**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 APRIL 12, 2013 IN LANDOVER, MARYLAND

The following Trustees were present:

| **UNION TRUSTEE** | **EMPLOYER TRUSTEES** |
|---|---|
| Al Haight - Secretary | D. Gillis - Chairman |
| G. Oskoian | J. Champion |

Also present were:

H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Dickstein Shapiro, LLP
M. Herwig - PNC Bank, NA
A. Hutchins - CIGNA (via teleconference)
C. Little - PNC Bank, NA
J. Middleton - Catamaran
A. Sims - Associated Administrators, LLC
K. Walsh - Associated Administrators, LLC
J. Webb - CIGNA

## I. CALL TO ORDER

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

Ms. Sims reported that, due to extenuating circumstances, Trustee Haight was unable to attend the January 18, 2013 Board of Trustee meeting. Several Motions passed by the Trustees were subject to his approval. For the record, Trustee Haight approved the Motions from the January 18, 2013 meeting.

## II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on January 18, 2013.

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

> **RESOLVED that the minutes of the last regular meeting held on January 18, 2013 were approved as presented.**

## III. FINANCIAL REPORT - PNC Bank, NA - Summary of Activity

The Trustees welcomed Mr. Little and Mr. Herwig from PNC Bank, NA to the meeting. Mr. Little presented the Summary of Activity Report for the period December 31, 2012 through March 31, 2013. Such report showed a beginning market value of $1,233,313, receipts of $1,206,486, disbursements of $1,243,486, investment income of $2,001, and market value loss of $142, producing an ending market value of $1,198,370.

Mr. Little presented the asset allocation as of March 31, 2013. The Fund held 85% in a limited maturity bond and 15% in cash. The estimated annual income was $9,293 with an estimated 0.8% yield.

The Trustees thanked Mr. Little and Mr. Herwig for their report and they were excused from the meeting.

## IV. CO-COUNSEL REPORT

### A. Health Insurance Portability and Accountability Act of 1996 ("HIPAA"): Final Rule

Co-Counsel reported that on January 25, 2013 the Department of Health and Human Services ("HHS") published the Final Rule to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). They explained that the Final Rule contains significant changes for employers, plan sponsors and business associates, including but not limited to: (1) changes to Notices of Privacy Practices, (2) new rules regarding electronic access to protected health information, and (3) details on how business associates must comply with HIPAA's security rules. Co-Counsel concluded that they will provide guidance on the required actions in order for the Fund to be in compliance with this new regulation by the September 23, 2013 deadline.

**B. <u>Affordable Care Act ("ACA"): Comparative Effectiveness Research ("CER") Fee</u>**

Co-Counsel reported that the final regulations regarding the Comparative Effectiveness Research ("CER") Fees had been released. These fees are effective for Plan years ended after September 30, 2012 and apply for each Plan year from 2012 through 2018. For the first assessment year, the fee is $1 multiplied by the average number of covered lives. For the second assessment year, the fee increases to $2 multiplied by the average number of covered lives. In later years, the fee is indexed according to the increases per capita national health expenditures as determined by the Department of HHS. The Trustees requested that the Administrative Manager confirm with the Fund Auditor that they will be filing the CER fee on behalf of the Fund.

**C. <u>Transitional Reinsurance Program Fee</u>**

Co-Counsel reported that the Department of HHS has published the final regulations that will enable Plan sponsors and insurers to calculate their liability under the Transitional Reinsurance Fee provisions of the Patient Protection and Affordable Care Act ("PPACA"). The fee was designed to stabilize premiums in the individual market from 2014-2016, and requires payment into the program by Plan sponsors. Counsel stated that the Department of HHS proposed a fee of $63 (or $5.25 per month) per covered life.

**D. <u>Rate Renewal - Dickstein Shapiro, LLP</u>**

Ms. Sims reported that the Fund Office had received a copy of Mr. DeLancey's hourly rates effective January 1, 2013.

Co-Counsel reported that there were no further legal matters to report to the Board.

