75 THE SEGAL GROUP Founded in 1939

PRESENTATION TO PROVIDE BENEFITS CONSULTING SERVICES

May 27,2014

Food Employers Labor Relations Association and United Food and Commercial Workers Health and Welfare Fund

Segal Consulting

Introductions

We recognize that as Trustees you expect us to:

- Bring new and creative ideas to you
- Share our knowledge and experience from similar Funds
- Understand the needs of both labor and management
- Use effective and efficient tools, models and methods
- Be proactive in bringing potential issues forward (e.g., ACA)
- Provide extraordinary personal service

This is our commitment to you.

Today's Discussion

1. What questions would you like to address?
2. What questions do you have that we might focus our presentation on?

Our planned presentation today will cover:

- Scope of Services
- About Segal Consulting
- Issues Facing Multiemployer Health Funds Today
- Multiemployer Trustee Challenges
- Why Segal?
- Questions and Discussion

This is your time and we want to address your issues.

Scope of Services for Your Health & Welfare Fund

Strategic Planning

- Assist the Fund in short and long term employee benefit strategic planning. Conduct trend analysis forecasts, project future level of reserves, and analyze the claims payment time-lag pattern.
- Assist the Fund in the development, implementation, and ongoing management of effective and measurable wellness programs that will reduce health and welfare cost over the long term.
- Keep the Trustees informed on issues and changes in the benefits marketplace and provide information regarding trends and benchmarks in the benefits field.
- Provide, maintain, and update comparison reports of other comparable benefit fund offerings and costs to determine their competitiveness to the Fund.
- Serve as a source of general expertise for various benefit issues the Fund may encounter.
- Review and make recommendations regarding value-added benefits and programs, as well as modifications to the design, cost, and quality of current benefits and related programs and communications. In doing so, the consultant will be expected to provide benchmark data from comparable multiemployer funds.

Actuarial Services

- Provide customary actuarial services as needed, including FASB ASC 965 valuation.
- Calculate and recommend appropriate contribution rates, administrative fees, and similar to maintain the viability of the Fund and ensure quality, cost-effective benefits.
- Provide actuarial costing of proposals for benefit programs.
- Price and analyze benefit change options; project effect of possible benefit changes on Fund costs.

Scope of Services for Your Health & Welfare Fund

Actuarial Services (continued)

- Maintain full and accurate records with respect to all matters and services provided on behalf of the Fund's benefits and programs. Provide Fund staff all spreadsheets, assumptions, and calculations upon completion of any project performed on behalf of Fund.
- Calculate self-funded fund reserve liabilities, MOB, COBRA rates.
- Prepare rate tiers for funding and contributions.

Utilization Reporting

- Collect claims experience and participation data from vendors and the Fund, including the following data: fixed costs, paid claims, and loss ratio for each line of coverage.
- Provide detailed quarterly reporting and analysis of utilization including, without limitation, the number of claims processed, number of eligible employees covered, and cost per claim processed. Report experience categorized by type of participant and type of service provided.
- Prepare financial exhibits that provide the Fund with the information needed to make informed decisions regarding the Fund's benefits plan designs and funding levels.

Scope of Services for Your Health & Welfare Fund

Vendor Management

- Provide support in the day-to-day management of vendors and resolve administrative issues; assist with claims and billing issues as requested, and conduct periodic meetings as necessary.
- As directed, negotiate vendor contracts, services, and renewals.
- Recommend insurance criteria to the Trustees and establish performance benchmarks for insurance carriers providing services to the Fund.
- Review contracts with providers for accuracy in rates, benefits, eligibility, and coverage definitions.
- Review carrier service levels and compare performance guarantees; resolve problems regarding vendors' services and performance.

Compliance

- Provide updates on emerging benefits trends and legislation, including, without limitation, the Patient Protection and Affordable Care Act, HIPPA, and COBRA.
- Monitor vendor financial status.
- Provide regular and timely communication of changes and proposed changes in federal statutes and regulations that may impact the Fund. Recommend appropriate action.

