

VIRGINIA BANKERS ASSOCIATION

Benefits Corporation

VBA BENEFITS CORPORATION BOARD

Agenda

VBA Benefits Corporation Board Meeting
August 26, 2022, 10:00am
VBA Office/Zoom (Hybrid)

- I. Welcome and Call to Order
- II. Approval of May 20, 2022 Meeting Minutes
- III. VBA Benefits Corporation Investment Committee Report – Michelle Austin ([2nd Quarter 2022 Investment Performance Board Report](#))
- IV. Financial Report – Stacy Puckett, VBA
 - Financial Results through June 2022
- V. COO Report and Board Administrative Issues – Laurie Milligan, VBA
 - Authorization of 2022-2023 VBA Benefits Corporation Officers
 - Conflict of Interest Policy
- VI. 2023 Health & Welfare Plan Renewal Recommendations – MMA; Tom Mackay, Dawn Hall, Jennifer Doyle
- VII. Other Business
- VIII. Executive Session

**Minutes of the
VBA Benefits Corporation
Board Meeting
May 20, 2022 at 10:00am
VBA Capitol Room**

In Attendance: Chairman Thomas F. Cherry, Michelle A. Austin, John R. Caldwell, J. Peter Clements, Barry C. Elswick, Robert M. Gorman, Mark C. Hanna, James E. Hendricks, Patricia R. Lewis, Jay A. Stafford

Unable to Attend: Robert R. Chapman, III, W. Mark Nelson

VBA Staff: Bruce Whitehurst, DeMarion Johnston, Laurie Milligan, Stacy Puckett, John Snead

Guests: SageView Advisory – Ken Barnes, MMA – Tom Mackay

Call to Order

A quorum being present, Chairman Cherry called the meeting to order. Notice of the meeting was properly given more than five days before the meeting and materials were also sent in advance, including:

- February 25, 2022 Minutes
- VEBA Investment Portfolio Options
- Strategies to Contain Reinsurance Costs
- VBA Benefits Corporation Investment Committee Report
- Financial Report of 1st Quarter 2022 Results for VBA Benefits Corporation and Trusts
- COO Report and 2023 Health & Welfare Renewal Considerations
- VBA Benefits Corporation Board Nomination Report

Approval of Minutes

The minutes from the February 25, 2022 meeting were approved as written.

VEBA Investment Portfolio Options

Mr. Barnes presented an overview of investing a portion of the Group Medical and Dental Trust funds into managed portfolios as opposed to the current CD ladder investment options. The Board members discussed and approved investing \$7,500,000 with Schwab that would be dollar cost averaged over the remainder of 2022 in an asset allocation portfolio managed by SageView Advisory.

Strategies to Contain Reinsurance Costs

Mr. Mackay presented a report on trends impacting the stop loss insurance market and mitigation strategies including a proposal to participate in a capitated captive pharmacy program, effective July 1, 2022. This program would essentially carve-out specialty medications for 36 conditions to be paid by the captive for future claims. The Board members asked questions and approved adopting the Rx Assurance Captive program.

VBA Benefits Corporation Investment Committee Report

Mr. Caldwell updated the Board on items discussed at the VBA Benefits Corporation Investment Committee meeting held on May 11, 2022. The Committee approved the February 25th meeting minutes as written. SageView presented an update on legislative items impacting retirement plans, 1st quarter 2022 Investment Performance and a 401(k)-fee benchmarking analysis. Mr. Caldwell also presented the updated Investment Policy Statements (IPS) for both the Master Defined Contribution Plan & Trust and Master Defined Benefit Plan & Trust. Board members approved adopting both IPS documents.

Financial Report

Ms. Puckett presented 1st quarter 2022 financial results for the Trusts and VBA Benefits Corporation. The Board members discussed and asked questions. The financials were then approved as written.

COO Report

Ms. Milligan presented a report on VBA Benefits Corporation's 2022 health and welfare initiatives, 2022 retirement plan initiatives and considerations for the 2023 health & welfare plan renewals. The Board members discussed and asked questions about the materials presented.

2022-2023 Nominating Committee Report

Mr. Elswick presented the recommendations from the Executive/Nominating Committee meeting for the nomination of directors to the Board effective July 1, 2022. The Board nominations, including John Caldwell to serve as Board Chairman, will be presented as written at VBA's annual meeting held in June.

Adjourn to Executive Session

The meeting adjourned to Executive Session.

Submitted by: John Snead, VP Member Relations



VBA Benefits Corporation Investment Plan Committee Meeting

1st Quarter 2022 Meeting Minutes

Meeting Date: May 11, 2022
Time: 3:30 P.M.
Location: Zoom

Meeting Attendees

Voting Members: John Caldwell, Thomas Cherry, Jay Stafford, Jeff Brugh, Bruce Whitehurst, Laurie Milligan, Michelle Austin

VBA Staff: DeMarion Johnston, Stacy Puckett, John Snead

SageView Advisory Group: Nichole Labott, Ken Barnes, Dee Spivey

Meeting Topics

- Prior Meeting Minutes
- Investment Review
- VEBA Asset Allocation Discussion
- Investment Policy Statement Appendices Update
- Administrative Items

Open Items

Approval of Prior Meeting Minutes: The minutes from the prior meeting were approved by the Committee with no changes.

Investment Review

Defined Benefits Plans

Asset Allocation (Top 5 Plan Holdings):

Fund Name	Assets	% of Plan
PIMCO Long Duration Total Return Instl	\$25,180,660.39	22.88%
PIMCO Long-Term Credit Bond Instl	\$19,716,795.70	17.92%
Vanguard Equity-Income Adm	\$8,444,558.28	7.67%
Fidelity 500 Index	\$8,234,444.98	7.48%
Fidelity Total International Index	\$7,780,970.79	7.07%

Total Plan Assets: \$110,033,370.99

Investment Performance: SageView provided an overview of the performance of the Plan's investment alternatives.

Watch List Summary: SageView reviewed the Plan's investment alternatives designated for the *Watch List*.

Investment Name	Watch List Date	Qualitative / Quantitative	SageView 3(38) Recommendation
Vanguard Equity-Income Adm	9/30/21	Qualitative	Continue on Watch
PIMCO Investment Grade Credit Bond Instl	3/31/22	Quantitative	Place on Watch

Defined Contributions Plans

Market & Legislative Overview: SageView provided a general summary of recent legislative activity and the recent DOL guidance on Cryptocurrency.

Asset Allocation (Top 5 Plan Holdings):

Fund Name	Assets	% of Plan
Vanguard Target Retirement 2025 Fund	\$39,364,564.87	11.88%
Vanguard Target Retirement 2030 Fund	\$36,001,160.82	10.87%
Vanguard Target Retirement 2035 Fund	\$31,795,794.37	9.60%
Goldman Sachs Stable Value Inst Cl 1	\$25,264,352.05	7.63%
Fidelity 500 Index	\$21,123,074.65	6.38%

Total Plan Assets: \$331,240,887.61

Investment Performance: SageView provided an overview of the performance of the Plan's investment alternatives.

Watch List Summary: SageView reviewed the Plan's investment alternatives designated for the *Watch List*.

Investment Name	Watch List Date	Qualitative / Quantitative	SageView 3(38) Actions
Vanguard Equity-Income Adm	9/30/21	Qualitative	Continue on Watch
T. Rowe Price Mid-Cap Growth I	6/30/21	Quantitative	Replace with JP Morgan Mid Cap Growth R6*
Janus Henderson Small Cap Value N	12/31/20	Quantitative	Replace with PIMCO RAE US Small Instl*

*In process

Plan Portfolio Weighted Expense:

- **Weighted Expense Ratio:** 0.16%
- **Industry Average Expense Ratio:** 0.89% (Based on plan assets \$50Mil+)

Non-Qualified Plans

Asset Allocation (Top 5 Plan Holdings):

Fund Name	Assets	% of Plan
Company Stock	\$34,503,485.05	41.69%
Vanguard LifeStrategy Growth Inv	\$19,706,767.92	23.81%
Vanguard LifeStrategy Moderate Gr Inv	\$5,720,306.14	6.91%
Vanguard Federal Money Market Investor	\$3,354,984.72	4.05%
Fidelity 500 Index	\$2,452,136.40	2.96%

Total Plan Assets: \$82,754,743.58

Investment Performance: SageView provided an overview of the performance of the Plan's investment alternatives.

Watch List Summary: SageView reviewed the Plan's investment alternatives designated for the *Watch List*.

Investment Name	Watch List Date	Qualitative / Quantitative	SageView 3(38) Recommendation
Vanguard Equity-Income Adm	9/30/21	Qualitative	Continue on Watch
T. Rowe Price Mid-Cap Growth I	6/30/21	Quantitative	Replace with JP Morgan Mid Cap Growth R6*
Janus Henderson Small Cap Value N	12/31/20	Quantitative	Replace with PIMCO RAE US Small Instl*

*In process

Plan Portfolio Weighted Expense:

- **Weighted Expense Ratio:** 0.21%
- **Industry Average Expense Ratio:** 0.89% (Based on plan assets \$50Mil+)

VEBA Asset Allocation Discussion

Investment Portfolio Discussion: The Committee discussed diversifying a portion of the VEBA assets away from laddered CDs and investing that portion in a well-diversified portfolio with SageView managing the portfolio. SageView reviewed different portfolio allocations and levels of risk with the Investment Committee. SageView will present the different portfolios and levels of risk to the Board and the Board will direct the Investment Committee on the asset allocation and risk tolerance for the portfolio managed by SageView.

Administrative Items

IPS Update: SageView provided an overview of recent changes to the Investment Policy Statement. The changes will be presented to the Board for approval before the IPSs are adopted by the Investment Committee.

Follow-Up Items

Follow-Up Items: The following items will be addressed following the meeting:

- SageView will email the Q1 2022 Meeting Minutes for review and approval.

As there was no further business, the meeting was adjourned.

Adopted on:

VBA Group Medical and Dental Trust
Statement of Net Assets
6/30/2022

	6/30/2022	6/30/2021
Assets		
Checking Account	68,871	45,895
Investments	23,933,121	27,060,433
Accrued Interest Receivable	142,872	156,832
Accounts Receivable - General	6,473,973	5,099,954
Total Assets	30,618,837	32,363,114
 Liabilities		
Accounts Payable	2,851,768	4,412,374
Medical IBNR	7,313,489	7,330,515
Dental IBNR	192,000	199,000
Total Liabilities	10,357,257	11,941,889
Net Assets	20,261,580	20,421,225
Prior year end net assets	20,604,512	19,447,265
Year to date net income	(342,932)	973,960
Current net assets	20,261,580	20,421,225

VBA Group Medical and Dental Trust
Statement of Changes in Net Assets
For the Six Months Ending 6/30/2022

	Actual Year to Date	Budget Year to Date	Variance Year to Date	Prior Year to Date	Variance Current vs. Prior	2022 Annual Budget
Income:						
Premiums from members:						
Medical Premiums	37,978,728	38,122,500	(143,772)	35,972,021	2,006,707	76,245,000
Dental Premiums	2,326,921	2,335,000	(8,079)	2,545,736	(218,815)	4,670,000
Total premiums from members:	40,305,649	40,457,500	(151,851)	38,517,757	1,787,892	80,915,000
Investment Return	59,139	32,500	26,639	37,030	22,109	65,000
Total additions:	59,139	32,500	26,639	37,030	22,109	65,000
Total Income	40,364,788	40,490,000	(125,212)	38,554,787	1,810,001	80,980,000
Expenses:						
Paid to insurance companies:						
Medical Claims & Fixed Costs	37,754,051	38,122,500	368,449	35,059,952	(2,694,099)	76,245,000
Dental Claims & Fixed Costs	2,080,019	2,335,000	254,981	2,300,666	220,647	4,670,000
Total expenses paid:	39,834,070	40,457,500	623,430	37,360,618	(2,473,452)	80,915,000
Increase (decrease) in IBNR provision	859,176	-	(859,176)	205,141	(654,035)	-
VEBA Investment Fees	14,474	15,000	526	15,068	594	30,000
Total deductions:	873,650	15,000	(858,650)	220,209	(653,441)	30,000
Total Expenses	40,707,720	40,472,500	(235,220)	37,580,827	(3,126,893)	80,945,000
Net Income	(342,932)	17,500	(360,432)	973,960	(1,316,892)	35,000

