The Warehouse Employees Union Local No. 730
Health and Welfare 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 APRIL 13, 2012 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
T. Richardson – Chairman	J. Navin
R. Brooks	
R. Essex	

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
M. DeLancey – Dickstein Shapiro, LLP
M. Herwig – PNC Bank, NA
A. Hogan – Associated Administrators, LLC
A. Hutchins – CIGNA Healthcare
R. Sichel – Investment Performance Services, LLC
R. Tierney – Associated Administrators, LLC
J. Webb – CIGNA Healthcare

I. CALL TO ORDER

Noting the lack of a quorum, as only one management trustee was present; the meeting was called to order.

II. MINUTES

The Trustees read the minutes of the last regular meeting held on December 15, 2011.

On MOTION made and seconded, the Trustees present voted unanimous approval of the following recommendation, subject to final approval by the Board when a quorum is present:

RECOMMENDED that the minutes of the last regular meeting held on December 15, 2011 be approved as presented.

III. <u>FINANCIAL REPORT</u>

The Trustees welcomed Mr. Michael Herwig of PNC Bank, NA and Mr. Rich Sichel of Investment Performance Services (IPS) to the meeting.

A. <u>Custodian Bank – PNC Bank, NA</u>

Mr. Herwig distributed the Summary of Activity report for the period January 1, 2011 through December 31, 2011. Beginning market value was $19,559,470. Contribution income totaled $11,205,038, disbursements totaled $12,316,994, and investment earnings totaled $947,480, producing an ending market value of $19,394,994.

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

B. <u>Investment Performance Services</u>

1. <u>Investment Performance</u>

Mr. Sichel distributed his report entitled, "Investment Performance Analysis – December 31, 2011." Mr. Sichel reported that the total market value of assets as of September 30, 2011 was $19,394,994.

2. <u>Asset Allocation</u>

Mr. Sichel reported that as of December 31, 2011 the Fund held 76.0% in domestic fixed income, 9.6% in domestic equities, 8.9% in domestic fixed high yield, 4.9% in real estate, and 0.6% in cash equivalents. He noted the

SSGA S&P Index Fund held $1,862,639; Atlanta Capital held $14,745,798; American Realty Advisors held $941,402; Penn Capital held $1,725,861; and there was $119,294 in the cash account.

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

IV. COUNSEL REPORT

A. Payroll Audit Policy

Mr. DeLancey reported that the Fund's new payroll auditor had raised a question regarding the application of interest on payroll audit findings. He said that the payroll audit policy only allows the assignment of interest and damages if the Employer does not pay the amount due within 10 days of notification, when the matter is referred to Fund Counsel. He asked the Trustees if this properly reflects how they want the policy administered. The Trustees discussed the matter and asked that Fund Counsel talk to the Payroll Auditor and determine how other Fund's handle this matter and report back to the Board.

B. Subrogation Report

Mr. DeLancey reviewed the status of subrogation matters currently under collection as of April 13, 2012. He reported that there were five open cases, two closed cases, and one case opened since the last Board of Trustees meeting on December 15, 2011. Mr. DeLancey noted no Trustee action was needed at this time for the subrogation cases.

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

V. ADMINISTRATIVE MANAGER REPORT

Mr. Tierney presented the Administrative Manager Report for the fourth quarter 2011. Such report showed employer contributions of $2,163,274, interest and dividend income of $135,145, and miscellaneous income of $224,808, producing a total income of $2,523,227 for the quarter. Expenses included $2,692,233 of benefit expenses and $120,375 of operating expenses, producing a total expense of $2,812,608. This produced a total deficit of $289,381 for the quarter ended December 31, 2011. Mr. Tierney noted that contributions were made on behalf of 989 Plan participants. He noted there were no contribution delinquencies to report.

VI. INVOICES

Mr. Tierney presented a list of invoices dated April 13, 2012 for Trustee review. It was noted that there were no deletions or changes to the list.

On MOTION made and seconded, the Trustees present voted unanimous approval of the following recommendation, subject to final approval by the Board when a quorum is present:

RECOMMENDED that the list of invoices dated April 13, 2012 be approved for payment as presented.

