International Union of Operating Engineers
Local 487 Health & Welfare Fund
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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS HEALTH & WELFARE FUND THURSDAY, FEBRUARY 9, 2017 MIAMI LAKES, FLORIDA

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary
S. Singer	J. Epperson
J. Mullins	M. Harrison
W. Utreras	F. Villella

Also present were:

M. Alvarez – United Healthcare
D. Clutts – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
B. Garrison – United Healthcare
A. Golemi – United Healthcare
J. Hart – SEI Global Institutional Group (via teleconference)
D. McCullers – Apprenticeship Director
E. Naegele – The Segal Company
K. Phillips – Phillips, Richard & Rind, PA
R. Sudler – Sudler Insurance Services, Inc.

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on November 10, 2016, which were circulated to the Trustees in advance of the meeting. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the minutes of the regular Board meeting held on November 10, 2016 as presented.**

III. HEALTH INSURANCE BROKER'S REPORT

The Trustees welcomed Mr. Robert Sudler of Sudler Insurance Services, Inc. to the meeting.

Mr. Sudler distributed a report analyzing the Aetna renewal proposal and request for proposal ("RFP") results, a copy of which is attached to and made a part of these minutes as Exhibit A. Mr. Sudler stated that Aetna Healthcare's renewal rate was 45% higher than the current Plan cost. An RFP was sent to carriers in January 2017: two companies declined to quote, one company provided a quote but it was not competitive, and one company did not respond in a timely manner. United Healthcare ("UHC") responded to the RFP and provided a competitive quote. Mr. Sudler said that the quote from UHC offered two comparable HMO plans at a 9.9% increase over the current Aetna HNOnly and POS rates. Mr. Sudler said that representatives from UHC were present to discuss the quote and respond to questions. He stated that Aetna declined to attend the meeting to present a renewal proposal. Mr. Sudler said that if the Trustees decided to switch healthcare providers, Aetna's current contract will expire on March 31, 2017 and that Aetna will not continue the contract on a month-to-month basis.

United Healthcare ("UHC")

The Trustees welcomed Mr. Brian Garrison, Mr. Angelo Golemi and Ms. Michelle Alvarez of UHC to the meeting. Mr. Garrison distributed a UHC Health Benefits Proposal for Local 487, a copy of which is attached to and made a part of these minutes as Exhibit B. UHC proposed a one-year contract offering two options for HMO plans to cover the participants, and a PPO option for a few participants who reside in Alabama, a requirement due to licensing regulations in that State. The contract proposal represents a 9.9% increase over the Aetna plan costs, excluding dental and vision benefits.

The primary benefit changes with the UHC plans would be:

- The UHC proposal has two HMO programs; 86% of Plan participants would be covered by the Neighborhood Health Plan HMO ("NHP HMO"). The NHP HMO coverage area is defined by the geographic area of certain counties in south and central Florida. The 13% of the Plan participants who reside outside of the NHP HMO geographic area would be covered by the UHC Choice HMO, a national UHC HMO network. Less than 1% of Plan participants reside in Alabama and would be covered by a UHC POS Plan specific to Alabama.
- The NHP HMO requires the selection of a primary care physician for each participant and dependent.
- The formulary brand name drug copay will increase from $30 to $40 for prescriptions purchased at retail pharmacies and from $70 to $80 for mail order prescriptions.
- Participants will be required to use LabCorp for blood/lab work.
- Complex imaging benefits, such as MRIs, will remain at a $175 copay; however, when performed in a hospital, there is an additional cost of 20% after the deductible is met.
- The UHC Choice HMO network of providers is not available to NHP HMO participants. The NHP HMO participants may utilize urgent care centers, minute clinics and emergency rooms outside of Florida, provided these facilities are contracted with UHC.
- Aetna's Teledoc program would be replaced by UHC's Virtual Visit program for the UHC Choice HMO and UHC POS plans only. All Plan participants will have a Nurse Line available to them.
- UHC will assist Plan participants with continuity of care for treatment they are undergoing during the change in providers from Aetna to UHC.