SBA Group Insurance Trust
Statement of Net Assets
6/30/2022

	6/30/2022	6/30/2021
Assets		
Investments	23,381	7,463
<hr/>		
Total Assets	23,381	7,463
Liabilities		
Accounts Payable	431	302
<hr/>		
Total Liabilities	431	302
Net Assets	22,950	7,161
Prior year end net assets	23,358	7,937
Year to date net income	(408)	(776)
Current net assets	22,950	7,161

SBA Group Insurance Trust
Statement of Changes in Net Assets
For the Six Months Ending 6/30/2022

	Actual				Variance	2022
	Year to	Budget Year	Variance	Prior Year to	Current vs.	Annual
	Date	to Date	Year to Date	Date	Prior	Budget
Income:						
Premiums from members:						
Medicare Supplement Premiums	237,404	234,999	2,405	273,240	(35,836)	470,000
Group Life Premiums	1,365,093	1,380,000	(14,907)	1,687,089	(321,996)	2,760,000
Long Term Care Premiums	39,469	60,000	(20,531)	47,785	(8,316)	120,000
Long Term Disability Premiums	797,616	855,000	(57,384)	880,959	(83,343)	1,710,000
Short Term Disability Premiums	205,024	150,000	55,024	233,312	(28,288)	300,000
Vision Premiums	389,138	389,748	(610)	418,976	(29,838)	779,500
Voluntary Benefits Premiums	500,292	447,500	52,792	509,665	(9,373)	895,000
Total premiums from members:	3,534,036	3,517,247	16,789	4,051,026	(516,990)	7,034,500
Investment Return	25	-	25	3	22	-
Total additions:	25	-	25	3	22	-
Total Income	3,534,061	3,517,247	16,814	4,051,029	(516,968)	7,034,500
Expenses:						
Premiums paid to insurance companies:						
Medicare Supplement Premiums	237,404	234,999	(2,405)	273,240	35,836	470,000
Group Life Premiums	1,365,093	1,380,000	14,907	1,687,089	321,996	2,760,000
Long Term Care Premiums	39,469	60,000	20,531	47,785	8,316	120,000
Long Term Disability Premiums	797,616	855,000	57,384	880,959	83,343	1,710,000
Short Term Disability Premiums	205,024	150,000	(55,024)	233,312	28,288	300,000
Vision Premiums	388,834	389,748	914	418,976	30,142	779,500
Voluntary Benefits Premiums	500,292	447,500	(52,792)	509,665	9,373	895,000
Total premiums paid:	3,533,732	3,517,247	(16,485)	4,051,026	517,294	7,034,500
VEBA Investment Fees	737	1,250	513	779	42	2,500
Total deductions:	737	1,250	513	779	42	2,500
Total Expenses	3,534,469	3,518,497	(15,972)	4,051,805	517,336	7,037,000
Net Income	(408)	(1,250)	842	(776)	368	(2,500)

VBA Benefits Corporation
Balance Sheet
6/30/2022

	6/30/2022	6/30/2021
Assets		
Cash & Cash Equivalents	672,139	1,028,581
Investments	3,286,861	3,115,765
Accounts Receivable	274,379	305,450
Accrued Interest Receivable	8,632	16,064
Deferred Tax Asset/Liability	32,343	58,499
Income Tax Receivable	44,535	140,030
Prepaid Assets	97,543	42,839
Current Assets	4,416,432	4,707,228
Furniture & Fixtures	163,910	165,778
Less: Accumulated Depreciation	(152,612)	(148,430)
Current Value	11,298	17,348
Investment in LLC	1,045,000	1,045,000
Total Assets	5,472,730	5,769,576
Liabilities		
Accounts Payable	246,886	337,520
Accrued Pension Liability	-	78,608
Total Liabilities	246,886	416,128
Owners Equity		
Retained Earnings	5,616,854	5,188,955
Common Stock	1,000	1,000
Current Year Earnings	(392,010)	163,493
Total Owners Equity	5,225,844	5,353,448
Total Liabilities & Equity	5,472,730	5,769,576

VBA Benefits Corporation
Income Statement
For the Six Months Ending 6/30/2022

	Actual	Budget	Variance	Prior	Variance	2022 Annual
	Year to Date	Year to Date	Year to Date	Year to Date	to Prior Year	Budget
Income:						
Medical Fees	358,015	359,750	(1,735)	381,576	(23,561)	719,500
Dental Fees	62,078	62,075	3	68,010	(5,932)	124,150
Group Life Fees	273,585	300,000	(26,415)	311,879	(38,294)	600,000
Vision Fees	24,888	24,925	(37)	26,804	(1,916)	49,850
Long Term Care Fees	32,602	30,000	2,602	28,957	3,645	60,000
Long Term Disability Fees	90,617	104,750	(14,133)	115,585	(24,968)	209,500
Short Term Disability Commissions	8,823	9,500	(677)	10,171	(1,348)	19,000
Flex Cafeteria Fees	29,006	35,150	(6,144)	13,356	15,650	35,150
Voluntary Benefits Commission	27,171	37,250	(10,079)	26,772	399	81,000
<hr/>						
Health and welfare fees	906,785	963,400	(56,615)	983,110	(76,325)	1,898,150
<hr/>						
Management Fees-DB	47,866	50,000	(2,134)	61,439	(13,573)	100,000
Management Fees-DC	342,991	342,500	491	340,623	2,368	685,000
Management Fees-NQ	72,340	67,500	4,840	77,399	(5,059)	135,000
Revenue Share - DC	-	-	-	4	(4)	-
Revenue Share - NQ	-	-	-	26,000	(26,000)	-
<hr/>						
Defined benefit, contribution and nonqualified	463,197	460,000	3,197	505,465	(42,268)	920,000
Interest Income	20,699	20,000	699	25,024	(4,325)	40,000
HSA Commissions	-	600	(600)	992	(992)	1,200
Miscellaneous Income	-	750	(750)	1,832	(1,832)	1,500
<hr/>						
Subtotal Other Income	20,699	21,350	(651)	27,848	(7,149)	42,700
<hr/>						
Total Income	1,390,681	1,444,750	(54,069)	1,516,423	(125,742)	2,860,850

VBA Benefits Corporation
Income Statement
For the Six Months Ending 6/30/2022

	Actual	Budget	Variance	Prior	Variance	2022 Annual
	Year to Date	Year to Date	Year to Date	Year to Date	to Prior Year	Budget
Expenses:						
Salaries & Benefits	693,259	724,523	31,264	637,475	(55,784)	1,410,000
Benefits Administration						
Cobra Administration	10,000	30,000	20,000	12,159	2,159	60,000
Recordkeeping NQ	112,796	74,250	(38,546)	160,736	47,940	148,500
	<u>122,796</u>	<u>104,250</u>	<u>(18,546)</u>	<u>172,895</u>	<u>50,099</u>	<u>208,500</u>
Occupancy Expense	18,401	18,402	1	17,475	(926)	36,805
Office Expenses						
Memberships & Subscriptions	3,371	4,000	629	2,502	(869)	8,000
Postage	624	750	126	68	(556)	1,500
Property Taxes & Licenses	1,533	2,000	467	1,410	(123)	2,000
Office Supplies	3,459	3,600	141	3,684	225	7,200
Equipment Maintenance	25,160	25,870	710	25,614	454	31,000
Telephone	7,244	9,450	2,206	5,184	(2,060)	18,900
	<u>41,391</u>	<u>45,670</u>	<u>4,279</u>	<u>38,462</u>	<u>(2,929)</u>	<u>68,600</u>
Consulting						
Consulting & Technology	226,308	250,020	23,712	240,021	13,713	500,000
Health Renewal	80,100	80,100	-	78,020	(2,080)	163,000
Section 125 Discrim. Testing	-	-	-	-	-	30,000
Other Consulting	26,400	26,400	-	26,400	-	53,000
	<u>332,808</u>	<u>356,520</u>	<u>23,712</u>	<u>344,441</u>	<u>11,633</u>	<u>746,000</u>
Professional fees						
Audit & Tax Fees	62,986	62,985	(1)	57,682	(5,304)	67,700
Legal Fees - Troutman	77,164	110,000	32,836	117,526	40,362	220,000
	<u>140,150</u>	<u>172,985</u>	<u>32,835</u>	<u>175,208</u>	<u>35,058</u>	<u>287,700</u>
Meetings						
Benefits Seminar Expense	1,701	750	(951)	-	(1,701)	11,500
Board of Directors	347	700	353	8	(339)	1,500
	<u>2,048</u>	<u>1,450</u>	<u>(598)</u>	<u>8</u>	<u>(2,040)</u>	<u>13,000</u>
Insurance	15,077	15,391	314	14,008	(1,069)	21,000
Marketing	3,517	5,500	1,983	1,500	(2,017)	11,000
Travel and Education						
E & T / Convention	964	1,000	36	2,323	1,359	5,500
Travel	13,906	17,501	3,595	2,310	(11,596)	35,000
	<u>14,870</u>	<u>18,501</u>	<u>3,631</u>	<u>4,633</u>	<u>(10,237)</u>	<u>40,500</u>
Depreciation	5,727	6,238	511	8,589	2,862	10,245
Other Operating Expenses						
Miscellaneous Expense	2,950	3,000	50	2,633	(317)	6,000
	<u>2,950</u>	<u>3,000</u>	<u>50</u>	<u>2,633</u>	<u>(317)</u>	<u>6,000</u>
Total Expenses	<u>1,392,994</u>	<u>1,472,430</u>	<u>79,436</u>	<u>1,417,327</u>	<u>24,333</u>	<u>2,859,350</u>
Income/(Loss) before invest. return	(2,313)	(27,680)	25,367	99,096	(101,409)	1,500
Gain/(Loss) on Investments	(389,697)	-	(389,697)	64,397	(454,094)	-
Pretax Income/(Loss)	<u>(392,010)</u>	<u>(27,680)</u>	<u>(364,330)</u>	<u>163,493</u>	<u>(555,503)</u>	<u>1,500</u>

RETIREMENT PLAN TRUSTS UNDER VBA BENEFITS OVERSIGHT

June 30, 2022

Statement of Changes in Net Assets Available for Benefits (Trust basis, excludes contribution accruals)

	6 mos Plan yr ended 12/31/21	12 mos Plan yr ended 12/31/21	9 mos Plan yr ended 9/30/21	12 mos Plan yr ended 9/30/20	NonQualified Plans 6/30/22	NonQualified Plans 6/30/21
	Defined Contribution 1/1-12/31/22	Defined Contribution 1/1-12/31/21	Defined Benefit 10/1/21-9/30/22	Defined Benefit 10/1/20-9/30/21		
Increase (decrease) in net assets resulting from investment income	(56,162,576)	36,364,559	(20,401,872)	17,228,590		
Employer contributions	6,422,513	9,206,241	428,056	9,625,378		
Employee contributions	11,125,598	20,793,048	-	-		
Transfers from other trust	22,648,601	11,530,751	-	-		
Total employee/employer contributions	40,196,712	41,530,040	428,056	9,625,378		
Total additions	(15,965,864)	77,894,599	(19,973,816)	26,853,968		
Benefits paid to participants	15,916,988	20,525,192	8,961,252	8,371,910		
Plan terminations	7,366,580	5,175,268	-	2,574,350		
Increase (decrease) in net assets	(39,249,432)	52,194,139	(28,935,068)	15,907,708		
Net assets - beginning of period	331,834,446	279,640,307	122,048,769	106,141,062		
Net assets - end of period	292,585,014	331,834,446	93,113,701	122,048,769	76,637,364	84,436,729

COO Report

VBA Benefits Corporation Board Meeting

August 26, 2022



VIRGINIA BANKERS
ASSOCIATION
Benefits Corporation



2023 VBA Benefits Corp. Administrative Fees

- Board must approve annual administrative fees/commissions charged to banks. VBABC 2023 health and welfare fees will remain same as current. *Need Board approval*
- Note: New broker transparency disclosure required by the Consolidated Appropriations Act of 2021 requires brokers and consultants to disclose compensation for health benefits. Currently disclose to all banks but will add verbiage to ensure we comply with requirements.

