United Food and Commercial Workers Unions
and Participating Employers
Health and Welfare Fund

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MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
UFCW UNIONS AND PARTICIPATING EMPLOYERS
HEALTH AND WELFARE FUND
DECEMBER 6, 2017
LANDOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES
M. Federici – Chairman
Y. Anwar
T. Hipkins
G. Murphy

EMPLOYER TRUSTEES
S. Loeffler – Secretary
J. Born
D. Gwin
S. Springer

Also present were:

H. Burton – Morgan, Lewis & Bockius, LLP
D. Clutts – Associated Administrators, LLC
J. Chorpenning – Local 27
A. Hanson – Local 400
C. Heppner – The Segal Company
C. Hoffmann – Local 400
J. Ianniello – Associated Administrators, LLC
N. Jacobs – Local 400
W. Jensen – Associated Administrators, LLC.
W. Seehafer – SuperValu, Inc.
B. Slevin – Slevin & Hart, P.C
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
M. Wilson – Local 400

I. CALL TO ORDER

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

II. TRUSTEE CHANGES

The Trustees discussed the impending departure of the Kroger programs from the Fund and noted that the current Secretary of the Fund and another Trustee of the Fund are Kroger employees. Mr. Loeffler said he will resign effective December 31, 2017, and Mr. Springer will remain a Trustee until at least January 31, 2018 or until the transition of the Kroger employees is complete. After discussion,

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

> **RESOLVED that Trustee Donna Gwin will replace Trustee Steven Loeffler as Secretary to the Fund effective December 31, 2017.**

III. MINUTES

The Union Trustees advised that upon review, the December 15, 2016 minutes as originally presented to the Board of Trustees at the April 19, 2017 meeting were accurate in their opinion and that they mistakenly agreed to amend them at the April meeting to show abstentions.

The Union Trustees made a motion to amend the minutes of the December 15, 2016 Board of Trustees meeting as approved at the April 19, 2017 Board of Trustees meeting to reflect that there were no abstentions, as was reflected in the original draft of the December 15, 2016 minutes.

The Motion deadlocked.

The Trustees then reviewed the minutes of the regular meeting held on April 19, 2017, the regular meeting held on October 10, 2017, and the appeal meeting held on October 2, 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 19, 2017, the regular meeting held on October 10, 2017, and the appeal meeting held on October 2, 2017, were approved, as presented.**

IV. FINANCIAL REPORT

PNC Bank

The PNC Summary of Activity report for the period January 1, 2017 to October 31, 2017 was pre-circulated. Such report indicated a beginning market value of $4,674,874, receipts of $35,349,273, disbursements of $33,811,671, and investment returns of $68,854, producing an ending market value of $6,281,330 as of October 31, 2017. It was also noted the PNC has assigned Mary Jones as the Fund's client representative. The Trustees asked Associated Administrators to invite Ms. Jones to the next Board of Trustees meeting.

V. CONSULTANT'S REPORT

The Segal Company

The Trustees welcomed Mr. Josh Timm and Mr. Christopher Heppner, of The Segal Company ("Segal") to the meeting.

1. Dental Request for Proposal ("RFP")

Mr. Heppner presented the Dental Preferred Provider Organization ("DPPO") bid analysis - proposals effective January 1, 2018. The analysis included DPPO bids from Aetna, CareFirst, CIGNA, Delta Dental, Dominion, Guardian, MetLife, and United Health Care. Trustee Jon Born asked why the 2015 RFP produced such different outcomes compared to the numbers Segal was presenting now. Segal responded that the demographics of the group have changed as the new search was limited to the Shoppers Food Warehouse employees. The current bids produced a corresponding higher set of rates.

After discussion, the Trustees agreed to continue to search for ways to increase the network and increase utilization.

2. Reserves

Mr. Heppner distributed and reviewed a "Fund Experience Report" dated December 2017 regarding the reserve level as of October 31, 2017. As of that date, the Fund had 2.9 months of reserves. The Trustees asked Segal to send monthly updates on the reserve levels to the Trustees.

3. Affordable Care Act ("ACA") 2018 List of Preventive Services Benefits

Mr. Timm presented the 2018 list of ACA Preventative Services Benefits, which was pre-circulated. After review,

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

> **RESOLVED to adopt the 2018 list of ACA Preventive Services Benefits, as presented.**

4. Plan Y20 & Y30 Part Time Dependent Rates

Mr. Timm presented Plan Y20 and Y30 costs per enrolled dependent child. The rates were:

Plan	Per Child Rate	3 or More Children Rate
Y20 Part Time	$137.57	$412.71
Y30 Part Time	$135.12	$405.36

After review,

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

> **RESOLVED to adopt the 2018 Plan Y20 and Plan Y30 Part Time Dependent Rates, as presented, effective March 1, 2018.**

Heritage RX

Pharmacy Benefits Manager Proposals

Mr. Jensen reviewed new pricing that was submitted to Heritage Rx by Optum Rx between meetings. Optum Rx's final offer represented a projected savings of $2,974,563 to the Fund over a three year period. Express Script's final offer represented a projected savings of $2,008,567 to the Fund during the same three year period. The new Optum Rx proposal was accepted between meetings by the Trustees with the new pricing effective January 1, 2018 through December 31, 2020.

