Industry And Local 338
Welfare Fund

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Minutes of the Meeting of the Board of Trustees

Held on March 31, 2020
Via
Conference Call

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEE**
Lori Polesel	Chris Palmer
Barry Russell	

Also present were:

Kristen Barshinger – Associated Administrators, LLC
Russell Bley – The Segal Company
Pat Blizzard – SEI Institutional Group
Alicia Cochran – Associated Administrators, LLC
Peter Murray – Schultheis & Panettieri, LLP
Elizabeth O'Leary, Esq. – Kauff McGuire & Margolis LLP
Beth Robinson – Express Scripts
John Urbank – The Segal Company

I. CALL TO ORDER

The meeting was called to order at 10:02 a.m.

II. INVESTMENT CONSULTANT REPORT

Mr. Pat Blizzard of SEI referred the Trustees to the SEI report which was distributed electronically prior to the conference call.

Mr. Blizzard discussed SEI's investment outlook and provided an overview of the capital markets and commented on the effect of the ongoing COVID-19 pandemic on the financial markets. The Trustees also discussed the effect of current events on Contributing Employers.

Mr. Blizzard reported that the Fund's market value of assets was $8,010,665 as of March 31, 2020, and its fiscal year-to-date rate of return is 3.21%, compared to the 3.05% return for the index. Since inception with SEI (01/31/11), the rate of return is 4.96%, compared to the 4.19% return for the index. The asset allocation is 8.10% World Equity Ex-US Fund, 5.50% US Equity Factor Allocation Fund, 5.60% Large Cap Index Fund, 36.30% Core Fixed Income Fund, 25.40% Limited Duration Fund, 2.00% High Yield Bond Fund, 10.10% Ultra Short Duration, 5.00% Opportunistic Income Fund, 2.00% Emerging Markets Debt Fund, and 0.00% cash and equivalents.

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

III. ASSOCIATED ADMINISTRATORS, LLC REPORT

Ms. Cochran referred the Trustees to the first quarter financials, which are attached hereto as Exhibit "A."

A. Cash Operating Statement

Ms. Cochran reviewed the Cash Operating Statement from July 1, 2019 through December 31, 2019. The report is attached hereto as Exhibit "B."

B. Disbursement Report

Ms. Cochran referred to the Authorization for Disbursements reports for October, November, and December 2019. The reports are attached hereto as Exhibit "C."

MOTION was made, seconded and unanimously adopted authorizing the disbursements listed in Exhibit "C."

C. **Active Members and COBRA Participants Receiving Benefits**

Ms. Cochran referred to the report for the period from January 2019 through December 2019. The report is attached hereto as Exhibit "D."

D. **Employer Contribution Rate Report**

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "E."

E. **Delinquency Report**

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "F."

F. **Administrative Manager's Report**

Ms. Cochran reviewed the report in detail. The report is attached hereto as Exhibit "G."

G. **Summary of Benefits and Coverage ("SBC")**

Ms. Cochran reported that the 2020 SBC was mailed to participants on December 6, 2019.

H. **Form 1099MISC**

Ms. Cochran reported that Form1099MISC was mailed to providers.

I. **New Collective Bargaining Agreements ("CBAs")**

Ms. Cochran reported on the following new CBAs:

a. First Student, Inc. (Rondout) and Teamsters Local Union 445 ("Local 445") which covers the period August 13, 2019 through August 31, 2022, and provides for a contribution rate of $294.80 per week.
b. First Student, Inc. (Wallkill) and Local 445 which covers the period September 1, 2019 through August 31, 2022, and provides for a contribution rate of $294.80 per week, with an increase to $296.00 per week effective January 1, 2022. Ms. Cochran noted that the retroactive contribution rate caused an underpayment of $4,617.60 for the period January 1, 2019 through December 31, 2019, that a letter was sent to the employer regarding the underpayment, and that no response has been received to date.
c. LP Transportation and Local 445 which covers the period August 16, 2019 through August 15, 2022, and provides for a contribution rate of $280.00 per week, with an increase to $296.00 per week effective August 16, 2021.

J. <u>Summary Annual Report ("SAR")</u>

Ms. Cochran reported that the SAR for Plan Year Ending June 30, 2019 was mailed to participants on March 26, 2020.

K. <u>Stop Loss Reimbursement</u>

Ms. Cochran reported that the Fund submitted a stop loss claim to HCC Life Insurance Company, resulting in a reimbursement of $15,002.35 to the Fund.

L. <u>Summary of Material Modifications ("SMM")</u>

Ms. Cochran reported that the Fund mailed an SMM regarding the previously approved exclusion of Gene Therapy to participants and beneficiaries on December 6, 2019, and that an SMM regarding COVID-19 testing was mailed to participants and beneficiaries on March 26, 2020.

IV. PROVIDER REPORT – EXPRESS SCRIPTS

A. SaveOn Program

Ms. Beth Robinson of Express Scripts joined the call to discuss the previously approved SaveOn Program which is intended to reduce specialty drug cost. Ms. Robinson noted that the Fund is required to participate in the Accredo Exclusive program in order to implement SaveOn, but that the Fund currently participates in the Acreedo Open program. She noted that Accredo Exclusive program does not require any additional cost to the Fund and there would be no member disruption. She reviewed ESI's presentation slides on the Exclusive Accredo Program. The Trustees discussed this issue and Mr. Urbank stated Segal's view that it is better to purchase specialty drugs through Accredo due to Accredo's better management and care related to specialty drugs.

MOTION was made, seconded and unanimously adopted to approve the implementation of the Accredo Exclusive Program in order to implement the SaveOn Program effective June 1, 2020.

Ms. Robinson provided some general commentary regarding the effect of COVID-19 on the prescription drug market. She was then excused from the call.

V. CONSULTANT'S REPORT

A. HCC Life – Specific Stop-Loss Renewal Effective April 1, 2020

Mr. Bley referred to the Trustees' approval of the Specific Stop Loss renewal with HCC, effective April 1, 2020, via email poll between meetings. He reviewed the Segal memorandum dated March 19, 2020 outlining the renewal offers. Following review,

MOTION was made, seconded and unanimously adopted, to ratify the Trustees' interim decision to approve the specific stop-loss renewal with HCC Life at the same stop-loss level of $175,000.

B. **<u>Empire BlueCross BlueShield Jointly Administered Arrangement (“JAA”) Administrative Fee Effective May 1, 2020</u>**

Mr. Bley reported that Empire submitted the JAA renewal effective May 1, 2020. He noted that Empire has requested an increase in the administrative fee from $16.23 to $16.72 per member per month, which reflects an increase of $2,200, or 3%. Mr. Bley stated that Segal has reviewed the proposed increase and determined it to be reasonable. He noted that, based on 380 contracts, the annual fee is $76,240.

Following discussion,

MOTION was made, seconded and unanimously adopted to approve the JAA renewal with Empire, effective May 1, 2020.

VI. <u>NEXT MEETING DATE/ADJOURNMENT</u>

The next regular meeting of the Board of Trustees is scheduled for Tuesday, June 23, 2020 by conference call. With no further business to come before the Board, the meeting was adjourned at 11:00 a.m.

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Union Trustee Employer Trustee

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Union Trustee

Exhibits

A – First Quarter 2019 Financial Reports

B – Cash Operating Statement

C – Authorization for Disbursements

D – Active Members Report

E – Employer Contribution Report

F – Delinquency and Withdrawal Liability Report

G – Administrative Manager's Report