UFCW UNIONS AND PARTICIPATING EMPLOYERS
HEALTH AND WELFARE FUND

BOARD OF TRUSTEES MEETING

SEPTEMBER 19, 2013

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

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

4301 Garden City Drive, Suite 201
Landover, Maryland 20785-6102
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

AGENDA

September 19, 2013

9:00 a.m.

I. CALL TO ORDER
   A. RESIGNATION/APPOINTMENT OF TRUSTEE

II. MINUTES (pg. 1 – 15)
   A. REGULAR MEETING – JULY 2, 2013
   B. APPEAL COMMITTEE MEETING – JUNE 11, 2013

III. FINANCIAL REPORT
   A. PNC BANK

IV. ATTORNEY'S REPORT
   A. REGULAR
   B. SUBROGATION
   C. DELINQUENCY REPORT

V. ADMINISTRATIVE MANAGER'S REPORT – 2Q13 (pg. 16 – 41)

VI. INVOICES (pg. 42 – 45)
   A. PPACA PROGRESS BILLING – 2Q13

VII. OTHER FUND BUSINESS (pg. 46 – 70)
   A. KROGER ROANOKE CBA RENEWAL PROVISIONS
   B. MISCELLANEOUS CORRESPONDENCE
   C. STATUS OF CONSULTANT RFP
   D. MOB PROJECTIONS PENDING

VIII. ANNUAL REPORTS
   A. OPTICAL PROVIDER (GROUP VISION SERVICES)
   B. UTILZATION REVIEW PROVIDER (INFORMED)
   C. MENTAL HEALTH PROVIDER (VALUE OPTIONS)
   D. PRESCRIPTION DRUG PROVIDER (CATAMARAN)

IX. NEXT MEETING DATE AND LOCATION

X. ADJOURNMENT

MINUTES

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

911 RIDGEBROOK ROAD
SPARKS, MARYLAND 21152-9451
TELEPHONE: (410) 683-6500
(800) 638-2972

4301 GARDEN CITY DRIVE, SUITE 201
LANDOVER, MARYLAND 20785-6102
TELEPHONE: (301) 459-3020
(800) 730-2241

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND JULY 2, 2013 TYSONS CORNER, VIRGINIA

The following Trustees were present:

UNION TRUSTEES
M. Federici - Chairman
M. Eubank
M. Harris

EMPLOYER TRUSTEES
S. Loeffler – Secretary
G. Anderson
D. Gwin
A. Samad-Salameh

Also present were:

H. Bazemore - Anthem
H. Burton – Morgan, Lewis & Bockius, LLP
J. Chorpenning – UFCW Local 27
G. Everhart – TC-3
E. Foxman – Group Dental Services
M. Herwig – PNC Bank
D. Hyman – Group Dental Services
W. Jensen – Associated Administrators, LLC
S. Krasnoff - Carefirst
R. Lloyd - Anthem
G. Murphy – UFCW Local 27
J. Pedone - Carefirst
J. Sears – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C
J. Slivosky – UFCW Local 400
D. Whitney – SuperValu
C. Wyszinski – UFCW Local 400

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

A. Proxy

Mr. Sears reported that Trustee Hipkins was unable to attend the meeting, but had submitted his proxy to Trustee Eubank Harrison to act in all matters coming before the Trustees.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting of December 11, 2012 and the appeals committee meetings of December 13, 2012 and March 8, 2013, 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 of December 11, 2012 and the appeals committee meetings of December 13, 2012 and March 18, 2013 were approved as presented.**

III. FINANCIAL REPORT

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting.

Mr. Herwig distributed the PNC Summary of Activity report for the period January 1, 2013 to May 31, 2013. Such report indicated a beginning market value of $15,593,818, receipts of $16,996,462, disbursements of $17,655,724, and earnings of $234,194, producing an ending market value of $15,168,750 as of May 31, 2013.

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

IV. ACTUARY'S REPORT

The Trustees welcomed Mr. Chris Mietlicki from Cheiron to the meeting.

A. 2013 Engagement Letter

Mr. Mietlicki presented an engagement letter for the 2013 plan year, which will include preparation of the roll-forward FASB ASC 965, for an annual fee of $9,000.

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

RESOLVED to approve the 2013 Cheiron engagement request of an annual fee of $9,000.

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

V. ATTORNEY'S REPORT

A. Restated Trust

Mr. Slevin discussed the restated trust.

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

RESOLVED to adopt the restated trust.

B. Forum Selection and Statute of Limitations

Mr. Slevin discussed the jurisdiction for legal proceedings and the statute of limitations.

