

VIRGINIA BANKERS ASSOCIATION

Benefits Corporation

VBA BENEFITS CORPORATION BOARD

Agenda

VBA Benefits Corporation Board Meeting

August 27, 2021 10:30am

VBA Office/Zoom (Hybrid)

- I. Welcome and Call to Order
- II. Approval of May 21, 2021 Meeting Minutes
- III. VBA Benefits Corporation Investment Committee Report – John Caldwell, Chairman ([2nd Quarter 2021 Investment Performance Board Report](#))
- IV. Financial Report – Stacy Puckett, VBA
 - Financial Results through June 2021
- V. COO Report and Board Administrative Issues – Laurie Milligan, VBA
 - Authorization of 2021-2022 VBA Benefits Corporation Officers
 - Conflict of Interest Policy
- VI. 2022 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 21, 2021 at 10:30am
Virtual Meeting**

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

Unable to Attend: Robert R. Chapman, III

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

Guests: VBA Chairman Elect – Leton Harding

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 26, 2021 Minutes
- VBA Benefits Corporation Board Nomination Report
- Financial Report of 1st Quarter 2021 Results for VBA Benefits Corp. and Trusts
- COO Report and 2022 Health & Welfare Renewal Considerations
- VBA Benefits Corporation Investment Committee Report

Approval of Minutes

The minutes from the February 26, 2021 meeting were approved as written.

2021-2022 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, 2021. The Board elected Mr. Cherry to serve another term as Chairman of the VBA Benefits Corporation Board for 2021 -2022. The remaining Board nominations will be presented as written at VBA's annual meeting held virtually in June.

Financial Report

Ms. Puckett presented 1st quarter 2021 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 response to COVID-19 legislation, 2021 health and welfare initiatives, 2021 retirement plan initiatives and considerations for the 2022 health & welfare plan renewals. The Board members discussed and asked questions about the materials presented. The Board approved to allow healthcare and dependent care spending accounts to carry over funds into 2021 and extend grace period through end of 2021. The Board also approved creating additional Learn Your Benefits educational videos for participant education in 2022, a consumerism card pilot program with New Benefits with intent to offer to all banks beginning in 2022 and a new partnership with ThinkHR.

VBA Benefits Corporation Investment Committee Report

Mr. Caldwell updated the Board on items discussed at the VBA Benefits Corporation Investment Committee meeting held immediately prior to the May 21, 2021 Board meeting. The Committee approved the February 26th meeting minutes as written. SageView presented an update on legislative items impacting retirement plans that include new cybersecurity guidelines provided by DOL, 1st quarter 2021 Investment Performance, the option to add advisor managed accounts to assist participants in selecting 401(k) investment options and a 401(k)-fee benchmarking analysis.

Adjourn to Executive Session

The meeting adjourned to Executive Session.

Submitted by: John Snead, VP Member Relations



VBA Benefits Corporation Investment Committee Meeting

DRAFT

Meeting Date: May 21, 2021

Time: 8:30 am

Committee members in attendance

John Caldwell, Chairman
Thomas Cherry
Jeff Brugh
Bruce Whitehurst
Laurie Milligan

VBA staff in attendance

DeMarion Johnston
Stacy Puckett
John Snead

SageView Advisory Group:

Nichole Labott
Ken Barnes
Dee Spivey

Plan Governance

- I. The minutes from the previous meeting were approved as written.

Legislative Update

- II. SageView provided a brief legislative update on the enforcement of the guidance issued previously around Proxy Voting and utilizing ESG investments. A brief update on the progress of the proposed Secure 2.0 act was also provided. SageView reviewed the recently issued guidance from the DOL regarding Cybersecurity policies and the support to be provided to the Committee from SageView and PRM Consulting related to this topic.

Defined Contribution Plans Investment Review

- III. The fund performance summary for the investment report was reviewed as of March 31, 2021. The total plan assets were \$290,033,647.58 and the weighted average investment expense is 0.18%. SageView provided an overview of the current investment performance and of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Continue on Watch
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Continue on Watch

Defined Benefit Plans Investment Review

- IV. The fund performance summary for the investment report was reviewed as of March 31, 2021. The total plan assets were \$119,515,880.24. SageView provided an overview of the current investment performance and current allocations. Of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Continue on Watch
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Continue on Watch

Non-qualified Plans Investment Review

- V. The fund performance summary for the investment report was reviewed as of March 31, 2021. The total plan assets were \$81,598,012.21. SageView provided an overview of the current investment performance and current allocations. Of note was the following:

Fund Name	On Watch List Since	Qualitative or Quantitative	SageView Recommendation
Janus Henderson Small Cap Value N	12/31/2020	Quantitative	Continue on Watch
Cohen & Steers Real Estate Securities Z	12/31/2020	Qualitative	Continue on Watch

Additional Items

- VI. SageView presented an overview of Advisor Managed Accounts.
VII. SageView presented a cost benchmarking analysis. The total cost of three individual banks were benchmarked to plans of similar size and the fees for each were significantly below the benchmark.
VIII. Ms. Milligan provided the Committee with an update on activity related to the Kentucky Bankers Association.

Follow-Up/Topics for Next Review

- IX. SageView will prepare a presentation for the next meeting with further details around Advisor Managed Accounts.
X. The next Committee meeting is scheduled for August 27, 2021.

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

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Managed Accounts



Participant-Focused Strategy

Unlike target date funds and age-based portfolios, which only account for participants' retirement dates in determining asset allocation suitability, SageView Personalized Portfolios considers a multitude of personal data.

TARGET-DATE FUNDS



MANAGED ACCOUNTS



Age



Account Balance



Location



Social Security Impact



Savings Rate



Pension and Other Plans



Gender



Salary



Sponsor Match

The result is an individualized strategy for each employee that includes:



**Savings rate
recommendations**



**Personalized asset
allocations**



**Social Security
optimization**



**Withdrawal
strategies**

VBA Group Medical and Dental Trust
Statement of Net Assets
6/30/2021

	<u>6/30/2021</u>	<u>6/30/2020</u>
Assets		
Checking Account	45,895	3,668
Investments	27,060,433	24,322,324
Accrued Interest Receivable	156,832	178,688
Accounts Receivable - General	5,099,954	5,048,968
Total Assets	32,363,114	29,553,648
Liabilities		
Accounts Payable	4,412,374	4,829,046
Medical IBNR	7,330,515	6,496,721
Dental IBNR	199,000	161,400
Total Liabilities	11,941,889	11,487,167
Net Assets	<u>20,421,225</u>	<u>18,066,481</u>
Prior year end net assets	19,447,265	16,462,956
Year to date net income	973,960	1,603,525
Current net assets	<u>20,421,225</u>	<u>18,066,481</u>

VBA Group Medical and Dental Trust
Statement of Changes in Net Assets
For the Six Months Ending 6/30/2021

	Actual	Budget	Variance	Prior Year	Variance	2021 Annual
	Year to Date	Year to Date	Year to Date	to Date	Current vs. Prior	Budget
Income:						
Premiums from members:						
Medical Premiums	35,972,021	40,137,500	(4,165,479)	36,197,740	(225,719)	80,275,000
Dental Premiums	2,545,736	2,657,250	(111,514)	2,534,503	11,233	5,314,500
Total premiums from members:	38,517,757	42,794,750	(4,276,993)	38,732,243	(214,486)	85,589,500
Investment Return	37,030	50,000	(12,970)	109,066	(72,036)	100,000
Total additions:	37,030	50,000	(12,970)	109,066	(72,036)	100,000
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Total Income	38,554,787	42,844,750	(4,289,963)	38,841,309	(286,522)	85,689,500
Expenses:						
Paid to insurance companies:						
Medical Claims & Fixed Costs	35,059,952	40,137,500	5,077,548	34,988,817	(71,135)	80,275,000
Dental Claims & Fixed Costs	2,300,666	2,657,250	356,584	1,721,587	(579,079)	5,314,500
Total expenses paid:	37,360,618	42,794,750	5,434,132	36,710,404	(650,214)	85,589,500
Increase (decrease) in IBNR provision	205,141	-	(205,141)	514,085	308,944	-
VEBA Investment Fees	15,068	12,500	(2,568)	13,295	(1,773)	25,000
Total deductions:	220,209	12,500	(207,709)	527,380	307,171	25,000
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Total Expenses	37,580,827	42,807,250	5,226,423	37,237,784	(343,043)	85,614,500
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Net Income	973,960	37,500	936,460	1,603,525	(629,565)	75,000
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SBA Group Insurance Trust
Statement of Net Assets
6/30/2021

