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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
FELRA AND UFCW VEBA FUND
DECEMBER 12, 2018
LANDOVER, MARYLAND

The following Trustees were present:

Union Trustees	**Employer Trustees**
M. Federici - Secretary	J. Paradis - Chairman
J. Chorpenning	D. Dosenbach
A. Hanson	M. Goble

Also present were:

Y. Anwar - UFCW Local 400
M. Bramstaedt - The Segal Company (via teleconference)
H. Burton - Morgan, Lewis & Bockius, LLP
L. DuVall - Associated Administrators, LLC
N. Eid - Confidio (via teleconference)
J. Hack - UFCW Local 27
J. Harrison - UFCW Local 27
J. Herishen - Calibre
T. Hipkins - UFCW Local 27
N. Hill - UFCW Local 27
C. Hoffmann - UFCW Local 400
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
S. Ridore - Safeway
S. Sanchez - Slevin & Hart, P.C.
R. Sichel - Investment Performance Services
B. Slevin - Slevin & Hart, P.C.
J. Timm - The Segal Company (via teleconference)
L. Walsh - Associated Administrators, LLC

I. CALL TO ORDER

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

A. Proxy

Mr. Jensen reported that Trustee Masten was unable to attend the meeting and had provided his proxy to Trustee Chorpenning to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on September 25, 2018 and the Appeals Committee meeting held on September 10, 2018, which were pre-circulated.

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

> **RESOLVED that the minutes of the regular meeting held on September 25, 2018, and the Appeals Committee meeting held on September 10, 2018 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity Report – ERISA Account – October 31, 2018

Mr. Jensen presented the PNC Summary of Activity report for the period January 1, 2018 through October 31, 2018. Such report indicated a beginning market value of $23,323,631, earnings of $379,073, receipts of $121,005,329, and disbursements of $117,893,328, producing an ending market value of $26,814,705 as of October 31, 2018.

2. Summary of Activity Report – Non-ERISA Account – October 31, 2018

Mr. Jensen then presented the PNC Summary of Activity report for the Non-ERISA account for the period January 1, 2018 through October 31, 2018. Such report indicated a beginning market value of $10,508,579, no earnings, receipts of $123,130,244, and disbursements of $125,923,857, producing an ending market value of $7,714,966 as of October 31, 2018.

B. Investment Performance Services

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

1. Master Consulting Report – September 30, 2018

Mr. Sichel presented the Master Consulting Report for the quarter ending September 30, 2018. Such report indicated a beginning market value for the Third Quarter 2018 of $18,956,368, net withdrawals of $2,857,307, and investment earnings of $378,638, producing an ending market value of $22,192,312 for the quarter. The performance was a 1.9% for the quarter.

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

C. Auditor's Report

The Trustees welcomed Mr. Joseph Herishen of Calibre (formerly Salter & Company) to the meeting. Mr. Herishen reported that Salter & Company has merged into Calibre but the merger will not impact the fees chargeable to the Fund and Mr. Herishen will remain the account executive responsible for providing services to the Fund.

1. Financial Statements – December 31, 2017

Mr. Herishen presented the Financial Statements for the years ended December 31, 2017 and 2016. Mr. Herishen noted that the opinion was unmodified (clean) and the financial statements were in conformity with generally accepted accounting principles. Mr. Herishen reported that the total assets were $55,786,912. Total liabilities of the Plan were $2,261,000, producing net assets available for benefits of $53,525,912 as of December 31, 2017. Mr. Herishen then reviewed the Notes to the Financial Statements, the Schedule of Net Assets Held For Benefits, the Schedule of Reportable Transactions, the Schedule of Administrative Expenses, and the Schedule of Employer Contributions.

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

IV. CONSULTANT'S REPORT

A. The Segal Company

The Trustees welcomed Mr. Josh Timm and Mr. Mitch Bramstaedt of the Segal Company via telephone conference to the meeting.

1. Part Time Plans XX and XXX Costs Per Enrolled Dependent Child

The Trustees welcomed Mr. Josh Timm of Segal the meeting via teleconference. Mr. Timm presented proposed dependent child co-premium costs for Part Timers under Plan XX and Plan XXX. The proposed rates are:

Plans XX and XXX Costs Per Enrolled Dependent Child Effective March 1, 2019						
	Per Child Rate			**3 or More Children Rate**		
Plan	**Medical**	**Rx**	**Total**	**Medical**	**Rx**	**Total**
Plan XX – Part Time	$93.34	$32.86	$126.20	$280.02	$98.58	$378.60
Plan XXX – Part Time	$91.51	$32.86	$124.37	$274.53	$98.58	$373.11

After review,

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

> **RESOLVED to adopt the 2019 Plan XX and Plan XXX Part Time Dependent Rates, as presented, effective March 1, 2019.**

Mr. Jensen said that if Segal provided the proposed 2020 dependent child rates by the September 2019 meeting, the rates could be made effective in January 2020 rather than in March 2020. The Trustees agreed to that approach.