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

RESOLVED to designate Maryland as the jurisdiction for any legal proceedings against the Fund and adopt a three year statute of limitations to bring actions.

C. PNC Custody Agreement

Mr. Slevin discussed the PNC contract.

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

RESOLVED to amend the PNC Bank custody agreement as may be appropriate to authorize the Board of Trustees to choose the fund for short term cash reserves.

D. Trustee Expenses

Mr. Slevin discussed recent DOL guidance on Trustee expenses.

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

> **RESOLVED to adopt Amendment Number 1 to the Trustee Expense Policy.**

The Trustees executed the amendment.

E. Fiduciary Liability Insurance Broker

Mr. Slevin discussed the broker for the Fund's fiduciary liability insurance.

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

> **RESOLVED to designate Segal Select as the broker of record.**

F. Cost Sharing

Mr. Slevin presented a new cost sharing agreement between the Fund, the UFCW Unions and Participating Employers Pension Fund, the FELRA and UFCW Pension Fund, the FELRA and UFCW Health and Welfare Fund and the Mid-Atlantic and Participating Employers Pension Fund ("MAP").

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

> **RESOLVED to approve the cost sharing agreement between the Fund, the UFCW Unions and Participating Employers Pension Fund, the FELRA and UFCW Pension Fund, the FELRA and UFCW Health and Welfare Fund, and the Mid-Atlantic and Participating Employers Pension Fund ("MAP").**

G. Affordable Care Act ("ACA") Plan Requirements

Mr. Slevin discussed the requirements of the Affordable Care Act ("ACA") that apply to plans.

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

> **RESOLVED to authorize a subcommittee of Mark Federici, Steve Loeffler, George Murphy, and Alia Samad-Salameh to review and make any ACA-related compliance decisions.**

Mr. Slevin discussed the requirements of the ACA. The Trustees agreed that the Fund should coordinate with the bargaining parties regarding the Plan and employer requirements.

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

> **RESOLVED to send a letter to participants advising of the notice they will be receiving from their employer and a letter to participating employers explaining the ACA employer notice requirement.**

H. ACA – PCORI Fees

Mr. Slevin discussed PCORI fees required by ACA.

I. ACA – Reinsurance Fee

Mr. Slevin discussed the reinsurance fee required by ACA.

J. Mental Health Parity

Mr. Slevin discussed Mental Health Parity. The Chairman and Secretary approved the changes recommended by Segal, and such benefit changes were implemented.

K. Kaiser Permantente Rate Increases

Mr. Slevin discussed rate increases from Kaiser.

L. Health and Human Services Survey ("HHS") – Early Retiree Reinsuarnce Program ("ERRP") Survey

Mr. Slevin discussed a survey from HHS regarding ERRP.

M. HIPAA Hi-Tech Business Associate Agreements ("BAAs")

Mr. Slevin discussed HIPAA BAAs.

N. Subrogation Lawsuit

Mr. Slevin discussed the US Air versus McCutchen subrogation decision.

O. Afram Litigation

Mr. Slevin discussed a lawsuit brought against the Fund by a medical provider.

P. Annual Limit Waiver

Mr. Slevin discussed the annual limit waiver for 2013.

Q. Milliman Contract

Mr. Slevin reported on the contract with Milliman. The Board discussed the invoices received from Milliman.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2012 and First Quarter 2013 Reports

Mr. Sears presented the administrative manager's report for the fourth quarter 2012, which had been pre-circulated to the Trustees. Such report indicated total income of $12,814,902 for the quarter. Total expenses were $12,981,624, producing a deficit of $166,722 for the quarter. Mr. Sears noted that contributions and were made on behalf of 7,290 plan participants.

For the year ending December 31, 2012, the report indicates total income was $49,501,134. Total expenses were $50,119,159, producing a deficit of $618,025 for the year. Contributions were made on an average of 7,324 plan participants.

Mr. Sears also presented the administrative manager's report for the first quarter 2013, which had been pre-circulated to the Trustees. Such report indicated total income of $12,477,700 for the quarter. Total expenses were $12,422,571, producing a surplus of

$55,129 for the quarter. Mr. Sears noted that contributions and were made on behalf of 7,184 plan participants.

VII. INVOICES

Mr. Sears presented a list of invoices dated July 2, 2013. He noted there were no additions, deletions or changes to the list and that all invoices represented proper Fund expenses.

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

> **RESOLVED that the list of invoices dated July 2, 2013 was approved for payment.**

VIII. OTHER FUND BUSINESS

A. Shoppers CBA Changes - Catamaran

Mr. Jensen said that changes to the Catamaran program benefits were being implemented.