	<u>6/30/2021</u>	<u>6/30/2020</u>
Assets		
Investments	7,463	9,046
Accounts Receivable - General	-	-
Total Assets	<u>7,463</u>	<u>9,046</u>
Liabilities		
Accounts Payable	302	303
Total Liabilities	<u>302</u>	<u>303</u>
Net Assets	<u><u>7,161</u></u>	<u><u>8,743</u></u>
Prior year end net assets	7,937	9,033
Year to date net income	<u>(776)</u>	<u>(290)</u>
Current net assets	<u><u>7,161</u></u>	<u><u>8,743</u></u>

SBA Group Insurance Trust
Statement of Changes in Net Assets
For the Six Months Ending 6/30/2021

	Actual Year to Date	Budget Year to Date	Variance Year to Date	Prior Year to Date	Variance Current vs. Prior	2021 Annual Budget
Income:						
Premiums from members:						
Medicare Supplement Premiums	273,240	261,875	11,365	321,698	(48,458)	523,750
Group Life Premiums	1,687,089	1,685,750	1,339	1,585,256	101,833	3,371,500
Long Term Care Premiums	47,785	60,000	(12,215)	55,696	(7,911)	120,000
Long Term Disability Premiums	880,959	922,500	(41,541)	828,696	52,263	1,845,000
Short Term Disability Premiums	233,312	150,000	83,312	192,767	40,545	300,000
Vision Premiums	418,976	419,000	(24)	371,535	47,441	838,000
Voluntary Benefits Premiums	509,665	447,500	62,165	471,494	38,171	895,000
Total premiums from members:	4,051,026	3,946,625	104,401	3,827,142	223,884	7,893,250
Investment Return	3	150	(147)	214	(211)	300
Total additions:	3	150	(147)	214	(211)	300
Total Income	4,051,029	3,946,775	104,254	3,827,356	223,673	7,893,550
Expenses:						
Premiums paid to insurance companies:						
Medicare Supplement Premiums	273,240	261,875	(11,365)	321,698	48,458	523,750
Group Life Premiums	1,687,089	1,685,750	(1,339)	1,585,256	(101,833)	3,371,500
Long Term Care Premiums	47,785	60,000	12,215	55,696	7,911	120,000
Long Term Disability Premiums	880,959	922,500	41,541	828,696	(52,263)	1,845,000
Short Term Disability Premiums	233,312	150,000	(83,312)	192,767	(40,545)	300,000
Vision Premiums	418,976	419,000	24	371,234	(47,742)	838,000
Voluntary Benefits Premiums	509,665	447,500	(62,165)	471,494	(38,171)	895,000
Total premiums paid:	4,051,026	3,946,625	(104,401)	3,826,841	(224,185)	7,893,250
VEBA Investment Fees	779	1,250	471	805	26	2,500
Total deductions:	779	1,250	471	805	26	2,500
Total Expenses	4,051,805	3,947,875	(103,930)	3,827,646	(224,159)	7,895,750
Net Income	(776)	(1,100)	324	(290)	(486)	(2,200)

VBA Benefits Corporation
Balance Sheet
6/30/2021

	<u>6/30/2021</u>	<u>6/30/2020</u>
Assets		
Cash & Cash Equivalents	1,028,581	1,862,309
Investments	3,115,765	2,155,534
Accounts Receivable	305,450	190,090
Accrued Interest Receivable	16,064	21,067
Deferred Tax Asset/Liability	58,499	37,374
Income Tax Receivable	140,030	33,628
Prepaid Assets	42,839	33,703
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Current Assets	4,707,228	4,333,705
Furniture & Fixtures	165,778	160,458
Less: Accumulated Depreciation	(148,430)	(140,921)
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Current Value	17,348	19,537
	<hr/>	
Investment in LLC	1,045,000	1,045,000
	<hr/>	
Total Assets	<u>5,769,576</u>	<u>5,398,242</u>
Liabilities		
Accounts Payable	337,520	294,768
Accrued Pension Liability	78,608	51,799
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Total Liabilities	416,128	346,567
Owners Equity		
Retained Earnings	5,188,955	4,965,607
Common Stock	1,000	1,000
Current Year Earnings	163,493	85,068
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Total Owners Equity	<u>5,353,448</u>	<u>5,051,675</u>
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Total Liabilities & Equity	<u>5,769,576</u>	<u>5,398,242</u>

VBA Benefits Corporation
Income Statement
For the Six Months Ending 6/30/2021

	Actual	Budget	Variance	Prior	Variance	2021 Annual
	Year to Date	Year to Date	Year to Date	Year to Date	to Prior Year	Budget
Income:						
Medical Fees	381,576	386,850	(5,274)	398,359	(16,783)	773,700
Dental Fees	68,010	71,000	(2,990)	66,816	1,194	142,000
Group Life Fees	311,879	305,000	6,879	298,406	13,473	610,000
Vision Fees	26,804	26,825	(21)	23,994	2,810	53,650
Long Term Care Fees	28,957	30,000	(1,043)	29,986	(1,029)	60,000
Long Term Disability Fees	115,585	125,000	(9,415)	106,405	9,180	250,000
Short Term Disability Commissions	10,171	10,000	171	8,938	1,233	20,000
Flex Cafeteria Fees	13,356	13,356	-	29,412	(16,056)	35,800
Voluntary Benefits Commission	26,772	47,500	(20,728)	52,908	(26,136)	101,500
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Health and welfare fees	983,110	1,015,531	(32,421)	1,015,224	(32,114)	2,046,650
Management Fees-DB	61,439	47,250	14,189	42,676	18,763	94,500
Management Fees-DC	340,623	300,000	40,623	119,364	221,259	600,000
Management Fees-NQ	77,399	67,500	9,899	79,239	(1,840)	172,500
Revenue Share - DC	4	-	4	302,861	(302,857)	-
Revenue Share - NQ	26,000	26,000	-	73,557	(47,557)	26,000
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Defined benefit, contribution and nonqualified	505,465	440,750	64,715	617,697	(112,232)	893,000
Interest Income	25,024	15,975	9,049	23,316	1,708	31,950
Gain/Loss on Investments	64,397	-	64,397	-	64,397	-
HSA Commissions	992	600	392	698	294	1,200
Miscellaneous Income	1,832	750	1,082	1,879	(47)	1,500
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Subtotal Other Income	92,245	17,325	74,920	25,893	66,352	34,650
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Total Income	1,580,820	1,473,606	107,214	1,658,814	(77,994)	2,974,300

VBA Benefits Corporation
Income Statement
For the Six Months Ending 6/30/2021

	Actual	Budget	Variance	Prior	Variance	2021 Annual
	Year to Date	Year to Date	Year to Date	Year to Date	to Prior Year	Budget
Expenses:						
Salaries & Benefits	637,475	698,800	61,325	593,265	(44,210)	1,360,000
Benefits Administration						
Cobra Administration	12,159	15,000	2,841	14,211	2,052	30,000
Recordkeeping DC	-	-	-	226,971	226,971	-
Recordkeeping NQ	160,736	132,180	(28,556)	128,157	(32,579)	255,000
	172,895	147,180	(25,715)	369,339	196,444	285,000
Occupancy Expense	17,475	17,475	-	17,213	(262)	34,950
Office Expenses						
Memberships & Subscriptions	2,502	3,150	648	2,701	199	6,300
Postage	68	1,000	932	384	316	2,000
Property Taxes & Licenses	1,410	2,000	590	1,339	(71)	2,000
Office Supplies	3,684	3,600	(84)	2,921	(763)	7,200
Equipment Maintenance	25,614	25,542	(72)	22,972	(2,642)	32,300
Telephone	5,184	5,800	616	4,879	(305)	11,600
	38,462	41,092	2,630	35,196	(3,266)	61,400
Consulting						
Consulting & Technology	240,021	259,378	19,357	236,171	(3,850)	520,000
Health Renewal	78,020	80,580	2,560	69,509	(8,511)	163,000
Section 125 Discrim. Testing	-	-	-	-	-	40,000
Other Consulting	26,400	26,400	-	26,000	(400)	53,000
	344,441	366,358	21,917	331,680	(12,761)	776,000
Professional fees						
Audit & Tax Fees	57,682	57,682	-	58,510	828	62,600
Legal Fees - Troutman	117,526	107,500	(10,026)	113,851	(3,675)	215,000
	175,208	165,182	(10,026)	172,361	(2,847)	277,600
Meetings						
Benefits Seminar Expense	-	-	-	-	-	23,100
Board of Directors	8	700	692	316	308	2,000
	8	700	692	316	308	25,100
Insurance	14,008	14,342	334	13,110	(898)	19,950
Marketing	1,500	7,000	5,500	23,215	21,715	14,000
Travel and Education						
E & T / Convention	2,323	4,910	2,587	1,862	(461)	10,000
Travel	2,310	9,000	6,690	5,132	2,822	35,000
	4,633	13,910	9,277	6,994	2,361	45,000
Depreciation	8,589	9,651	1,062	9,020	431	19,300
Other Operating Expenses						
Miscellaneous Expense	2,633	3,000	367	1,707	(926)	6,000
	2,633	3,000	367	2,037	(596)	6,000
Total Expenses	1,417,327	1,484,690	67,363	1,573,746	156,419	2,924,300
Pretax Income/(Loss)	163,493	(11,084)	174,577	85,068	78,425	50,000

