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 APRIL 30, 2014
IN WASHINGTON, D.C.

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
John Boardman - Chairman	Steve Smith
Linda Martin	Joel Manion
Stephanie Steer	

Also present were:

Anne Mayerson - Bredhoff & Kaiser, PLLC
Fredric Singerman - Seyfarth Shaw, LLP
Craig Allebach - Group Vision Services
Molly Emming – Group Vision Services
Ralph Foxman – Group Vision Services
Dwight Hyman – Group Dental Services
Anne-Marie Sims - Associated Administrators, LLC
Joan Stewart – Group Dental Services
Dawn Welch – Associated Administrators, LLC

I. CALL TO ORDER

Mr. Steve Smith and Mr. Joel Manion confirmed that Employer Trustee Keene had given them 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. MINUTES

A. Board Meeting, December 10, 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 Board meeting held December 10, 2013 are approved.

B. Finance and Collections Committee Meeting, January 1, 2014

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 Finance and Collections Committee meeting held January 1, 2014 are approved.

III. INVOICES

Ms. Sims presented a list of invoices dated April 30, 2014. 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 April 30, 2014 are approved for payment.

IV. PAYROLL AUDIT COLLECTIONS REPORT

Ms. Sims referred to the Payroll Audit Collections Report dated March 13, 2014 included in the meeting book. A copy of the report is attached to and made a part of the minutes as Exhibit A. 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.

V. COLLECTION COUNSEL REPORT

Ms. Sims reported that there were no collection matters requiring Board action.

VI. CO-COUNSEL REPORT

UNITE HERE Local 23

Ms. Mayerson reported that per Trustee directive at the December 10, 2013 Board of Trustees meeting, Co-Counsel had prepared a Participation Agreement, for use by employers that were previously required to contribute to the Fund under collective bargaining agreements with UNITE HERE Local 25 and are now required to contribute to the Fund under collective bargaining agreements with UNITE HERE Local 23. Mr. Boardman stated that he was working with Local 23 to obtain executed participation agreements.

Co-Counsel reported that were no further legal matters requiring Board action at this time.

VIII. ADMINISTRATIVE MANAGER'S REPORT

Third Quarter 2013 Administrative Manager's Report

Ms. Sims presented and reviewed the Third Quarter 2013 Administrative Manager's Report, a copy of which is attached to and made a part of these minutes as Exhibit B.

IX. PROVIDERS REPORTS

A. VISION PROVIDER REPORT - Group Vision Services ("GVS")

i. 2013 Utilization Report

Mr. Ralph Foxman and Mr. Craig Allebach of Group Vision Services ("GVS") joined the meeting. Mr. Allebach distributed copies of the January 1, 2013 through December 31, 2013 Client Utilization Report and reviewed the report in detail. A copy of the report is attached to and made a part of these minutes as Exhibit C. Mr. Allebach referred to the portion of the report showing that during the period of January 1, 2013 through December 31, 2013, the Fund paid $607,209.59 in premiums and $553,140.55 in claims.

ii. Renewal Proposal

Mr. Allebach distributed a copy of a letter titled "Application for Renewal of Vision Care Benefits." He noted that the Fund's Fully Insured Services contract with GVS is set to expire June 1, 2014 and that GVS has submitted a proposal for Trustee consideration that offers a four-year renewal for the period June 1, 2014 through May 31, 2018 with a composite rate increase request from $0.525 to $0.672 per hour.

The Trustees thanked Mr. Foxman and Mr. Allebach for their presentation and they were excused from the meeting.

After discussion, the Trustees tabled this renewal request subject to discussion with Trustee Keene.

B. DENTAL PROVIDER REPORT - Group Dental Services ('GDS")

Mr. Dwight Hyman, Ms. Molly Emming and Ms. Joan Stewart of Group Dental Service of Maryland, Inc. ("GDS") came before the Trustees.

i. Network Change

Ms. Emming reported that as a result of Aetna acquiring Group Dental Services, on April 1, 2014, the participating provider network changed the Aetna Dental PPO Network. She said that GDS considers this to be a positive change for members and will result in greater access and deeper discounts. She confirmed that GDS services will remain as an independent subsidiary to Aetna with the same infrastructure and staff as before the acquisition.

ii. <u>2013 Year-End Utilization Report</u>

Mr. Hyman distributed copies of the 2013Year-End Utilization Report and he reviewed the report in detail. A copy of the report is attached to and made a part of these minutes as Exhibit D. Mr. Hyman referred to the Report that showed during the period of January 1, 2013 through December 31, 2013, the Fund paid $3,643,602 in premiums and patient copayments were $319,280. The total cost of care was 75%, consisting of $2,734,421 paid to participating dentists. The relative value of the total income to the Usual, Customary and Reasonable ("UCR") value was 2.18.

iii. <u>Group Dental Services Agreement – 2014 Rate Proposal</u>

Mr. Hyman reported that per the last agreement with the Fund (Amendment No. 8), GDS agreed not to request a premium increase until 2015 unless either of the two circumstances below became applicable.

