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 JUNE 13, 2019 LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
R. Brooks – Chairman	J. Paradis – Secretary
J. Lacy	F. Stegman
T. Richardson – Alternate	

Also present were:

K. Barshinger – Associated Administrators, LLC
D. Burton – Cigna
H. Burton – Morgan, Lewis & Bockius, LLP
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
K. Foster – Cigna
T. Geiman – Novak Francella LLC
M. Pascal – Novak Francella LLC
R. Sichel – Investment Performance Services, LLC
J. Webb – Cigna

I. CALL TO ORDER

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

II. MINUTES

The Trustees read the minutes of the last regular meeting held on March 27, 2019.

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 March 27, 2019 are approved as written.**

III. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2019 through March 31, 2019 is contained in the meeting booklet.

B. Investment Performance Services, LLC ("IPS")

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

1. Investment Performance

Mr. Sichel distributed his report titled, "Master Consulting Services Report – March 31, 2019." Mr. Sichel reported that the total market value of assets as of March 31, 2019 was $9,080,552. Mr. Sichel distributed his report titled, "Preliminary Monthly Performance Analysis – May 31, 2019." He reported that the total market value of assets as of May 31, 2019 was $9,082,975.

2. Asset Allocation

Mr. Sichel reported that as of March 31, 2019, the Fund held 43.6% in Investment Grade Fixed income, 34.5% in Short Duration High Yield, 4.5% in Real Estate, and 17.4% in cash equivalents. He noted Wedge Capital held $3,957,460, Chartwell Investment held $3,130,978, American Core Realty held $412,944, and there was $1,579,170 in the cash account.

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

IV. AUDITOR REPORT

The Trustees welcomed Mr. Tyler Geiman and Ms. Marcella Pascal of Novak Francella LLC to the meeting.

Ms. Pascal reviewed the draft Financial Statements for the year ended December 31, 2018. She said this audit reflects an unmodified opinion, in all material respects, of the financial status of the Fund. The total assets as of December 31, 2018 were $9,098,121, accounts payable were $31,270 and benefit obligations totaled $1,031,738. She noted total additions for the year ended December 31, 2018 were $4,878,928, and total deductions were $3,068,193, resulting in Net Assets Available for Benefits of $9,066,851 as of December 31, 2018. She also reviewed the notes to the financial statements, the schedule of administrative expenses, the schedule of employer contributions, the schedule of assets held for investment purposes, and the schedule of reportable (5%) transactions.

The Trustees thanked Mr. Geiman and Ms. Pascal for their report and they were excused from the meeting.

V. COUNSEL REPORT

Mr. DeLancey reviewed the status of subrogation matters under collection as of June 13, 2019. He reported that there is one active case, two inactive cases, two closed cases and one new case opened since the March 27, 2019 Board of Trustees meeting.

Mr. DeLancey stated that there are 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'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2019. Such report showed contributions of $1,234,316, interest and dividend income of $70,731, and miscellaneous income of $176, producing a total income of $1,305,223 for the quarter. Expenses included $833,727 of benefit expenses and $46,175 of operating expenses, producing a total expense of $879,902. This produced a total surplus of $425,321 for the quarter ended March 31, 2019. Ms. Cochran noted that contributions were made on behalf of 366 Plan participants.

VII. INVOICES

Ms. Cochran presented a list of invoices dated June 13, 2019 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 June 13, 2019 are approved for payment as presented.

VIII. PROVIDER REPORT – CIGNA

The Trustees welcomed Ms. Krista Foster, Mr. Jason Webb, and Mr. David Burton of Cigna to the meeting. Ms. Foster distributed her report titled, "Savings Results/Member Engagement Opportunities/Pharmacy Updates." Ms. Foster said Cigna became aware of a data security incident at American Medical Collection Agency, a health services collection agency. She said this event was not a compromise of Cigna's system and that Cigna is working to determine the scope and impact of this event.

A. PPO Savings Report

Ms. Foster reviewed the CIGNA PPO savings report for the period January 1, 2019 through March 31, 2019. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $692,403.54. This represents an overall PPO savings of 43.6% for the period January 1, 2019 through March 31, 2019. Ms. Foster reviewed the out-of-network savings results for the period January 1, 2019 through March 31, 2019 noting a savings of 56.8%.

B. Pharmacy Report

Mr. Burton reviewed the updated pharmacy utilization for the period January 1, 2019 through March 31, 2019. He reviewed the key indicator summary, top therapeutic classes by plan spend, and top drugs by plan spend and by volume. He then discussed the Formulary Changes beginning July 1, 2019 that will continue to reflect Cigna's low net drug cost approach and proven utilization management strategies. Mr. Burton noted that as of March 31, 2019 Cigna identified two members that may be impacted by the formulary change.

The Trustees thanked Ms. Foster, Mr. Webb, and Mr. David Burton for their presentation, and they were excused.

IX. OTHER FUND BUSINESS

A. Employer Contribution Rate Letter

Ms. Cochran reported that contribution rate increase letters were mailed to Ahold USA/Giant Warehouse and Warehouse Employees Union Local No. 730 for rate changes effective June 1, 2019. Contribution rate increase letters were also mailed to Adams Burch, Inc. and Ahold USA/Giant Recycling for rate changes effective July 1, 2019.

B. Patient-Centered Outcomes Research Institute (PCORI)

Ms. Cochran stated the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, must be filed by July 31, 2019. The fee is $2.45 multiplied by the average number of lives covered under the Plan for the 2018 Plan year. Ms. Cochran said the Board selected the snapshot method for the prior filings to determine the average number of lives covered under the Plan. The Trustees directed the Administrative Manager to engage Novak Francella to file Form 720, which is the tax form to be filed along with the fee payment.

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

RESOLVED to approve the snapshot method for the Plan year ended December 31, 2018 and to engage Novak Francella to file Form 720 at no additional fee.

X. <u>NEXT MEETING DATE AND LOCATION</u>

After discussion, the Trustees selected September 11, 2019 as their next regular meeting date immediately following the companion Pension Fund meeting in Landover, Maryland.

XI. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Jason Paradis
Secretary