About Segal Consulting
National Presence

National Multiemployer Focus and Commitment

- **1,400** multiemployer clients covering more than 8,000,000 members
- **Over 50 UFCW** multiemployer clients served companywide
- **75** years serving collectively bargained clients
- **350** Segal employees dedicated purely to multiemployer interests
- Intimately involved with latest multiemployer legislation and research
- Segal works closely with industry advocacy groups:
  - National Coordinating Committee for Multiemployer Plans (NCCMP)
  - International Foundation of Employee Benefit Plans
  - Society of Actuaries
  - American Bar Association
  - Employee Benefit Research Institute (EBRI)
- Creator of targeted publications, seminars, workshops, and roundtables
- **100%** employee-owned

Segal invests more in multiemployer consulting than other major actuarial and benefits consulting firms.

The Segal Advantage
Local Presence

Local Multiemployer Focus and Commitment

- Available at a moment's notice
- Familiarity with your current fund, vendors and marketplace
  - CareFirst, Blue Cross and Blue Shield
  - Express Scripts
- We work with Slevin & Hart, P.C., Morgan, Lewis & Brokius, LLP, and Associated Administrators, LLC, on other client engagements
- Broad knowledge of multiemployer fund and reserve strategies
- Use national resources to provide technical services, support and expertise

Proposed Segal Team

Client Relationship Manager
Joshua D. Timm, CEBS
Vice President and Benefits Consultant

Client Relationship Manager
Mitchell W. Bramstaedt
Vice President

Communications
Joshua Meyer
Senior Consultant

Technical & Actuarial
Chris D. Heppner, MAAA, ASA
SVP, Consulting Actuary

Compliance
Kathryn Bakich, JD
SVP, National Health Compliance Practice Leader

Technical & Actuarial
John W. Priester
Senior Health Benefits Analyst

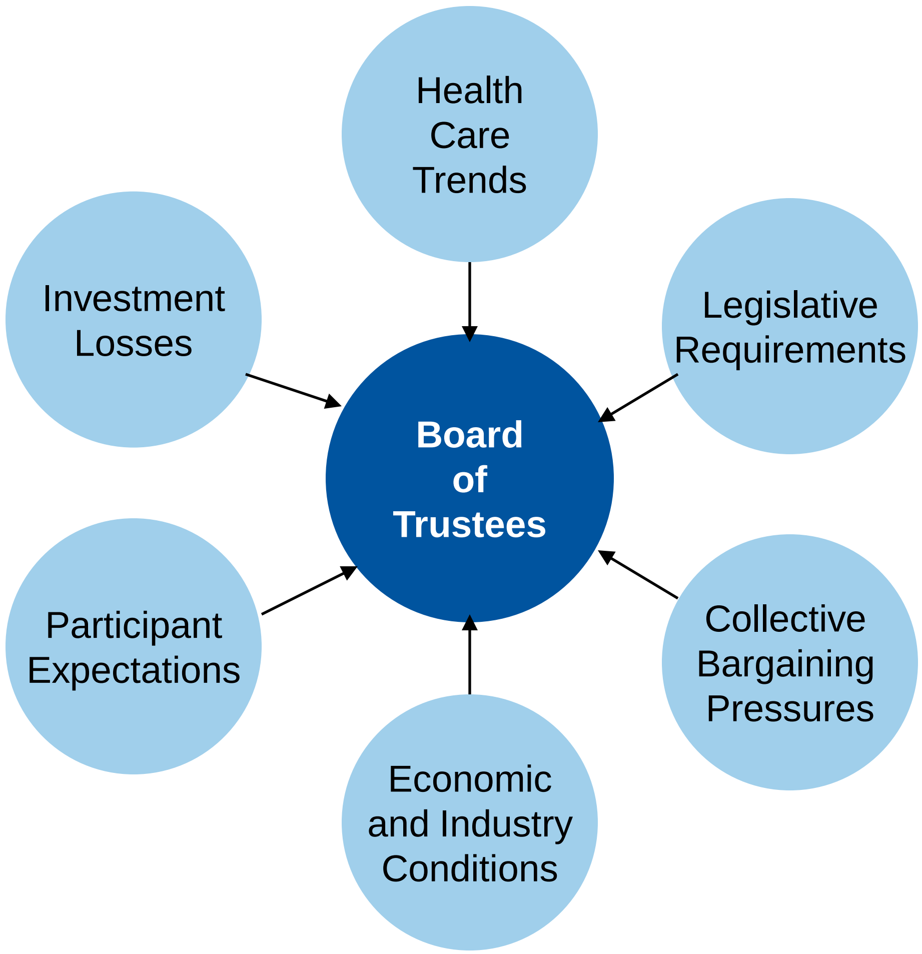
Technical & Actuarial
Tom Wyszomirski
Health Benefits Analyst