RETIREMENT PLAN TRUSTS UNDER VBA BENEFITS OVERSIGHT

June 30, 2021

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 12/31/20	9 mos Plan yr ended 9/30/21	12 mos Plan yr ended 9/30/20	NonQualified Plans 6/30/21	NonQualified Plans 6/30/20
	Defined Contribution 1/1-12/31/21	Defined Contribution 1/1-12/31/20	Defined Benefit 10/1/20-9/30/21	Defined Benefit 10/1/19-9/30/20		
Increase (decrease) in net assets resulting from investment income	23,902,959	26,504,848	17,722,702	7,270,727		
Employer contributions	4,987,433	4,569,237	8,852,045	3,965,558		
Employee contributions	10,536,180	14,900,720	-	-		
Transfers from other trust	-	7,794,025	-	-		
Total employee/employer contributions	15,523,613	27,263,982	8,852,045	4,000,231		
Total additions	39,426,572	53,768,830	26,574,747	11,270,958		
Benefits paid to participants	6,236,497	27,374,788	2,717,745	6,411,539		
Plan terminations	5,175,268	19,854,572	5,934,090			
Increase (decrease) in net assets	28,014,807	6,539,470	17,922,912	4,859,419		
Net assets - beginning of period	279,640,307	273,100,837	106,141,062	101,281,643		
Net assets - end of period	307,655,114	279,640,307	124,063,973	106,141,062	84,436,729	58,650,855

COO Report

VBA Benefits Corporation Board Meeting
August 27, 2021

**VIRGINIA BANKERS
ASSOCIATION**

2022 VBA Benefits Corp. Administrative Fees

- Board must approve annual administrative fees/commissions charged to banks. VBABC 2022 health and welfare fees will remain same as current: *Need Board approval*

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 <ul style="list-style-type: none"> Basic Supplemental/Spouse Dependent children 	\$.02/\$1,000 Varies by age-based rate \$.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)

2021 Health & Welfare Plan Initiatives

- *Move to Medicare*, Medicare education initiative
 - Sponsored by Anthem and free of charge for employers
 - Anthem representative will host virtual and/or onsite educational Medicare 101 sessions. Topics include: Medicare eligibility and enrollment; how Medicare Parts A, B and D work; understanding Medicare Supplement or Medicare Advantage options.
 - One-on-one consultations can be made available for those employees who may be interested in exploring their Medicare options compared to their active plans through the bank
 - NOTE: Employers cannot incent employees to take Medicare and drop the active health plan
 - VBABC will introduce concept to HR administrators at 2022 Open Enrollment Fall meetings in September
- Artemis Health Plan Analytics – data review period June 2020 to May 2021
 - Provided all minimum premium banks with specific data analytics and one-on-one sessions with MMA PATH analytics consulting team earlier this summer
 - Data provided at VBA aggregate level; 2020 utilization data impacted by COVID-19
 - PCP visits decreased 17% while telemedicine increased 336%
 - ER visits decreased 7%; inpatient admissions decreased 19%

Artemis Health Plan Data Analytics

- Chronic conditions with opportunity to improve health outcomes:
 - 45% (7,009) of total member population have chronic conditions.
 - Top conditions:
 - Behavioral health (2,041)
 - Hypertension (1,493)
 - Musculoskeletal (1,105)
 - Hyperlipidemia (1,068)
 - Diabetes (735)
 - 9% increase in behavioral health claims from prior reporting period; most prevalent in ages 20-29
 - Highest utilized drugs by # of scripts were antidepressants (2,718 claimants) and vaccines (4,605)
- Next steps to address identified cost drivers:
 - Impact musculoskeletal conditions through new benefit, Hinge Health, a digital MSK physical therapy program
 - Consider point solution for Mental/Behavioral Health that offers 24/7/365 access to coaching or therapy
 - Continue to promote diabetic and pre-diabetic coaching programs



2021 Retirement Plan Initiatives

- NQDC Plan Documents: Consider transition to Voya's documents for 2023 plan deferrals
 - VBABC performed a comparative analysis between VBA's custom model adoption agreements and Voya's standard agreement and found the provisions very similar, with some nuances of rules around distributions in form and timing of payments
 - By transitioning to Voya's documents, the advantages are:
 - Lower legal fees
 - Ease of administration
 - Align with best practices in marketplace
 - Next steps include addressing with Troutman between now and November Board meeting
- 401(k) Hardship Withdrawal Approvals – amendments to both the 2012 and 2020 documents *Need Board approval*
 - Eliminate the six-month suspension effective January 1, 2019
 - Eliminate requirement that all available plan loans must be taken prior to hardship withdrawal, effective January 1, 2021
 - Include earnings on elective deferrals in amount available for hardship withdrawal, effective as of amendment date
 - Add new safe harbor that allows hardship withdrawal to cover losses and expenses incurred due to federally-declared disaster designated by FEMA- add to all plans for all disasters effective as of amendment date

Board Administrative Issues

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

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

Appendix

YTD 2021 Health Plan Utilization

YTD 2021 Dental Plan Utilization

Dashboard

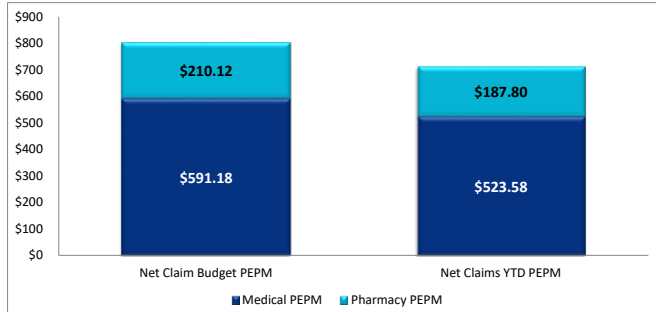
Group: **Virginia Bankers Association**
 Plan Year: 1/1/2021
 Current Period: June

Stop Loss Terms:

Specific Coverage	\$300,000	Paid	Med-Rx
Aggregate Coverage	115%	Paid	Med-Rx

	June	YTD
Total Subscribers	7,700	46,357
Medical Claims	\$4,956,506	\$26,018,449
Pharmacy Claims	\$1,584,274	\$8,206,184
Stop Loss Claim Credits	(\$671,010)	(\$1,271,797)
Rx Rebates*	(\$1,066,398)	(\$2,120,900)
Administration Fees	\$347,634	\$2,092,891
VBA Admin Fees	\$61,844	\$373,529
Stop Loss Premium	\$308,308	\$1,856,134
ACA Fees	\$2,817	\$16,962
Total Claims & Fixed Expenses	\$5,523,976	\$35,171,451
Total Budget	\$6,496,832	\$39,142,383
Over / (Under) Total Budget	(\$972,856)	(\$3,970,932)
PEPM Over / (Under) Total Budget	(\$126.34)	(\$85.66)
Percent Over / Under Budget	-15.0%	-10.1%

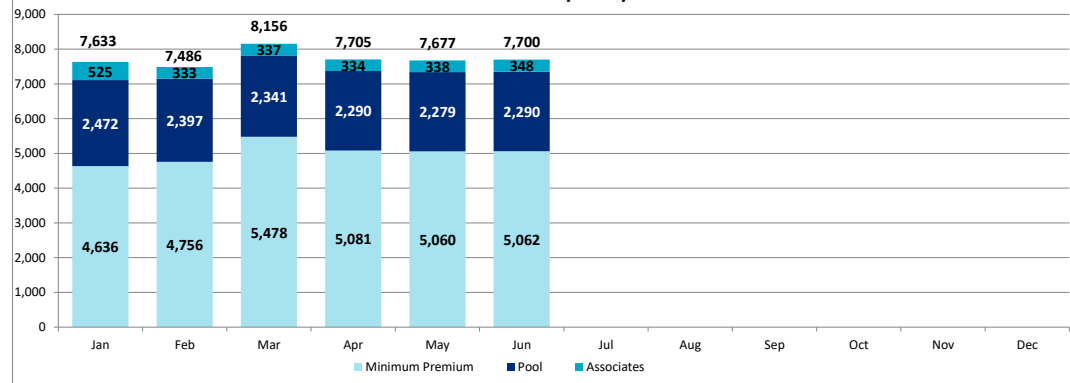
* Rx rebates are shown in the month paid.