Mr. Garrison assured the Trustees that UHC could meet an April 1, 2017 implementation date. Ms. DuVall informed the Trustees that Associated Administrators needs a minimum of 90 days to smoothly implement a vendor change, primarily due to changes needed for HIPAA compliance, 834 file and billing systems programming, as well as the need to test eligibility transmissions. Associated cannot assure the Trustees that an April 1, 2017 deadline could be met, but would do everything possible to do so, given that Aetna will not continue to provide benefits on a month-to-month basis.

The Trustees thanked Mr. Garrison, Mr. Golemi, and Ms. Alvarez for their presentation and excused them from the meeting.

Trustee Discussion

Mr. Sudler recommended that the Fund terminate its contract with Aetna and hire UHC, effective April 1, 2017. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to approve a one-year contract from April 1, 2017 through March 31, 2018 with UHC for medical, dental and vision benefits at the following monthly premium rates:

NHP HMO Rates:
Employee Only $421.93
Employee Plus One $886.12
Employee Plus Family $1,244.73

UHC HMO/POS Rates:
Employee Only $582.32
Employee Plus One $1,222.95
Employee Plus Family $1,717.88

Dental HMO Rates:
Employee Only $12.56
Employee Plus One $23.88
Employee Plus Family $39.18

Vision Rates:
Employee Only $4.30
Employee Plus One $8.16
Employee Plus Family $11.89

Mr. Sudler stated he would work with the Administrative Manager to prepare for open enrollment and coordinate with UHC regarding the implementation process for an April 1, 2017 effective date.

The Trustees thanked Mr. Sudler for his report and excused him from the meeting.

IV. INVESTMENT CONSULTANT'S REPORT

The Trustees welcomed Mr. John Hart from SEI Global Institutional Group to the meeting via teleconference.

Performance Report

Mr. Hart discussed SEI's investment management report dated February 9, 2017, a copy of which is attached to and made a part of these minutes as Exhibit C. Mr. Hart stated that the market value of the Fund assets in the total portfolio as of December 31, 2016 was $3,857,011. The fiscal year-to-date net return was 3.71% compared to the total index return of 3.24%. The Fund's total portfolio had a net return of 5.34% compared to the total index return of 4.40% for the period June 1, 2010 to December 31, 2016. The asset allocation was 74.4% in fixed income and 25.6% in equity.

The Trustees thanked Mr. Hart for his report and excused him from the meeting.

V. ACTUARY'S REPORT

The Trustees welcomed Mr. Ernie Naegele from The Segal Company ("Segal") to the meeting.

Segal Consulting Updates

Mr. Naegele distributed and reviewed a Segal Consulting Update titled "Congress Likely to Amend Affordable Care Act in 2017" dated December 22, 2016, a Segal Consulting "Trends News for Multiemployer Health Plans" for the first quarter 2017, and a Segal Consulting Memorandum titled "President Trump's Executive Order on the Affordable Care Act and His Administration's Freeze on New Regulations," copies of which are attached to and made a part of these minutes as Exhibit D. Mr. Naegele said the Cadillac Tax for high-cost health care plans under the Affordable Care Act ("ACA") has been delayed to year 2020. Mr. Naegele stated it is Segal's assessment that other ACA taxes may be repealed.

Mutual of Omaha Life/Accidental Death & Dismemberment ("AD&D") Policy

Mr. Naegele stated he would be working on the renewal contract for the Fund's life insurance/AD&D policy with Mutual of Omaha which is due to be renewed on August 1, 2017.

The Trustees thanked Mr. Naegele for his report and excused him from the meeting.

VI. ATTORNEY'S REPORT

Ms. Kathleen Phillips distributed a report titled "Trustees Report" dated February 9, 2017, a copy of which is attached to and made a part of these minutes as Exhibit E.

