FELRA & UFCW Health & Welfare Plan
A Plan of the Food Employers Labor Relations Association and United Food and Commercial Workers VEBA Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE FELRA AND UFCW VEBA FUND JULY 12, 2017 LANDOVER, MARYLAND

The following Trustees were present:

Union Trustees	**Employer Trustees**
M. Federici - Secretary	J. Paradis - Chairman
J. Chorpenning	W. Meisen
A. Hanson	

Also present were:

R. Anderson – Giant Food, LLC
Y. Anwar - UFCW Local 400
M. Bramstaedt - The Segal Company
H. Burton - Morgan, Lewis & Bockius, LLP
L. DuVall - Associated Administrators, LLC
J. Hack – UFCW Local 27
N. Hill - UFCW Local 27
C. Hoffmann - UFCW Local 400
N. Jacobs - UFCW Local 400
W. Jensen - Associated Administrators, LLC
G. Murphy - UFCW Local 27
S. Ridore - Safeway, Inc.
S. Sanchez – Slevin & Hart, P.C.
J. Timm - The Segal Company
L. Walsh – Associated Administrators, LLC

I. CALL TO ORDER

The Chairman called the meeting to order. Mr. Jensen noted the absence of a quorum.

Mr. Jensen noted that Trustee Dosenbach was unable to attend the meeting. The Chairman advised that all actions taken at the meeting will be reviewed and ratified as needed at a subsequent meeting.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on April 12, 2017 and the Appeals Committee meeting held on May 25, 2017, 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 April 12, 2017, and the Appeals Committee meeting held on May 25, 2017 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Jensen presented the Summary of Activity report for the ERISA account for the period January 1, 2017 through May 31, 2017. Such report indicated a beginning market value of $64,366,170, earnings of $1,490,522.94, receipts of $27,657,568.83, and disbursements of $57,535,040.51, producing an ending market value of $35,979,221 as of May 31, 2017.

Mr. Jensen presented the Summary of Activity report for the Non-ERISA account for the period January 1, 2017 through May 31, 2017. Such report indicated a beginning market value of $1,306,176.43, receipts of $28,359,061.66, and disbursements of $24,631,799.40, producing an ending market value of $5,033.439 as of May 31, 2017.

IV. CONSULTANT'S REPORT

A. The Segal Company

1. Vendor Analysis

The Trustees welcomed Josh Timm, Mitch Bramstaedt and Chris Heppner of the Segal Company to the meeting. Mr. Timm reviewed a Vendor Analysis report in detail. He noted that the Vendor Analysis report was designed to identify the responsibilities of each of the Fund's health care vendors, and to review how these vendors interacted with each other. Finally, the report outlined potential areas of change based on the Board's goal of providing the best quality of care for participants and a high level of accuracy of reporting to the Fund.

Mr. Bramstaedt identified some concerns with respect to the efficacy of the service provided by Health Dialog as a disease management vendor. In addition, he cited low utilization of the dental benefit managed by Group Dental Service ("GDS"). He recommended that the Trustees consider further discussions regarding the care management programs provided by the Fund to align them with the goals identified by the Trustees. He also recommended consideration of a request for proposal for a disease management provider and a dental benefit provider.

The Trustees discussed performing an RFP for disease management services prior to making the decision to maintain the disease management program. They also discussed concerns regarding the network of dentists utilized by GDS.

Mr. Bramstaedt outlined the services provided by Beacon Health Options, including managed behavioral health and Employee Assistance Program ("EAP") benefit. The EAP benefit is provided to Plan I and Plan X participants and is an insured benefit with a maximum number of visits per lifetime. Mr. Bramstaedt said that there was no need to make a change in the EAP program at this time. Likewise, Mr. Bramstaedt said that the utilization management program managed by Carewise Health did not require any changes in the near future.

Mr. Bramstaedt proposed using a data warehouse service with the Segal Company being one of the data warehouse firm options. He said the advantage would be to provide the Trustees and bargaining parties with projections of expenses in a more rapid fashion. Mr. Jensen said that the Fund office currently retains medical claims and prescription drug claims information in its systems.

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

V. ATTORNEY'S REPORT

A. DOL Fiduciary Rule

Ms. Sanchez discussed the DOL Fiduciary Rule which went into effect on June 9, 2017.

B. Meridian Class Action

Ms. Sanchez reported on the status of the Meridian class action liquidation.

C. Madoff Victim Fund

Ms. Sanchez reported that the Fund's petition to the Madoff Victim Fund was approved based on a loss of $396,329.02. The actual proceeds to be disbursed by the Victim Fund on a pro rata basis are likely be substantially less than the Fund's approved loss given the large number of claims submitted to the Victim Fund.