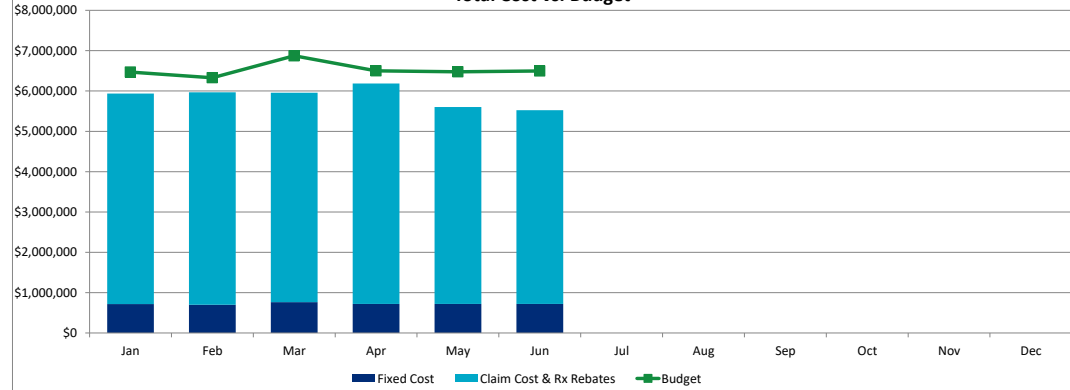
MMA Commentary

- 1) June total costs were 15.0% below budget (\$972,856 below), bringing the plan year to 10.1% below budget (\$3,970,932 below).
- 2) Medical claims PEPM are 9.7% below expected.
- 3) Pharmacy claims PEPM are 15.8% below expected.
- 4) There are 24 claimants over \$150,000 through May, and 9 claimants have hit the \$300,000 SSL.
- 5) The Pool and Associates have a combined estimated surplus of \$765,349.
- 6) The Minimum Premium Banks have an estimated surplus of \$3,205,582.
- 7) The Minimum Premium banks had an estimated \$2,905,353 in internal pooling fees with internal pooling claims of \$2,457,118 resulting in a surplus of \$448,234.

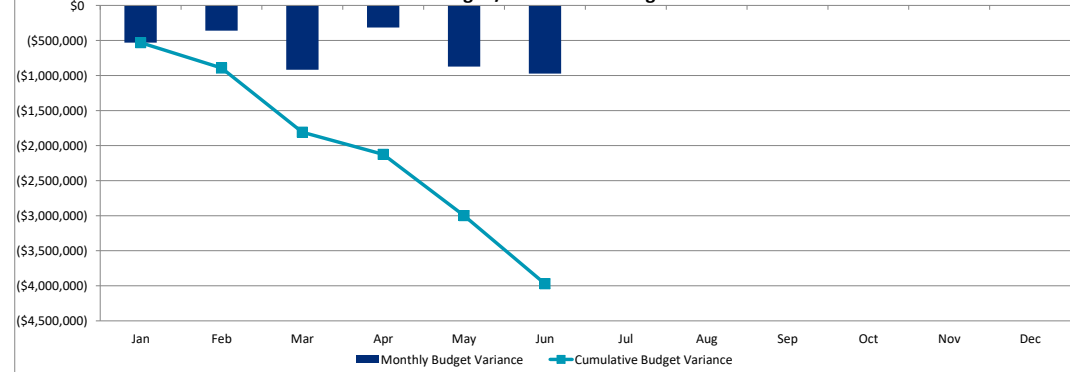
Enrollment by Entity



Total Cost vs. Budget

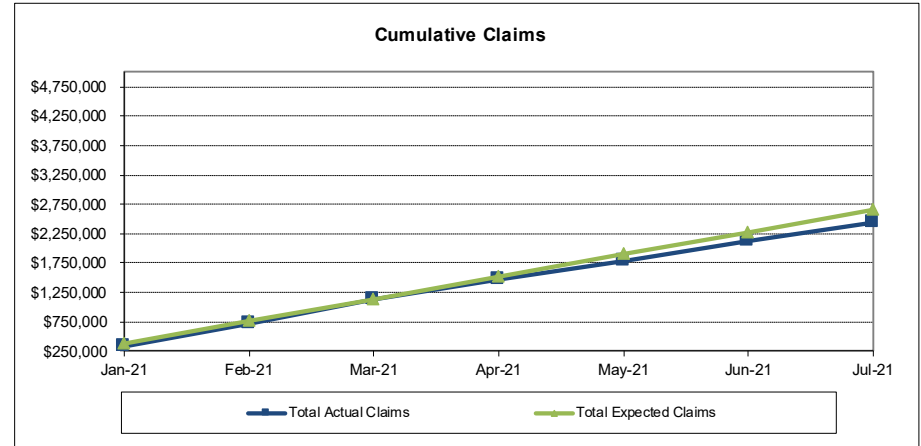
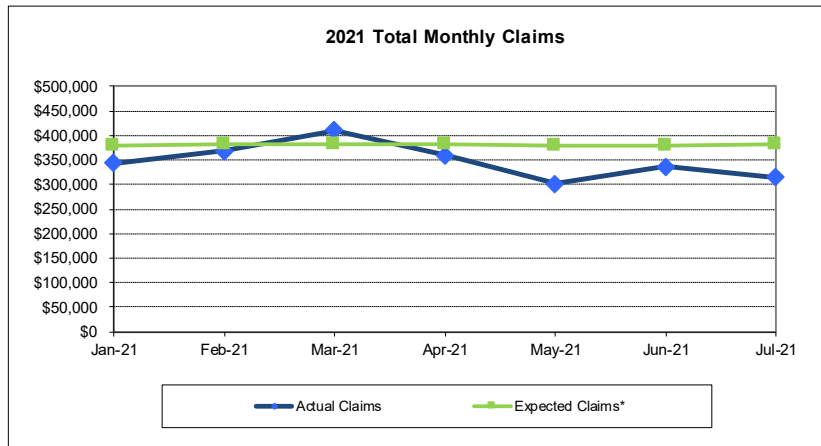


Budget / Forecast Tracking



YTD 2021 Dental Plan Claims Experience

2021 Policy Year	Monthly Enrollment	Monthly Claims			Cumulative Claims	
		Actual Claims	Expected Claims*		Total Actual Claims	Total Expected Claims
Jan-21	7,559	\$343,781	\$379,311		\$343,781	\$379,311
Feb-21	7,622	\$368,719	\$382,472		\$712,499	\$761,783
Mar-21	7,603	\$409,562	\$381,519		\$1,122,061	\$1,143,302
Apr-21	7,591	\$360,035	\$380,916		\$1,482,096	\$1,524,218
May-21	7,547	\$301,343	\$378,708		\$1,783,439	\$1,902,926
Jun-21	7,565	\$335,639	\$379,612		\$2,119,078	\$2,282,538
Jul-21	7,593	\$314,989	\$381,017		\$2,434,067	\$2,663,555
Total	53,080	\$2,434,067	\$2,663,555			



VIRGINIA BANKERS ASSOCIATION

2021 - 2022 AUTHORIZATION OF THE OFFICERS OF THE VBA BENEFITS CORPORATION

I, Thomas F. Cherry, 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	Chief Executive Officer
Laurie H. Milligan	Chief Operating Officer
John H. Snead	Vice President, Member Relations
Stacy K. Puckett	Chief Financial Officer & Treasurer
DeMarion P. Johnston	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 _____

Thomas F. Cherry, 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 16, 2021
3:00pm via Zoom

Attendees: Chairman Tom Cherry, Bob Chapman, Pat Lewis, Mark Nelson

VBA Staff: Laurie Milligan, DeMarion Johnston, John Snead

Guests: MMA – Tom Mackay, Dawn Hall, Kim Smith, Jennifer Doyle, Carter Southworth

A quorum being present, Chairman Cherry called the meeting to order. There was one topic for discussion: 2022 health & welfare plan renewal recommendations. MMA presented the meeting materials which were sent the morning of the meeting, including:

- 2022 Medical and Pharmacy Plan Renewal
 - MMA 2022 renewal underwriting analysis
 - Proposed plan design changes
 - Preliminary pharmacy renewal analysis
 - The Hartford Medicare Supplement renewal
- 2022 Dental Renewal
- 2022 Ancillary Benefit Renewals
 - Life and Disability RFP results – remain with current vendors with multi-year rate guarantees and savings
 - Other ancillary benefits – rate guarantee
- 2022 Recommendations for the Board

After the materials were presented, the Committee members asked questions. The Committee discussed the appropriate amount of reserves held in the Group Medical & Dental Trust, how the goal is calculated, and if and when to use reserves to offset renewal increases for the pooled banks.