Issues Facing Multiemployer Health Funds Today

- Compliance with complex legislation
  - Patient Protection and Affordability Care Act (ACA)
  - HIPAA and COBRA
  - HITECH
- Finding the right networks of providers
- Specialty drugs
- Managing diseases
- Focus on healthcare quality, outcomes and targeted interventions
- Changing demographics
- Delivering benefits that meet ever-changing participant needs
- Addressing collective bargaining pressures
- Handling non-union competition
- Increasing health care costs
- Managing expenses with changes in employment

Difficult times require experience and depth of resources to help you work through challenges.

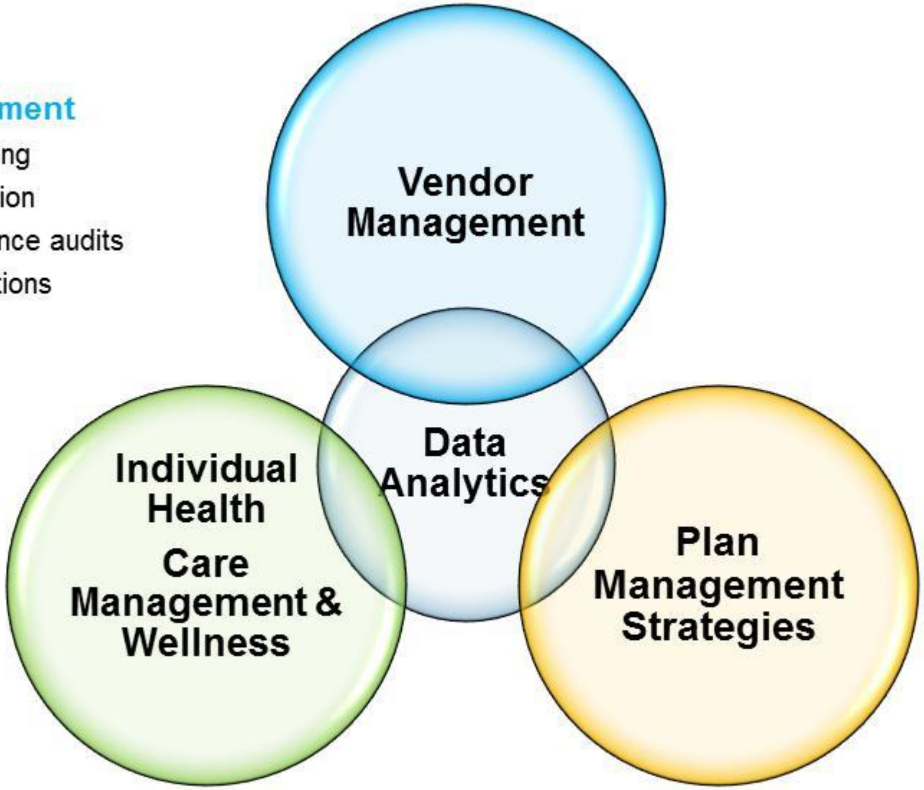
Multiemployer Trustee Challenges



We work with the Trustees and Fund Professionals to address these challenges.