The Trustees thanked the representatives of Segal for their report and they were excused from the meeting.

B. <u>Confidio (Formerly Heritage Rx)</u>

The Trustees welcomed Ms. Nancy Eid of Confidio to the meeting via teleconference. Ms. Eid reviewed her proposed Statement of Work for both the Employer Group Waiver Plan ("EGWP") study as well as the Express Scripts ("ESI") Request for Proposal ("RFP") process.

1. Employer Group Waiver Program ("EGWP")

Ms. Eid reviewed the draft EGWP study. Ms. Eid noted that the Retiree Drug Subsidy ("RDS") tax advantage was eliminated effective January 1, 2013. She noted that both programs, RDS and EGWP, are sponsored by Centers for Medicare and Medicaid Services ("CMS"). She said that the study examined pharmacy cost and plan administrative differences between the Fund's current RDS program and EGWP. She further noted that the feasibility study was completed in collaboration with ESI. Plan Year 2018 data was used to model the 2019 cost differences between RDS and EGWP. She said that EGWP objectives are to improve financial efficiency of the retiree drug program, preserve or enhance overall benefit value, and minimize member impact. She summarized the differences between RDS and EGWP. She further reviewed the financial analysis and the projected cost components. She discussed the potential administrative burden to implement an EGWP, as the process normally takes six months. She suggested the Trustees may want to postpone consideration of implementing an EGWP until ESI responds to the Fund's request for improved pricing.

After discussion, the Trustees decided to table a decision on the issue for a future meeting.

2. ESI Request for Proposal ("RFP")

Ms. Eid reviewed Confidio's Statement of Work to perform the ESI RFP. She outlined the projected timeline. She noted that her fee to perform the service would be $59,700.00.

Mr. Paradis asked what bidders would be included in the RFP. Ms. Eid stated that the RFP would be sent to ESI and Optum, and possibly second tier PBMs, including Navitus and Envision. After discussion,

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

> **RESOLVED to accept the Confidio proposal to conduct a PBM RFP for $59,700 and to delegate to Chairman and Secretary the authority to make any decisions necessary to implement the RFP process.**

The Trustees thanked Ms. Eid for her report and she was excused from the meeting.

V. ATTORNEY'S REPORT

A. Amendment No. 2 to the Investment Policy

Mr. Slevin presented Amendment 2 to the Investment Policy. After discussion,

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

> **RESOLVED to adopt Amendment 2 to the Investment Policy, as presented.**

The amendment was executed by the Trustees.

B. Confidio

Mr. Slevin presented Amendments to the Business Associate Agreement and Services Agreement between Confidio and the Fund.

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

RESOLVED to adopt the Amendments to the Confidio Agreements, as presented.

The amendments were executed by the Trustees.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2018 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the Third Quarter 2018. For the combined VEBA Fund, Active and Retiree Plans, total income was $34,299,482. Expenses totaled $32,110,802, producing a net surplus of $2,188,680 for the Third quarter 2018. Mr. Jensen noted that contributions were made on behalf of 16,034 active Plan participants.

Mr. Jensen presented a snapshot of work performed by Associated Administrators during the third quarter 2018. The report reflected the processing of 238 accident and sickness claims, 117 appeals, 12,252 participant service calls, the mailing of 361 COBRA notices, the processing of 126,709 medical claims, and the mailing of 54,267 communications to Plan participants.

VII. INVOICES

The Trustees reviewed the lists of invoices for the Active Plan and Retiree Plan dated December 12, 2018. It was noted there were no additions, deletions or changes to the lists.

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

RESOLVED that the invoices on the lists dated December 12, 2018 for the Active Plan and Retiree Plan are approved for payment.

VIII. OTHER FUND BUSINESS

A. Safeway Overpayment

Mr. Jensen reported that Safeway has not yet submitted information on the scope of any overpayment or provided a credit request to the Fund office. Mr. Dosenbach said that he would forward the contribution credit request to the Fund office. Mr. Jensen said such report would be reviewed by Associated Administrators and, in turn, be sent to Calibre for review, as that firm will be conducting a payroll audit of Safeway.

B. Medicare Deductible and Co-insurance Rates for 2019

Mr. Jensen presented for the Trustees' review the 2019 Centers for Medicare and Medicaid Services ("CMS") published changes to the Medicare Part A and B premiums, deductibles and co-insurance. He said that such rates and deductibles are utilized in processing the Fund's Medicare Supplemental benefits for retirees. After discussion, and

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

> **RESOLVED to approve the Medicare deductible and co-insurance rates for the Retiree Medicare Supplemental Benefit for 2019 as presented, on a non-precedent setting basis.**

C. Participant Appeal – M18/381-6196

Mr. Jensen presented an appeal referred by the Appeals Committee to the full Board for resolution. The participant is requesting payment of a denied anesthesia claim related to routine services. After review, based on the specific facts and circumstances, the Trustees approved payment of the claim on a non-precedent setting basis.