A. Delinquency and Collections

Ms. Phillips provided an update on the delinquency and collection matters involving Pre-Con Construction, Inc. and Zeiger Crane Rental, Inc.

B. Payroll Audits

Ms. Phillips provided the following payroll audit status report:

Ebsary Foundation Company ("Ebsary")

The random audit of Ebsary for the period from October 1, 2014 through September 30, 2016 found that it complied with the Collective Bargaining Agreement ("CBA") as it related to fringe benefit contribution requirements.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Income and Expense Statement

Ms. DuVall reviewed the Income and Expense Statement for December 2016, a copy of which is attached to and made a part of these minutes as Exhibit F. She reported total assets for the month of December 2016 were $4,829,310.07 compared to $4,433,061.64 for December 2015. She reported that for the month of December 2016, the Fund had total receipts of $574,807.88 and total expenses of $569,283.83, resulting in a surplus of $5,524.05. Ms. DuVall presented a Comparative Income Statement for the twelve months ended December 31, 2016.

B. Disbursements

Ms. DuVall presented the expense check register for December 2016, which indicated total disbursements of $569,003.41.

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

RESOLVED to accept the Administrative Manager's Report as presented.

C. Death Benefits – Retired Employees Report

The Death Benefits - Retired Employees Report for the period of December 1, 2016 to February 1, 2017 was reviewed by the Trustees.

VIII. OTHER FUND BUSINESS

Ms. DuVall reported the following:

A. Mutual of Omaha ("Omaha")

Census data will be provided to Omaha and to Mr. Naegele for Segal to obtain a quote on the August 1, 2017 renewal of the Fund's group life insurance policy.

B. Fiduciary Liability Insurance Renewal

The Fund's Fiduciary Liability insurance policy was renewed for the policy period January 1, 2017 to January 1, 2018. The insurance broker offered two additional endorsements for consideration at an additional premium of $250 each including: 1) Investigatory Expenses Endorsement with Sub-Limit and 2) Broadened Coverage with Overpayments of Benefits Endorsement. After discussion on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to ratify renewal of the Fiduciary Liability policy without the addition of optional endorsements.

C. Summary Annual Report

The Summary Annual Report for the Plan year ended March 31, 2016 was mailed on December 19, 2016 to Plan participants.

D. Form 5500

The Fund auditor confirmed that the Form 5500 for the Plan year ended March 31, 2016 had been electronically filed on November 21, 2016, under the allowable extension of time to file.

E. Participation Agreement

A Participation Agreement for employees of the South Florida Operating Engineers Apprenticeship and Training Fund was executed on November 16, 2016.

F. Investments

Pursuant to the Trustees' direction during the November 10, 2016 Board meeting, $200,000 was transferred from the Fund checking account to SEI on November 21, 2016 for investment.

G. Centers for Medicare & Medicaid Services ("CMS") Notices

The Fund office received notices from CMS dated December 5, 2016 and December 27, 2016, acknowledging that payment had been received from third-party payees.

H. Summary Plan Description ("SPD")

The Administrative Manager will coordinate with Fund counsel to revise the SPD.

IX. MEETING DATES AND LOCATION

The next quarterly Board meeting was scheduled for Thursday, May 11, 2017 at 10:00 a.m. in Miami Lakes, Florida. The remaining regular Board meetings were scheduled for August 10 and November 9, 2017.

X. ADJOURNMENT

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

Respectfully submitted,

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Jonathan Turk, Fund Secretary

These Minutes were adopted on ________________________________

Attachments:

Exhibit A: Sudler Insurance Services Report, February 9, 2017
Exhibit B: UHC Health Benefits Proposal, February 9, 2017
Exhibit C: SEI Investment Management Report, February 9, 2017
Exhibit D: Segal Consulting Update 12/22/2016, Segal Consulting "Trends News for Multiemployer Health Plans" Q1 2017, and Segal Consulting Memorandum
Exhibit E: Trustees Report from Fund Counsel, February 9, 2017
Exhibit F: Income and Expense Statement, December 31, 2016