B. Maintenance of Benefits ("MOB")

Mr. Jensen discussed MOB calculations. The Trustees decided to table the MOB decision until a conference call within a month.

C. Fund Consultant

The Trustees discussed engaging a Consultant to assist the Fund. Mr. Loeffler said he would provide a suggested reporting format to propose as part of the RFP.

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

> **RESOLVED to prepare a Request for Proposal to hire a Consultant for the Fund.**

The Trustees will discuss who to send it to during the MOB conference call.

D. <u>ING Life Insurance</u>

Mr. Sears reported that ING had offered a renewal for the life insurance for all plans except Richmond/Tidewater. The renewal reflected no increase to the rates of $.175 and $.018, effective March 1, 2013

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

> **RESOLVED to accept ING's renewal effective March 1, 2013.**

E. <u>Value Options</u>

Mr. Sears reported that Value Options had offered a renewal for the mental health benefits. The renewal reflected no increase to the rates, effective January 1, 2013

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

> **RESOLVED to accept Value Options' renewal effective January 1, 2013.**

F. <u>Aetna Dental – Richmond/Tidewater</u>

Mr. Sears reported that Aetna had offered a renewal for the dental program for Richmond/Tidewater. The renewal reflected no increase to the administrative rate of $4.03 per employee per month, effective January 1, 2013

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

> **RESOLVED to accept Aetna's renewal effective January 1, 2013.**

G. <u>CIGNA – Bextra/Celebrex Settlement</u>

Mr. Sears said a check for $1.16 was received as part of the settlement for Bextra/Celebrex.

H. Pediatric Paxil Settlement

Mr. Sears said a check for $3,921.40 was received as part of the settlement for Pediatric Paxil.

I. Warfarin Sodium Antitrust Settlement

Mr. Sears said a check for $76.61 was received as part of the settlement for Warfarin Sodium.

J. Fiduciary Liability Waiver of Recourse Premiums

Mr. Sears said the invoices for the waiver of recourse premiums were mailed to Trustees.

K. Kroger Prescription Plans ("KPP")

Mr. Sears said a check for $132.84 was received from KPP for an audit, and another for $10,517.93 for fourth quarter 2012 rebates.

IX. VENDOR PRESENTATIONS

A. Anthem – Richmond/Tidewater Medical Provider

The Trustees welcomed Ms. Rhonda Lloyd of Anthem to the meeting.

Ms. Lloyd reviewed a detailed claims and enrollment report for the period January 1, 2012 through December 31, 2012. The report indicated paid claims of $7,466,741 for the year and an average of 1,140 monthly participants. She presented a three year contract beginning January 1, 2014, with base administrative rates of $39.37 per contract per month ("pcpm") for 2014 and $40.05 pcpm for 2015 and 2016. The rates reflected an increase of 2.18% for 2014, 1.72% for 2015, and 0% for 2016.

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

> **RESOLVED to accept Anthem's renewal rates for 2014-2016, as proposed.**

The Trustees thanked Ms. Lloyd for her report and she was excused from the meeting.

B. Anthem – Roanoke PPO Provider

The Trustees welcomed Mr. Herb Bazemore of Anthem to the meeting.

Mr. Bazemore reviewed a detailed claims and enrollment report for the period January 1, 2012 through December 31, 2012. The report indicated paid claims of $10,929,221 for the year and an average of 2,363 monthly participants. He presented a three year contract beginning March 1, 2013, with base administrative rates of $20.09 per contract per month ("pcpm") through February 29, 2016. The rates reflected an increase of 1.5% for the period March 1, 2013 through February 28, 2014 and no increase for the two years thereafter.

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

> **RESOLVED to accept Anthem's renewal rates for the period March 1, 2013 through February 29, 2016, as proposed**

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

C. Carefirst – PPO Provider

The Trustees welcomed Mr. Steve Krasnoff and Mr. Joe Pedone of Carefirst to the meeting.

Mr. Krasnoff reviewed a detailed claims and enrollment report for the period January 1, 2012 through December 31, 2012. The report indicated billed claims of $33,817,678 for the year and a savings of $16,373,824. There was an average of 2,777 participants. Mr. Krasnoff discussed the administrative rates, which were $3.80 per participant per month ("pppm") from November 1, 2011 through October 31, 2012 and $3.88 for November 1, 2012 through October 31, 2013 for the Local NetLease program, and $19.23 pppm for November 1, 2011 through October 31, 2012 and $19.61 pppm for November 1, 2012 through October 31, 2013 for the FlexLink program. Mr. Krasnoff noted that 80% of the participants were covered by the NetLease program.