Line of Coverage	VBABC Administrative Fee
Medical	\$5.00 - \$10.00 per employee per month; varies by number of employees.
Non-Medical Banks/Employers	\$4.50 per employee per month fee for those employers that do not offer medical coverage (to cover bswift administrative fees)
Dental	\$1.50 per employee per month
Vision	6.5% premium
Life and AD&D	
• Basic	\$.02/\$1,000
• Supplemental/Spouse	Varies by age-based rate
• Dependent children	\$.05 - \$.15 depending on option
Long Term Disability	12% of premium
Short Term Disability	5% of premium
Medicare Supplement	5% of medical premium, plus \$5.00 per member per month
Group Critical Illness and Accident	CI: 14% of premium (2019 and beyond) Accident: 16% of premium (2019 and beyond)
Group Legal	7% of premium (2018 and beyond)
Group Hospital Indemnity	13% of premium (2018 and beyond)
Pet Insurance	10% (new), 5% (renewal) of premium (7/1/2021 and beyond)



2022 Health & Welfare Plan Initiatives

- Department of Labor (DOL) audit update
- GMDT Reserves Investment Transition
 - Funds have not yet transferred
 - Delay due to legal paperwork and structure of arrangement:
 - Truist is directed Trustee and co-custodian
 - Schwab is co-custodian (\$7,500,000)
- Specialty Rx Captive effective July 1, 2022
- Concierge Caregiver Platform – decision deferred until 2023 based on feedback from HR administrators
- Addition of infertility benefits deferred until 2024 renewal due to projected rate increases for 2023



2022 Health & Welfare Plan Initiatives cont.

- Artemis Health Plan Analytics – data review period June 2021 to May 2022
- Data provided at VBA aggregate level
- Minimum premium bank-specific data analytics and one-on-one sessions with MMA PATH analytics team provided earlier this summer

Population Health Results

Chronic Condition	Prevalence	Current and Planned Solutions
Behavioral Health	<ul style="list-style-type: none">• 2,093 members with BH claims:<ul style="list-style-type: none">• 58% employees• 30% dependents• 12% spouses• Anxiety and mood disorders are top two diagnoses	Implementing Talkspace during Q4 2022 to increase access for therapy through texting therapist capabilities
Metabolic Disorders	<ul style="list-style-type: none">• 1474 members (10%) with hypertension• 933 members (6%) with lipoprotein disorders• 769 members (5%) with chronic diabetes	<ul style="list-style-type: none">• Anthem’s Condition Care Management Program• CCS diabetic coaching program (administered by RxBenefits)• Explore vendor point solution that offers holistic approach to managing these conditions
Musculoskeletal Conditions	<ul style="list-style-type: none">• 3528 members with MSK-related claim• 4% increase in PT claims• 20% with MSK diagnosis prescribed opioids	<ul style="list-style-type: none">• Hinge Health implemented January 1, 2022.<ul style="list-style-type: none">• 242 applied YTD• 190 engaged



2022 Health & Welfare Plan Initiatives cont.

- Artemis Health Plan Analytics – data review period June 2021 to May 2022
- Data provided at VBA aggregate level
- Minimum premium bank-specific data analytics and one-on-one sessions with MMA PATH analytics team provided earlier this summer

Clinical Insights

- Statistics:
 - 92 high cost claimants (over \$100,000), equating to \$26,000,000
 - Top 10 high cost claimants range from \$605,000 to \$1,300,000:
 - Cancers: six
 - Premature babies: two
 - Hemophilia: two
 - Top diagnostic category from 2018 – 2021 was neoplasms (cancer); totaling over \$31,000,000 during that timeframe
- Potential Next Steps:
 - Consider offering cancer resources for advanced support with assistance in care navigation
 - Utilize community resources to develop cancer prevention and support campaigns
 - Evaluate opportunities through Hemophilia Alliance Network for drug pricing
 - Explore carrier solutions for gene therapy treatment



2022 Retirement Plan Initiatives

- NQDC Plan Documents transition from custom to Voya's documents in process and should be completed before 2023 open enrollment
- 401(k) Adoption Agreement 2018 restatement process is complete; Troutman preparing summary plan descriptions (SPDs) for all plans



Board Administrative Issues

Definition of Fiduciary:

1. Exercises discretionary authority or control over plan's management
2. Exercises authority or control over management or disposition of plan's assets
3. Renders investment advice for fee or other compensation with respect to plan funds or property
4. Has discretionary authority or responsibility in plan's administration

Fiduciary's duty is to act solely in interest of plan's participants and beneficiaries and for exclusive purpose of providing benefits for them; subject to "prudent person" standard of care

- Authorization of VBA Benefits Corporation officers
Need Board approval
 - Bruce T. Whitehurst, Chief Executive Officer
 - Laurie H. Milligan, President & Chief Operating Officer
 - DeMarion P. Johnston, General Counsel & Corporate Secretary
 - Stacy K. Puckett, Chief Financial Officer & Treasurer
 - John H. Snead, Vice President, Member Relations
- Board Committee appointments
 - Executive/Nominating Committee: John Caldwell, Chair; Michelle Austin, Tom Cherry, Rob Gorman, Mark Hanna
 - Investment Committee: Michelle Austin, Chair; Jeff Brugh, John Caldwell, Tom Cherry, Laurie Milligan, Jay Stafford, Matt Vance (KBA), Bruce Whitehurst
 - Health & Welfare Committee: John Caldwell, Chair; Bob Chapman, Jay Hendricks, Pat Lewis, Mark Nelson
- Conflict of Interest policy; directors and officers must execute on annual basis



Appendix

- **YTD 2022
Health Plan
Utilization**
- **YTD 2022
Dental Plan
Utilization**

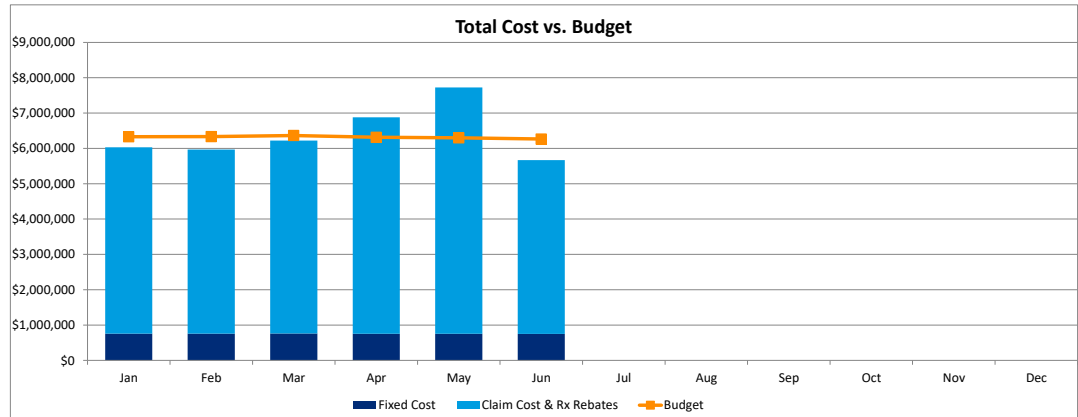
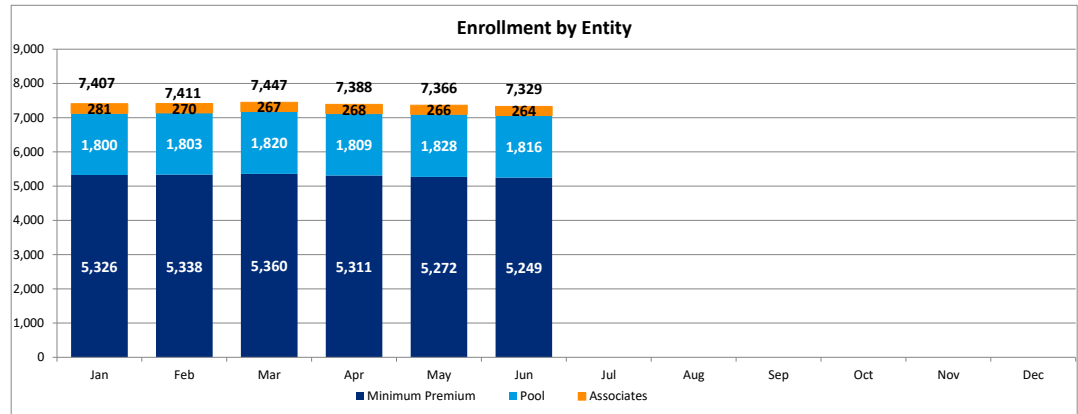
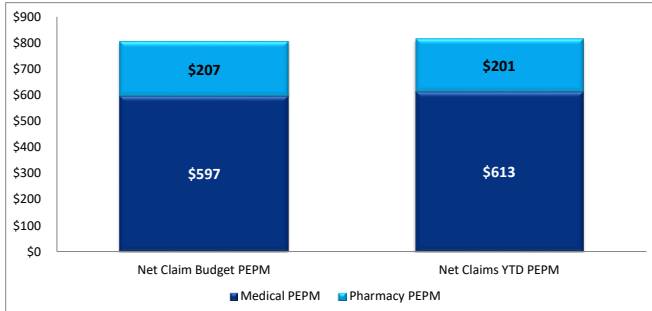
Dashboard

Group: **Virginia Bankers Association**
 Plan Year: 1/1/2022
 Current Period: June

Stop Loss Terms:			
Specific Coverage	\$300,000	Paid	Med-Rx
Aggregate Coverage	115%	Paid	Med-Rx

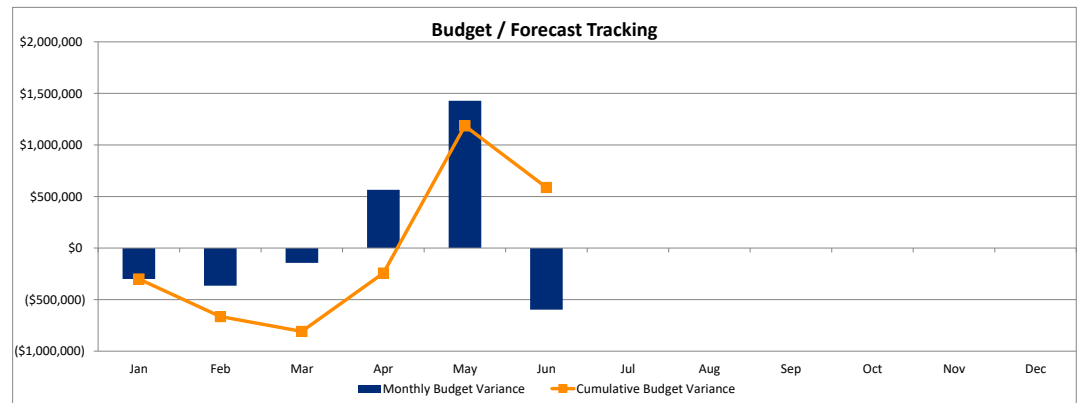
	June	YTD
Total Subscribers	7,329	44,348
Medical Claims	\$5,970,567	\$29,129,754
Pharmacy Claims	\$1,611,343	\$8,903,442
Stop Loss Claim Credits	(\$1,563,998)	(\$1,936,256)
Rx Rebates & Reconciliation*	(\$1,097,575)	(\$2,129,290)
Administration Fees	\$318,352	\$1,926,360
VBA Admin Fees	\$58,495	\$353,690
Stop Loss Premium	\$368,942	\$2,232,478
ACA Fees	\$2,852	\$17,256
Total Claims & Fixed Expenses	\$5,668,978	\$38,497,434
Total Budget	\$6,266,372	\$37,909,387
Over / (Under) Total Budget	(\$597,394)	\$588,047
PEPM Over / (Under) Total Budget	(\$81.51)	\$13.26
Percent Over / Under Budget	-9.5%	1.6%

* Rx rebates are shown in the month paid.