Trustee Planning

Vendor Management
- Competitive bidding
- Contract negotiation
- Vendor performance audits
- Renewal negotiations



Plan Management Strategies
- Plan design
- Plan cost modeling/actuarial services
- Funding options and strategies
- Reserve adequacy
- Contribution strategies
- Coverage rules and protocols

Individual Health Care Management & Wellness
- Wellness and prevention programs
- Disease management programs
- Catastrophic claimant programs
- Transparency tools

Potential Strategies

- Tiered and performance networks
- Integrated case management and customer service
- Transparency tools
- Concierge services
- Prescription drug protocols
- Basic fund management

Annual Fund Design and Employee Contribution Analysis
Interactive Live Modeling

Plan XYZ

Plan Changes & Associated Savings Effective January 1, 2013 Based on Budgets with Data through December 31, 2011

Medical Options:	Deductible	OOP Max	Coinsurance	OV Copay	ER Copay	% Change	Annual Savings
Employee Plan	$150/$300	$2,000/$3,000	90%/80%	Current (coinsurance)	Current ($50)	0.0%	$0
Current: $150/$300 Deductible; 90%80% Coinsurance; $2,000/$3,000 OOP Max; 80% Office Visits; $50 ER Copay.							
Retiree Plan	$150/$300	$2,000/$3,000	85%/75%	Current (coinsurance)	Current ($50)	0.0%	$0
Current: $150/$300 Deductible; 85%/75% Coinsurance; $2,000/$3,000 OOP Max; 75% Office Visits; $50 ER Copay.							

Miscellaneous Medical Changes:

		% Change	Annual Savings
Exclude In-Network Charges from OON Deductible (Employee & Retiree)	No (current)	0.0%	$0
Advanced Radiology Copay (Employee & Retiree) *(after deductible/coinsurance)*	None (current)	0.0%	$0
OON Physician Charges (Employee & Retiree) *Current: 90% of Ingenix*	90% of Ingenix (current)	0.0%	$0

Prescription Drug Options:

		% Change	Annual Savings
Employee Plan *Current: R: $10 / $30 / $45; M: $15 / $45 / $65* *National Preferred Open Formulary*	R: 15% / 25% / 35% M: 10% / 20% / 30% National Preferred (Current)	-2.1%	$757,900
Retiree Plan *Current: R: 100% / 100% / 100%; M: $15 / $45 / $45* *National Preferred Open Formulary*	R: 100% / 100% / 100% (current) M: $15 / $45 / $45 (current) National Preferred (Current)	0.0%	$0

Vision Options: *Current: $500 every 2 years*

		% Change	Annual Savings
Coinsurance & Annual Limit:	100% up to $500 every 2 years (current)	0.0%	$0

Retiree Rate Increases: **Percentage Increase:** 0.0% | 0.0% | $0

	Current Rates - Eff. January 1, 2012			January 1, 2013 Proposed Rates		
	Single	Two Party	Family	Single	Two Party	Family
One Medicare	$149	$560	$719	$149	$560	$719
Two Medicare	N/A	$297	$456	N/A	$297	$456
No Medicare	$411	$824	$982	$411	$824	$982

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Total Savings: $757,900

The projections in this report are estimates of future costs and are based on information available to The Segal Company at the time the projections were made. The Segal Company has not audited the information provided. Projections are not a guarantee of

Sample Client Experience

CLIENT / SITUATION	OUTCOME
UFCW Union Local 919 & Contributing Employers' Benefit Funds—The Fund had a PPO through a regional carrier that covered 7,000 members.	**Outcome:** Segal assisted the Board of Trustees in preparing an RFP for PPO medical services. Through the competitive bid process, the Fund was able to achieve over $5,000,000 in Fund savings and approximately $1,000,000 for the members.
Heartland Health and Wellness Fund—The UFCW health fund programs are self-funded, covering approximately 15,000 employee and retiree participants plus their dependents. The Fund Office Staff provides customer services, claims adjudication, eligibility management and vendor management. Recently, the Fund hired a nurse to run the wellness program.	**Outcome:** Evaluate the cost effectiveness of the premium assistance tax credits and the low income cost sharing subsidies versus the tax benefits of employer sponsored coverage for lower wage workers. Also known as Exchange Modeling
Rocky Mountain UFCW Unions and Employers Health Benefit Plan—The Plan offers both self-funded PPO and fully-insured HMO options, covering approximately 12,000 employee and retiree participants plus their dependents.	**Outcome:** Segal assisted the Board of Trustees to reduce plan costs by changing the plan design and contributions. These changes were facilitated through a budgeting process, collective bargaining consultation, and increased utilization of CIGNA programs. These changes were also communicated extensively to members through print materials and local meetings.