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 27th meeting. The meeting was adjourned at approximately 4:00pm.

Submitted by: Laurie Milligan, COO



VIRGINIA BANKERS
ASSOCIATION

Health & Welfare Plan Renewals and Benefit Program Updates for VBA Benefits Corporation Board Meeting

January 1, 2022 Plan Year

Presented By:

- Tom Mackay, Senior Vice President
- Dawn Hall, Strategic Account Executive
- Jennifer Doyle, Strategic Account Executive

August 27, 2021

It's our business to be there for you in the

MOMENTS
THAT MATTER.

Agenda

- I. 2022 Renewal Recommendations – Executive Summary
- II. Medical and RX Plan Renewal: 1/1/2022 – 12/31/2022
 - A. Medical Renewal Analysis
 - B. Proposed Medical Plan Changes
 - C. Pharmacy Renewal and Analysis
 - D. Retiree Medical – Hartford Medicare Supplement and RX Plan
- III. 2022 Dental Renewal
- IV. Life and Disability Marketing Results
- V. Other Program Updates
- VI. 2022 Recommendations for Board Approval
- VII. Appendix



I. 2022 Renewal Recommendations: Executive Summary

I. 2022 Proposed Recommendations – Executive Summary

▪ **Medical - Anthem**

- 2.0% Total composite rate increase
- 0.0% composite rate increase for Pool and Associate Members
- Proposed increase in Internal Pooling Fee: 9.5% increase for Minimum Premium Banks and a 30% increase for Pool Banks and Associates due to historical experience
- Propose a 15% increase in MMP Aggregate Stop Loss surcharge for MMP banks to protect risk pool in event bank exceeds their maximum liability
- No changes in essential plan benefits or the nine (9) plan options
- Adopt **Hinge Health**: Digital Musculoskeletal Coaching/Therapy Vendor. Projected Cost: \$531,000; Estimated Savings: \$1.67 Million
- Group Medicare Supplement increase of 6%. Retiree RX plan renewal to be released in early September, 2021.
- Increase relative values for spouse/family rate tiers to align with increased cost of spouses in VBA claims experience

I. 2022 Proposed Recommendations – Executive Summary

▪ **Prescription Drug Coverage – ESI/RXB**

- Formal renewal to be released in August. Preliminary 2022 renewal projects additional plan savings of approximately 6.64%, or \$781,000 before pricing trends.
- Implement \$0 copay for generic, non-insulin diabetic medications. Projected cost: \$40,000.
- For hemophilia/blood disorder medications, consider transitioning coverage from RX plan to medical. Implement partnership with Hemophilia Alliance.

▪ **Dental Renewal – Delta Dental**

- 0% rate increase; no plan changes; no change in administrative fee

I. 2022 Proposed Recommendations – Executive Summary

■ All Other Plans and Services

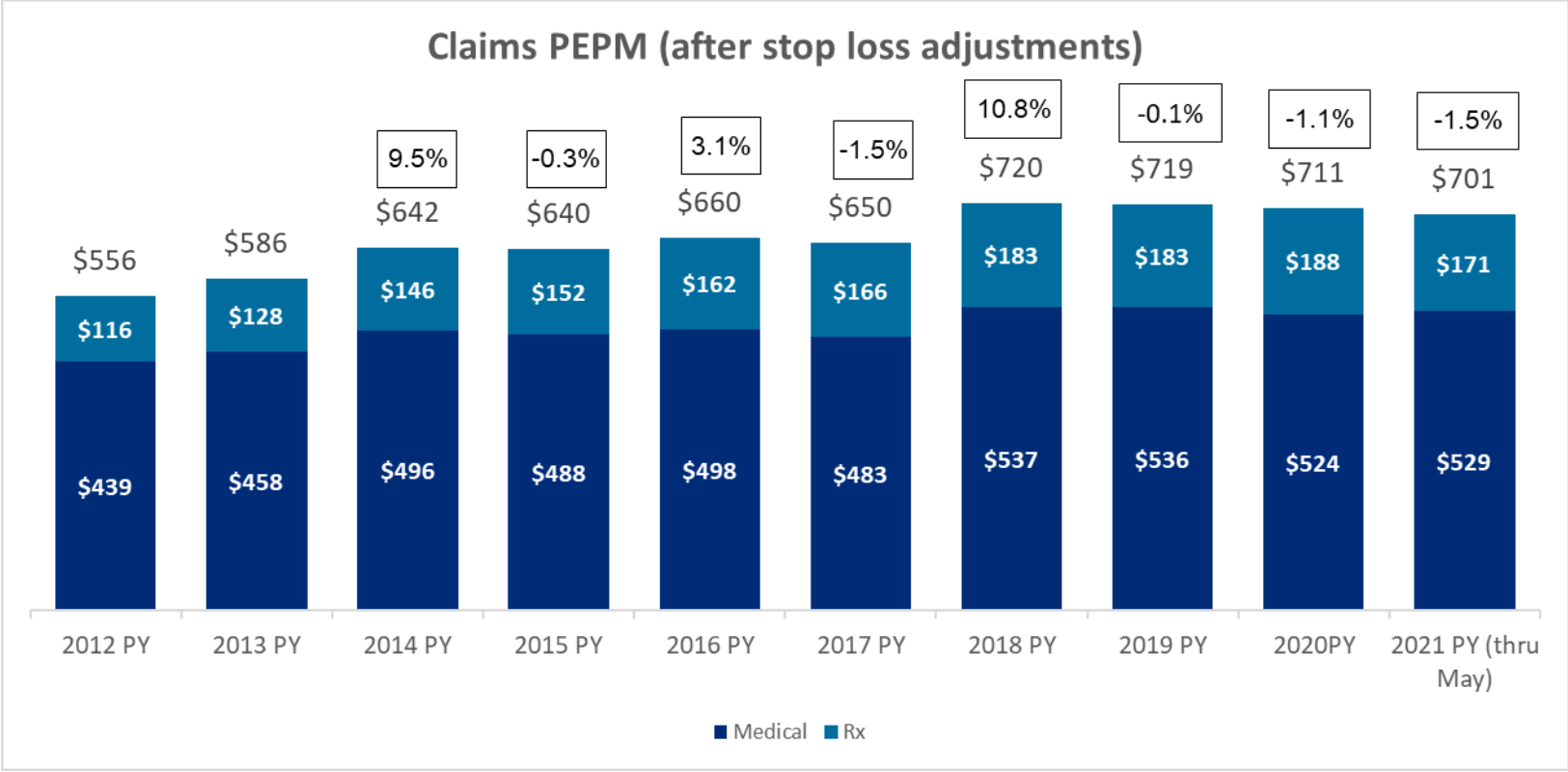
- RFP was conducted for Life and Disability coverages (incumbent partnerships remain in place: enhanced pricing, rate guarantees and “true” open enrollment for Voluntary Life)
- Aflac offers another two-year rate guarantee, plus subsidy for Bswift expenses
 - Year 1: \$35,000; Year 2: \$25,000 (additional \$20,000 if premiums exceed \$1.25M)
- All other programs and carriers/vendors remain unchanged.

■ Additional Proposed Change:

- Addition of **New Benefits** discount program – first quarter 2022
 - Up to three (3) Core Benefits to be provided by VBABC
 - Member banks will have the option to enhance this coverage with buy-ups.
 - Cost of (3) Core benefits approximately **\$5.70** per employee, per month

II. Medical and RX Plan Renewal 1/1/2022

A. Historical Medical & Rx Claims Experience



A. 2022 Renewal Underwriting Analysis

2021 reserves goal range: \$12.1M to \$22.0M
6/30/2021 reserves: \$20.4M

Total 2022 expected costs for the combined Pool, Minimum Premium Banks, and Associate members are projected to be **\$78,300,000**, based on **7,597** covered lives.