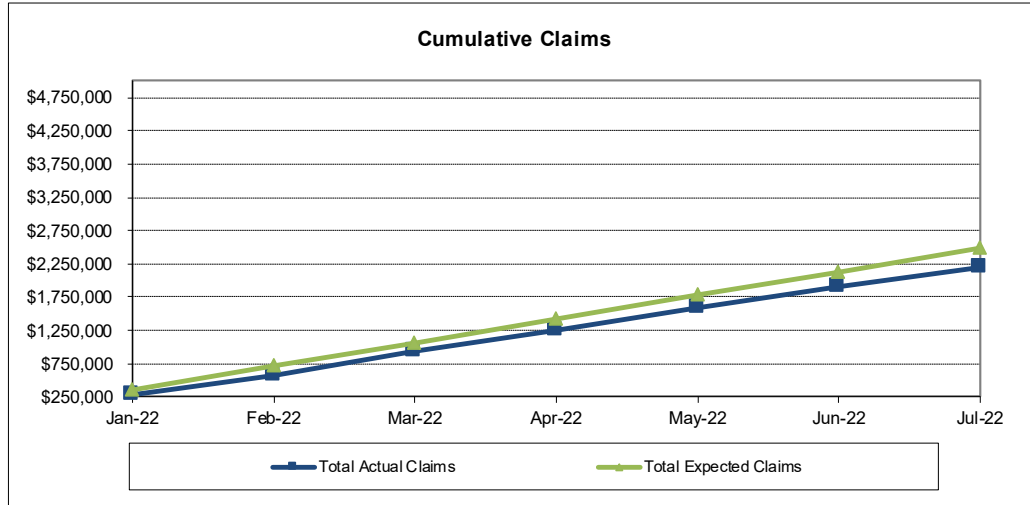
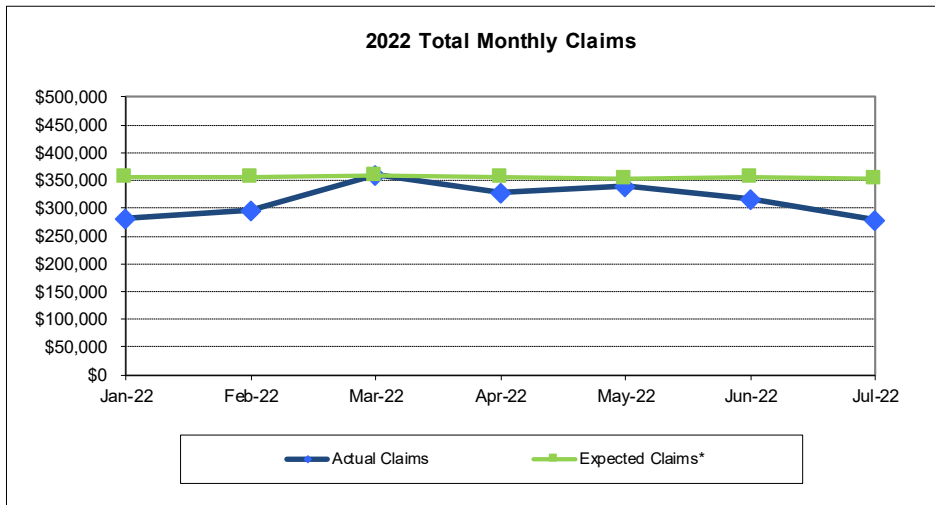
MMA Commentary

- 1) June total costs were 9.5% below budget (\$597,394 below), bringing plan year to date total costs to 1.6% above budget (\$588,047 above).
- 2) Medical claims PEPM for the plan year to date were 2.7% above expected.
- 3) Pharmacy claims PEPM for the plan year to date were 2.9% below expected.
- 4) There were 25 claimants over \$150,000 through June.
- 5) The Pool and Associates had a combined estimated deficit of \$461,799.
- 6) The Minimum Premium Banks had an estimated deficit of \$126,247.
- 7) The Minimum Premium banks had an estimated \$3,369,091 in internal pooling fees with internal pooling claims of \$2,921,388 resulting in a surplus of \$447,703.
- 8) The Pool and Associates had an estimated \$2,020,456 in internal pooling fees with internal pooling claims of \$1,687,741 resulting in a surplus of \$332,715.



YTD 2022 Dental Plan Claims Experience

2022 Policy Year	Monthly Enrollment	Monthly Claims		Cumulative Claims	
		Actual Claims	Expected Claims*	Total Actual Claims	Total Expected Claims
Jan-22	6,945	\$280,517	\$355,653	\$280,517	\$355,653
Feb-22	6,973	\$294,969	\$357,087	\$575,486	\$712,740
Mar-22	6,987	\$359,769	\$357,804	\$935,255	\$1,070,544
Apr-22	6,969	\$327,025	\$356,882	\$1,262,280	\$1,427,426
May-22	6,910	\$338,776	\$353,861	\$1,601,057	\$1,781,287
Jun-22	6,953	\$316,318	\$356,063	\$1,917,374	\$2,137,350
Jul-22	6,911	\$277,988	\$353,912	\$2,195,362	\$2,491,262
Total	48,648	\$2,195,362	\$2,491,262		



VIRGINIA BANKERS ASSOCIATION

2022 - 2023 AUTHORIZATION OF THE OFFICERS OF THE VBA BENEFITS CORPORATION

I, John R. Caldwell, Chairman of the VBA Benefits Corporation Board of Directors, do hereby certify that the following officers or individuals have been duly authorized to the positions set forth opposite their respective names:

Bruce T. Whitehurst
Laurie H. Milligan

John H. Snead
Stacy K. Puckett

DeMarion P. Johnston

Chief Executive Officer
President & Chief Operating
Officer
Vice President, Member Relations
Chief Financial Officer &
Treasurer
General Counsel & Corporate
Secretary

The above officers and individuals, in accordance with the responsibilities conferred upon them in connection with their positions, are properly authorized to transact business on behalf of VBA Benefits Corporation, and to perform various activities on behalf of the Board of Directors of the VBA Benefits Corporation with respect to the SBA Master Defined Contribution Plan and Trust, the SBA Master Defined Benefit Plan and Trust, the VBA Group Medical & Dental Trust, and the SBA Group Insurance Trust.

Dated as of _____

John R. Caldwell, Chairman

Benefits Corporation

VBA Benefits Corporation

Conflict of Interest Policy

This Conflict of Interest Policy of the VBA Benefits Corporation (“VBA Benefits”): (1) describes when a conflict of interest exists; (2) identifies individuals who are subject to this policy; (3) addresses the duty to disclose conflicts of interest; (4) specifies procedures to be followed in managing conflicts of interest; and (5) provides for annual statements with regard to this policy.

- 1. Conflict of Interest.** A conflict of interest exists when a person covered under this policy is in a position to take action in his or her official capacity, such as by making a decision, casting a vote, or influencing others with decision-making authority, that will benefit such person financially, whether directly or indirectly. A person may derive a financial benefit *indirectly* under this section when he or she is in a position to take official action that may provide a financial benefit to a company with which such person is affiliated. However, a conflict of interest shall not be deemed to exist under this policy if the financial benefit is immaterial, or if such financial benefit flows to a number of similarly-situated companies or individuals, including the person covered under this policy or his affiliated company.
- 2. Individuals Covered.** This policy covers any individual serving as an officer or director of VBA Benefits.
- 3. Duty to Disclose.** An officer or director who has an actual or potential conflict of interest has a duty to disclose it to the VBA Benefits’ Board of Directors. In connection with the disclosure of a *potential* conflict of interest, the officer or director shall be given the opportunity to present all material facts to the Board so that the Board may determine whether an actual conflict of interest exists. The officer or director shall leave the Board meeting for such time as the Board may take to make such determination.
- 4. Managing Conflicts of Interest.** If an officer or director discloses to the Board that he or she has an actual conflict of interest, or the Board otherwise determines that such a conflict exists, such officer or director shall not participate in any Board discussion or vote on the transaction or arrangement that is the subject of the conflict, and shall leave the Board meeting for such time as the Board may take to discuss and vote on the matter.
- 5. Annual Certification.** Each officer and director covered by this policy shall sign an annual certification affirming that he or she: i) has received a copy of this policy; ii) has read and understands the policy; and iii) has agreed to comply with the policy.

**VBA Benefits Corporation
Annual Certification as to
Conflict of Interest Policy**

This certifies that, as a director or officer of the VBA Benefits Corporation (“VBA Benefits”), I have received a copy of the VBA Benefits’ Conflict of Interest Policy (the “Policy”), have read and understand the Policy, and have agreed to comply with its terms.

Printed Name

Signature

Date

VBA BENEFITS CORPORATION
HEALTH & WELFARE COMMITTEE MEETING
August 19, 2022
11:00am via Zoom

Attendees: Chairman John Caldwell, Bob Chapman, Pat Lewis

VBA Staff: Laurie Milligan, Stacy Puckett, John Snead

Guests: MMA – Tom Mackay, Dawn Hall, Jennifer Doyle

A quorum being present, Chairman Caldwell called the meeting to order. There was one topic for discussion: 2023 health & welfare plan renewal recommendations. MMA presented the meeting materials which were sent earlier in the week, including:

- 2023 Medical and Pharmacy Plan Renewal
 - MMA 2023 renewal underwriting analysis
 - Proposed plan changes
 - Preliminary pharmacy renewal analysis
 - The Hartford Medicare Supplement renewal
 - Legislative Updates
- 2023 Dental Renewal
- 2023 Ancillary Benefit Renewals
 - Increase Voluntary AD&D maximum to \$1,000,000
 - Move FSA and COBRA administration to Flexible Benefits Administrators
 - Other ancillary benefits – rate guarantee
- 2023 Recommendations for the Board

After the materials were presented, the Committee members asked questions. Once all questions were addressed, the Committee unanimously approved the proposed renewal recommendations as outlined in the materials for presentation to the full Board at the August 26th meeting. The meeting was adjourned at approximately 12:15pm.