Proposed Fees

For all of the services listed as Basic Services, we propose a three-year, fixed-fee retainer agreement, paid quarterly, in advance:

Year	Annual Retainer Fee		
	Option 1 Full Services	**Option 2** No Budget Projections or MOB/COBRA Calculations	**Option 3** No SOP 92-6
2014	$92,000	$76,000	$81,000
2015	$92,000	$76,000	$81,000

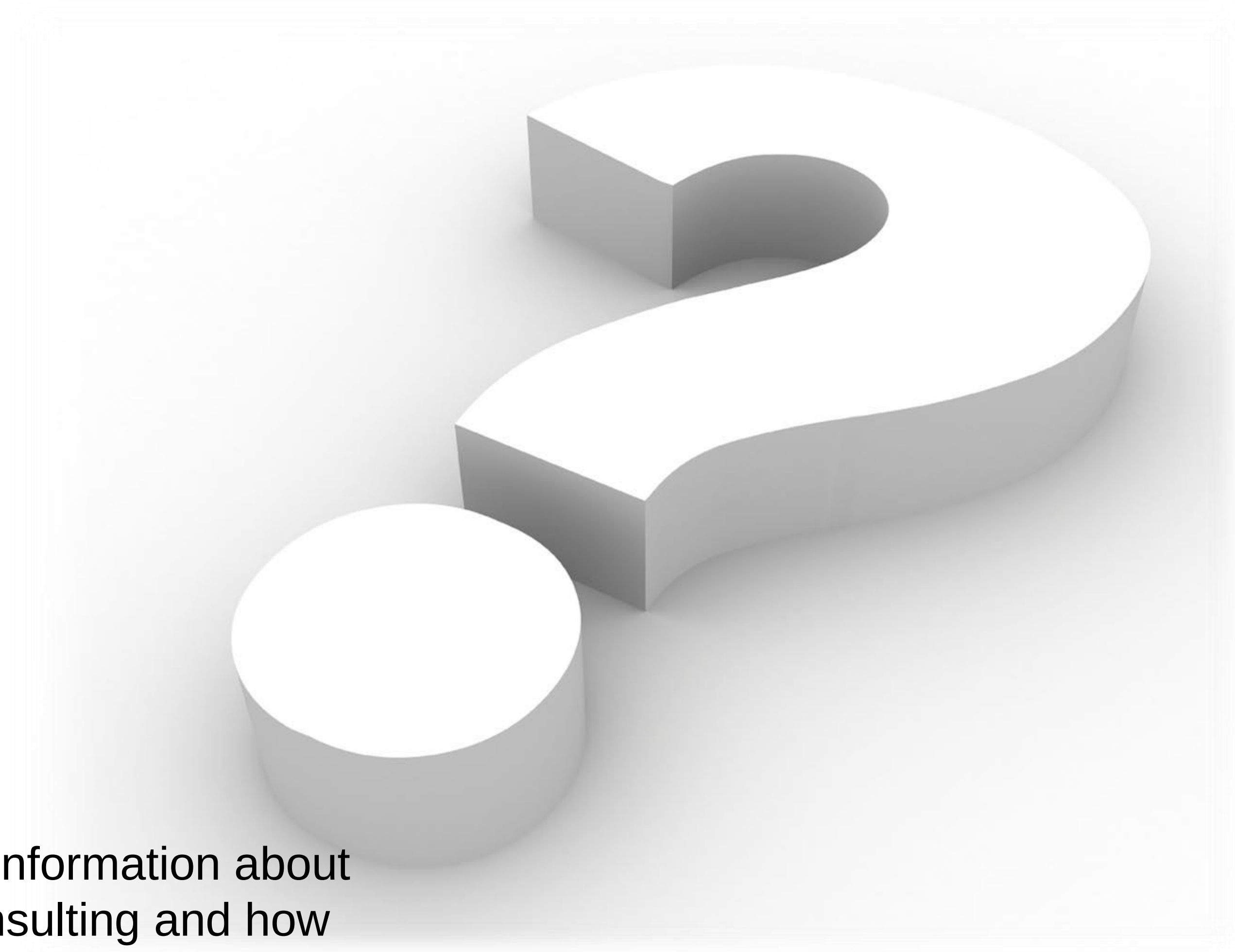
- Fees for Supplemental Services generally will be charged on a time-charge basis at our standard hourly rates or, in some instances, on a project basis.
- We do not bill separately for services performed by our clerical staff, duplicating, computer time, postage, telephone calls, etc.
- When selecting a consulting firm, we hope that fees never keep us from being hired. If you find that our fee is not in the range of your budget, please reach out to us.
- We want to partner with you and establish a lasting relationship of value and trust.

