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# MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE FELRA & UFCW HEALTH AND WELFARE FUND HELD ON JULY 18, 2012 IN LANDOVER, MARYLAND

**The following Trustees were present:**

| UNION TRUSTEES | EMPLOYER TRUSTEES |
|---|---|
| T. McNutt - Secretary | J. Paradis – Chairman |
| M. Boyle | I. Kress |
| E. Masten | F. Stegman |

**Also present were:**

H. Burton – Morgan, Lewis & Bockius, LLP
J. Berry - InforMed
M. Federici – UFCW Local 400
M. Gervais - InforMed
D. Gillis – Stop and Shop
T. Goins – UFCW Local 27
S. Goodman – Slevin & Hart, P.C.
M. Herwig – PNC Bank
J. Hill – Kaiser Permanente
T. Hipkins – UFCW Local 27
W. Jensen – Associated Administrators, LLC
W. Kraemer – Ahold USA
L. Meade – InforMed
L. Phillips – Kaiser Permanente
B. Slevin – Slevin & Hart, P.C.
L. Walsh – Associated Administrators, LLC
D. Weiss – Medical Insurance Consulting Group
D. Zaporski - ValueOptions

## I. CALL TO ORDER

Noting the presence of a quorum, the Chairman called the meeting to order.

**Proxy**

Mr. Jensen reported that Trustee Chorpenning had provided his proxy to Trustee Masten to act in all matters coming before the Board.

## II MINUTES

The Trustees reviewed the minutes of the meetings of November 30, 2011, December 21, 2011, April 5, 2012, and April 26, 2012, which were previously circulated.

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

> **RESOLVED that the minutes of the meetings of November 30, 2011, December 21, 2011, April 5, 2012 and April 26, 2012 were approved as presented.**

## III. FINANCIAL REPORT

**PNC**

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting. He presented the summary of activity report for the period January 1, 2012 through June 30, 2012. Such report indicated a beginning market value of $78,623,526, earnings of $1,433,014, receipts of $65,695,988, and disbursements of $75,648,738, producing an ending market value of $70,103,800 as of June 30, 2012.

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

## IV. ATTORNEY'S REPORT

### A. Retiree Plan

Ms. Goodman reported on the retiree plan.

### B. HPV Vaccine

Ms. Goodman noted the work on a draft Summary of Material Modifications ("SMM") regarding Gardasil.

### C. Endodontic

Ms. Goodman discussed the contract amendment with Group Dental Service, including the recently adopted endodontic benefit.

**D. Claims Filing Extension**

Ms. Goodman discussed the Summary of Material Modification ("SMM") on changes to the claims process.

**E. Medical Insurance Consulting Group.**

Ms. Goodman reported on the contract with Medical Insurance Consulting Group.

**F. Summary of Benefits and Coverage ("SBC")**

Ms. Goodman reviewed her firm's memorandum concerning the requirements for the SBC.

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

> **RESOLVED to authorize Chairman and Secretary to review and approve the communications necessary to comply with the SBC requirements.**

**G. Medical Loss Ratio**

Ms. Goodman reviewed her firm's memorandum regarding medical loss ratio payments.

**H. COBRA**

Ms. Goodman discussed rules relating to COBRA violations.

**I. PBM Audit - Heritage**

Ms. Goodman provided a status report on the Heritage PBM audit contract. The Trustees agreed to move forward with claims audit once agreement is reached on the documents.

**J. Department of Labor ("DOL")Review**

Ms. Goodman provided a status update on the DOL review.

**K. Mental Health Parity**

Ms. Goodman and Mr. Burton reported on Mental Health Parity Act. After discussion,

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

**RESOLVED to request a proposal from the Martin E. Segal Co. for the cost of reviewing mental health parity, and costs related to mental health parity compliance. It was further RESOLVED to authorize Chairman and Secretary to act on such proposal.**

**L. AQR Contract**

Ms. Goodman reported on the AQR contract side letter.

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

**RESOLVED to execute the AQR side letter as drafted.**

**M. Life Insurance – Summary of Material Modifications ("SMM")**

Ms. Goodman reviewed the life insurance SMM. The Trustees agreed that the SMM should be distributed as drafted.

**N. Wellington Contract**

Ms. Goodman reported on the status of the Wellington contract.

**O. Foreign Bank and Financial Accounts Reporting ("FBAR")**

Ms. Goodman reported on the FBAR reporting requirements for this Fund.

**P. Fund Expenses**

Ms. Goodman discussed recent DOL guidance on Fund expenses.

**Q. Express Scripts Litigation**

Ms. Goodman reported on the status of this class action.

**R. Subrogation Report**

Mr. Jensen presented the subrogation report for the first quarter 2012. He noted that $57,273.47 was collected with $14,318.37 payable to Slevin & Hart.

## V. ADMINISTRATIVE MANAGER'S REPORT

Mr. Jensen presented the administrative manager's report for the first quarter 2012. Such report indicated employer contributions of $35,314,778, employee contributions of $2,377,266, interest and dividend income of $285,315, and miscellaneous income of $2,593, producing total income of $37,379,952. Total Expenses were $38,352,150, producing a net deficit of $372,198 for the quarter. Mr. Jensen noted that contributions were made on behalf of 19,392 active plan participants.

