Bakers Union and FELRA
Health and Welfare Fund

911 Ridgebrook Road
Sparks, MD 21152-9451
Telephone: (410) 683-6500
Toll Free: (866) 662-2537
www.associated-admin.com

4301 Garden City Drive, Suite 201
Landover, MD 20785-6102
Telephone: (301) 459-3020
Toll Free: (866) 662-2537
www.associated-admin.com

DRAFT

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE BAKERS UNION AND FELRA HEALTH AND WELFARE FUND MARCH 7, 2014 IN LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEE	**EMPLOYER TRUSTEES**
Al Haight - Secretary	J. Champion
G. Oskoian	D. Gillis

Also present were:

H. Burton - Morgan, Lewis & Bockius, LLP
M. DeLancey - Dickstein Shapiro, LLP
V. Almonte – Catamaran
A. Budharani – Catamaran
C. Little - PNC Bank, NA
L. Locher – PNC Bank, NA
A. Sims - Associated Administrators, LLC
D. Welch – Associated Administrators, LLC

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on December 10, 2013.

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

RESOLVED that the minutes of the special meeting held on December 10, 2013 were approved as presented.

Ms. Sims reported that, due to extenuating circumstances, Trustee Gillis was unable to attend the December 10, 2013, Board of Trustees meeting. Several Motions passed by the Trustees were subject to his approval. For the record, Trustee Gillis approved the Motions from the December 10, 2013 meeting.

III. FINANCIAL REPORT - PNC Bank, NA - Summary of Activity

The Trustees welcomed Mr. Herwig and Ms. Locher from PNC Bank, NA to the meeting. Mr. Herwig presented the Summary of Activity Report for the period December 31, 2013 through January 1, 2014. Such report showed a beginning market value of $1,233,313, receipts of $340,312, and disbursements of $415,399, investment income of $358, and market value increase of $1,445, producing an ending market value of $909,957.

Mr. Little presented the asset allocation as of January 31, 2014. The Fund held 83% in a limited maturity bond and 17% in cash. The estimated annual income was $4,542 with an estimated 0.5% yield.

The Trustees thanked Mr. Little and Mr. Herwig for their report and they were excused from the meeting.

IV. CO-COUNSEL REPORT

Co-Counsel said that they had nothing to report at this time.

V. ADMINISTRATIVE MANAGER REPORT

A. Fourth Quarter 2013

Ms. Sims presented the Administrative Manager Report for the third quarter 2013. The report showed Employer contribution income of $1,068,866, employee contributions of $5,629, interest and dividend income of $1,116, and miscellaneous income of $15,786, producing a total income of $1,068,866. Expenses included $589,883 for medical benefits, $30,993 for CIGNA premiums, $85,779 for dental premiums, $30,543 for disability benefits, $201,812 for prescription drug benefits, $6,935 for life insurance benefits, $35,491 for stop loss insurance, $10,669 for optical benefits, and $65,235 in operating expenses, producing total expenses of $1,057,340 and resulting in a surplus of $11,526 for the third quarter of 2013. She further reported that contributions were made on behalf of 554 active participants and that there were no delinquencies. The Fund reserve was $1,037,093 as of September 30, 2013 which was projected to provide benefits for 2.6 months.

B. Contribution Rates effective January 1, 2014

Ms. Sims confirmed that in accordance with the Memoranda of Agreement ("MOA's") between Local Union No. 118/Safeway and Giant and Local Union No. 68 /Giant the FELRA and UFCW Health and Welfare Fund had approved new monthly contribution rates retroactive to January 1, 2014, which required Trustee approval.

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

> **RESOLVED to adopt the new monthly contribution rates for the FELRA and UFCW Health and Welfare Fund retroactive to January 1, 2014.**

Ms. Sims said she would notify the Employers of the new contribution rates retroactive to January 1, 2014.

C. Contributions for Plan 1 Part Time Participants with Dependents

Ms. Sims reported that the MOA's between Local Union No. 118/Safeway and Giant and Local Union No. 68/Giant require that monthly contributions be remitted for Plan 1 Part Time participants with dependents in order for them to be eligible for ancillary benefits. She said that to date the Fund had not received contributions for Plan 1 Part Time participants who had dependents. She explained that at this time only the part time participants would be eligible for ancillary benefits unless these contributions were remitted. Co-Counsel said that they would review the MOA's and report back to the Trustees on contribution requirements.

VI. INVOICES

Ms. Sims presented a list of invoices dated March 7, 2014. 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 list of invoices dated March 7, 2014 was approved for payment as presented.**

VII. PARTICIPANT APPEALS

Appeal Number	***Issue***	***Board Decision***
A14/100-1297	Accident and Sickness – Late Continuation Form	Denied
A14/104-9044	Accident and Sickness – Initial Eligibility	Denied
M14/113-1220	Non-participating Provider – Partial Late appeal	Approved
E14/104-2520	Eligibility	Approved
E14/105-1461	Eligibility	Approved
E14/106-0924	Eligibility	Approved
E14/107-9710	Eligibility	Approved
E14/108-9196	Eligibility	Approved
E14/109-7375	Eligibility	Approved

E14/111-8216	Eligibility	Approved
E14/114-5725	Eligibility	Approved

VIII. PROVIDER REPORTS

A. Catamaran Rx.

The Trustees welcomed Ms. Anita Budhrani, Clinical Consultant, and Mr. Vladimir Almonte, Account Manager, from Catamaran Rx to the meeting.

i. Executive Summary

Mr. Almonte distributed a report entitled "Bakers Union and FELRA Health and Welfare Fund – January 2013 to December 2013 Utilization." During the period January 1, 2013 through December, 31, 2013 there were 10,563 prescriptions filled, for which the Plan paid $912,897.37 in prescription costs and the members paid $119,632.94 in co-payments. The average cost per member per month was $86.42. The Fund's generic utilization rate for the period was 73.1%.

