UNITE HERE Local 25 and Hotel Association Of Washington, D.C.
Health and Welfare Fund

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DRAFT

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES OF
UNITE HERE LOCAL 25 AND HOTEL ASSOCIATION OF WASHINGTON, D.C.
HEALTH AND WELFARE FUND
HELD ON FEBRUARY 28, 2013
WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Solomon Keene - Secretary-Treasurer
Stephanie Steer	Steve Smith

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Ethan Foxman - Group Dental Services of Maryland, Inc. (via teleconference)
Stacy Isenberg - Group Dental Service of Maryland, Inc.
Ellen Odell - Calibre CPA Group, PLLC
Justin Sergeant - Calibre CPA Group, PLLC
Anne-Marie Sims - Associated Administrators, LLC
Karen Walsh - Associated Administrators, LLC
Brian Ward - Group Dental Service of Maryland, Inc.

I. CALL TO ORDER

Mr. John Boardman a confirmed that Union Trustee Ms. Martin had given him her proxy for all matters to come before the Trustees during this meeting. Mr. Solomon Keene confirmed that Employer Trustee, Mr. Manion, had given him his proxy for all matters to come before the Trustees during this meeting. A quorum being present, Chairman Boardman called the meeting to order.

II. APPOINTMENT OF NEW TRUSTEE

Ms. Sims reported that she received written confirmation on January 16, 2013 from Mr. Solomon Keene in his capacity as President of the Hotel Association of Washington, D.C., confirming the appointment by the Association of Mr. Steve Smith, General Manager of the Hyatt Regency Washington on Capitol Hill, as Employer Trustee effective that date, replacing Mr. Stuart Damon who had recently retired from service.

III. MINUTES

A. Board Meeting, October 18, 2012

Ms. Sims reported that she had received no further comments on the draft of the subject minutes which had been circulated prior to this meeting.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the minutes of the Board meeting held October 18, 2012 are approved.**

B. Appeals Committee, January 23, 2013

Ms. Sims reported that she had received no further comments on the draft of the subject minutes which had been circulated prior to this meeting.

On Motion made and seconded, the Trustees approved the following resolution:

> **RESOLVED that the minutes of the Appeals Committee meeting held January 23, 2013 are approved.**

IV. INVOICES

Ms. Sims presented a list of invoices dated February 28, 2013. It was noted that there were no additions, deletions or changes to the list.

On Motion made and seconded, the Trustees approved the following resolution:

RESOLVED that the invoices set forth in the list dated February 28, 2013 are approved for payment.

V. PAYROLL AUDITOR REPORT

Ms. Ellen Odell of Calibre CPA Group, PLLC ("Calibre") distributed copies of the "Pension Fund Compliance Audit Program Status Report for the Period From October 9, 2012 Through February 20, 2013," and reviewed the report in detail. A copy of the report is attached to and made a part of these minutes as Exhibit A.

Ms. Odell reported that its audit of Aramark – Verizon Center revealed that the employer failed to make contributions for the first 30 days of employment. Mr. Boardman confirmed that, although the collective bargaining agreement has a 30-day probationary period, contributions must be made on all hours worked. He agreed to call the employer and the Trustees agreed that, if he is unable to resolve this matter, it will be referred to collection counsel.

Ms. Odell reported that Calibre had recently made numerous attempts to schedule the payroll audit of the Hotel and Restaurant Temps and then the employer did not have the payroll records available when the auditors finally scheduled a date. She said multiple emails were sent to the employer enumerating what records were required but to date Calibre has received no response. Mr. Boardman said that this employer will be filing for bankruptcy in the near future, and because the employer is a cash business, would be unable to make payment on any audit claim. After considerable discussion, the Trustees concurred that the payroll audit on this employer should be closed due to the upcoming bankruptcy filing.

Ms. Odell reported that the Woodner audit was in process in New York, and that the audit of Loews (Madison Hotel), which had also previously been scheduled in New York, would now be conducted in Washington, D.C. because Loews had returned as operator of the Madison.

The Trustees thanked Ms. Odell and Mr. Sargeant for their presentation and they were excused from the balance of the meeting.

VI. PAYROLL AUDIT COLLECTIONS REPORT

Ms. Sims referred to the Payroll Audit Collections Report dated February 25, 2013 included in the meeting book. A copy of the report is attached to and made a part of the minutes as Exhibit B. Ms. Sims reviewed the report which confirmed the results to date of the collection of payroll audit deficiencies after receipt of the audits from Calibre and before referral of unpaid billed deficiencies to the Fund's Collection Counsel.

VII. COLLECTION COUNSEL REPORT

Ms. Sims reported that Mr. Dan Katz and Ms. Ellen Ranzman were unable to attend the meeting, but that there were no collection matters requiring Board action.

VIII. CO-COUNSEL REPORT

A. Health Insurance Portability and Accountability Act of 1996 ("HIPAA"): Final Rule

Co-Counsel reported that on January 25, 2013, the Department of Health and Human Services ("HHS") published the Final Rule to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). They explained that the Final Rule contains significant changes for employers, plan sponsors and business associates, including but not limited to: (1) changes to Notices of Privacy Practices, (2) new rules regarding electronic access to protected health information, and (3) details on how business associates must comply with HIPAA's security rules. Co-Counsel concluded that they will provide guidance on the actions required in order for the Fund to be in compliance with this new regulation by the September 23, 2013 deadline.

