

**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
JUNE 20, 2019
IN LANDOVER, MD**

The following Trustees were present:

UNION TRUSTEE

L. Jones

EMPLOYER TRUSTEES

M. Goble - Secretary
S. Ridore

Also present were:

H. Agoney - Optum Rx
M. Davis-Alpis - Cigna
M. DeLancey - Blank Rome, LLP
K. Foster - Cigna
C. Little - PNC Bank
K. Phillips - Associated Administrators, LLC
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

Ms. Welch reported that due to extenuating circumstances, Trustee Oskoian was unable to attend this Board of Trustees meeting. Any motions passed by the Trustees at this meeting are subject to his approval. 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 subject to Trustee Oskoian's approval of the following resolution:

RESOLVED, that the minutes of the regular Board meeting held on March 22, 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 May 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 \$911,221, contributions of \$1,756,356, disbursements of \$1,998,303, market value increase of \$4,323, investment return of \$8,212, producing an ending market value of \$690,809.

Mr. Little presented the asset allocation as of May 31, 2019. The Fund holds 89.9% in limited maturity bonds and 10.1% in cash. The estimated annual income is \$9,394 with an estimated 1.4% yield.

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

IV. CO-COUNSEL REPORT

Mr. DeLancey reported that there were no further legal matters for Board action at this time.

V. ADMINISTRATIVE MANAGER REPORT

A. First Quarter 2019

Ms. Welch presented the Administrative Manager Report for the first quarter of 2019. The report showed employer contribution income of \$1,016,812, employee payroll deductions of \$40,231, employee contributions of \$7,128, interest and dividend income of \$5,493, and miscellaneous income of \$21,600, producing a total income of \$1,091,264. Expenses included \$786,971 for medical benefits, \$30,886 for CIGNA premiums, \$61,880 for dental premiums, \$10,029 for disability benefits, \$285,006 for prescription drug benefits, \$4,738 for life insurance benefits, \$24,598 for stop loss insurance, \$8,529 for optical benefits, and \$51,852 in operating expenses, producing total expenses of \$1,264,489 and resulting in a deficit of \$173,225 for the first quarter of 2019. Ms. Welch reported that contributions were made on behalf of 488 active

participants and that there were no delinquencies. The Fund reserve was \$665,263 as of March 31, 2019, which was projected to provide benefits for 1.8 months.

VI. INVOICES

Ms. Welch reviewed a list of invoices dated June 20, 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 approval of the following resolution:

RESOLVED, to approve payment of the list of invoices dated June 20, 2019 as presented.

VII. PARTICIPANT APPEALS

<i>Appeal Number</i>	<i>Issue</i>	<i>Board Decision</i>
M19/112-4984	Hospital/Medical Late Claim Filing	Tabled

VIII. PROVIDER REPORTS

A. Optum Rx

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

1. Utilization Review

Ms. Agoney distributed the Optum Rx “Bakers Union and FELRA Health and Welfare Fund, Quarterly Review for January to March 2019” report dated June 20, 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, 2019 through March 31, 2019. The Fund experienced an overall increase of 18.3% in Plan costs per participant per month for the first quarter of the 2019 Plan year as compared to the first quarter of the 2018 Plan year. During the first quarter of 2019 there were 2,226 traditional prescriptions filled and 23 specialty prescriptions filled, for which the Plan paid \$284,432 and \$158,019 respectively. The cost per member per month(pmpm) in the first quarter of 2019

was \$128.76 as compared to the Taft-Hartley book of business (“BOB”) of \$65.51. The Fund’s generic utilization rate for the period was 85.3%. The Fund’s average cost per prescription was \$127.78, as compared to the Taft-Hartley BOB of \$95.27. Specialty drugs represented 44.4% of the Fund’s drug cost. The specialty drug cost for the first quarter of 2019 was \$57.23 pmpm, as compared to the first quarter of 2018 cost of \$47.66 pmpm, an increase of 20.1%. Ms. Agoney noted that there were five new specialty drugs being utilized on the Top 10 Specialty Drug List. The specialty drug cost for the first quarter of 2019 averaged \$5,496.22 per prescription, a decrease of 4.8% as compared to the first quarter of 2018. The traditional drug cost for the first quarter of 2019 averaged \$127.78 per prescription, an increase of 15.1% as compared to the first quarter of 2018.

Ms. Agoney 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 first quarter of 2019. The Trustees asked Ms. Agoney to provide a list of the medications being utilized under the non-narcotic analgesic top disease category on page 11 of the quarterly review.

Ms. Agoney reviewed follow-up items from the March 22, 2019 Board meeting. She informed the Trustees that currently Optum Rx does not have a universal policy on how Bio-Similar Drugs will be covered. She noted that if there is a utilization management edit in place for the originator product that the biosimilar will mirror that strategy. The Trustees had requested an analysis of the Premium Formulary at the last Board meeting. Ms. Agoney recommended waiting until the Comprehensive Utilization Management Program was in place on July 1, 2019 to complete the analysis because some of the edits overlap with the Premium Formulary. Ms. Agoney provided member disruption reports and copies of the letters that were mailed to participants affected by the implementation of the Vigilant Drug Program, Diabetes Management Program and the Comprehensive Utilization Management Program that will become effective on July 1, 2019.