Submitted by: Laurie Milligan, COO



Virginia Bankers Association

Health & Welfare Plan Renewals and Benefit Program Updates

VBA Board Meeting

January 1, 2023 Plan Year

August 26, 2022

Your future is limitless.™

Agenda

- Executive Summary
- Medical and RX Plan Renewal: 1/1/2023 – 12/31/2023
 - Medical Renewal Analysis
 - Proposed Medical Plan Changes
 - Pharmacy Renewal and Analysis
 - Retiree Medical – Hartford Medicare Supplement and RX Plan
 - Legislative Updates
- 2023 Dental Renewal
- Other Program Updates
- 2023 Recommendations for Board Approval
- Appendix

Executive Summary



Executive Summary

Medical / Prescription Drug

- 10.5% overall renewal
 - Minimum Premium average increase = 10.3%
 - Pool renewal = 10.7%
- Prescription Drug discount and rebate improvements are 10.7%, 1% further improvement is expected on discounts.
- Stop Loss renewal is pending and will be finalized in late October

Dental

- As-is renewal = 6.7% decrease
- Adding benefit enhancements results in recommended no change to rates

Other Programs & Discussion Topics

- Securian offered to increase the voluntary AD&D maximum benefit
- Flexible Spending Account & COBRA administration vendors were evaluated – Flexible Benefit Administrators (FBA) is the recommended vendor
- Broker Transparency rules for January 2023 plan years

Medical and Rx Plan Renewal

1/1/2023

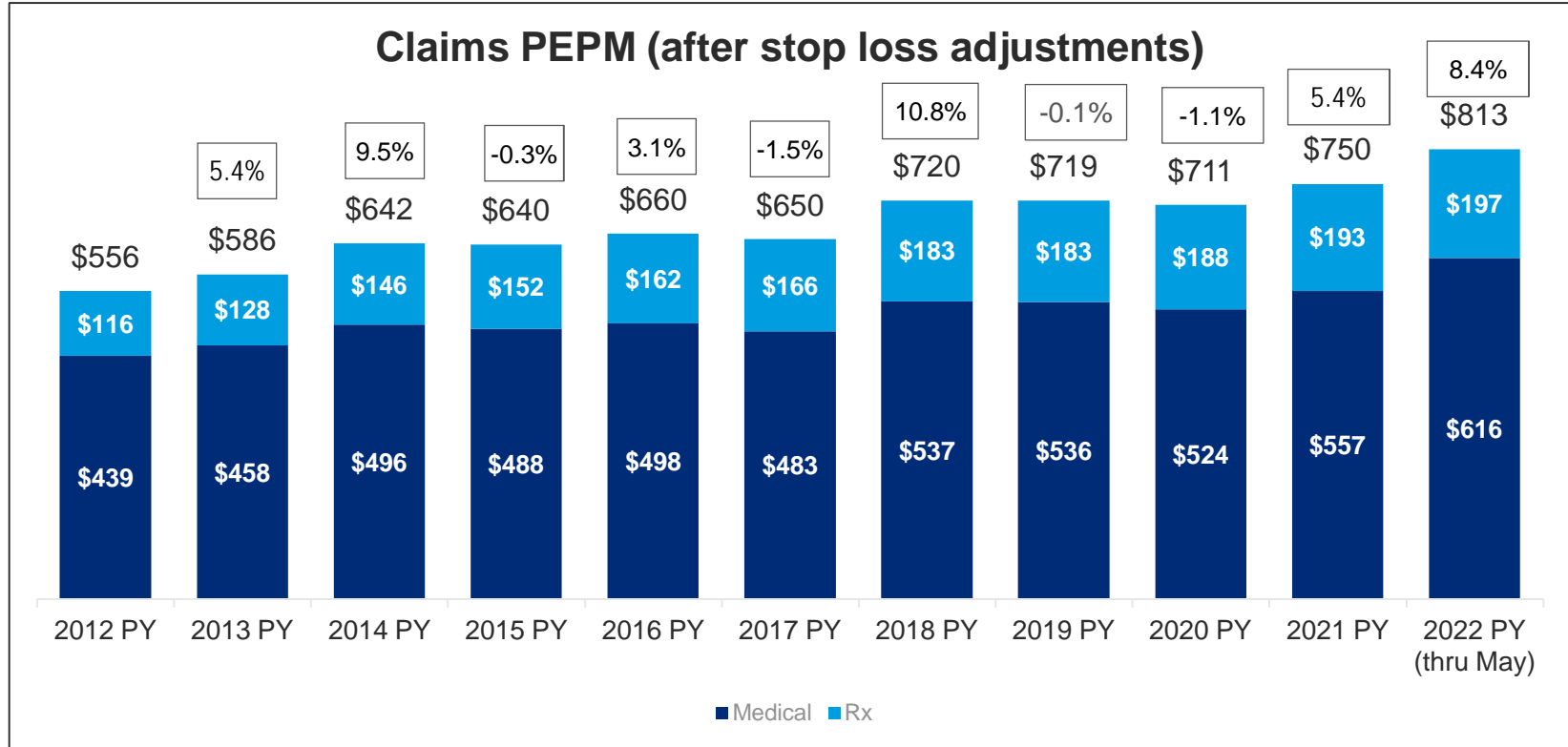


2023 VBA Renewal Underwriting Analysis

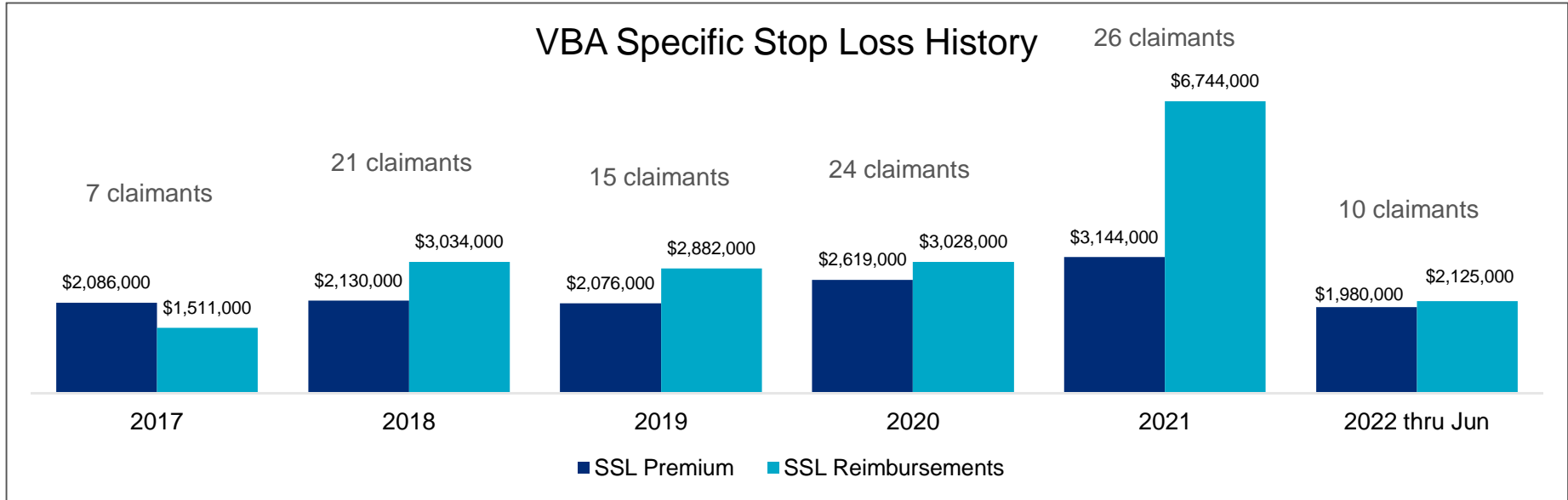
2023 Underwriting Guidelines

- **Minimum Premium Banks:** Renewal increases based on own claims experience and VBA-aggregate fees
- **Tier 2 Banks**, with 100 – 149 employees, receive a blend of their own claims experience and the experience of the pool (5% surcharge/credit).
- **Pooled Banks:** Individual bank rates vary from the composite increase due to rating methodology; adjustments due to area factors, demographics and plan enrollment.
- **Associate Members:** Rated combined with the Pooled Banks.
- The **early retiree** covered participants are too few to be credible. For 2023, the early retiree rates will continue to be 150% of active rates.

Historical Medical & Rx Claims Experience



VBA Specific Stop Loss History



* VBA purchases specific stop loss at a \$300,000 level

Medical and Rx Plan Renewal Overview

Medical – Anthem:

- 10.5% total composite rate increase
- 10.7% composite rate increase for Pool and Associate Members
 - The trend factors increased to 7.0% medical and 9.0% Rx (2022 renewal was 6.0% medical and 9.0% Rx). With 19 months of trend, 12.1% impact to the renewal. The historical claims (net of stop loss adjustments) show an 8.4% increase in claims from 2021 to 2022 YTD.
- Fixed fees and administrative costs represent 6.4% of total projected cost
- Projections include 1% claims margin for the 2023 renewal (was 3% for 2022). MMA believes the 1% margin is appropriate based on the threat of Individual Stop Loss lasering.
- Assumed 30% increase to Individual Stop Loss and 5% increase to Aggregate Stop Loss. (Expecting a lasered member). The 1% claims margin is worth \$760k. The actual stop loss renewal will be finalized in October after a market bid.
- Projected a 13% increase to the internal pooling fee (last year's increase was 15.8%). The increase was based on using 3 years of internal pooling experience and blending with manual. Manual was calculated using MMA actuarial tool. Applied 78% weight to experience and 22% weight to manual. Result: 15.0% increase for Pool/Associates and 11.8% increase for Minimum Premium.
- Aggregate Stop Loss surcharge for the Minimum Premium banks includes a 10% increase (15% increase for 2022). For the 2021 plan year, VBA received more in Aggregate Stop Loss surcharge premium than what was paid out in reimbursements. However, for the past 7 years, VBA has still had a net loss of \$1.4M.

Medical and Rx Plan Renewal Overview

- Anthem's plan relativity values have changed quite a bit from last year. Suggest not changing the current values.
- Anthem has made one change to their HealthKeepers medical plans across their entire book of business for 2023:

Medical benefits	Product type	2022 benefit	2023 benefit
HealthKeepers out-of-area access to benefits	All HealthKeepers products	<ul style="list-style-type: none">• Out of area benefits available through the Traditional/ Par Network• Guest Membership available	<ul style="list-style-type: none">• Out of area benefits available through the BlueCard PPO network• Guest Membership not available

- RxAssurance has been added to the admin fees at \$1.35 PMPM (estimated as \$2.25 PEPM).
- PATH Fee has increased from \$2.00 to \$2.10

Prescription Drug Coverage – Express Scripts/RxBenefits:

- Rx discounts are expected to deliver another 1% improvement for 2023, compared to 2022.
- Currently have \$48.14 PEPM in Rx rebates projected for 2022. The 2023 Rx rebates are projected at \$61.35 PEPM. 2023 projection assumes receipt of 6 months of rebates based on 2022 experience and 6 months of rebates based on 2023 experience, due to the lag in payments.
- Projected combined savings of discounts and rebates is an improvement of approximately \$1.3M.
- RxBenefits firm renewal is pending. For Low Clinical Value and High Dollar Claim Review features, maintained current rates (\$1.25 per script).

2023 Renewal Underwriting Analysis

- Total 2023 expected costs for the combined Pool, Minimum Premium Banks, and Associate members are projected to be **\$82,000,000**, based on **7,331** covered lives.