	Enrollment	2021 Premium	2022 Premium	% Change	Recommendation
Pool/Associates	2,376	\$26,078,000	\$25,858,000	-0.8%	0%
Minimum Premium Banks	5,221	Varies	Varies	Varies	Varies by bank

- Projections are based on:
 - Most recent 12 months of claims and internal pooling charge increase
 - **3% claims margin** for adverse selection and impact of COVID 19
 - Adjusted pharmacy contract
 - 2022 retention fees, including VBA Benefits Corp. administrative fees
 - Illustrative reinsurance fees (will be finalized in October)

A. Renewal Underwriting Analysis: Aggregate Stop Loss Surcharge

- For the past six years, a Minimum Premium bank has hit the 115% ASL; with an average of 1.7 per year.
- The smaller MMP banks are at a higher risk for reaching maximum and are charged more than the larger banks.
- Based on historical claims experience, VBA would need to charge \$7.61 per Minimum Premium Bank employee per month to cover the additional risk. The current average fee is \$4.44 PEPM. A 15% increase is recommended as outlined below:

Minimum Premium Surcharge Amount	# Employees	2021 Fee	2022 Fee
Under 200 Employees	1,256	\$6.60	\$7.59
200 - 499 Employees	2,366	\$3.30	\$3.80
500+ Employees	0	\$1.65	\$1.90
Total	3,622	\$193,169	\$222,286
PEPM		\$4.44	\$5.11
% Change from Current			15.1%

A. Renewal Underwriting Analysis: Internal Pooling

- 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.
- For the past five years, the Pool and Associate members had consistently more internal pooling claims than the Minimum Premium Banks and are currently in a deficit position. Conversely, the Minimum Premium Banks' fees have exceeded their internal pooling claims, in aggregate.
- Based on performance, we are proposing a 9.5% increase for Minimum Premium Banks and a 30% increase for Pool Banks and Associates. This increase is included in the 2022 projections.

2022 Internal Pooling Fee by Segment	Minimum Premium	Pool & Associates	Total
Current Enrollment	5,221	2,376	7,597
Current 2021 Fee	\$96.61	\$124.42	\$106.43
Proposed 2022 Fee by Segment	\$105.76	\$161.74	\$123.27
% Change	9.5%	30.0%	15.8%
Annual Fee	\$6,626,255	\$4,611,531	\$11,237,786
\$ PEPM Difference	\$9.15	\$37.32	\$16.84
Annual Difference	\$573,181	\$1,064,182	\$1,535,525

B. Proposed Medical Plan Changes

- **Virginia Mandated Changes – optional for self-insured plans** Released 8/18/2021
 - Expand preventive services to include certain chronic condition diagnoses; benefits would be covered at 100% and prior to deductible on HSA-compatible plans
 - Coverage for medical text visits; 100% for non-high deductible health plans; \$19 for high deductible health plan members until deductible is reached
 - Dermatology visits available through LiveHealth Online; specialist cost share applies

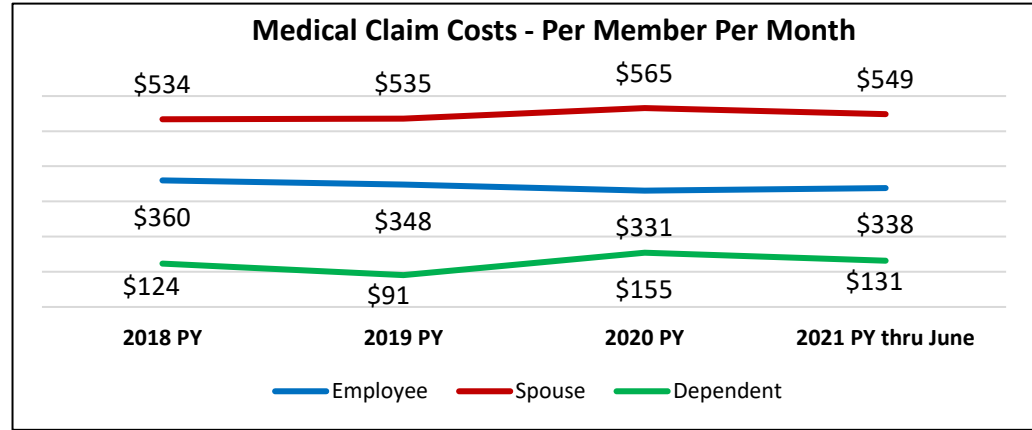
- **Hinge Health**
 - Digital MSK program; direct relationship
 - \$0.00 cost to members – not subject to deductible and coinsurance.
 - Deemed to be a Disease Management program.
 - Plan charged \$0 to \$900 per participant, depending on proposed treatment.
 - 100% ROI guarantee; Projected cost savings of \$1.67 million

Chronic Musculoskeletal (MSK) conditions represent highest spend for chronic conditions (\$18 PMPM):

- Impacts 1,105 members
- Osteoarthritis and back pain leading conditions
- 19% of members with MSK diagnosis utilized opioids for pain management.

B. Proposed Changes – Rate Tier Relativities

- When reviewing medical claim cost by member type, claims for spouses are higher than employees.
- For 2018 & 2019, spouse medical claims PMPM were 1.5 times employee medical claims.
- For 2020, spouse medical claims PMPM were 1.7 times employee claims.
- For 6 months into the 2021 plan year, spouse medical claims PMPM were 1.6 times employee claims.
- Due to the higher cost of spouses, it may be helpful to increase the relativities for the tiers with spouses.



	Current 4 Tier Structure	Current 5 Tier Structure	Proposed 4 Tier Structure	Proposed 5 Tier Structure
Employee Only	1.0	1.0	1.0	1.0
Employee & Spouse	2.1	2.1	2.2	2.2
Employee & Child	1.8	1.4	1.8	1.4
Employee & Children	1.8	1.9	1.8	1.9
Employee & Family	2.8	3.0	2.9	3.1

B. Proposed Changes – Rate Tier Relativities

- Adjusting the tier relativities for spouses would allocate more of their cost to their premiums rather than having the other tiers subsidizing the cost of spouses.
- By allocating more premium to spouse tiers, the rates for all other tiers would go down. See examples below:

5 Tier example	Enrollment	Current Rate	Proposed Rate
Employee Only	10	\$100.00	\$97.92
Employee & Spouse	10	\$210.00	\$215.42
Employee & Child	10	\$140.00	\$137.08
Employee & Children	10	\$190.00	\$186.04
Employee & Family	10	\$300.00	\$303.54
Total Annual	50	\$112,800	\$112,800

4 Tier example	Enrollment	Current Rate	Proposed Rate
Employee Only	10	\$100.00	\$97.94
Employee & Spouse	10	\$210.00	\$215.46
Employee & Child	10	\$180.00	\$176.29
Employee & Children	10	\$180.00	\$176.29
Employee & Family	10	\$280.00	\$284.02
Total Annual	50	\$114,000	\$114,000

C. Pharmacy Analysis - 1/1/21 and 1/1/22

Preliminary renewal calculation for 1/1/2022. Full report to be provided by MMA RX Solutions in August.