The Trustees requested that Ms. Agoney provide a savings report on the efficacy

of the new Programs that will be implemented on July 1, 2019 as part of her quarterly utilization review report.

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 reported that the cost of the Program is \$300 per engaged member, per year.

Ms. Agoney discussed the Preferred Copay Card Acceptance Program (PCCA). She noted that manufacturer sponsored copay assistance cards offered for high cost non-preferred specialty drugs are increasing the Plan spend by disrupting the intent of the formulary design. The PCCA Program directs the member to a lower cost formulary alternative by blocking the acceptance of targeted specialty pharma manufacturer coupons and provides a Plan savings by encouraging the use of a preferred lower cost alternative.

Ms. Agoney discussed the Copay Card Accumulator Adjustment Program (CCAA). She noted that manufacturer copay cards and coupon dollars currently are applied towards the members deductible and out-of-pocket maximum, which increases the Plan's cost share. The CCAA Program only applies the actual amount the member paid for the drug towards there deductible and out-of-pocket maximum.

Ms. Agoney discussed the Variable Copay Solution Program (VCS), that would not be available until January 1, 2020. The VCS Program modifies the benefit design to leverage the maximum yield from manufacturer sponsored copayment assistance cards. The Program decreases the Plan cost share on specialty drug spend and maintains a positive member experience by shifting the costs from the Plan to the pharma sponsored copayment assistance cards. She noted that the CCAA Program is a required component of the VCS Program. The Trustees

requested a list of the Drug Copay Cards that Briova accepts.

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

B. Cigna

The Trustees welcomed Ms. Krista Foster and Ms. Caroline Davis-Alpis to the meeting.

1. PPO Saving Report

Ms. Foster distributed her report titled, “Savings Results/Medical Management Reports/Member Engagement Opportunities” a copy of which is attached and made part of these minutes as Exhibit C. She reviewed the Cigna PPO savings report for the periods January 1, 2018 to December 31, 2018 and January 1, 2019 to March 31, 2019. The PPO network savings from January 1, 2018 to December 31, 2018 was \$2,552,810.01, which represents an overall PPO savings of 41.7%. The PPO network savings from January 1, 2019 to March 31, 2019 was \$560,319.40, which represents an overall PPO savings of 34.9%. Ms. Foster discussed several cost saving areas that additional member engagement could result in a savings to the Plan. She noted that there were 47 emergency room visits that could have been handled by an urgent care center and 17 members were repeat emergency room utilizers for non-urgent conditions. The savings that would have occurred if the members were treated in an urgent care center instead of the emergency room in the 2018 Plan year would have been \$11,446.31. Ms. Foster reported that a potential savings of \$30,508.08 would have occurred in the 2018 Plan year if members utilized preferred labs (Quest and LabCorp) for all lab services. She recommended providing the members a targeted mailing for each of the cost saving areas identified and to promote the mycigna.com website and mobile app to help members locate urgent care centers.

The Trustees requested a report detailing the steerable emergency room visits that could have been treated in an urgent care center and a report noting the lab

services completed by Quest, LabCorp and non-preferred labs separately.

2. Security Breach

Ms. Foster discussed the ongoing investigation of the data security incident that occurred with one of there third-party vendors. She reported the event was not a compromise of Cigna’s system and that the investigation is ongoing and they are working with the third-party vendor to resolve the incident and would provide communications regarding this matter as updates are identified.

3. Cigna Renewal

Ms. Foster distributed a three year renewal proposal which included a 5% increase in the shared administration re-pricing program effective September 1, 2019 to \$30.83 per employee per month (“pepm”), a 3% increase effective September 1, 2020 to \$31.75 pepm, and a 3% increase pepm effective September 1, 2021. The Trustees requested additional information on the rationale for the 5% increase in 2019.

The Trustees thanked Ms. Foster and Ms. Davis-Alpis for there presentation and excused them from the remainder of the meeting.

IX. OTHER FUND BUSINESS

A. Patient-Centered Outcomes Research Institute (“PCORI”)

Ms. Welch reported that the premium payment for the Plan year ended December 31, 2018 will be \$1,777.06 using the same snapshot method as last year. The Form 720 and the premium payment are due by July 31, 2019. The PCORI fee increased from \$2.39 to \$2.45 per covered life.

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

RESOLVED, to approve payment of the PCORI premium of \$1,777.06 for the Plan year ended December 31, 2018, based on the snapshot method of calculation.

B. OptumRx Rebate Check

Ms. Welch reported that a rebate check in the amount of \$16,400 was received from OptumRx on April 4, 2019.

C. Seneca Consulting Group Pharmacy Audit

Ms. Welch distributed the Optum Rx Pharmacy Audit Report provided by Seneca Consulting Group. Seneca Consulting Group performed a pharmacy claims audit for claims processed by OptumRx from April 1, 2017 to March 31, 2018. They identified \$6,997 in potential recovery items related to the Mail Order Generic Channel Guarantee and the Specialty Drug Dispensing Fee Guarantee. OptumRx agreed there was a shortfall on both Guarantees and reimbursed the Fund on December 1, 2018.

X. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Tuesday, September 10, 2019 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,

Michael Goble, Secretary

Attachments:

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

Exhibit B: OptumRx Annual Review January 2019 through March 2019.

Exhibit C: Cigna Savings Results/Medical Management Reports/Member Engagement Opportunities