## VI. INVOICES

The Trustees reviewed the list of invoices dated July 18, 2012. It was noted 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 July 18, 2012, including the PPACA invoice submitted by Associated, were approved for payment.**

## VII. OTHER FUND BUSINESS

### A. Medical Insurance Consulting Group

The Trustees welcomed Dr. David Weiss of Medical Insurance Consulting Group to the meeting. He reviewed the proposal to provide utilization management, case management, and personal health management by InforMed, as well as the services currently provided by SHPS and Health Dialog. SHPS provides utilization management and case management to the Fund. Health Dialog provided targeted disease management regarding Asthma, Diabetes, Chronic Obstructive Pulmonary Disease, Coronary Artery Disease and Congestive Heart Failure. SHPS charges $2.35 per participant per month, plus hourly charges for retro-review of medical necessity. Health Dialog charges a minimum of $60,000 per month, which equates to a rate of $3.89 per participant per month and the provider has agreed to waive the minimum fee and provide an $18,000 credit to the Fund, resulting in a revised fee of $2.77 per participant per month.

InforMed proposed utilization management, case management and personal health management at a rate that was projected by InforMed to be approximately $10.86 per participant per month. InforMed declined to propose a flat fee, instead basing charges on hourly work contacting high risk patients identified by their data warehousing process. Dr. Weiss said he attempted to obtain flat fees as well as a performance incentive arrangement with InforMed. InforMed was ready to outline services to the Trustees at this meeting.

**1. InforMed**

The Trustees welcomed Ms. Mary Ellen Gervais, Ms. Lisa Meade and Mr. Justin Berry of InforMed to the meeting. They outlined their proposal to provide utilization management, case management, and personal health management services to the Fund. They estimated that the high risk population consumed over $26 million dollars of the medical and prescription costs in 2011. This was the population they would target utilizing the personal health management services. They provided justification for hourly billings of the nursing service as well as the charges for data warehousing. They projected a return on investment of 4:1. The Trustees thanked the representatives from InforMed for their presentation and they were excused from the meeting.

**Discussion**

The Trustees discussed the proposal with Dr. Weiss and tabled action on the proposal until a future date. Mr. McNutt stressed the need for active engagement with participants and doctors for the Fund to realize savings and for health to improve.

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

**B. Miscellaneous Correspondence**

**1. Carefirst Network Tertiary Discounting**

Mr. Jensen advised that Carefirst had utilized TRPN as a tertiary discounter. Carefirst was changing their tertiary discount provider to HealthRisk Resource Group ("HRGI"). The justification for such a change was that TRPN averaged 15% of average savings of billed charges, but HRGI produces an average savings of 31%. Mr. Jensen noted that Carefirst had not yet provided the cost for HRGI to serve the Fund. He would report such information as soon as received.

**2. Reserve Drawdown Correspondence**

Mr. Jensen reported that, as approved between meetings, his office had forwarded correspondence to the participating employers on June 7, 2012 regarding the drawdown period May through July 2012.

**3. Maintenance of Benefit ("MOB") Correspondence**

Mr. Jensen reported that his office had forwarded the MOB rates to the participating employers.

### 4. Department of Labor Correspondence

Mr. Jensen reported that he forwarded a list of the SuperFresh retirees who had been offered COBRA on April 13, 2012 to the Department of Labor representative at his request.

### 5. Fiduciary Insurance - Elimination of Recourse Insurance

Mr. Jensen reported that on May 8, 2012 premium notices were sent to the Trustees for their portion of the elimination of recourse premium for the fiduciary insurance policy.

## VIII. ANNUAL REPORTS

### A. Mental Health Benefit Provider (ValueOptions)

The Trustees welcomed Mr. David Zaporski of ValueOptions to the meeting. He presented the 2011 Behavioral Health Care Utilization Review report and the 2011 Employee Assistance Program Utilization report. The behavioral health report indicated $1,182,732 inpatient claims incurred and $442,810 outpatient claims incurred, producing total paid claims of $1,625,542. That equated to a cost of $7.31 per participant per month. He reported on the penetration rates, noting the combined inpatient and outpatient penetration was 4% of active plan participants. He further reported that they had 8.7 admissions per 1,000 participants and 46.7 days per thousand participants. The average length of certification was 5.6 days. The average outpatient number of visits per participant was 8.3.

Mr. Zaporski reported that the Employee Assistance Program ("EAP") had 556 unique cases opened in 2011 and the penetration rate was 1.8%.

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

### B. HMO Provider (Kaiser Permanente)

The Trustees welcomed Ms. Janine Hill and Mr. Leonard Phillips of Kaiser Permanente to the meeting. They reviewed the prevention and lifestyle risk parameters for the population enrolled with Kaiser concerning weight, cholesterol, blood pressure management, smoking rates, breast cancer screenings, cervical cancer screenings, colorectal cancer screenings, and childhood obesity. They recommended that the Trustees consider a communication plan. They also requested access to the Fund's data in order to provide a quote for active and pre-Medicare retirees' coverage. Trustee Kress noted that each employer would need to review the request with the Kaiser Permanente representatives for a proposed educational process. Kaiser will provide a detailed description of the data requested to the Trustees.

The Trustees directed that Kaiser Permanente's prescription data request should be forwarded to Medco/ESI for completion of the required non-disclosure agreements.

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

> **RESOLVED to authorize Chairman and Secretary to review and act on the Kaiser Permanente data request.**

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

## IX. PROPOSAL

Mr. Jensen reported that U.S. Imaging had forwarded a proposal to perform an imaging network service for the Fund. After discussion, it was the consensus of the Trustees to request Carefirst to report on imaging related discounts.

## X. ADOPTION OF COMMITTEE RECOMMENDATIONS

After review of the minutes of the recommendations made by the Legal, Severance 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 Committees are adopted by the Trustees of the Health and Welfare Fund.**

## XI. ADJOURNMENT

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

Respectfully submitted,

Thomas P. McNutt, Secretary

FW07/18/12(orig : 07/24/12)(Rev: 09/05/12)