School Cafeteria Employees UNITEHERE Local No. 634
Health & Welfare Fund
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Minutes of the Meeting of the Board of Trustees
Held on Thursday, April 18, 2019
In the Offices of Willig, Williams & Davidson
Philadelphia, Pennsylvania

Present Were: Nicole Hunt and Warren Heyman – Union Trustees

Wayne Grasela, Susan Hancock, and Lisa Norton – Management Trustees

Also Present Were: Deborah R. Willig, Esq. and Kelly Brogan, Esq. of Willig, Williams & Davidson – Legal Counsel; Kathleen Jackson, CPA and Dan Ohlemiller of Novak Francella, LLC; Alicia Cochran of Associated Administrators, LLC – Administrative Manager; Matthew Walker[1], CFA of The Philadelphia Trust Company; Monica Gindhart, Jesse Vinson and Heather Nelson[2] of BeneCard – Pharmacy Benefit Manager

The meeting was called to order at 10:00 a.m. with Ms. Hunt presiding as Chairperson. Notice of this meeting was communicated prior to the date of the meeting. A quorum was present.

I. The minutes of the meeting of the Board of Trustees held on January 17, 2019 as revised by Fund Counsel were discussed.

MOTION was made and seconded to adopt the minutes of the meeting of the Board of Trustees held on January 17, 2019 as revised.

UNANIMOUSLY ADOPTED

[1] Present for the investment report only.
[2] Present for the BeneCard report only.

II. **Investment Manager's Report.** Mr. Walker presented the Investment Manager's report and stated the following: As of March 31, 2019, the composite return for total Fund assets was 3.35 % YTD. Total assets held in the discretionary account were $1,884,885.68. Total assets held in the non-discretionary account were $9,182.33. Assets in the discretionary account were allocated 66.4% to fixed income, 24.4% to equities and 9.2% to cash and equivalents. Mr. Walker stated that the plan for the remainder of 2019 was to stay the course as the Fund is positioned well.

III. **Prescription Benefit Manager Report.** Ms. Monica Gindhart, Mr. Jesse Vinson and Ms. Heather Nelson with BeneCard entered the meeting and presented a report titled, "UNITEHERE Local 634 Service Meeting Presentation." Ms. Gindhart reviewed the total claims processed and the total paid by the Fund for the period July 1, 2018 through March 31, 2019, 8,258 claims and $912,305 spend. Ms. Gindhart noted that specialty drugs made up 28.38% of the Fund's total spend. She also reviewed a utilization summary noting the number of brand versus generic prescriptions filled, noting the Fund had a 87.76% generic fill rate. Ms. Gindhart also reviewed a breakdown of prescriptions filled at retail versus mail order. Ms. Gindhart noted that the Fund currently allows three retail fills of specialty drugs, and there would be potential cost savings to the Fund to limit the number of retail fills for specialty drugs.

Ms. Nelson reviewed the Clinical Analysis information in the report. This included the clinical programs currently in place, the top 25 therapeutic categories of prescriptions, top 25 brand medications, top 25 generic medications, top 25 utilizing members and the specialty therapeutic categories.

Ms. Gindhart discussed with the Trustees in more detail BeneCard's recommendation to reduce the number of retail fills for specialty drugs from 3 to 0. Ms. Gindhart said that because most specialty medications need to be ordered, the impact to participants would be minimal. Ms. Gindhart also discussed step therapy with the Trustees. She said that implementing a step therapy program could result in savings to the Fund. Ms. Gindhart said that the Fund could implement a full step therapy program or a program for specialty medications only. She said that members already receiving specialty medications would not be impacted by the implementation of the program.

The Trustees then discussed Food Service Workers who work four hours or less and are not eligible for a major medical benefit. The Trustees discussed allowing this group of participants to receive insulin through the Fund's prescription benefit. Ms. Susan Hancock said that the School District could identify this classification of participants on the eligibility file sent to Associated Administrators.

MOTION was made and seconded to adopt, effective July 1, 2019 (1) the recommendation of BeneCard to eliminate retail fills of specialty medications, (2) implementation of a step therapy program for specialty medications, subject to Fund Counsel's review of the grandparenting of members currently receiving specialty medications and (3) implementation of an insulin benefit for Food Service Workers who work four or less hours and do not have a major medical benefit.

UNANIMOUSLY ADOPTED

IV. **Fund Consultant's Report.** Ms. Cochran said that due to a scheduling conflict, Mr. Iannucci was unable to attend today's meeting. Mr. Iannucci had no report to present to the Trustees.

V. **Fund Auditor's Report.** Nothing to report.

VI. **Fund Manager's Report.** Ms. Cochran presented an unaudited statement of cash receipts and cash disbursements for FY 2018-2019, as of February 28, 2019, with a comparative report for FY 2017-2018. Receipts and disbursements for the period were reviewed, with the Fund experiencing a positive cash flow of $181,934.93 compared to a negative cash flow of $27,411.10 for the prior period.

A report was presented detailing the number of eligible employees as of February 15, 2019 - 836 Cafeteria Workers and 1,082 Student Climate Staff for a total of 1,918 employees.

A COBRA report was presented for January 1, 2019 through February 28, 2019 stating that there were a total of 22 COBRA notices sent, with 1 COBRA enrollee for each month.

A dental claims report for Cafeteria Workers and Student Climate Staff for January 1, 2019 through February 28, 2019 was presented. Total charges paid were $10,571.80 on 234 claims for Cafeteria Workers and $3,539.70 on 84 claims for Student Climate Staff.

A report of orthotic claims paid for the period December 1, 2009 through February 28, 2019 was presented. Orthotic claims paid to date totaled $138,890.00.

A report of wig claims paid for the period July 24, 2012 through February 28, 2019 was presented. Wig claims paid to date totaled $3,532.01.

Ms. Cochran requested the Trustees' approval to pay two orthotic claims for participants that received more than 1 orthotic in the Benefit Year. She said that each claim is for $195.00. Ms. Cochran said that Dr. Diamond's office was basing eligibility on a Calendar Year, not Benefit Year. She also said that she advised Dr. Diamond's office of the eligibility rules and the Benefit Year.

MOTION was made and seconded to

approve the two orthotic claims on a non-precedential basis.

UNANIMOUSLY ADOPTED

Ms. Cochran said that the contract between Associated Administrators and the Fund was executed on February 21, 2019.

Ms. Cochran said that a second welcome letter advising of the transition to Associated Administrators and a benefit summary were mailed to participants on February 4, 2019.

VII. **Bills:** Ms. Cochran said that there are no invoices to be presented at today's meeting.

VIII. **Fund Counsel's Report.** Ms. Brogan stated that she was continuing to work on the BeneCard agreement.

IX. **Other Business.** Ms. Cochran said that there is no other business to report.

X. The date of the next regular Trustees meeting was scheduled for Thursday, July 11, 2019. The meeting will convene at 9:30 a.m. and will be held in the offices of Willig, Williams & Davidson, 1845 Walnut Street, 24th floor, in Philadelphia.

XI. There being no further business before the Board of Trustees, the meeting was adjourned.

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Union Trustee

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School District Trustee