Bakers Union and FELRA
Health and Welfare Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE BAKERS UNION AND FELRA HEALTH AND WELFARE FUND SEPTEMBER 12, 2014 IN LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEE	**EMPLOYER TRUSTEES**
Al Haight - Secretary	J. Champion
	D. Gillis

Also present were:

H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Dickstein Shapiro, LLP
V. Almonte – Catamaran Rx
C. Little – PNC Bank LLC.
A. Sims - Associated Administrators, LLC
J. Ianniello – Associated Administrators, LLC

I. CALL TO ORDER

Ms. Sims 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 meeting held on May 2, 2014.

On MOTION made and seconded the Trustees subject to Trustee Oskoian' approval of the following resolution:

RESOLVED that the minutes of the special meeting held on May 2, 2014 were approved as presented.

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

Ms. Sims presented the Summary of Activity Report for the period December 31, 2013 through August 31, 2014. Such report showed a beginning market value of $1,389,025, receipts of $2,799,928, and disbursements of $2,398,562, investment income of $4,040, and market value increase of $701, producing an ending market value of $1,389,347.

Ms. Sims presented the asset allocation as of August 31, 2014. The Fund held 54% in a limited maturity bond and 46% in cash. The estimated annual income was $4,211 with an estimated 0.3% yield.

IV. CO-COUNSEL REPORT

Co-Counsel said that there were no legal matters for Trustee action at this time.

V. ADMINISTRATIVE MANAGER REPORT

Second Quarter 2014

Ms. Sims presented the Administrative Manager Report for the second quarter 2014. The report showed Employer contribution income of $998,918, employee payroll deductions of $32,465, employee contributions of $5,301, interest and dividend income of $1,559, and miscellaneous income of $7,471, producing a total income of $1,045,714. Expenses included $554,143 for medical benefits, $18,836 for CIGNA premiums, $72,570 for dental premiums, $15,514 for disability benefits, $167,249 for prescription drug benefits, $5,833 for life insurance benefits, $25,571 for stop loss insurance, $9,000 for optical benefits, and $44,639 in operating expenses, producing total expenses of 913,355 and resulting in a surplus of $132,359 for the second quarter of 2014. She further reported that contributions were made on behalf of 515 active participants and that there were no delinquencies. The Fund reserve was $1,287,104 as of August 31, 2014 which was projected to provide benefits for 3.5 months.

VI. INVOICES

Ms. Sims presented a list of invoices dated September 12, 2014. It was noted that there were no additions, deletions or changes to the list.

On MOTION made and seconded the Trustees, subject to Trustee Oskoain' approval, of the following resolution:

> **RESOLVED that the list of invoices dated September 12, 2014 was approved for payment as presented.**

VII. PARTICIPANT APPEALS

Appeal Number	***Issue***	***Board Decision***
M14/135-2666	Hospital/Medical Non-participating provider	Approved
E14/127-4348	Eligibility	Denied
E14/125-0577	Eligibility	Denied

VIII. PROVIDER REPORTS

A. Catamaran Rx.

The Trustees welcomed Mr. Vladimir Almonte, Account Manager, from Catamaran Rx to the meeting.

i. Executive Summary

Mr. Almonte distributed a report entitled "Bakers Union and FELRA Health and Welfare Fund – 2Q 2014 Plan Review." During the period January 1, 2014 through June 30, 2014 the average cost per member per month was $73.28. The Fund's generic utilization rate for the period was 73.1%.

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.

ii. Catamaran Recommendations

Mr. Almonte reported that Catamaran recommended that the Trustees consider implementing the Catamaran Standard Quantity Limits for specialty and non-specialty drugs. He said that a disruption report was completed and 19 members would be impacted who would need to reduce their prescription quantity or request a prior authorization if this were to be implemented.

Mr. Almonte reviewed the Catamaran Prior Authorization program for specialty and non-specialty drugs and reported that only two participants would be affected if the Trustees were to implement this program. He explained that adding the standards would ensure that the expensive specialty medications are being use accordingly and appropriately.