1. Average monthly hours reported by the Fund drops below 875,000
2. If GDS-MD is assessed a Federal Tax, specific to Local 25 membership, under the Affordable Care Act.

Mr. Hyman said that there is now such a Federal tax, as of January 1, 2014, in accordance with the Patient Protection and Affordable Care Act (PPACA), the Health Insurance Providers Fee (HIF tax) took effect. This tax applies to most forms of health insurance, including dental, and is used to fund premium subsidies and tax credits that were made available in 2014 under PPACA. In accordance with the Fund's agreement with GDS, Mr. Hyman reported that GDS is requesting that the Trustees consider the following renewal proposal:

- GDS has waived the HIF tax for the period January 1, 2014 through May 31, 2014.
- Effective June 1, 2014 through December 31, 2014, GDS is proposing a 2.6% increase in premium due to the HIF tax.
- Effective January 1, 2015 through December 31, 2015, GDS is proposing a 5% trend increase.

The Trustees thanked Mr. Hyman, Ms. Emming and Ms. Stewart for their report and excused them from the balance of the meeting.

After discussion, the Trustees tabled this request subject to discussion with Trustee Keene.

X. OTHER FUND BUSINESS

A. Calibre Payroll Audit Fee Increase Request

Ms. Sims distributed copies of a letter dated January 15, 2014, from Calibre CPA Group ("Calibre") requesting an increase in fees for 2014, 2015 and 2016. She reported that Calibre was proposing an incremental 2% increase in fees effective January 1, 2014 and to take place for the following three years. A copy of subject letter is attached to and made a part of these minutes as Exhibit E.

Following discussion, upon Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

RESOLVED to approve Calibre's fee increase request for the period 2014-2016

B. Fund Auditor Engagement Letter – 2013 Plan Year

Ms. Sims reported that copies of the proposed audit engagement letter for the 2013 Plan Year from Mr. Tyler Geiman of Novak|Francella, LLC ("Novak") had been circulated prior to the meeting. A copy of subject letter is attached to and made a part of these minutes as Exhibit F.

The Trustees noted that the requested increase to $7,500 for the Plan Year 2013 represented an increase of $300 (4.1%) from the prior year and was not in excess of the Consumer Price Index increase.

Following discussion, upon Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

RESOLVED to approve the renewal of the agreement with Novak|Francella, LLC with the requested fee increase to a maximum of $7,500 for the audit and related work of the 2013 Plan year.

C. Fidelity Bond and Fiduciary Insurance Policies Renewal

Ms. Sims reminded the Trustees that, at their the September 23, 2013 Board of Trustees meeting, they discussed consolidating the Fund's fidelity bond and fiduciary insurance policies with those of the Pension and Health and Welfare Funds that are all set to renew at various dates in 2014. She said that the renewal for the Health and Welfare Fund fidelity bond and fiduciary policy was coming up (June 15 in the case of the fidelity bond and August 1 in the case of the fiduciary policy) and requested direction from the Trustees on whether to extend this policy to the latest-expiring policies, which are for the Pension Fund (October 4 in the case of the fidelity policy and September 1 in the case of the fiduciary policy) so that the policies for each of the three funds could more easily be consolidated.

Following discussion, upon Motion made and seconded, the Trustees unanimously voted approval of the following resolution:

RESOLVED to approve extending the renewal date of the current fidelity bond and fiduciary insurance policies for the Group Legal Services and Health and Welfare Fund to the latest expiring dates for the policies of the related funds.

XI. NEXT MEETING DATE AND LOCATION

The Trustees will schedule their next regular Board meeting on Thursday, July 24th 2014.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,
Solomon Keene
Secretary-Treasurer

AMS/dw
(Org. 05-02-14)

Attachments:
Exhibit A: Associated Administrators, LLC: Payroll Audit Collections Report dated March 13, 2014
Exhibit B: Associated Administrators, LLC: Third Quarter 2013 Administrative Manager's Report
Exhibit C: Group Dental Services Renewal Request
Exhibit D: Group Vision Services Renewal Request
Exhibit E: Calibre's Fee Increase Request
Exhibit F: Fund Auditor's Engagement Letter – 2013 Plan Year