Why Segal?

- Local Presence
  - Segal is dedicated to serving Mid-Atlantic multiemployer clients
  - Deep and broad knowledge of UFCW Unions and Employers.
- Independence
  - No ties to insurance, brokerage or financial institutions
- National research capability
  - Building on our knowledge base to support our clients
- One-company support
  - No boundaries to the best talent from anywhere in the company
- High quality standards
- Trusted Advisor
  - On both a technical and strategic level

We do not downplay bad news nor overstate good news.
We make concrete recommendations that fit your needs and goals.

Questions and Discussion



For more information about Segal Consulting and how we help our clients, please visit **www.segalco.com**

We Have the Experience with the UFCW That You Need!

- United Food and Commercial Workers Unions and Food Employers Joint Pension Trust Fund, Cypress, CA
- United Food & Commercial Workers Unions & Food Employers Benefit Fund, Cypress, CA
- Southern California United Food & Commercial Workers Unions & Drug Employers Pension Fund, Los Angeles, CA
- Southern California General Sales Employers & United Food & Commercial Workers Pension Fund, Los Angeles, CA
- Southern California Drug Benefit Fund, Los Angeles, CA
- Northern California UFCW Wholesale Health and Welfare Trust Fund, Oakland, CA
- Butcher & Provision Workers Pension Fund of Southern California, Pasadena, CA
- Employers Local 1167 Joint Pension Fund, Rancho Cucamonga, CA
- Walgreen Company and UFCW Local 648 Welfare Trust, San Francisco, CA
- UFCW - Northern California Employers Joint Pension Fund, Walnut Creek, CA
- UFCW - Northern California Food Employers Joint Individual Account Pension Plan, Walnut Creek, CA
- UFCW & Employers Benefit Trust, Walnut Creek, CA
- UFCW Northern California and Drug Employers Health and Welfare Trust Fund, Walnut Creek, CA
- Rocky Mountain United Food & Commercial Workers Unions & Employers Pension Plan, Denver, CO
- Rocky Mountain UFCW Unions & Employers Health Benefit Plan, Westminster, CO
- Denver Area Meat Cutters & Employers Pension Plan, Wheatridge, CO
- United Food & Commercial Workers Union Local 919 & Contributing Employers Food Pension Fund, Farmington, CT
- United Food & Commercial Workers Union Local 919 Contributing Employers Non-Food Pension Fund, Farmington, CT
- United Food &Commercial Workers' Union Local 919 & Contributing Employers' Food Health and Welfare Fund, Farmington, CT
- Amalgamated Welfare Trust Fund - Local 371, Westport, CT
- Chemical Workers Council of the United Food & Commercial Workers, Washington, DC
- United Food & Commercial Workers International Union – Industry Pension Fund, Chicago, IL
- United Food & Commercial Workers Union Local 1546 Pension Plan, Chicago, IL
- UFCW Unions and Employers Midwest Pension Fund, Chicago, IL
- UFCW Unions and Employers Midwest Health Benefits Fund, Chicago, IL
- UFCW Pension Plan for Salaried Staff, Chicago, IL
- UFCW Union and Employers Calumet Region Insurance Fund, Gary, IN
- Pension Fund of American Meat Cutters Local 227, Louisville, KY
- United Food & Commercial Workers Union Local 227 & Employers Health and Welfare Fund, Louisville, KY