	Enrollment	2022 Premium	2023 Premium	% Change	Recommendation
Pool/Associates	2,089	\$23,100,000	\$25,600,000	+10.7%	10.7%
Minimum Premium Banks	5,242	Varies	Varies	Varies	Varies by bank

- Projections are based on:
 - Most recent 12 months of claims and internal pooling charge increase
 - **1% claims margin** for adverse selection
 - Adjusted pharmacy contract
 - 2023 retention fees, including VBA Benefits Corp. administrative fees
 - Reinsurance fees are illustrative (will be finalized late October)

Retiree Medical: Hartford Medicare Supplement / Express Scripts Prescription Drug Plan

Coverage	Renewal Date	Renewal Term	Current Lives	Current Rate	Renewal Rate	Rate Action
Retiree Medical AGP - 3830	1/1/2023	1 Year	109	\$146.65	\$146.65	0%

- No rate change to Medical for 2023
- Rx renewal from Express Scripts will be delivered in early September
- 109 lives on the plan – 18% decrease from 2021. There were no retirees added in 2021 and 2022 so far.
- Average age on plan is 81

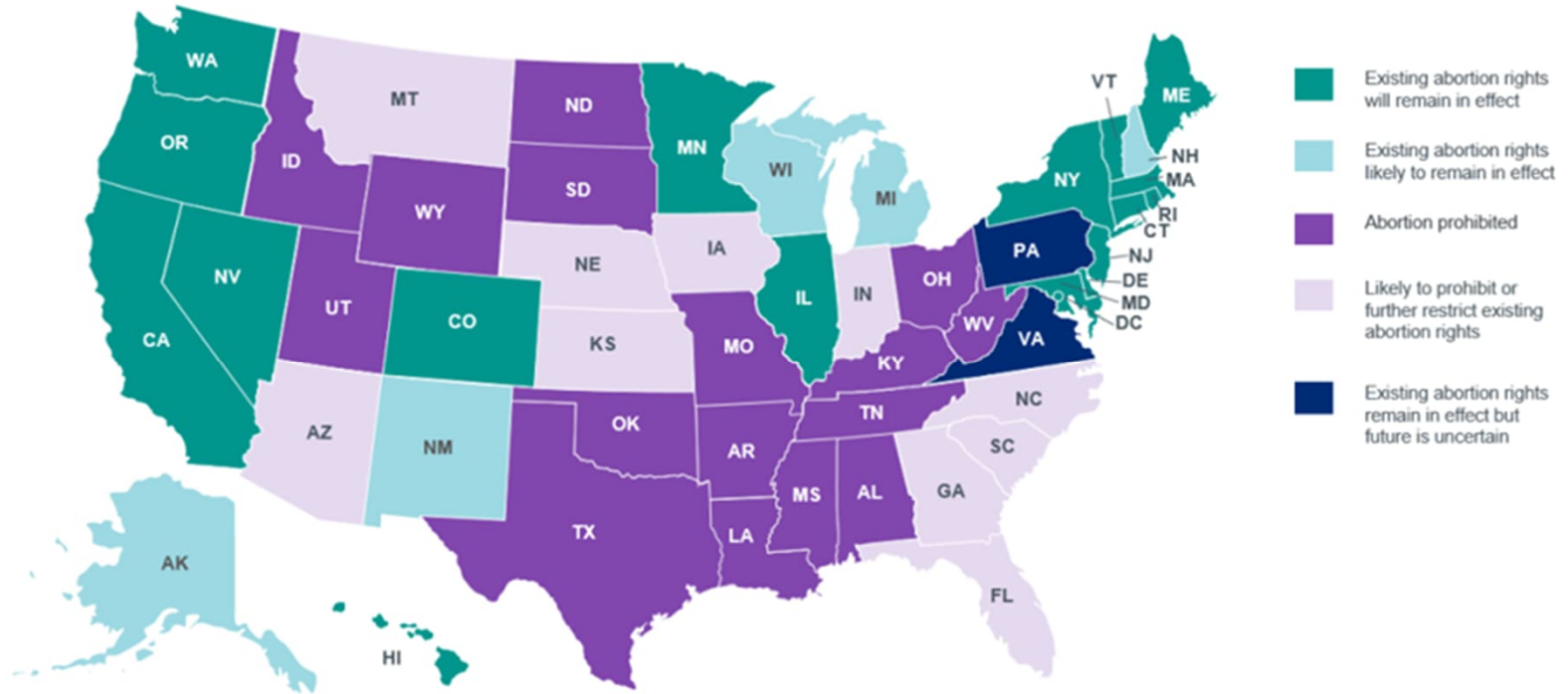
Legislative Updates

Roe v. Wade Overturned

- When the Supreme Court released its decision on *Dobbs v. Jackson Women's Health* on June 24, it simultaneously overturned the landmark *Roe v. Wade* case that protected the nationwide right to abortion.
- Abortion rights will now be left to the states to decide.
- Several states have “Trigger Laws” in place that immediately banned abortion access in the event *Roe v. Wade* was overturned (see map on next page)
- An Administrative Services Only (ASO) plan (VBA medical plan) is subject to ERISA and does not have to change its plan design, and it can add or expand travel benefits.
- Employers are considering their options for plan modifications specific to coverage for elective and non-elective abortions.
- These considerations include travel related expenses in the event that the employee resides in a state that bans or has restrictive limits on abortion.
- MMA released A Guide to Employer Coverage for Abortion-Related Services on 7/14/22 MMA's Compliance Center of Excellence (COE) held a webinar on 7/21/22.

Legislative Updates

Roe v. Wade Overturned – Projection of State Positions on Access to Abortion by Late Summer 2022



NOTE: THIS MAP PROJECTS THE LIKELY POSITION OR DIRECTION OF EACH STATE ON ABORTION ACCESS BY LATE SUMMER OF 2022. THE MAP REFLECTS INFORMATION AVAILABLE AS OF 7/14/2022. THE POSITION OF ONE OR MORE STATES MAY CHANGE DUE TO SUBSEQUENT ELECTION RESULTS OR A RULING BY THE STATE'S SUPREME COURT.

Dental Plan Renewal

1/1/2023

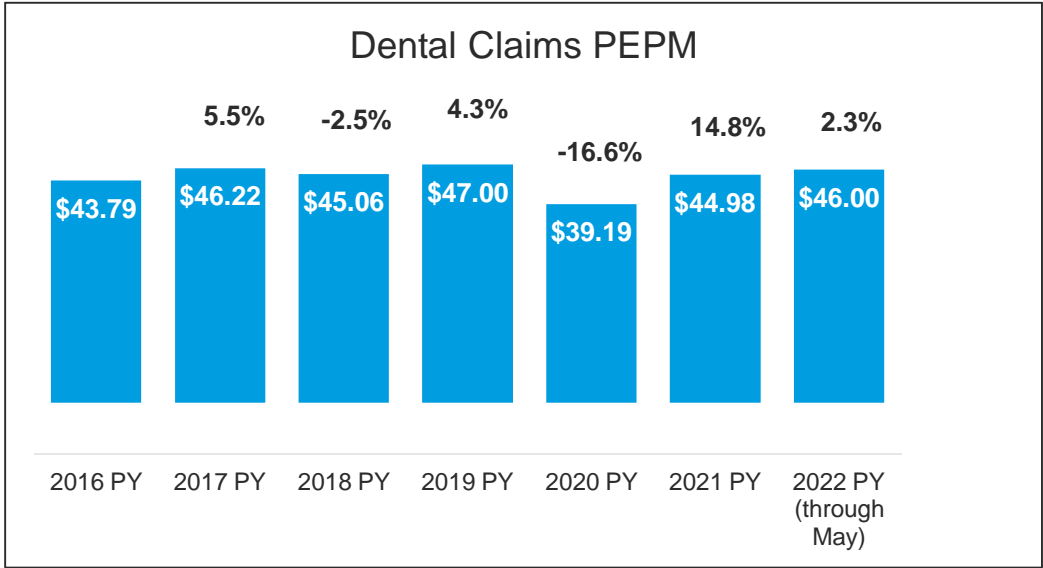


Dental 2023 Renewal

- MMA projection included 2% claims margin, resulting in a 6.7% decrease.
- No change in administrative fee: \$3.90 per subscriber (no change since 2015).
- Potential benefit enhancements
 - Right Start 4 Kids for all plans worth 1.3%. (Basic and major benefits paid at 100% for children under 13)
 - Adult Orthodontia with \$1,000 lifetime benefit on the Comprehensive Plan and Indemnity Plan worth 1.1%.

	Enrollment (5/2022)	Premium	% Change from Current	\$ Change from Current
Current 2022 Premium	6,917	\$4,674,202		
MMA 2023 Renewal Premium	6,917	\$4,363,063	-6.7%	-\$311,140
RECOMMENDATION: 2023 Renewal Premium with No Change in Funding rates with Right Start 4 Kids and Adult Orthodontia	6,917	\$4,674,202	0.0%	\$0

Dental Experience



- Dental claims have remained fairly stable with the exception of 2020 PY due to COVID.

Other Program Updates



FSA & COBRA Marketing Overview

- Since 2016, VBA partnered with vendor LD&B for the administration of FSA and COBRA services.
- In 2021, LD&B announced their exit from the marketplace. They sought and selected their own replacement vendor, NueSynergy, and transitioned existing accounts beginning 1/1/2022.
- Since this transition, widespread service issues arose, which prompted MMA to conduct a full-scale marketing effort for all clients utilizing NueSynergy (on a local and national scale).
- Seven vendors responded to the marketing request. Three were selected as finalists, were interviewed, and submitted Best and Final offers (Flores & Associates, Health Equity and Flexible Benefit Administrators/FBA)
- Based on the following, FBA/Virginia Beach is the recommended vendor for VBA, beginning with the 2023 plan year. *Note: May transition COBRA sooner than 2023 so OE can be handled by new vendor.*
 - VBA has previously partnered with FBA. They have full familiarity with the group’s complexities and structure.
 - FBA has made significant technology/service platform/staffing upgrades and is now better aligned to accommodate VBA’s needs.
 - Virginia-based, privately-owned; dedicated local service team
 - Competitive pricing

Other Programs

Program	Update
Vision (VSP)	Year 3 of a 4-year rate guarantee
Life (Securian) Disability (Lincoln)	Year 2 of a 5-year rate guarantee Year 2 of a 3-year rate guarantee
Voluntary AD&D (Securian)	Increase maximum benefit amount to \$1,000,000
Voluntary Benefits: <ul style="list-style-type: none"> <li data-bbox="79 514 761 590">• Aflac Accident, Critical Illness, Hospital Indemnity <li data-bbox="79 601 552 634">• Nationwide Pet Insurance <li data-bbox="79 645 359 678">• MetLife Legal 	No changes No changes Offered benefit enhancements: ID management services & additional attorney services No changes to rates New 3 year rate guarantee (through 12/31/2025)
FSA & COBRA Administration	Finalists: Flores, FBA, Health Equity Recommend transition to FBA
Long-Term Care – UNUM	No changes to rates or benefits

2023 Recommendations for Board Approval



Recommendations

Medical and RX

- Approval of overall medical/Rx renewal pricing structure
 - 10.7% composite rate increase for Pool Banks and Associate members
 - 1% claims margin
 - Approve changes to internal pooling and aggregate stop loss surcharge for the Minimum Premium Banks

Dental

- Approve the renewal and adopt the suggested plan enhancements (Right Start 4 Kids, Adult Orthodontia coverage) with no changes to the current premium rates

Other Programs

- Renew the retiree Medicare Supplement medical and RX plan
- Approve the voluntary AD&D increase to the maximum benefit
- Approve moving the FSA & COBRA administration to Flexible Benefits Administrators
- Approve MetLife Legal renewal with enhanced benefits and no rate change
- Maintain arrangements with all other current vendor carriers and vendors