VII. PARTICIPANT APPEALS

Appeal Number	*Issue*	*Board Decision*
A12-101-0332	*Late Original Claim Form*	*Denied*
Rx12-112-4948	*90-Day Rx Supply*	*Denied*
M12-111-3750	*Unlimited Coverage of Chiropractic Visits (2012)* *Coverage of Chiropractic Visits (2011)*	*Denied* *Approved*

VIII. PROVIDER REPORT – DENTAL HEALTH CENTERS & ASSOCIATES, LLC

Mr. Tierney directed the Trustees to the 2011 annual dental services report as contained in the meeting booklet. The report indicated the total yearly premium paid for dental coverage was $320,873.22. The dollar value of dentistry performed at the average "usual and customary" fees in 2010 was $618,695.00. Mr. Tierney said the reports state that for each $1.00 in premiums paid, the members are receiving $1.93 of dental services based on "usual and customary" values.

IX. PROVIDER REPORT – CIGNA PPO and Rx

The Trustees welcomed Mr. Amos Hutchins and Mr. Jason Webb from CIGNA Healthcare to the meeting.

A. PPO Savings Report

Mr. Hutchins reviewed the CIGNA savings report for the period September 1, 2010 through March 31, 2012. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $3,783,100. This represented an overall PPO savings of 39.7% for the period of September 1, 2010 through March 31, 2012.

B. Annual Performance Guarantees

Mr. Hutchins discussed CIGNA's proposal for a new annual performance guarantee. He stated the proposal is for a twelve month period, and CIGNA is willing to put $3.00 per member per month at risk for failure to meet the discount guarantee, within a 3% risk corridor. The Trustees asked Mr. Hutchins why CIGNA requests a 3% corridor, instead of simply stating the bottom-line guarantee. They also requested to see a formal document showing all discounts by service area. Mr. Hutchins said he would work on simplifying the guarantee rate and to provide the additional information requested.

C. Pharmacy Review and Narcotic Management Therapy Program

Mr. Hutchins distributed his report and presented a review of the pharmacy benefit for the period January 1, 2011 through December 31, 2011. He reviewed the "Key Indicator" report, therapeutic class trends, top drug by plan spend and by volume, high cost prescriptions, generic utilization, and generics on the horizon.

In a follow-up to a request from the Trustees at the December 2011 meeting, Mr. Hutchins discussed the Narcotic Management Therapy Program. He reviewed how the program would work for the plan and for participants. He stated members that meet the prescription criteria for risks associated with potential narcotic drug-induced adverse events or unmet clinical need would be identified each quarter. A member profile detailing their prescription utilization would be sent to each prescriber every quarter. Mr. Hutchins said reporting would be available approximately nine to twelve months after the initiation of the program.

The Trustees thanked Mr. Amos Hutchins and Mr. Jason Webb for their presentation and they were excused from the meeting.

X. OTHER FUND BUSINESS

A. Payroll Audit Status Report

Mr. Tierney reviewed the Auditor's payroll audit status report, as of April 10, 2012, as contained in the meeting booklet.

Mr. Tierney reported Giant Warehouse, Giant Recycling, and Washington Food were scheduled for payroll audits in 2012.

Trustee Brooks raised concern about the timing of Giant's initial contributions for employees that moved from Vacation Relief to Regular status, specifically as to whether or not the employer was incorrectly applying a probationary period before starting contributions. He requested that the payroll auditor look at this specific issue as a part of the upcoming payroll audit. Mr. Tierney said he would make the payroll auditor aware of the concern.

Mr. Tierney reported that Fund Co-Counsel had reviewed the proposed engagement letter with the Payroll Auditor and found it to be acceptable. The Chairman and Secretary executed the engagement letter and HIPAA B.A. on behalf of the Board of Trustees.

B. <u>2011 Trustee Conference Expense Report</u>

Mr. Tierney reviewed the 2011 Trustee Conference Expense Report, a copy of which was contained in the meeting booklet.

C. <u>Form 990</u>

Mr. Tierney reported Calibre CPA Group, PLLC filed an extension for the 2011 Form 990. The Trustees approved the extension by electronic poll as interim action. The extended due date is August 15, 2011.

