adopt the Vigilant Drug Program, composed of the "Me Too", "Non-Essential", and "Rx with OTC", "High Cost Generic, and Multisource Brand" exclusion strategies, the Diabetes Management Program, and the Comprehensive Utilization Management Program.**

B. Employee Contribution Increase for Enrolled Dependent Child

Ms. Welch reported that the FELRA & UFCW Health & Welfare Plan increased the employee contribution for Part Time Plan XXX enrolled dependent children effective March 1, 2019. The per child rate for medical coverage was increased to $124.37 per month ($91.51 for medical and $32.86 for prescription). The rate for three or more children was increased to $373.11 per month ($274.53 for medical and $98.58 for prescription). She noted that the current employee contribution for Part Time Plan 3 is $42.54 per month and $10 per one child and $15 for family per month for new hires after January 1, 2015.

The Trustees tabled further discussion of the employee additional contribution rate increase until they review the collective bargaining agreement.

C. Audit Engagement Letter

Ms. Welch distributed a copy of Calibre's proposal to provide auditing services for the 2018 Plan year, a copy of which is attached and made part of these minutes as Exhibit C. The proposed fee increase was $400 from the prior year to $11,500.

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

> **RESOLVED, to approve Calibre's proposal to provide auditing services, with a proposed annual fee of $11,500 for the Plan year ending 2018**.

D. Prescription Drug Benefit Audit

Ms. Welch reported that Seneca Consulting had completed the prescription drug benefit audit and that they would be presenting the audit at the next Board meeting.

E. "For Your Benefit" Newsletter

Ms. Welch reported that the April 2019 "For Your Benefit" Newsletter was completed and would be mailed prior to April 1, 2019.

VIII. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Thursday, June 20, 2019 at 10:00 a.m. in Landover, Maryland.

IX. 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 February 28, 2019.

Exhibit B: OptumRx Annual Review January 2018 through December 2018.

Exhibit C: Calibres Audit Engagement Letter.