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 SEPTEMBER 16, 2016 IN LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEE	**EMPLOYER TRUSTEES**
G. Oskoian	S. Brown - Chairwomen

Also present were:

H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Dickstein Shapiro, LLP
C. Little - PNC Capital Advisors
A. Sims - Associated Administrators, LLC
D. Welch - Associated Administrators, LLC

I. CALL TO ORDER

Ms. Welch reported that, due to extenuating circumstances, Trustee Haight and Trustee Gillis were unable to attend this Board of Trustees meeting. Any motions passed by the Trustees at this meeting are subject to their approval. The Chairwomen called the meeting to order.

II. MINUTES

The Trustees reviewed the minutes of the regular Board meeting held on July 1, 2016.

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

RESOLVED, that the minutes of the regular meeting held on July 1, 2016 were approved as presented.

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

Mr. Little presented the Summary of Activity Report for the period December 31, 2015 through August 31, 2016. Such report showed a beginning market value of $2,229,697, receipts of $2,567,272, disbursements of $2,907,677, investment income of $7,504, market value increase of $5,696, and a total investment return of $13,200, producing an ending market value of $1,902,492.

Mr. Little presented the asset allocation as of August 31, 2016. The Fund holds 66% in a limited maturity bond and 34% in cash. The estimated annual income is $12,458 with an estimated 0.7% yield.

IV. CO-COUNSEL REPORT

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

V. ADMINISTRATIVE MANAGER REPORT

A. Second Quarter 2016

Ms. Welch presented the Administrative Manager Report for the second quarter of 2016. The report showed employer contribution income of $913,247, employee payroll deductions of $42,756, employee contributions of $4,851, interest and dividend income of $2,820, producing a total income of $963,674. Expenses included $605,614 for medical benefits, $24,387 for CIGNA premiums, $58,150 for dental premiums, $16,428 for disability benefits, $271,443 for prescription drug benefits, $5,001 for life insurance benefits, $30,226 for stop loss insurance, $7,869 for optical benefits, and $42,221 in operating expenses, producing total expenses of $1,063,339 and resulting in a deficit of $97,665 for the second quarter of 2016. Ms. Welch reported that contributions were made on behalf of 500 active participants and that there were no delinquencies. The Fund reserve was $1,940,112 as of June 30, 2016 which was projected to provide benefits for 6.3 months.

VI. INVOICES

Ms. Welch presented a list of invoices dated September 16, 2016. It was noted that there were no additions, deletions or changes to the list.

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

RESOLVED, that the invoices on the list dated September 16, 2016 were approved for payment as presented.

VII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
M16/121-9907	Hospital/Medical Nonparticipating Provider	Denied
M16/125-6336	Hospital/Medical Nonparticipating Provider	Denied
M16/135-1297	Hospital/Medical Excluded Services	Denied

VIII. OTHER FUND BUSINESS

A. CIGNA HealthCare Renewal

Ms. Welch reported that the Trustees, via interim poll, approved the CIGNA renewal proposal for the shared administration re-pricing service effective September 1, 2016 through August 31, 2019, at a 3% per member, per month (PMPM) fee increase per year. The new administration fee effective September 1, 2016 is $27.67 PMPM. The administration fee effective September 1, 2017 will be $28.50 PMPM and effective September 1, 2018 will be $29.36 PMPM. Fees are guaranteed through August 31, 2019.

B. Out of Pocket Maximums

Ms. Welch 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 $7,150 per individual and $12,700 per family for 2017. Segal Consultants provided a recommendation on out-of-pocket maximums for Major Medical and Prescription Drug Benefits for compliance with this regulation.

Segal Consultants provided a recommendation for Medical and Prescription Drug benefits out-of-pocket maximums for Plan 1, Plan 2 and Plan 3, for Trustee consideration as follows: (1) Plan 1 out-of-pocket for Medical to be $4,000 for single coverage and $8,000 for family coverage, and for Prescription Drug, $3,150 for single coverage and $6,300, (2) Plan 2 for Medical $5,000 for single coverage and $10,000 for family coverage, and for Prescription Drug, and $2,150 for single coverage and $4,300 for family coverage, (3) Plan 3 for Medical $5,000 for single coverage and $10,000 for family coverage, and for Prescription Drug, $2,150 for single coverage and $4,300 for family coverage.

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

RESOLVED to approve the out-of-pocket maximums for Plan 1, Plan 2 and Plan 3, effective January 1, 2017, as detailed above.

C. Open Enrollment

The Trustees confirmed that the open enrollment period would remain the same for Plan 1, Plan 2, Plan 3 and Plan 4. Open enrollment materials will be mailed to participants during November 2016 with benefits effective January 1, 2017.

D. Form 5500

Ms. Welch reported that the Forms 5500 was filed on August 8, 2016.

E. Patient Centered Outcomes Research Institute ("PCORI")

Ms. Welch reported that the PCORI fees were filed by the July 31, 2016 deadline.

F. Transitional Re-Insurance Fee

Ms. Welch reported that the Patient Protection and Affordable Care Act ("ACA") established the Transitional Re-Insurance Fee, which is levied on employers and insurers to finance a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Welch said that the fee was imposed in 2014 and is required to be paid in 2015 and 2016. Health insurance insurers and self-funded group health plans are

required submit an application and annual enrollment count by November 15, 2016. She reported that HHS is offering contributing entities the option to pay: (1) the entire 2016 benefit year contribution in one payment no later than January 15, 2017 reflecting $27.00 per covered life; or (2) in two separate payments for the 2015 benefit year, with the first remittance due by January 15, 2017 reflecting $21.60 per covered life, and the second remittance due by November 15, 2017 reflecting $5.40 per covered life. She stated the fee must be remitted online using www.pay.gov.

Ms. Welch 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. Welch 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 $27 no later than January 15, 2017 or remit the first payment by January 15, 2017 reflecting $21.60 per covered life, and the second by November 15, 2017 reflecting $5.40 per covered life.

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

> **MOTION was made and seconded to approve: (1) The Administrative Manager to submit the required form and enrollment count and remit the fee on behalf of the Plan on pay.gov; (2) utilize the snapshot method for determining the average number of lives covered under the Plan, and (3) remit a one-time fee of $27 no later than January 15, 2017.**

G. <u>For your Benefit Newsletter (FYB)</u>

Ms. Welch noted the September 2016 *For Your Benefit* newsletter was mailed to Participants. The newsletter contained the Creditable Coverage Notice, and the Women's Health and Cancer Rights Act Notice.

H. Vision Service Provider (VSP) Renewal

Ms. Welch distributed a copy of a letter entitled, "January 1, 2017 Renewal Notification." She noted that the contract with VSP is set to expire December 31, 2016 and that VSP had submitted a proposal for Trustee consideration that offers a one-year renewal, for the period January 1, 2017 to December 31, 2017, with a 34% increase in the rate. After considerable discussion on the proposed rates and the significant increase the Trustees directed the Administrative Manager to obtain rate quotes from alternative Vision Service Providers, for the same benefits, and provide details to the Trustees via electronic mail for their consideration.

IX. NEXT MEETING DATE AND LOCATION

The Trustees directed that a regular Board meeting be held on Friday, December 9, 2016 at 12:00 p.m. in Annapolis, Maryland.

X. ADJOURNMENT

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

Respectfully submitted,
Al Haight, Secretary