D. Beacon Amendments

Ms. Sanchez presented Amendments No. 3 and 4 to the Beacon Health Solutions Administrative Services Agreement for the Trustees review and signature.

The Amendments were executed by the Trustees.

E. Subrogation

Mr. Jensen stated that Slevin & Hart has reported subrogation recoveries of $62,640.82 in the first quarter 2017.

F. Carefirst PPO

Ms. Sanchez said that Fund Counsel was working on Amendments to the Carefirst PPO contract to reflect the rates approved by the Trustees.

G. Life Insurance Conversion Procedures

Ms. Sanchez reported on recent case law regarding life insurance conversion rights.

H. Active and Retiree Plan Separation

Ms. Sanchez reported on the Form 5500 requirements relating to the Active and Retiree Plans.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. 1Q17 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the First Quarter 2017. For the combined VEBA Fund, Active and Retiree Plans, total income was $12,389,805. Expenses totaled $29,873,134, producing a net deficit of $17,483,329 for the First Quarter 2017. Mr. Jensen noted that contributions were made on behalf of 16,346 active Plan participants.

VII. INVOICES

The Trustees reviewed the list of invoices for the Active Plan, Retiree Plan, and Non-ERISA Retiree Assistance Program, dated July 12, 2017. 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 July 12, 2017 for the Active Plan, Retiree Plan and Non-ERISA Retiree Assistance Program are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Giant and Safeway Memorandum of Understanding ("MOA")

Mr. Jensen reported that the Safeway continues to overpay Plan XXX and XL contributions at the Plan XX rates. Safeway has not yet provided a report on the scope or amount of the overpayment, as requested by the Fund office. Mr. Jensen said he had frequently offered to assist Safeway in preparing such a report.

B. <u>Maintenance of Benefit Projections ("MOB")</u>

Mr. Jensen said that the revised MOB projection had been sent to Counsel immediately after the April 2017 Board of Trustee meeting. Mr. Paradis asked Mr. Jensen to review those projections in light of Heritage Rx's trend rates for prescription benefits. Mr. Paradis noted that the allocation of the retiree expenses to Plan I and X contribution rates needed further discussion among the Trustees. Mr. Jensen said he would review the projected drug trend with Ms. Eid and revise the draft MOB report as needed.

C. <u>Courtesy Clerk Contributions – Safeway</u>

Mr. Jensen reported that Safeway has not been remitting contributions for Courtesy Clerks working at least an average of 30 hours per week. At the April 2017 Board of Trustees meeting, Mr. Dosenbach reported that Safeway immediately would begin to remit contributions on this group prospectively. The Trustees agreed that this matter would be discussed with Mr. Dosenbach at the Trustees meeting scheduled for the following day. Mr. Dosenbach subsequently confirmed that Safeway would remit contributions on Courtesy Clerks working at least an average of 30 hours per week, retroactive to April 2017.

D. <u>Miscellaneous Correspondence</u>

1. Advantica Contract Renewal

Mr. Jensen noted that Advantica has proposed a two year contract extension with no increase in fees through July 31, 2019.

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

> **RESOLVED to approve the two year contract proposed by Advantica with no increase in fees through July 31, 2019.**

2. Beacon Health Options

Mr. Jensen reported that Beacon Health Options has proposed a contract extension with no increase in fees.

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

> **RESOLVED to approve the contract extension proposed by Beacon Health Options with no increase in fees.**

3. Safeway Data Request

Mr. Jensen said that Safeway had submitted a data request to the VEBA Fund for financial cash flow and claims experience data to be provided to their consultant, Deloitte. Mr. Burton said that this matter would be discussed with Mr. Dosenbach.

4. Cheiron Data Request

Mr. Jensen said that the Fund Office is working to collect data for submission to the Fund Actuary for the ASC-95 report for retiree health liability, as used by the Fund Auditor for the preparation of the Form 5500.

5. Fiduciary Liability Policy

Mr. Jensen said that the fiduciary liability individual recourse premiums had been sent to the Trustees on May 4, 2017.

6. Patient Center Outcome Research Institute Fee ("PCORI")

Mr. Jensen reported that IRS Form 720 had been prepared by the Fund Auditor for filing of the 2017 PCORI fees. He said he would obtain Trustee signature on the form and the premium would be filed immediately thereafter.

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 DATE AND LOCATION

The Trustees noted that November 15, 2017 had been selected as their next meeting date to be held at the offices of UFCW Local 400.

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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