Appendix



Current Medical Plan Designs - Highlights

2022 Anthem Plan Designs	PPO 20	PPO 25	HMO 25	PPO HRA	PPO 2000	PPO 3000	HMO 3000	PPO 4000	PPO 5000
Deductibles									
In-Network Deductible (Ind/Fam)	\$0	\$500 / \$1,000	\$500 / \$1,000	\$2,000 / \$4,000	\$2,000 / \$4,000	\$3,000 / \$6,000	\$3,000 / \$6,000	\$4,000 / \$8,000	\$5,000 / \$10,000
Out-of-Network Deductible (Ind/Fam)	\$500 / \$1,000	\$1,000 / \$2,000	\$1,000 / \$2,000	\$2,000 / \$4,000	\$2,000 / \$4,000	\$3,000 / \$6,000	\$3,000 / \$6,000	\$4,000 / \$8,000	\$5,000 / \$10,000
Annual Out-of-Pocket Max									
In-Network (Ind/Fam)	\$4,000 / \$8,000	\$4,500 / \$9,000	\$4,500 / \$9,000	\$3,500 / \$7,000	\$3,500 / \$7,000	\$4,000 / \$8,000	\$4,000 / \$8,000	\$6,350 / \$12,700	\$6,000 / \$12,000
Out-of-Network (Ind/Fam)	\$5,500 / \$11,000	\$6,000 / \$12,000	\$6,000 / \$12,000	\$6,500 / \$13,000	\$6,500 / \$13,000	\$8,000 / \$16,000	\$8,000 / \$16,000	\$6,350 / \$12,700	\$12,000 / \$24,000
In-Network Benefits									
Preventive Care	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered	Covered
Doctor Visits									
Primary Care Physician	\$20 copay	\$25 copay	\$25 copay	After meeting the deductible, you pay 20% coinsurance	After meeting the deductible, you pay 10% coinsurance	After meeting the deductible, you pay 0% coinsurance	After meeting the deductible, you pay 0% coinsurance	After meeting the deductible, you pay 30% coinsurance	After meeting the deductible, you pay 0% coinsurance
Specialist	\$40 copay	\$50 copay	\$50 copay						
Inpatient Hospital	\$400 copay, then the plan pays 80%, you pay 20%	The plan pays 80%, you pay 20%	The plan pays 80%, you pay 20%						
Most Other Services	The plan pays 80%, you pay 20%	The plan pays 80%, you pay 20%	The plan pays 80%, you pay 20%						
Network	KeyCare PPO	KeyCare PPO	HealthKeepers HMO	KeyCare PPO	KeyCare PPO	KeyCare PPO	HealthKeepers HMO	KeyCare PPO	KeyCare PPO

2023 Pool/Associate Renewal Underwriting Analysis (RUA)

Current Experience Projection: 6/1/2021 - 5/30/2022	Medical	Rx	Total
Renewal Enrollment (6/2022) - Employees	2,089	2,089	2,089
Lagged Enrollment (2 mo. Lag for medical, 1 month for Rx)	2,572	2,526	
Paid Claims (includes network access fees, excludes HRA claims)	\$21,101,939	\$7,035,650	\$28,137,589
Estimated Rx Discount Enhancement Savings for 2022 (adj 6/2021 - 12/2021)		-\$45,866	-\$45,866
Estimated Rx Discount Enhancement Savings for 2023		-\$77,401	-\$77,401
Less full amount of \$300,000 SSL Claimants	-\$3,773,126	-\$1,055,119	-\$4,828,244
Less full amount of \$90,000 internal pooling claimants	<u>-\$3,842,309</u>	<u>-\$1,631,291</u>	<u>-\$5,473,600</u>
Net Claims	\$13,486,505	\$4,225,973	\$17,712,478
Adjustments to Claims			
2022 Benefit Changes (adjustment to 6/2021 - 12/2021 claims)	1.000	1.000	\$0
Trend Adjustment (19 months of trend)			
Annual Trend	7.0%	9.0%	
Adj Factor	1.113	1.146	\$2,140,967
Enrollment Plan Shift	1.000	1.000	-\$3,918
Enrollment Experience Count Adjustment to Renewal Count Enrollment	<u>0.812</u>	<u>0.827</u>	<u>-\$3,659,081</u>
Adjusted Projected Claims	\$12,186,104	\$4,004,342	\$16,190,446
SSL Claimant Amounts under \$90,000			\$540,000
Internal Pooling Amounts under \$90,000			<u>\$2,340,000</u>
Total Projected Claims			\$19,070,446
Adj. for 2023 Plan Design Changes			\$0
Margin for Claim Fluctuation	1.0%		<u>\$237,331</u>
Total Projected Claims with Margin			\$19,307,777
Internal Pooling Charge*		\$186.00	\$4,662,648
HRA Fund Claims PEPM			\$40.16
HRA Fund Claims			\$104,091
Adjusted Trend Factor (2% annual)			<u>\$3,315</u>
Total Projected HRA Fund claims			\$107,406
Total Projected Claims Related Charges			\$24,077,832

Estimated Fixed Costs - Fees shown on a PEPM Basis	PEPM	Annual
Medical Administrative Fee	\$32.70	\$819,724
PATH	\$2.10	\$52,643
Rx Per Script Administrative Fee (\$1.15 per script)	\$1.51	\$37,853
Estimated Rx Rebates	-\$61.35	-\$1,537,893
Rx Carve Out Fees	\$0.87	\$21,809
LCV & HDCR Fees (\$1.25 per script)	\$1.66	\$41,614
RxAssurance (\$1.35 PMPM)	\$2.25	\$56,425
VBA Administrative Fee	\$10.00	\$250,680
Comparative Research Tax	\$0.41	\$10,205
SSL Fee - \$300,000 (includes state premium tax) - ILLUSTRATIVE	\$58.03	\$1,454,746
ASL Fee - 115% (includes state premium tax) - ILLUSTRATIVE	\$5.99	\$150,032
ASL Surcharge (Minimum Premium Banks Only)	\$0.00	\$0
Fully Insured Vision Premium	\$1.69	\$42,365
Employee Assistance Program (4 visits)	\$1.29	\$32,338
Health Rewards (HRA enrollment only)	\$0.52	\$1,348
Banking Fees - HRA Act Wise (HRA enrollment only)	\$2.50	\$6,480
Anthem Health Guide	\$1.54	\$38,605
Learn Your Benefits	<u>\$0.36</u>	<u>\$9,024</u>
Total Fixed Costs	\$59.36	\$1,487,996
Total Costs		
Total Projected Cost - Fixed plus Claims Liability		\$25,565,828
Funding Based on Current VBA Premium and Enrollment (6/2022)		\$23,090,784
Adjustment to Current Funding Level		10.7%
Recommended Adjustment to Current Funding Level		10.7%

Renewal Underwriting Analysis: Internal Pooling

2023 Internal Pooling Fee by Segment	Minimum Premium	Pool & Associates	Total
Current Enrollment	5,242	2,089	7,331
Current 2022 Fee	\$105.76	\$161.74	\$121.71
Proposed 2023 Fee by Segment	\$118.26	\$186.00	\$137.56
% Change	11.8%	15.0%	13.0%
Annual Fee	\$7,438,780	\$4,662,648	\$12,101,428
\$ PEPM Difference	\$12.50	\$24.26	\$15.85
Annual Difference	\$786,300	\$608,150	\$1,394,203

- VBA limits liability for a member's claim to \$90,000. Amounts between this internal pooling level and the \$300,000 Specific Stop Loss limit are shared by all banks.
- The Pool and Associate members tend to have more internal pooling claims than the Minimum Premium Banks and have been running at a deficit. The Minimum Premium Banks' fee has exceeded internal pooling claims.
- Based on performance, we are proposing an 11.8% increase for Minimum Premium Banks and a 15.0% increase for Pool Banks and Associates.

Renewal Underwriting Analysis: Aggregate Stop Loss Surcharge

Minimum Premium Surcharge Amount	# Employees	2022 Fee	2023 Fee
Under 200 Employees	1,267	\$7.59	\$8.35
200 - 499 Employees	2,360	\$3.80	\$4.18
500+ Employees	0	\$1.90	\$2.09
Total	3,627	\$223,014	\$245,331
PEPM		\$5.12	\$5.64
% Change from Current			10.0%

- For the past 6 years, a VBA Minimum Premium bank has hit the 115% Aggregate Stop Loss an average of 1.6 per year.
- The smaller banks are at a higher risk for hitting the 115% and are charged more than the larger banks.
- VBA would have needed to charge \$6.95 per Minimum Premium Bank employee per month to cover the additional risk. The current average fee is \$5.12 PEPM. A 10.0% increase is recommended as outlined above.

Preliminary Prescription Drug Plan Renewal

Virginia Bankers Association Comparable Analysis (01/01/2022 - 04/29/2022)

Results Summary	2022 RxBenefits - Express Scripts	2023 RxBenefits - Express Scripts
Gross Cost	\$7,190,796	\$7,111,169
Rebates	-\$1,647,325	-\$1,991,030
Administrative Fees	\$44,784	\$44,784
Member Amount Paid	-\$1,636,020	-\$1,636,020
Plan Cost	\$3,952,236	\$3,528,904
Annualized Plan Cost	\$12,122,406	\$10,823,950
Annualized \$ Pricing Improvement over 2022 claims financial guarantees		\$1,298,455
Annualized % Pricing Improvement over 2022 claims financial guarantees		10.71%

Medical Plan Relativity Analysis

- The plan relativity analysis is based on claims 6/2021 – 5/2022 and 6/2022 enrollment.
- With total medical & rx claims of \$79M, claims by plan were estimated based on the plan's percentage of total claims for Anthem plus ESI claims.
- The most expensive plan based on claims PEPM is the PPO HSA 5000 plan. This is most likely due to a large claimant. The claims relativity for PPO HSA 2000 and PPO HSA 3000 are also higher than their premium relativity.
- Anthem changed their relative plan values for 2023 that seem to shift closer to the 2018 values. We recommend keeping the same plan values for 2023.

	June 2022 Subscribers (VBA Census)	Claims Including HRA	Estimated Claims PEPM	Claims Relativity	Current 2022 Premium Relativity	Anthem 2023 Relativity
KC20	594	\$7,180,256	\$1,007.33	1.00	1.015	1.000
KC25	800	\$9,658,203	\$1,006.06	1.00	0.984	0.971
HMO25	445	\$4,424,119	\$828.49	0.82	0.926	0.882
HRA	1,014	\$10,077,790	\$828.22	0.82	0.865	0.862
PPO HSA 2000	244	\$3,089,112	\$1,055.02	1.05	0.863	0.845
HMO HSA 3000	396	\$3,391,410	\$713.68	0.71	0.778	0.753
PPO HSA 3000	3,057	\$33,256,879	\$906.58	0.90	0.820	0.830
PPO HSA 4000	423	\$2,473,272	\$487.25	0.48	0.679	0.671
PPO HSA 5000	818	\$5,635,188	\$1,377.80	1.37	0.679	0.686
Total	7,791	\$79,186,229	\$846.98			

	VBA 2018	VBA 2019	VBA 2020	VBA 2021	VBA 2022	VBA 2023
KC20	1.015	1.015	1.015	1.015	1.015	1.015
KC25	0.983	0.984	0.984	0.984	0.984	0.984
HMO25	0.927	0.926	0.926	0.926	0.926	0.926
HRA	0.853	0.865	0.865	0.865	0.865	0.865
PPO HSA 2000	0.836	0.847	0.863	0.863	0.863	0.863
HMO HSA 3000	0.744	0.755	0.770	0.778	0.778	0.778
PPO HSA 3000	0.776	0.790	0.810	0.820	0.820	0.820
PPO HSA 4000	0.673	0.679	0.679	0.679	0.679	0.679
PPO HSA 5000			0.679	0.679	0.679	0.679

	Anthem 2018	Anthem 2019	Anthem 2020	Anthem 2021	Anthem 2022	Anthem 2023
KC20	1.000	1.000	1.000	1.000	1.000	1.000
KC25	0.983	0.984	0.984	0.985	0.998	0.971
HMO25	0.927	0.926	0.926	0.930	0.935	0.882
HRA	0.885	0.865	0.865	0.865	0.864	0.862
PPO HSA 2000	0.872	0.879	0.879	0.860	0.863	0.845
HMO HSA 3000	0.779	0.786	0.786	0.795	0.843	0.753
PPO HSA 3000	0.824	0.830	0.830	0.835	0.893	0.830
PPO HSA 4000	0.673	0.679	0.679	0.685	0.697	0.671
PPO HSA 5000			0.686	0.700	0.749	0.686

Legislative Updates

IRS: ACA Affordability

- The IRS has announced 2023 indexing adjustments for important percentages under the Affordable Care Act (ACA). The required contribution percentage is used to determine whether employer-sponsored health coverage is “affordable” for purposes of employer shared responsibility under Code § 4980H. It is adjusted **from the 9.5% baseline to 9.12% for plan years beginning in 2023**. (This is a decrease from 9.61% for 2022)
- The percentages used to determine the amount of household income that individuals who are eligible for premium tax credits must contribute toward the cost of Exchange coverage vary across household income bands. The 2023 percentages range from 1.92% to 9.12% (an increase from the 2022 range of zero to 8.5%).