VI. ATTORNEY'S REPORT

A. Kroger Plan Transfer to the West Virginia Fund

Mr. Slevin discussed the transfer of the Richmond / Tidewater and the Roanoke Plans to the West Virginia UFCW Fund.

B. Pre-Tax Employer Deductions

Mr. Slevin reported that the Committee agreed to amend enrollment and eligibility requirements of the benefit plans. A Summary of Material Modification will be distributed to the Plan participants in the next "For Your Benefit" newsletter.

C. 5500 Reporting

Mr. Slevin reported on Co-Counsel's review regarding the Active and Retiree plans.

D. Express Scripts ("ESI") Audit

Mr. Slevin discussed the ESI Audit for the period ending 2006.

E. Optum Hepatitis C Amendment

Mr. Slevin discussed Optum Rx's Hepatitis C Amendment.

F. Metropolitan Life

Mr. Slevin reported on the status of the Metropolitan Life draft contract. Mr. Jensen added that MetLife has not responded to his questions concerning conversion rights. The Trustees asked that MetLife be advised of the Trustees' displeasure with its lack of responsiveness.

G. Cheiron Fee Amendment

Mr. Slevin reported on the 2017 Cheiron fee contract.

H. CareFirst and Anthem PPO Contract Renewal

Mr. Slevin reported on the status of the CareFirst and Anthem contracts.

VII. ADMINISTRATIVE MANAGER'S REPORT

Mr. Ianniello presented the Administrative Manager's report for the third quarter 2017, which had been pre-circulated. Such report indicated total income of $11,758,893, and total expenses of $11,473,919, producing a surplus of $284,974. Contributions were made on behalf of 5,529 Plan participants.

VIII. INVOICES

The Trustees reviewed the list of invoices dated December 6, 2017. It was noted that there were no additions, deletions or changes to the list of invoices.

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

> **RESOLVED that the invoices shown on the list dated December 6, 2017 are approved for payment.**

IX. OTHER FUND BUSINESS

A. Dependent Spousal Audit

Mr. Ianniello reported on the progress of the Dependent Spousal Audit conducted by the Fund Office. The first notice to 599 participants was mailed on October 1, 2017 by the Fund Office. The Second notice to 239 participants was mailed on November 1, 2017 by the Fund Office. The final notice to 119 participants was mailed on December 1, 2017 by the Fund Office. The Fund Office will also call each non-responding participant. Spouses of participants who fail to respond will be terminated as of December 31, 2017 and advised of their appeal rights.

B. Kroger Retiree Termination Process

Mr. Ianniello advised that Kroger retirees had been terminated from coverage as of June 30, 2017. Retired participants have until December 31, 2017 to file a claim under the Fund's filing deadlines.

C. Kroger Transition to West Virginia Fund

Mr. Ianniello discussed the process of transitioning the Kroger Richmond Tidewater and the Roanoke Plans to the West Virginia Fund. On December 19, 2017 Associated will receive the last claims file from Anthem for the Roanoke Plans. Associated agreed to have these claims processed and returned to Anthem by December 29, 2017. Associated has had calls with Anthem and the West Virginia Fund Office coordinating the December 31, 2017 transition date concerning COBRA, accident and sickness, appeals, and subrogation. The West Virginia UFCW Fund Office is handling all aspects of the 2018 open enrollment. Mr. Ianniello reported that all vendors and participants were notified of the transfer.

D. Medicare Deductible and Co-Insurance Rates – 2018

Mr. Ianniello presented for the Trustees review the Centers for Medicare and Medicaid Services (CMS) published changes to the Medicare Part A and B premiums, deductibles and co-insurance. He said that the Fund provides annual updates to the Trustees as the premiums and co-insurance rates are utilized in processing the Medicare Supplemental benefits for the 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 2018 as presented for use by the Retiree Plans for processing Medicare Supplemental coverage.**

E. <u>NEXT MEETING DATES AND LOCATIONS</u>

April 11, 2018 - 9:30 a.m. – Landover, Maryland

August 15, 2018 – TBD

November 14, 2018 – TBD

X. ADJOURNMENT

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

Respectfully Submitted,

Steve Loeffler – Secretary