The report also reviewed the Fund's Top 5 Diseases by Plan Cost, Top 10 Therapeutic Classes by Plan Cost, Top 20 Drugs by Total Plan Cost, and Top Specialty Drugs by Plan Cost.

ii. Catalyst Renewal

Mr. Almonte distributed a copy of the Catalyst renewal pricing proposal effective April 1, 2014, for Trustee consideration. He reviewed the proposal noting that the retail AWP pricing and dispensing fees on retail brand and generic drugs were improved, and all other pricing remained the same. The proposal converts the formulary rebates based on a per brand claim rather than on all Rx claims. Mr. Almonte provided an example comparison of the current pricing versus the renewal pricing amounts. He said the renewal pricing would be effective on April 1, 2014 and is guaranteed for three years.

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

> **RESOLVED to accept Catalyst's renewal pricing proposal, effective April 1, 2014, as detailed in the renewal proposal dated March 4, 2014.**

<u>iii. Affordable Care Act Preventive Drug List</u>

Mr. Almonte reported that the Affordable Care Act ('ACA") requires that non-grandfathered Health Plans cover certain preventive services without any participant cost-sharing (i.e. co-payments). He reviewed a list of drugs recommended by Catamaran to be covered with no-cost sharing, which included: (1) Aspirin, (2) Fluoride Supplementation, (3) Folic Acid Supplementations, (4) Iron Supplementation, (5) Vitamin D Supplementation, (6) Smoking Cessation interventions, (7) Immunizations, and (8) Contraceptives.

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

> **RESOLVED to approve Catamaran's recommended list of preventive prescription drugs to be covered effective January 1, 2014, with no cost sharing, effective immediately, as outlined in the Health Care Reform Preventative Drug list, dated March 11, 2013.**

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

B. <u>Vision Service Provider (VSP)</u>

Ms. Sims reported that the Trustees, via interim action, approved VSP's proposal for a fully insured product with a rate of $6.86 per member, per month, effective January 1, 2014.

IX. OTHER FUND BUSINESS

A. Annual Limit Waiver Extension

Ms. Sims reported that as a condition of receiving a three-year annual limit waiver/waiver extension for Plan 2 Participants for $100,000, the Fund was required to provide the Center for Consumer Information and Insurance Oversight (CCIIO) with annual updates that include the following: (1) updated contact information, (2) total enrollment, and (3) the Plan's current annual limit. She said an updated spreadsheet was being reviewed by Co-Counsel and will be submitted to the CCIIO prior to the December 31, 2013 filing deadline.

B. Salter & Company LLC, - December 31, 2013 Audit Engagement Letter Three Year Engagement Proposal

Ms. Sims distributed a copy of Salter & Company's proposal to provide auditing services for Plan years ending 2013. The proposed fee increase was $350 from the prior year to $9,750.

Salter said the fee caps contemplated the expansive Department of Labor (DOL) and the American Institute of CPA (AICPA) requirements over the past three years. Also, the more expansive audit and tax requirements/changes include: (1) Internal Revenue Service changes to the Form 990, conflict of interest, whistleblower, and documentation retention questionnaires, (2) Fair Value Measurements, expanded Annual Audit footnote disclosures required, and (3) Form 5500 Schedule C requirements.

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

> **RESOLVED to approve Salter & Company, LLC. proposal to provide auditing services, with a proposed annual fee of $9,750 for the Plan year ending 2013.**

C. HIPAA Revised Notice of Privacy Practices Mailed

Ms. Sims reported that the revised HIPAA Notice of Privacy Practices was mailed to all participants.

D. Business Associate Agreements ("BAA's")

Ms. Sims reported the new BAA's were mailed to all Fund providers on November 16, 2013. The BAA's received to date were presented for Trustee countersignature. She stated the Administrative Manager will continue to monitor the outstanding agreements.

E. Summary Annual Report for the Plan Year Ended December 31, 2012

Ms. Sims reported that the Summary Annual Report was mailed to participants in a timely manner.

F. For Your Benefit Newsletter

Ms. Sims noted the December 2013 *For Your Benefit* newsletter was mailed to participants. The newsletter included the Summary of Material Modifications with the changes to the Plan, Authorization for payroll deduction, revised notice of Privacy Practices, WHCRA Notice and the CHIPRA Notice.

X. NEXT MEETING DATE AND LOCATION

The Trustees directed that a Regular Board meeting be held on Friday, May 2, 2014 at 10:00 a.m. in Landover, Maryland.

XI. ADJOURNMENT

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

Respectfully submitted,

Al Haight, Secretary