Results Summary	2021 RxBenefits - Express Scripts	2022 RxBenefits - Express Scripts
Gross Cost Q1 2021	\$5,035,829	\$4,985,255
Rebates Q1 2021	-\$1,049,578	-\$1,191,571
Administrative Fees Q1 2021	\$33,036	\$33,036
Annualized Cost	\$16,300,442	\$15,519,476
Annualized \$ Pricing Improvement over 2021 claims financial guarantees		\$780,966
Annualized % Pricing Improvement over 2021 claims financial guarantees		6.64%

C. Proposed RX Plan Change

Effective 1/1/2022: Implement \$0 copay for generic, non-insulin diabetic medication

- Voluntary program
- Initiative allows for the potential to move members away from high-cost diabetic medications
 - RXB reviewed brand claims (excluding insulin) over a 12-month period that could be impacted by this program. Approximately 1,900 claims, with a cost of \$1.9 million.
 - Generic medications include Glipizide, Metformin and Repalinide.
 - Mass shift in scripts filled by members is NOT anticipated. However, moving a small percentage from brand to generic could have financial impact.
- Estimated VBA investment to absorb member cost share – up to \$40,000
- Six-month review of number of members currently on non-insulin diabetic medication since January 1, 2021: 777

D. Retiree Medical: Hartford Medicare Supplement and RX

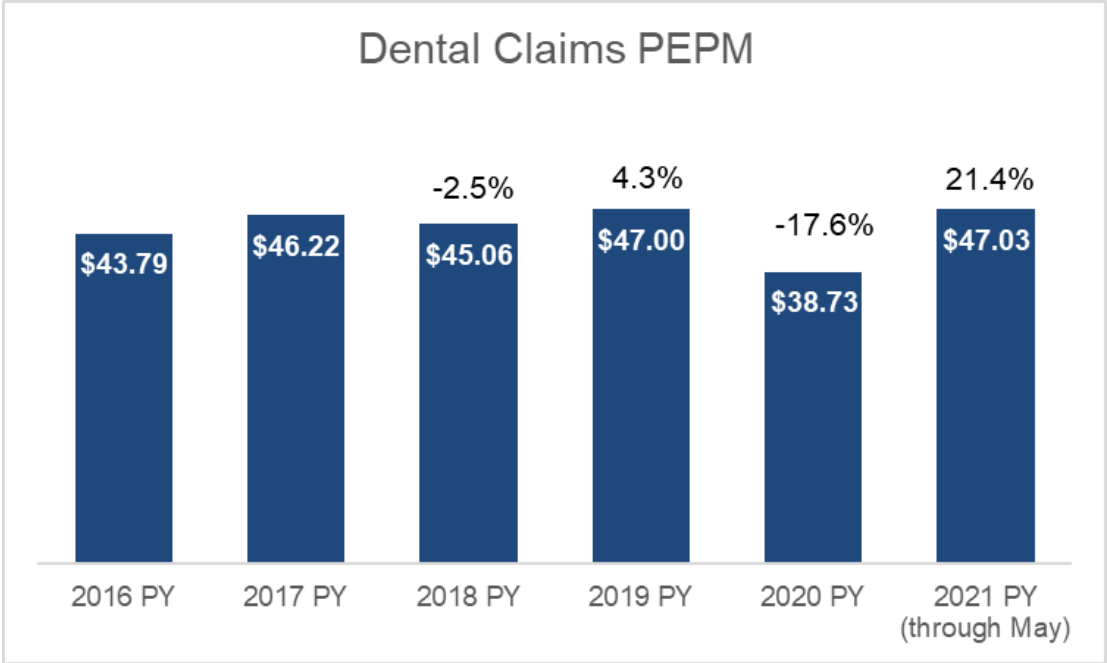
Coverage	Renewal Date	Renewal Term	Current Lives	Current Rate	Renewal Rate	Rate Action
Retiree Medical AGP-3930	1/1/2022	1 Year	129	\$138.35	\$146.65	6.00%

Comments
There are now only 129 total lives in the plan, a 17% decrease from 2020 and no retirees were added so far in 2021. The average age is now 80, a one year increase from last year. Pricing shows that a 6% rate increase is necessary for the 2022 renewal year.

Hartford's RX renewal to be delivered in September.

III. Dental Plan Renewal 1/1/2022

Dental Experience



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

Dental 2022 Renewal

- MMA projection included 5% COVID-19 adjustment and 2% claims margin, resulting in a 2.0% decrease.
- No change in administrative fee: \$3.90 per subscriber (several years with no change)

	Enrollment (5/2021)	Premium	% Change from Current	\$ Change from Current
Current 2021 Premium	7,545	\$5,090,368		
MMA 2022 Renewal Premium	7,545	\$4,989,662	-2.0%	-\$100,706
RECOMMENDATION: 2022 Renewal Premium with No Change in Funding Rates	7,545	\$5,090,368	0.0%	\$0

IV. Life and Disability Marketing Results

Life and Disability Marketing results

Life Insurance Program (Securian)

- 19.50% composite rate reduction on basic and optional life; savings of \$347K and \$282K, respectively. Individual bank rates will vary based on demographics.
- Rate guarantee for 5 years
- True open enrollment offering on voluntary life

Disability Programs (Lincoln Financial Group)

- 5% rate reduction for both STD & LTD (\$105K combined savings)
- Rate guarantee for 4 years
- LFG will expand leave resources to include ongoing consultation and training as well as specific state advisement for participants in HI, NJ and NY. Will also offer leave management services to banks down to 150 lives or more.
- New Lincoln Service Team assigned to VBA

BASIC LIFE and AD&D	Current	Renewal	Combined Savings
Life (Comp. Rate)	\$.103	\$.082	
AD&D (Comp. Rate)	\$.015	\$.012	
Volume	\$1,205,209,000		
Premium	\$1,780,177	\$1,433,245	\$346,942

STD	Current	Renewal	Savings
Composite Rate	\$.251	\$.2388	
Volume	\$13,342,412		
Premium	\$401,676	\$382,296	\$19,380

LTD	Current	Renewal	Savings
Composite Rate	\$.2640	\$.2511	
Volume	\$55,065,126		
Premium	\$1,744,500	\$1,659,240	\$85,260

V. Other Program Updates

Other Program Updates

Programs	Update
Vision – Vision Service Plan (VSP)	Year 2 of 4-year rate guarantee
Voluntary Benefits: <ul style="list-style-type: none"> Aflac Accident, Critical Illness, Hospital Indemnity FIGO Pet Insurance (terminated) Hyatt Legal 	New 2-year rate guarantee; proposed technology subsidy Replaced FIGO with Nationwide Pet Insurance program No Changes
Flexible Spending Accounts – LD&B	No Changes
COBRA Administration – LD&B	No Changes
Long Term Care – UNUM	No Changes

VI. 2022 Recommendations for Board Approval

Recommendations for Board Approval

- **Medical and RX**

- Adopt 0% composite rate increase for Pool Banks and Associate members
- MP Aggregate Stop Loss Surcharge: Adopt a 15% increase for all categories
- Internal Pooling Fee: Adopt 9.5% increase for Minimum Premium Banks and a 30% increase for Pool Banks and Associates
- Adopt **Hinge Health**: Digital Musculoskeletal Coaching/Therapy Vendor
 - Projected Cost: \$531,000; Estimated Savings: \$1.67 Million
- Implement \$0 copay for generic, non-insulin diabetic medications
- Adopt Anthem's 2022 legislative changes: Expanded preventive services, text visits and LiveHealth Online Dermatology
- Change the spouse and family relative value factors to account for higher cost spouses on plan
- Accept Group Medicare Supplement increase of 6%

Recommendations for Board Approval

- **Dental**
 - Adopt 0% rate increase; no plan changes and no change to administrative fees
- **All Other Plans and Services**
 - Accept best and final offers presented by Securian Life (life coverages) and Lincoln Financial Group (disability plans)
 - Maintain arrangements with all other current carriers and vendors
- **Proposed Addition to Program Platform:**
 - Addition of **New Benefits** discount program in 1st quarter 2022 (reviewed at May Board meeting)
 - Up to three (3) Core Benefits to be provided by VBABC
 - Member banks will have the option to enhance this coverage with buy-ups
 - Cost of (3) Core benefits approximately **\$5.70** per employee, per month

VII. Appendix

Current Medical Plan Designs - Highlights

Plan Feature	PPO 20	PPO 25	HK HMO 25	PPO HRA	PPO 2000 HSA	HMO 3000 HSA	PPO 3000 HSA	PPO 4000 HSA
Annual Deductible (No Change in Minimum Deductible for HSA Qualification - \$1,350/\$2,700)								
<i>In-network</i>	\$0/\$0 \$250/\$500	\$500/\$1,000	\$500/\$1,000	\$2,000/\$4,000 (\$500/\$1,000 HRA allocation)	\$2,000/\$4,000	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000 \$5,000/\$10,000
<i>Out-of-network</i>	\$500/\$1,000	\$1,000/\$2,000	\$1,000/\$2,000	\$2,000/\$4,000 (\$500/\$1,000 HRA allocation)	\$2,000/\$4,000	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000 \$5,000/\$10,000
Annual Out-of-pocket Maximum								
<i>In-network</i>	\$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
<i>Out-of-network</i>	\$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
In-Network Benefits Illustrated Below								
Preventive Care Services								
<i>Employee Only/Family</i>	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%	Covered at 100%
Doctor Visits & Medical Services								
<i>Primary Care Physician</i>	\$20	\$25	\$25	After deductible, the plan pays 80%, you pay 20%	After deductible, the plan pays 90%, you pay 10%	After deductible, the plan pays 100%, you pay 0%	After deductible, the plan pays 100%, you pay 0%	After deductible, the plan pays 70%, (100%) you pay 30% (0%)
<i>Specialist</i>	\$40	\$50	\$50					
<i>In-Patient Hospital</i>	\$400 copay, then plan pays 80%, you pay 20%	After deductible, the plan pays 80%, you pay 20%	After deductible, the plan pays 80%, you pay 20%					
<i>Most Other Services</i>	The plan pays 80%, you pay 20%	After deductible, the plan pays 80%, you pay 20%	The plan pays 80%, you pay 20%					
Out-of-Network Coinsurance	30%	40%	40%	40%	30%	20%	20%	50%
Network	KeyCare PPO	KeyCare PPO	HealthKeepers HMO	KeyCare PPO	KeyCare PPO	HealthKeepers HMO	KeyCare PPO	KeyCare PPO