We Have the Experience with the UFCW That You Need! (cont’d)

- Domino Sugar Corp. – United Food & Commercial Workers International Union Local 1101, Arabi, LA
- United Food & Commercial Workers Local 592 Pension Fund, Dedham, MA
- United Food and Commercial Workers Union Local 1459 Health and Welfare Fund, Springfield, MA
- Maryland Race Track Employees’ Pension Fund, Cockeyville, MD
- Northern Minnesota-Wisconsin Area Retail Clerks Pension Fund, Duluth, MN
- United Food & Commercial Workers Union Local 655 Welfare Fund, Ballwin, MO
- United Food & Commercial Workers Union Local 655 Food Employers Joint Pension Fund, Ballwin, MO
- Retail Food Employers and UFCW Local 711 Pension Trust Fund, Las Vegas, NV
- UFCW Local 711 and Retail Food Employers Benefit Fund, Las Vegas, NV
- UFCW National Health and Welfare Fund, Englewood, NJ
- UFCW Local 348 Health and Welfare Fund, Brooklyn, NY
- UFCW Local 888 Pension Fund, Mount Vernon, NY
- UFCW District Union Local One Health Care Fund, Oriskany, NY
- United Food & Commercial Workers Union Employers Health & Welfare Fund, Akron, OH
- United Food & Commercial Workers Union Employers Pension Fund, Akron, OH
- United Food & Commercial Workers Union Local 880 & Mercantile Employers Joint Pension Fund, Cleveland, OH
- United Food & Commercial Workers Union Local 880 Retail Food Employers Joint Pension Fund, Cleveland, OH
- UFCW Local Union &Employers Benefit Plan of the Southwestern Ohio Area, Dayton, OH
- Joint Labor Management Retail Trust, Portland, OR
- Portland Area UFCW Local 555 - Employers Health Trust, Portland, OR
- UFCW and Participating Employers’ Interstate Health & Welfare Fund, East Providence, RI
- Intermountain United Food and Commercial Workers and Food Industry Health Fund, Salt Lake City, UT
- Washington Meat Industry Pension Trust, Seattle, WA

The Segal Advantage

Proactive Consultants

About Segal Consulting
Comprehensive Services

Our company has been providing consulting services to employers for 75 years. Segal is a privately owned independent company with offices in 23 cities throughout the United States and Canada. Our firm can be retained on a project or an ongoing basis.

Health & Welfare Funds

- Cost management strategies
- Financial forecasting and trend analysis
- Identification of key cost drivers
- Service and quality performance standards
- Fund design studies and rate validation
- Fund trend and industry benchmarking
- Vendor selection, contracting and management services

Administration Technology Consulting

- Technology strategy development
- Technology project management
- Vendor services review, selection and implementation
- Vendor monitoring

Retirement Funds

- Defined benefit and contribution funds
- Compliance monitoring and review
- Actuarial valuations and reporting
- Government reporting and disclosure
- IDC Connect®—an inter-disciplinary approach to the evaluation and selection of service providers

Human Resources Communication

- Strategic communication planning
- Benefit statement design and preparation
- Newsletters, brochures, and videos
- Internal surveys/focus groups
- Intranet website consulting

Fund Compliance

- Segal Crosscheck operations assessment
- Claims auditing and reporting
- Compliance reviews and updates for state, DOL, IRS, and Medicare guidelines
- Fund Document review and drafting