Broker Transparency Disclosure



Transparency & Carrier Information Overview (1 of 3)

Marsh & McLennan Agency (MMA) is committed to collaborating with our clients to develop and execute insurance placement and renewal strategies. As a professional insurance producer, MMA and its subsidiaries facilitate the placement of insurance coverage on behalf of our clients. As an independent insurance agent, MMA may have authority to obligate an insurance company on behalf of our clients and as a result, we may be required to act within the scope of the authority granted to us under our contract with the insurer.

MMA engages with clients on behalf of itself and in some cases as agent on behalf of its non-US affiliates with respect to the services we may provide. For a list of our non-US affiliates, please visit: <https://mma.marshmma.com/non-us-affiliates>. In those instances, MMA will bill and collect on behalf of the non-US Affiliates amounts payable to them for placements made by them on your behalf and remit to them any such amounts collected on their behalf.

COMPENSATION

Our compensation for placing or renewing insurance on your behalf may include fees paid directly by you, or retail commissions paid by insurers or others. These retail commissions, may vary among insurers, and vary among plans provided by a single insurer.

Our compensation from insurance placements and renewals may also consist of additional supplemental commissions, which are common in the insurance industry and designed to recognize the value of MMA services to insurers we collaborate with including offering a distribution channel for the insurers' products and services.

MMA receives compensation through one or a combination of the following methods:

- **Retail Commissions** – A retail commission is paid to MMA by the insurer (or wholesale broker) as a percentage of the premium charged to the insured for the policy. The amount of commission may vary depending on several factors, including the type of insurance product sold and the insurer selected by the client.
- **Client Fees** – Some clients may negotiate a fee for MMA's services in lieu of, or in addition to, retail commissions paid by insurance companies. Fee agreements are in writing, typically pursuant to a Client Service Agreement, which sets forth the services to be provided by MMA, the compensation to be paid to MMA, and the terms of MMA's engagement. The fee may be collected in whole, or in part, through the crediting of retail commissions collected by MMA for the client's placements.
- **Contingent Commissions** – Many insurers agree to pay contingent commissions to insurance producers who meet set goals for all or some of the policies the insurance producers place with the insurer during the current year. The set goals may include volume, profitability, retention and/or growth thresholds. Because the amount of contingent commission earned may vary depending on factors relating to an entire book of business over the course of a year, the amount of contingent commission attributable to any given policy typically will not be known at the time of placement.
- **Supplemental Commissions** – Certain insurers and wholesalers agree to pay supplemental commissions, which are based on an insurance producer's performance during the prior year. Supplemental commissions are paid as a percentage of premium that is set at the beginning of the calendar year. This percentage remains fixed for all eligible policies written by the insurer during the ensuing year. Unlike contingent commissions, the amount of supplemental commission is known at the time of insurance placement. Like contingent commissions, they may be based on volume, profitability, retention and/or growth.
- **Wholesale Broking Commissions** – Sometimes MMA acts as a wholesale insurance broker. In these placements, MMA is engaged by a retail agent that has the direct relationship with the insured. As the wholesaler, MMA may have specialized expertise, access to surplus lines markets, or access to specialized insurance facilities that the retail agent does not have. In these transactions, the insurer typically pays a commission that is divided between the retail and wholesale broker pursuant to arrangements made between them.

Transparency & Carrier Information Overview (2 of 3)

- **Other Compensation & Sponsorships** – From time to time, MMA may be compensated by insurers for providing administrative services to clients on behalf of those insurers. Such amounts are typically calculated as a percentage of premium or are based on the number of insureds. Additionally MMA may receive compensation from Plan vendors and service providers that is not in connection with any particular client. Non-cash compensation may be received by MMA or MMA colleagues in the form of gifts valued at less than \$100, occasional meals or event entertainment. Plan vendors and service providers may also pay for or reimburse MMA for MMA-sponsored conferences and events as well as for educational meetings, client workshops or training events that may be attended by MMA colleagues.

It is important to note that supplemental and contingent commission compensation does not affect the cost of your insurance program.

MMA's summary of quotes received includes details regarding commissions payable from insurers who issue quotes that are competitive based on your selection criteria, as we understand them. Commissions payable to MMA may vary among quoting insurers, or may change following this disclosure. Final base commissions will be reflected in or referenced by our final engagement documentation.

CONSENT

Your payment of premium for, or other instruction to proceed with the policies and/or transactions specified, constitutes your consent to MMA's resulting compensation disclosed (and future increases thereto), and servicing that will include any intermediary or sub-broker disclosed.

State insurance law, including anti-rebating, may restrict or prohibit the ability of MMA to modify compensation services for the coverage you select.

ADDITIONAL INFORMATION

We will be pleased to provide you additional information about our compensation. For more detailed information about the forms of compensation we receive please refer to our Marsh & McLennan Agency Compensation Guide at <https://www.marshmma.com/us/compensation-guide.html>

INSURANCE PLACEMENT AND RENEWAL STRATEGY

We will undertake an insurance marketing as confirmed with or by you. In the absence of this confirmation, we understand that you desire only an applicable renewal quote from the incumbent insurer for those lines of coverage where we serve as your authorized broker of record (BOR).

QUOTE SOLICITATION AND DISCLOSURE

MMA represents your interests in providing its consultative and procurement services, and is an appointed agent with the insurers that will be asked to bid on your program. Once we have received responses from the selected insurers, we may, according to our knowledge and experience, contact one or more to negotiate adjustments on your behalf. When responses are finalized, we will analyze them, inform you of all offers received, and use our best judgment in recommending to you the insurers most likely to meet your program needs. Such recommendation will involve our consideration of a number of factors, including the company's coverage terms, service capabilities and price. Following our presentation of findings, and consistent with the process described above, we may seek further adjustments and offer additional recommendations.

NOT RESPONSIBLE FOR OTHER PARTY'S DISCLOSURES

This disclosure document includes the disclosures MMA is required to make in accordance with ERISA Section 408(b)(2) and applicable State laws. Any other plan service provider that is subject to the 408(b)(2) disclosure requirements is required to make its own independent 408(b)(2) disclosure and any such disclosures are not included in this MMA disclosure.

Transparency & Carrier Information Overview (3 of 3)

CARRIER/VENDOR RELATIONSHIPS

Except in rare circumstances that are fully disclosed to you, MMA is not bound to utilize any particular insurer or service provider, and does not have the authority to make binding commitments on behalf of any insurer or service provider. MMA's parent, Marsh & McLennan Companies and its subsidiaries own equity interests in, and have contractual arrangements with certain insurers and wholesale brokers.

CARRIER/VENDOR PERFORMANCE

The terms and conditions of any coverage or service are exclusively defined by the governing policy or contract, and not by the summary information in this overview, the materials appended or other document. MMA does not guarantee or make any representation or warranty that coverage or service can be placed on terms acceptable to you. Further, MMA is not responsible for the current or future financial condition, solvency or ability of any insurer or other service provider to pay claims or provide service. Insurers or service providers with which your risk or business is placed at your direction will be deemed acceptable to you.

LIMIT OF LIABILITY

Except as otherwise agreed in writing, MMA's aggregate liability arising out of or relating to any services on your account shall not exceed ten million dollars (\$10,000,000) and in no event shall we be liable for any indirect, special, incidental, consequential or punitive damages or for any lost profits or other economic loss arising out of or relating to such services. In addition, you agree to waive your right to a jury trial in any action or legal proceeding arising out of or relating to such services. The foregoing limitation of liability and jury waiver shall apply to the fullest extent permitted by law.

ENTIRE UNDERSTANDING

This disclosure constitutes the entire understanding among the parties and supersedes, in their entirety, any and all understandings, agreements, contracts, arrangements, communications, discussions, representations, warranties, whether oral or written, among the parties respecting the engagement.

CONFIDENTIALITY

Any client specific information provided should be treated as confidential in nature and should not be shared with other third parties including but not limited to insurance companies, brokers or consultants.

CLOSING

MMA is pleased to provide this information to you in compliance with the Consolidated Appropriations Act of 2021 (CAA) which requires disclosure of broker compensation associated with all ERISA governed health plans.

MMA may receive additional broker compensation on plans or services that fall out of scope of the CAA.

These plans include but are not limited to group life and disability plans, voluntary benefit plans such as individual life and disability insurance, critical illness, accident and others.

For additional information on compensation associated with non-CAA related insurance plans, please contact your MMA account team.

Direct Compensation

Agency	Line of Coverage	Coverage Status	Form of Compensation	Base Compensation
Marsh McLennan Agency	Medical Plan Consulting Fees	Current	Flat Monthly Amount	\$13,350.00
Marsh McLennan Agency	Disease Management Consulting Fees	Current	Per Enrolled Per Month	\$2.10

Indirect Carrier Base Compensation

Carrier	Line of Coverage	Coverage Status	Form of Compensation	Base Compensation
Metropolitan Life Insurance Company	Legal Services	Current	Percentage of Premium	15%
AFLAC	Accident Insurance	Current	Percentage of Premium	30%
AFLAC	Critical Illness	Current	Percentage of Premium	30%
AFLAC	Hospital Indemnity	Current	Percentage of Premium	30%
RXBenefits, Inc.	Prescription Drug	Current	Per Prescription	\$1.15

Indirect Carrier Contingent Compensation

Carrier	Line of Coverage	Coverage Status	Maximum Compensation
Aflac	Accident	Current	MMA may receive up to 2.0% of renewal premium; 5.25% new premium in indirect compensation for placing Accident coverage with Aflac.
Aflac	Critical Illness	Current	MMA may receive up to 2.0% of renewal premium; 5.25% new premium in indirect compensation for placing Critical Illness coverage with Aflac.
Aflac	Hospital	Current	MMA may receive up to 2.0% of renewal premium; 5.25% new premium in indirect compensation for placing Hospital coverage with Aflac.
MetLife	Legal	Current	MMA may receive up to 1.25% of renewal premium; 3.5% new premium in indirect compensation for placing Legal coverage with MetLife.
Lincoln Financial	STD	Current	MMA may receive up to 3.25% of renewal premium; 6.25% of new premium in indirect compensation for placing STD coverage with Lincoln Financial.
Lincoln Financial	LTD	Current	MMA may receive up to 3.25% of renewal premium; 6.25% of new premium in indirect compensation for placing LTD coverage with Lincoln Financial.
Anthem	Medical	Current	MMA may receive up to 1.25% of renewal premium; 5.0% new premium in indirect compensation for placing Medical coverage with Anthem.
Anthem	Stop Loss; COE	Current	MMA may receive up to 5.0% of premium in indirect compensation for placing Stop Loss; COE coverage with Anthem.

Your future is limitless.SM

MarshMMA.com

The underwriting projections presented within this analysis should not be used or relied upon by any other party or for any other purpose than for which they were issued.

Projections are based on the information and data available up to this specific point in time and are not to be taken as a guarantee of results which might be achieved. The projections are subject to unforeseen and random events and so must be interpreted as having a potentially wide range of variability from the estimates. In the event that final renewal information is available after this analysis has been performed and it differs from that within this analysis, results should be considered within that new context.



A business of Marsh McLennan

This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Marsh & McLennan Agency LLC shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting or legal matters are based solely on our experience as consultants and are not to be relied upon as actuarial, accounting, tax or legal advice, for which you should consult your own professional advisors. Any modeling analytics or projections are subject to inherent uncertainty and the analysis could be materially affected if any underlying assumptions, conditions, information or factors are inaccurate or incomplete or should change. d/b/a in California as Marsh & McLennan Insurance Agency LLC; CA Insurance Lic: 0H18131. Copyright © 2021 Marsh & McLennan Agency LLC. All rights reserved. MarshMMA.com