B. Affordable Care Act ("ACA"): Comparative Effectiveness Research ("CER") Fee

Co-Counsel reported that the final regulations regarding the Comparative Research Fees ("CER") had been released. These fees are effective for Plan years ended after September 30, 2012 and apply for each Plan year from 2012 through 2018. For the first assessment year, the fee is $1 multiplied by the average number of covered lives. For the second assessment year, the fee increases to $2 multiplied by the average number of covered lives. In later years, the fee is indexed according to the increases per capita national health expenditures as determined by the Department of HHS. The Trustees requested that the Administrative Manager confirm with Kaiser that Kaiser will be paying the CER fees on behalf of the Fund.

C. Marriott Wardman Steady Banquet Waiter Audit Update

Ms. Mayerson reported that, on February 21, she had received confirmation from Mike Viccora, counsel for Capitol Services, LLC (which operates the Marriott Wardman Park), that the employer was agreeable to proceeding in the manner requested by the Trustees and memorialized in her February 7, 2013 letter; that is, to conduct a self-audit of steady banquet waiters on the sampling basis described in the letter, and provide the Fund the results of the audit no later than March 29, 2013.

IX. DENTAL PROVIDER REPORT AND RENEWAL PROPOSAL

The Trustees welcomed Mr. Ethan Foxman (via teleconference), Ms. Stacy Isenberg and Mr. Brian Ward from Group Dental Services of Maryland ("GDS") to the meeting.

A. 2012 Annual Utilization Report

Mr. Ward distributed copies of the 2012 Annual Utilization Report and Mr. Foxman reviewed the report in detail. A copy of the report is attached to and made a part of these minutes as Exhibit C. Mr. Foxman referred to the report that showed, during the period of January 1, 2012 through December 31, 2012, the Fund paid $3,343,277 in premiums, patient copayments were $280,249, and $2,626,423 was paid to participating dentists, resulting in a cost of care of 78.6%. The relative value of the total income to the Usual, Customary and Reasonable ("UCR") value was 1.89.

B. Group Dental Services Agreement – Contract Renewal Request Effective January 1, 2013

Mr. Foxman presented a request for a contract renewal for the period January 1, 2013 through December 31, 2014. He reported that the cost of care for the Fund is currently running at 78.6% which is higher than the established desired loss ratio. He stated that a 5% increase in fees, effective January 1, 2013, would be necessary to get the cost of care within an acceptable range. Under this proposal, the rate for all eligible employees would increase from the current rate of $0.30 to $0.318 per reported hour.

Following discussion, the Employer Trustees called for a caucus. The meeting reconvened and the Trustees asked if GDS would consider a 5% increase effective January 1, 2013, guaranteed for a 24 month period. Mr. Foxman said he believed that the counterproposal would be acceptable but that he would need to discuss the matter internally.

After discussion, on Motion made and seconded, the Trustees voted approval of the following resolution:

> **RESOLVED to approve the 5% increase in the Group Dental Services premium rate from $0.303 per reported hour to $0.318 per reported hour, retroactive to January 1, 2013 through December 31, 2014, subject to GDS's acceptance.**

The Trustees thanked Mr. Foxman, Ms. Isenberg, and Mr. Ward for their report and excused them from the balance of the meeting.

X. ADMINISTRATIVE MANAGER REPORT

A. Third Quarter 2012 Administrative Manager's Report

Ms. Sims presented and reviewed the Third Quarter 2012 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit D.

Mr. Singerman asked that dental and optical reserves be identified separately in future reports.

Mr. Boardman noted that the Finance and Collection Subcommittee intends in the near future to review investment alternatives to existing money markets funds.

B. Administrative Services Agreement – Renewal January 1, 2013, 2014 and 2015

Ms. Sims summarized Associated's renewal proposal for 2013, 2014 and 2015 which was included in the meeting booklet. The proposal requests increases in the monthly administrative services fee by 4% in 2013, 4% in 2014 and 4% in 2015. The Trustees called for an Executive Session with Co-Counsel and excused Ms. Sims and Ms. Walsh from the meeting.

Following discussion in Executive Session, on Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

> **RESOLVED to renew the Administrative Services Agreement for a 3-year period beginning January 1, 2013, with a 4% fee increase in the pmpm administrative services fee effective January 1, 2013, 4% fee increase effective January 1, 2014 and a 4% fee increase effective January 1, 2015.**

Ms. Sims expressed her appreciation to the Trustees for their continued confidence in Associated.

XI. OTHER FUND BUSINESS

A. Creditable Coverage Disclosure

Ms. Sims reported that the Creditable Coverage Disclosure had been filed with the Centers for Medicare and Medicaid Services ("CMS") prior to the February 28, 2013 deadline.

B. Notice of Creditable Coverage

Ms. Sims reported that the Notice of Creditable Coverage had been mailed to all participants.

C. Form 5500 for the Plan Year Ended December 31, 2011

Ms. Sims reported the timely filing, under extension, of the Form 5500 for the Plan year ended December 31, 2011.

D. Summary Annual Report

Ms. Sims reported that the 2012 Summary Annual Report was mailed to all participants prior to the September 30, 2012 deadline.

XII. NEXT MEETING DATE AND LOCATION

The Trustees scheduled a regular Board meeting to be held May 8, 2013, at the offices of UNITE HERE Local 25, commencing at 10:30 a.m.

XIII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,
Solomon Keene
Secretary-Treasurer

AMS/klw
(Org. 03/01/13)

Attachments:
Exhibit A: Calibre CPA, PLLC: Compliance Audit Program Status Report for the Period From October 9, 2012 Through February 20, 2013
Exhibit B: Associated Administrators, LLC: Payroll Audit Collections Report dated February 25, 2013
Exhibit C: Group Dental Services: 2012 Annual Utilization Report
Exhibit D: Associated Administrators, LLC: Administrative Manager Report, Third Quarter 2012