ASSOCIATED ADMINISTRATORS

March 7, 2019

The Board of Trustees of the
Industry and Local 338 Welfare Fund

Re: Administrative Services Contract Renewal

Dear Trustees:

The administrative services contract between Associated Administrators, LLC ("Associated") and the Industry and Local 338 Welfare Fund ("Fund") expires March 31, 2019. We hope that you will consider favorably our request for a three-year agreement.

As you are aware, several pieces of legislation, including the Patient Protection and Affordable Care Act ("PPACA") and the Health Insurance Portability and Accountability Act ("HIPAA") have resulted in additional work for the Fund, affecting benefits processing and administration, and will continue to do so. It has been necessary for Associated to add resources to its workforce, training, and systems to provide compliance services to our clients.

Services Recap

Over the last three years, listed below are some of the services performed by Associated:

- Implemented the New York State Paid Family Leave benefit
- Implemented annual COBRA rates
- Filed Creditable Coverage Disclosure to Centers for Medicare & Medicaid Services ("CMS")
- Distributed Creditable Coverage Notice
- Tracked employer audits
- Completed and submitted applications to renew Fiduciary Liability and Cyber Liability Insurance
- Completed and submitted application for Fidelity Bond

- **Compliance Monitoring**
  Associated continues to provide a compliance monitoring program to help each of our client plans track regulatory reporting requirements, vendor contracts, and required documentation.

- **PPACA Information Reporting on Health Coverage**
  Associated annually produces and mails 1095-B forms to participants detailing the months they (and their enrolled dependents) were offered health insurance coverage by the Plan and provides the same information electronically to the IRS.

- **Patient Centered Outcomes Research Institute ("PCORI") Fee**
  Associated produces the data for the PCORI fees mandated by ACA, paid via IRS Form 720.

- **Transitional Reinsurance Fee ("TRF")**
  Associated produced the data and processed the TRF payments through Plan Year ending July 31, 2017.

- **HIPAA and HITECH Act**
  This Act requires breach reporting regarding protected health information. Associated conducts ongoing in-house training of all our employees on the requirements of the Act and has established procedures for breach notification and reporting on behalf of the Plan.

- **Information Technology Developments**
  Associated's highest cost increases and deliberate reinvestment have been in Information Technology. We paid over $767,000 in 2017. System enhancements allow us to better serve our clients and participants and to maintain proper computer security.

- **Postage**
  Associated pays all regular postage on behalf of the Plan, excluding mass mailings. The United States Postal Service implemented a rate increase in 2019 of 10% for first class mail.

Proposed Fee Increases

Associated's analysis of work expended versus income on the Fund indicates we are not achieving a profit. In order to address this imbalance, we respectfully request a three year term with 5% increases each year. These 5% increases are not projected to achieve profitability, but we hope they will bring us closer to a break-even point between the costs of salaries, benefits, overhead and other expenses and the fees we receive, while allowing the Trustees to act in the best interests of Plan participants. Please see Exhibit A for a full outline of the proposed rates through March 31, 2022.

Associated has assigned to the Fund an Account Executive and an Account Manager with over sixteen years of benefits fund administrative experience. We use that experience to continuously look for cost efficiencies. Supporting the account team is a staff of nine employees, which includes staff from our accounting, eligibility, communications, appeals, participant services and IT departments. They are dedicated to providing superior services.

We realize that as fiduciaries, the Trustees must be certain that the Plan receives services proportionate in quality and quantity to the fees charged. Associated prides itself on providing excellent service to the Plan and its participants, and we do so at a competitive price.

Associated Administrators, LLC appreciates the opportunity to serve this Fund and welcomes all questions concerning our proposal.

Sincerely,

AHCochran

Alicia Cochran
Account Executive
Associated Administrators, LLC

cc: Elizabeth O'Leary, Esq.

INDUSTRY AND LOCAL 338 WELFARE FUND

EXHIBIT A

Current Monthly Fee	**4/1/19 Through 3/31/20**	**4/1/20 Through 3/31/21**	**4/1/21 Through 3/31/22**
$5,948.80	$6,246 Annual increase $3,569	$6,558 Annual increase $3,748	$6,886 Annual increase $3,935

4/1/2019 through 3/31/2022 Hourly Rates for New Regulatory Changes and Implementation of New Vendors:

$100/Hour – IT/Management
$ 60/Hour – Supervisor
$ 30/Hour – Regular Employee