D. <u>*For Your Benefit* Newsletter</u>

Mr. Tierney noted the January 2012 *For Your Benefit* newsletter was mailed to participants. The newsletter contained the Summary of Modification Material, including the new Mental Health Parity and Equality Act updates, the Women's Health and Cancer Rights Act Notice and the Notice of increase to the Annual Dollar Limit to $1,250,000.

E. <u>W-2's, 1099 MISC and 1099R's</u>

Mr. Tierney reported W-2's, 1099 MISC and 1099R's were mailed in a timely manner to the appropriate parties.

F. **Contribution Requests for Under/Over Payments – Giant Warehouse**

Mr. Tierney reported receipt of three letters from Giant Warehouse for contribution overpayments and underpayments. He stated the first letter dated February 27, 2012 indicated that due to administrative error by Giant Warehouse for the months of June and December 2011, duplicate payments were made in June, while payments were missed in December. The amount due to the Fund for underpayment of contributions is $3,326.40. He said the Fund Office reviewed the corrected reports and verified the amounts.

Mr. Tierney reported the second letter dated February 27, 2012, stated contributions were made in error on two Teamster Local 639 participants in the amount of $1,900.80 for the month of December 2011. He said the Fund Office reviewed the two participants and verified the contribution amounts.

Lastly, Mr. Tierney said the third letter dated January 13, 2012 stated due to changes with the Jessup Logistics buyout, payroll was processed manually on 32 participants which resulted in an overpayment of contribution in the amount of $60,558.00. Mr. Tierney said the Fund Office reviewed the corrected report and found one participant to be affected negatively by the credit request.

On MOTION made and seconded, the Trustees present voted unanimous approval of the following recommendation, subject to final approval by the Board when a quorum is present:

RECOMMENDED approval of the request of Giant Warehouse to (1) Make a payment in the amount of $3,326.40 to correct contributions for June and December 2011, (2) Approve a credit of $1,900.80 for contributions paid in error for two Local 639 participants and (3) Approve a credit of $58,419.60 for contributions paid in error on 31 participants due to manual processing.

G. **Mental Health Parity and Equality Act**

Mr. Tierney reported that CIGNA and the Administrative Manager had follow up questions regarding the implementation of the Mental Health Parity and Equality Act (MHPAEA). He directed the Trustees to the questions outlined in the meeting booklet. Due to the absence of a quorum the Board tabled the discussion of the questions until the next Board of Trustees meeting. Mr. Tierney confirmed no claims were pending regarding the outstanding questions.

H. **Summary of Benefits and Coverage and Comparative Effectiveness Research Fees**

Mr. Tierney reported the final regulations regarding the Summary of Benefits and Coverage Notice have been released by the Department of Labor. He stated an electronic mail was sent to Segal regarding assisting the Trustees with the Summary of Benefits and Coverage. Segal is currently working on a proposal and cost analysis which Mr. Tierney will share with the Trustees once available.

Mr. Tierney stated the final regulations regarding the Comparative Effectiveness Research Fee have not been released. Based on the information provided to date, the fee will be effective for plan years ending after September 30, 2012 at a fee of $1 per covered life (actives and dependents). He stated the fee will increase to $2 effective September 30, 2013. The fee is to be used to fund the Patient Centered Outcome Research Institute at Human Health Services. Mr. Tierney said he will provide more information once available from the Internal Revenue Service.

I. **New York Pool Payment**

Mr. Tierney reported the Fund completed the electronic reporting confirmation form for the State of New York Pool and paid $31.00 for the 2011 Plan Year.

J. **Retiree Drug Subsidy – 2010 Reconciliation**

Mr. Tierney reported the successful completion of the 2010 retiree drug subsidy reconciliation. After the reconciliation, the Fund received an additional subsidy of $1,048.04.

K. <u>Life Insurance – ING</u>

Mr. Tierney reported receipt of a check in the amount of $79,597.68 which represents the experience rebate for the policy year ending December 2010. He stated the check did not include owed interested. Mr. Tierney is working with ING to resolve the issue.

XI. NEXT MEETING DATE AND LOCATION

After discussion the Trustees elected June 8, 2012 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,

Tyrone Richardson
Chairman