Warehouse Employees Union Local No. 730
Health and Welfare Trust Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND MARCH 27, 2017 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
R. Brooks – Chairman	J. Paradis – Secretary
J. Lacy	L. Johnson
F. Myers	F. Stegman
T. Richardson – Alternate	B. Pounds – Alternate

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
R. Cohen – Dental Health Centers & Associates
B. Davis– Associated Administrators, LLC
C. Davis-Alpis – Cigna
M. DeLancey – Blank Rome LLP
R. Sichel – Investment Performance Services, LLC
J. Webb – Cigna

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. TRUSTEE APPOINTMENT

Ms. Cochran reported receipt of an email dated December 21, 2016 from Mr. Ritchie Brooks, President of Warehouse Employees Union Local No. 730, indicating that Mr. Jason Lacy would be replacing Roy Essex as a Union Trustee.

III. MINUTES

The Trustees read the minutes of the last regular meeting held on December 14, 2016.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the minutes of the last regular meeting held on December 14, 2016 are approved as written.**

IV. FINANCIAL REPORT

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. Custodian Bank – PNC Bank, NA

Ms. Cochran said a copy of the PNC Summary of Activity report for the period January 1, 2016 through December 31, 2016 is contained in the meeting booklet.

B. Investment Performance Services

Mr. Sichel distributed his report titled, "Investment Performance Analysis – December 31, 2016." Mr. Sichel reported that the total market value of assets as of December 31, 2016 was $6,913,986.

Mr. Sichel reported that as of December 31, 2016, the Fund held 44.9% in domestic fixed income, 39.6% in short duration high yield, 11.1% in real estate, and 4.5% in cash equivalents. Wedge Capital held $3,102,718; American Realty Advisors held $766,908; Chartwell held $2,735,044; there was $309,316 in the cash account.

The Trustees thanked Mr. Sichel for his report and he was excused from the meeting.

V. COUNSEL REPORT

Mr. DeLancey reviewed the status of subrogation matters under collection as of March 27, 2017. He reported that there were four open cases, no closed cases, and no new cases opened since the last Board of Trustees meeting on December 14, 2016.

Mr. DeLancey stated that there were no cases requiring Trustee action at this time.

Mr. DeLancey and Mr. Burton reported that there were no other legal matters pending before the Board of Trustees at this time.

VI. ADMINISTRATIVE MANAGER REPORT

Ms. Cochran presented the Administrative Manager Report for the fourth quarter 2016. Such report showed employer contributions of $1,184,962, interest and dividend income of $75,925, and no miscellaneous income, producing a total income of $1,260,887 for the quarter. Expenses included $1,250,709 of benefit expenses and $83,563 of operating expenses, producing a total expense of $1,334,272. This produced a total deficit of $73,385 for the quarter ended December 31, 2016. Ms. Cochran noted that contributions were made on behalf of 388 Plan participants.

VII. **INVOICES**

Ms. Cochran presented a list of invoices dated March 27, 2017 for Trustee review. It was noted that there were no additions, deletions or changes to the list.

On MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED that the invoices on the list dated March 27, 2017 are approved for payment as presented.**

VIII. **PROVIDER REPORT – DENTAL HEALTH CENTERS & ASSOCIATES**

The Trustees welcomed Dr. Robert Cohen from Dental Health Centers and Associates, LLC (DHC) to the meeting. Dr. Cohen distributed his 2016 annual dental services report. The report indicated the total yearly premium paid for dental coverage was $147,027.15. The dollar value of dentistry performed at the average "usual and customary" fees in 2016 was $202,724.00. Dr. Cohen said the report indicates that for each $1.00 in premiums paid, the members are receiving $1.38 of dental services based on "usual and customary" values.

Dr. Cohen said his current fee arrangement with the Fund expired December 31, 2016. He presented a request for an increase in premiums effective January 1, 2017. Dr. Cohen requested a cost of living increase beginning January 1, 2017. He said the cost of living increase would be calculated by using the percentage increase in the CPI-U (U.S. City Average) during the previous year of 2.1%.

The Trustees thanked Dr. Cohen for his report and he was excused from the meeting.

After a discussion, on MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve the proposed fee agreement of an increase of 2.1% to the per member per month rates once the CPI-U percentage is verified by the Administrative Manager, to be effective the first of the month after verification.