The Trustees requested that the Pharmacy Manager provide them with a list of the drugs that would require quantity limits or prior authorization for their review.

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

IX. OTHER FUND BUSINESS

a. Transitional Re-Insurance Fee

Ms. Sims reported that the Department of Health and Human Services ("HHS") had issued the final regulations regarding the Transitional Reinsurance Program ("TRE") fee. She explained that the Patient Protection and Affordable Care Act ("ACA") established this fee, which is levied on employers and insurers to finance a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Sims said that the fee will be imposed over three years: 2014, 2015 and 2016 and Health insurance insurers and self-funded group health plans are required submit an application and annual enrollment count by November 15, 2014. She reported that HHS is offering contributing entities the option to pay: (1) the entire 2014 benefit year contribution in one payment no later than January 15, 2015 reflecting $63.00 per covered life; or (2) in two separate payments for the 2014 benefit year, with the first remittance due by January 15, 2015 reflecting $52.50 per covered life, and the second remittance due by November 15, 2015 reflecting $10.50 per covered life. She stated the fee must be remitted online using www.pay.gov.

Ms. Sims provided an overview of the alternative methods provided in the regulations to determine the average number of covered under the Plan. She said that based on how the Fund's eligibility data is recorded in the system, if approved by the Trustees, the snapshot method would be utilized to determine the average number of lives. Ms. Sims requested Trustee authorization for the Administrative Manager to: (1) register on pay.gov, (2) submit the required form and enrollment count, and, (3) remit the fee on behalf of the Welfare Fund. She further requested direction from the Trustees whether to remit a one-time fee of $63 no later than January 15, 2015 or remit the first payment by January 15, 2015 reflecting $52.50 per covered life, and the second by November 15, 2015 reflecting $10.50 per covered life.

MOTION was made, seconded and unanimously adopted to approve: (1) The Administrative Manager to register on pay.gov, submit the required form and enrollment count and remit the fee on behalf of the Plan; (2) utilize the snapshot method for determining the average number of lives covered under the Plan, and (3) remit a one-time fee of $63 no later than January 15, 2015.

b. <u>Denex Dental Renewal</u>

Ms. Sims reported that the Trustees, via interim poll, approved the proposed rate renewal from Denex Dental with a decrease a 3% decrease in premium to $53.61from $55.27 effective July 1, 2014 through December 31, 2015.

c. <u>CIGNA renewal</u>

Ms. Sims reported that the Trustees, via interim poll, approved the renewal proposal from CIGNA with an increase for the shared administration fees from $20.79 to $25.36 effective September 1, 2014. She explained that due to the uncertainty of the number of enrollees in 2015, Cigna will reevaluate the renewal fees and active enrollment as of February 1, 2015. Should the enrollment increase significantly, Cigna will make any adjustment to the proposed renewal rate retro-active back to January 1st, 2015 and credit back any additional fees paid in 2015.

d. <u>Out of Pocket Maximums</u>

Ms. Sims reported that the Affordable Care Act ("ACA") provides that group health plans are required to ensure that annual cost-sharing imposed under the Plan does not exceed the limitations provided by the Act. She explained that all annual out-of-pocket costs for all coverage under the plan, including deductibles, co-insurance and co-payments are limited to no more than $6,350 per individual and $12,700 per family. Ms. Sims said that the Fund's currently utilizes multiple vendors to administer the benefits, a Third-party Administrator for medical claims and Pharmacy Benefits Manager for prescription drug coverage and that effective January 1, 2015 these out of pockets will need to be coordinated to ensure that the ACA limits on annual out-of-pocket costs are not exceeded. The Trustees requested that the Administrative Manager solicit a quote from Segal Consultants to provide recommendations on the out-of-pocket maximums for Major Medical and Prescription drug benefits for compliance with this regulation.

X. <u>NEXT MEETING DATE AND LOCATION</u>

The Trustees directed that a Regular Board meeting be held on Friday, December 5, 2014 at 12:00 p.m. in Washington, D.C. location to be determined.

XI. <u>ADJOURNMENT</u>

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

Respectfully submitted,
Al Haight, Secretary