## V. ADMINISTRATIVE MANAGER REPORT

### A. Fourth Quarter 2012

Ms. Sims presented the Administrative Manager Report for the fourth quarter 2012. The report showed employer contribution income of $1,173,843, employee contributions of $4,512, interest and dividend income of $1,957, and miscellaneous income of $9,085, producing a total income of $1,189,397. Expenses included $642,201 for medical benefits, $33,399 for CIGNA premiums, $91,251 for dental premiums, $38,199 for disability benefits, $220,217 for prescription drug benefits, $7,857 for life insurance benefits, $33,773 for stop loss insurance, $11,355 for optical benefits, and $40,405 in operating expenses, producing total expenses of $1,118,657 and resulting in a surplus of $70,740 for the fourth quarter of 2012. She further reported that contributions were made on behalf of 620 active Participants and that there were no delinquencies. The Fund reserve was $1,232,595 as of December 31, 2012 which represented 3.0 months.

### B. Contribution Rate

Ms. Sims requested direction from the Trustees on how to proceed with the Maintenance of Benefits and the projected rates for Plan 1 and Plan 2, which were tabled at the January 18, 2013 meeting. The Trustees discussed and deferred action on this issue until bargaining is completed.

## VI. INVOICES

Ms. Sims presented a list of invoices dated April 12, 2013. It was noted that there were no additions, deletions or changes to the list.

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

> **RESOLVED that the list of invoices dated April 12, 2013 was approved for payment as presented.**

## VII. PARTICIPANT APPEAL

| *Appeal Number* | *Issue* | *Board Decision* |
|---|---|---|
| M13/104-1297 | Nonparticipating Provider | Approved |

## VIII. PROVIDER REPORTS

### A. CIGNA

The Trustees welcomed Mr. Webb from CIGNA Healthcare to the meeting. Mr. Hutchins joined the meeting via teleconference.

**PPO Savings Report**

Mr. Webb distributed a report entitled "Bakers Union and FELRA Health and Welfare Trust Fund - Year to Date Savings Results (September 1, 2012 through March 31, 2013)." He reported that the Fund's inpatient, outpatient and physician network savings from September 1, 2011 through August 31, 2012 totaled $2,743,135, which represented a total network savings of 41.3%. Mr. Webb reported that the care management savings for the same period was $83,137. He stated that the Fund's inpatient, outpatient and physician network savings from September 1, 2012 through March 31, 2013 were $1,627,139, which represented a total network savings of 41.6%.

The Trustees thank Mr. Webb for his presentation and he was excused from the meeting.

### B. Catamaran Rx.

The Trustees welcomed Ms. Middleton from Catamaran to the meeting.

**Executive Summary**

Ms. Middleton distributed a report entitled "Bakers Union and FELRA Health and Welfare Fund - 2013 Q1 Utilization." During the period April 1, 2012 through March 31, 2013 there were 10,739 prescriptions filled, for which the Plan paid $965,794.12 in prescription costs and the members paid $113,553.38 in co-payments. The average cost per member per month was $58.89. The Fund's generic utilization rate for the period was 70.9%.

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

The Trustees thanked Ms. Middleton for her report and she were excused from the meeting.

## IX. OTHER FUND BUSINESS

**ING/RELIASTAR - Basic Life/ Accidental Death and Dismemberment Renewal**

Ms. Sims reported that, per Trustee directive at the January 18, 2013 meeting, Mr. Walters revised his rate proposal for Basic Life and the Accidental Death and Dismemberment (AD&D) for the period January 1, 2013 through December 31. ING revised their proposal and reduced the Basic Life rate to $0.205 per $1,000 in coverage while keeping the AD&D rate unchanged at $0.02 per $1,000 in coverage. Ms. Sims reported that the Trustees, via electronic poll, approved the revised rates for Basic Life and AD&D policy renewal, effective January 1, 2013.

## X. NEXT MEETING DATE AND LOCATION

The Trustees directed that the next regular Board meeting be held on Friday, July 12, 2013 at 10:00 A.M. in Landover, Maryland.

## XI. ADJOURNMENT

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

Respectfully submitted,
David Gillis, Chairman