IX. CIGNA

The Trustees welcomed Mr. Jason Webb and Ms. Caroline Davis-Alpis of Cigna to the meeting. Mr. Webb distributed his report titled, "2016 PPO Savings Results (January 1, 2016 through December 31, 2016)."

Mr. Webb reviewed the Cigna PPO savings report for the period January 1, 2016 through December 31, 2016. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $2,481,697.94. This represented an overall PPO savings of 44.8% for the period January 1, 2016 through December 31, 2016. Mr. Webb reviewed the out-of-network savings results for the period January 1, 2016 through December 31, 2016 noting a savings of 40.7%. The Trustees questioned the high utilization of out-of-network charges and Ms. Cochran stated that there are no network restrictions for the Class E benefits. The Trustees requested a disruption report regarding laboratories used besides LabCorp and Quest facilities. The Trustees also directed the Administrative Manager to send census data to Cigna for a quote on the Class C fully-insured level of benefits.

The Trustees thanked Mr. Webb and Ms. Alpis for their presentation. They were excused from the meeting.

X. OTHER FUND BUSINESS

A. Trustee Expense Report

Ms. Cochran reviewed the 2016 Trustee Expense Report, a copy of which is contained in the meeting booklet.

On MOTION made and seconded, the Trustees voted -- with Trustee Johnson, abstaining -- unanimous approval of the following resolution:

RESOLVED that the 2016 Trustee Expense Report is approved as presented.

B. 2015 Summary Annual Report

Ms. Cochran reported the 2015 Summary Annual Report was mailed to participants on December 13, 2016.

C. Employer Contribution Rate Letter

Ms. Cochran said a contribution rate increase letter was mailed to Eight O'Clock Coffee for rate changes effective February 5, 2017.

D. 2017 Summary of Benefits and Coverage

Ms. Cochran reported interim action in which the Trustees approved the recommendation of Segal to split the out-of-pocket maximum between the medical and prescription benefit. She said Segal's recommendation is to split as follows: $6,100 medical and $1,000 for a prescription. Ms. Cochran said that the 2017 Summary of Benefits and Coverage Notice was mailed to Class E participants and beneficiaries, which reflected the update to the out-of-pocket maximum.

E. Associated Administrators, LLC New Office Location

Ms. Cochran reported that a letter was mailed to participants on March 24, 2017 regarding the new Landover Fund Office location.

F. Payroll Audit Status Report – Giant Food Warehouse and Recycling

Ms. Cochran reported that payment in the amount of $39,151.25 was received for the truncating hours issue identified by the auditor in the payroll audit for the period January 1, 2013 through December 31, 2015 and that the audit is now complete.

G. Patient Protection and Affordable Care Act (ACA) of 2010: Reporting Requirements

Ms. Cochran reported that ACA Sections 6055 and 6056 require self-insured multiemployer plans and applicable large employers to report information related to health care coverage of covered individuals by filing Form 1094 or 1095-B, or Form 1094 or 1095-C with the IRS and to furnish a statement to each responsible individual for health coverage provided in 2016. She said the Form 1095-B was mailed to participants on February 2, 2017.

H. Transitional Reinsurance Program Fee (TRP)

Ms. Cochran discussed the TRP fee. She explained that the Patient Protection and Affordable Care Act ("ACA") requires the Welfare Fund to participate in financing a temporary reinsurance fund to stabilize premiums in the individual market. Ms. Cochran said that, per Trustee directive, the 2016 application, enrollment count and fee for the first 2016 installment had been filed. The amount of the fee was $18,252.00.

I. Annual Creditable Coverage Disclosure to CMS (2017)

Ms. Cochran reported the electronic filing of the Creditable Coverage Disclosure to CMS for 2017 was filed and accepted in a timely manner.

J. 2015 Retiree Drug Subsidy Reconciliation

Ms. Cochran reported the successful completion of the 2015 retiree drug subsidy reconciliation. The 2015 reconciliation resulted in an additional subsidy of $19,443.36.

K. Form 1099MISC

Ms. Cochran reported the Form 1099MISC was mailed on January 30, 2017.

L. For Your Benefit Newsletter

Ms. Cochran stated that the Fund Office mailed the January 2017 *For Your Benefit* newsletter to the Plan participants.

XI. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected June 28, 2017 as their next regular meeting in Landover, Maryland.

XII. ADJOURNMENT

There being no further business to come before the Trustees, the meeting was adjourned.

Respectfully submitted,

Jason Paradis
Secretary