Enrollment (7,775)

592

762

447

1,020

244

396

3,059

424/831

Prior Year (7,004)

753

679

595

1,298

243

462

3,015

476/483

2022 Pool/Associate Renewal Underwriting Analysis (RUA)

Current Experience Projection: 6/1/2020 - 5/30/2021		Medical	Rx	Total
Renewal Enrollment (5/2021) - Employees		2,376	2,376	2,376
Lagged Enrollment (2 mo. Lag for medical, 1 month for Rx)		3,008	2,975	
Paid Claims (includes network access fees, excludes HRA claims)		\$20,302,817	\$6,890,544	\$27,193,361
Estimated Rx Discount Enhancement Savings for 2021 (adj 6/2020 - 12/2020)			-\$90,947	-\$90,947
Estimated Rx Discount Enhancement Savings for 2022			-\$68,287	-\$68,287
Less full amount of \$300,000 SSL Claimants		-\$3,922,135	-\$830,744	-\$4,752,880
Less full amount of \$90,000 internal pooling claimants		<u>-\$4,267,770</u>	<u>-\$1,696,797</u>	<u>-\$5,964,566</u>
Net Claims		\$12,112,913	\$4,203,768	\$16,316,680
Adjustments to Claims				
2021 Benefit Changes (adjustment to 6/2020 - 12/2020 claims)		1.000	1.000	\$0
Trend Adjustment (19 months of trend)				
Annual Trend		6.0%	9.0%	
Adj Factor		1.097	1.146	\$1,788,703
Enrollment Plan Shift		1.008	1.008	\$150,532
Enrollment Experience Count Adjustment to Renewal Count Enrollment		<u>0.790</u>	<u>0.799</u>	<u>-\$3,790,024</u>
Adjusted Projected Claims		\$10,584,691	\$3,881,200	\$14,465,891
SSL Claimant Amounts under \$90,000				\$900,000
Internal Pooling Amounts under \$90,000				<u>\$3,510,000</u>
Total Projected Claims				\$18,875,891
Adj. for 2022 Plan Design Changes (HingeHealth)				-\$146,058
Margin for Claim Fluctuation	3.0%			<u>\$700,241</u>
Total Projected Claims with Margin				\$19,430,075
Internal Pooling Charge			\$161.74	\$4,611,531
HRA Fund Claims PEPM				\$35.58
HRA Fund Claims				\$96,909
HRA COVID-19 Adjustment				\$21,203
Adjusted Trend Factor (2% annual)				\$3,762
Total Projected HRA Fund claims				\$100,671
Total Projected Claims Related Charges				\$24,142,276
Estimated Fixed Costs - Fees shown on a PEPM Basis			PEPM	Annual
Medical Administrative Fee			\$33.20	\$946,598
PATH			\$2.00	\$57,024
Rx Per Script Administrative Fee (\$1.15 per script)			\$1.42	\$40,469
Estimated Rx Rebates			-\$48.14	-\$1,372,710
Rx Carve Out Fees			\$0.87	\$24,805
LCV & HDCR Fees (\$1.05 per script)			\$1.30	\$36,950
VBA Administrative Fee			\$10.00	\$285,120
Comparative Research Tax			\$0.39	\$11,094
SSL Fee - \$300,000 (includes state premium tax) - ILLUSTRATIVE			\$42.92	\$1,223,735
ASL Fee - 115% (includes state premium tax)			\$5.70	\$162,518
ASL Surcharge (Minimum Premium Banks Only)			\$0.00	\$0
Fully Insured Vision Premium			\$1.69	\$48,185
Employee Assistance Program (4 visits)			\$1.29	\$36,780
Health Rewards (HRA enrollment only)			\$0.52	\$1,416
Banking Fees - HRA Act Wise (HRA enrollment only)			\$2.50	\$6,810
Anthem Health Guide			\$1.54	\$43,908
NewBenefits			<u>\$5.70</u>	<u>\$162,518</u>
Total Fixed Costs			\$60.16	\$1,715,224
Total Costs				
Total Projected Cost - Fixed plus Claims Liability				\$25,857,500
Funding Based on Current VBA Premium and Enrollment (5/2021)				\$26,078,376
Adjustment to Current Funding Level				-0.8%
Recommended Adjustment to Current Funding Level				0.0%

A. 2022 Renewal Underwriting Analysis

2022 Underwriting Guidelines

- **Minimum Premium Banks:** Renewal increases based on own claims experience and VBA-aggregate fees
- **Non-Minimum Premium** 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 2022, the early retiree rates will continue to be 150% of active rates.

Medical Plan Relativity Analysis

The plan relativity analysis is based on claims 6/2020 through 5/2021 and 5/2021 enrollment from the VBA census.

With total medical & rx claims of \$73M claims by plan were estimated based on the plan's percentage of total claims for Anthem plus ESI rx 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.

For 2019, VBA had selected a 4 year plan to move towards the Anthem relative plan values by 2022.

Anthem changed their relative values for 2022. Anthem's proposed relative values are different from our original 4 year goal. VBA will keep existing plan relativity values for 2022 rather than continuing to adjust each year.

	May 2021 Subscribers (VBA Census)	Claims Including HRA	Estimated Claims PEPM	Claims Relativity	Current 2021 Premium Relativity	Anthem 2022 Relativity
KC20	594	\$8,321,791	\$1,167.48	1.00	1.015	1.000
KC25	800	\$7,149,490	\$744.74	0.64	0.984	0.998
HMO25	445	\$4,995,939	\$935.57	0.80	0.926	0.935
HRA	1,014	\$9,847,605	\$809.30	0.69	0.865	0.864
PPO HSA 2000	244	\$2,791,756	\$953.47	0.82	0.863	0.863
HMO HSA 3000	396	\$2,899,437	\$610.15	0.52	0.778	0.843
PPO HSA 3000	3,057	\$31,296,997	\$853.15	0.73	0.820	0.893
PPO HSA 4000	423	\$2,147,107	\$422.99	0.36	0.679	0.697
PPO HSA 5000	818	\$3,559,197	\$870.22	0.75	0.679	0.749
Total	7,791	\$73,009,319	\$780.92			

	VBA 2017	VBA 2018	VBA 2019	VBA 2020	VBA 2021	VBA 2022
KC20	1.015	1.015	1.015	1.015	1.015	1.015
KC25	0.985	0.983	0.984	0.984	0.984	0.984
HMO25	0.930	0.927	0.926	0.926	0.926	0.926
HRA	0.843	0.853	0.865	0.865	0.865	0.865
PPO HSA 2000	0.824	0.836	0.847	0.863	0.863	0.863
HMO HSA 3000	0.733	0.744	0.755	0.770	0.778	0.778
PPO HSA 3000	0.760	0.776	0.790	0.810	0.820	0.820
PPO HSA 4000	0.670	0.673	0.679	0.679	0.679	0.679
PPO HSA 5000				0.679	0.679	0.679

	Anthem 2017	Anthem 2018	Anthem 2019	Anthem 2020	Anthem 2021	Anthem 2022
KC20	1.000	1.000	1.000	1.000	1.000	1.000
KC25	0.985	0.983	0.984	0.984	0.985	0.998
HMO25	0.960	0.927	0.926	0.926	0.930	0.935
HRA	0.940	0.885	0.865	0.865	0.865	0.864
PPO HSA 2000	0.925	0.872	0.879	0.879	0.860	0.863
HMO HSA 3000	0.800	0.779	0.786	0.786	0.795	0.843
PPO HSA 3000	0.850	0.824	0.830	0.830	0.835	0.893
PPO HSA 4000	0.670	0.673	0.679	0.679	0.685	0.697
PPO HSA 5000				0.686	0.700	0.749



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