D. Cheiron's Engagement Request for 2019

Mr. Jensen presented Cheiron's engagement request for 2019 for the VEBA Fund. He noted that Cheiron proposed a retainer fee of $45,000 ($3,750.00 per month), with the non-retainer fees ranging from $104 to $507 per hour. After discussion,

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

RESOLVED to approve the 2019 Cheiron retainer fee for the VEBA Fund as presented.

Mr. Jensen next presented Cheiron's engagement request for 2019 for the Severance Plan. He noted that Cheiron proposed a retainer fee of $41,352 ($10,338 per quarter), with the non-retainer fees ranging from $104 to $507 per hour. After discussion,

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

RESOLVED to approve the 2019 Cheiron retainer fee for the Severance Plan as presented.

E. Plan X Part Time Open Enrollment Period

Mr. Jensen reported that Plan X Part Time has a single open enrollment period, from January 1 – 31 for a coverage effective date of March 1 each year. The other benefit programs under the Plan have an open enrollment in December for coverage effective January 1 each year. He asked if the Trustees want to align Plan X Part Time with the other benefit programs' open enrollment periods, beginning with coverage effective January 2020. After discussion,

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

RESOLVED to change Plan X Part Time open enrollment to match the other Plans' open enrollment periods beginning with the December 2019 open enrollment period for coverage effective January 2020.

F. Miscellaneous Correspondence

1. Health Care Cost Containment Corporation ("HCCCC")

Mr. Jensen inquired whether the Trustees wished the Fund to remain a member of the HCCCC. He reported that the Fund had received a membership renewal invoice for 2019 at a fee of $0.75 per participant, with a $700 minimum fee or $3,750 maximum fee for the 2019 year. After discussion,

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

> **RESOLVED to maintain Fund membership in the HCCCC and approve payment of the 2019 membership fee.**

2. Health Insurance Coverage for Former Acme Participants

Mr. Jensen presented correspondence submitted by Safeway requesting coverage under the Plan for two former Acme employees. The request is for Plan I coverage for one of the employees and Plan XXX coverage for the other, based on the employees' original dates of hire. It was noted that both employees were employed by Acme with no break-in-service until the Acme store in Dover, Delaware closed in July 2018, at which time they both immediately transferred to a Safeway Eastern Division store. It was further noted that Plan I includes retiree health coverage and is limited to employees hired by 1983 by a participating employer. After discussion,

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

> **RESOLVED to approve immediate coverage under Plan X and Plan XXX, respectively, for the two employees in question, subject to receipt of the appropriate employer contributions.**

3. 2019 COBRA Rates

Mr. Jensen said the 2019 COBRA rates were sent to Chairman and Secretary for their review and that such rates were approved effective January 1, 2019.

4. State of Maryland Unclaimed Property

Mr. Jensen reported that Associated Administrators filed claims with the State of Maryland on behalf of the Fund for Unclaimed Property, resulting in a recovery of $37,832.53.

5. Internal Revenue Service ("IRS") - 1095-C Form

Mr. Jensen reported that the Fund office responded to the IRS regarding the filing of the 1095-C Forms. He said that the Fund office sent the IRS copies of the instructions noting that a multiemployer fund files a 1095-B Form, not a 1095-C Form. The Fund properly filed Form 1095-B. The IRS has not yet responded.

6. CIGNA Health and Life Insurance Company ("Cigna")

Mr. Jensen noted that the Fund had received a check in the amount of $134.31 from Cigna for a claim refund for the pre-Medicare retiree plan.

7. Maintenance of Benefit ("MOB")

Mr. Jensen noted that MOB letters were sent to the participating employers on September 26, 2018.

IX. ADOPTION OF COMMITTEE RECOMMENDATIONS

After review of the recommendations made by the Severance, Legal and Scholarship Committees during their meetings,

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

RESOLVED that the recommendations made by the Severance, Legal and Scholarship Committees are adopted.

X. NEXT MEETING DATES AND LOCATIONS

The Trustees discussed the 2019 meeting dates. After discussion, the Trustees selected the following meeting dates and locations for 2019:

April 16, 2019 - UFCW Local 400, Landover, Maryland

July 18, 2019 - UFCW Local 400, Landover, Maryland

September 25, 2019 – UFCW Local 400, Landover, Maryland

December 12, 2018 – UFCW Local 400, Landover, Maryland.

XI. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Secretary

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