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

RESOLVED to accept Carefirst's rates for November 1, 2011 through October 31, 2013, as proposed.

The Trustees thanked Mr. Krasnoff and Mr. Pedone for their report and they were excused from the meeting.

D. Group Dental Services ("GDS") – Dental Provider

The Trustees welcomed Mr. Ethan Foxman and Mr. Dwight Hyman of GDS to the meeting. They reviewed a report dated July 2013 outlining the Fund's claims experience for 2012.

The report showed total visits for 2012 were 10,826 with 22,704 procedures performed. The value of these procedures totaled $2,859,167, versus total income of $2,298,375, for a relative value of 1.24. The cost of care was $1,558,525 versus premiums paid of $2,168,305 for an experience level of 71.9%. Mr. Foxman said the cost of care trended higher during the latter stages of 2012 after endodontics were added as a covered benefit.

Mr. Foxman said there were several options to increase network availability to participants in the Roanoke area. He said he would prepare a report prior to the next meeting.

Mr. Foxman said that Aetna now owns the majority of GDS and the sale was completed in the past month. He said there were no changes to the GDS management team at this time.

The Trustees thanked Mr. Foxman and Mr. Hyman for their report and they were excused from the meeting.

E. Proposal from TC-3 – Claims Cost Management

The Trustees welcomed Mr. Glen Everhart of TC-3 to the meeting.

Mr. Everhart discussed his firm's services in the claims cost management area. He illustrated the fraud prevention, large claim review, and out-of-network pricing products that they provide and how they could interface with the current networks.

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

X. MISCELLANEOUS CORRESPONDENCE

A. Proposal – Dominion Dental

Mr. Sears said a request to provide a proposal for services was received from Dominion Dental. At this time, the Trustees did not wish to pursue a proposal.

XII. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the following dates for the next meeting:

September 19 – location to be determined

XIII. ADJOURNMENT

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

Respectfully submitted,
Steve Loeffler - Secretary

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APPEALS EMAILED AND RESOLVED BY THE APPEALS SUBCOMMITTEE OF THE BOARD OF TRUSTEES OF THE UCFW UNIONS & PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND ON JUNE 11, 2013

The following Trustees made determinations on the appeals:

UNION TRUSTEES
C. Wiszynski

EMPLOYER TRUSTEE
D. Gwin

Also present was:
E. Novak - Associated Administrators, LLC.

I. APPEALS

The following appeals were reviewed by the Trustees:

April 2013

M13/182-0393	Late Filing	Denied
M13/161-5797	Late Filing	Denied
M13/165-4487	Late Filing	Denied
M13/140-4377	Late Filing	Denied
M13/120-4207	Late Filing	Denied
M13/171-0063	Late Filing	Denied

M13/172-6456	Late Response	Denied
M13/206-3729	Routine Services	Denied
M13/170-0183b	Routine Services	Denied
M13/144-6483	CRNP	Approved
A13/109-2150	Late Additional Information	Approved

May/June 2013

A13/115-8729	Eligibility	Denied
M13/198-5295	Late Filing	Denied
M13/225-7110	Late Filing	Denied
M13/207-0776	Late Filing	Denied
M13/181-6377	Late Filing	Denied
M13/186-5869	Late Filing	Denied
M13/197-2427	Late Filing	Denied
M13/187-9053	Late Filing	Denied
M13/209-3274	Late Filing	Denied
M13/188-9103	Late Filing	Denied
M13/191-2953	Late Filing, Late Appeal	Denied
M13/192-0086	Late Filing, Late Appeal	Denied
M13/202-8403	Late Filing, No Response	Denied
M13/179-5212	No Response	Denied
M13/237-5212	Late Response	Denied
M13/216-5344	No Response, Routine	Denied
M13/240-6549	No Response, Routine	Denied
M13/183-4769	Routine Services	Denied
M13/229-7714	Routine Services	Denied
M13/255-7925	Routine Services	Denied
M13/214-2631	Routine Services, Late Appeal	Denied
M13/213-5715	Ambulance Service	Denied/Denied
M13/220-6059	CRNA	Tabled

M13/232-6009	Educational/Self-Help Therapy	Denied
M13/215-7315	Late Filing	Denied
M12/374-4876	CRNA	Denied

Respectfully submitted,

Emily Novak

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ADMINISTRATIVE MANAGER'S REPORT

UFCW UNIONS AND PARTICIPATING EMPLOYERS

HEALTH & WELFARE FUND

SECOND QUARTER 2013

ADMINISTRATIVE MANAGER'S REPORT

SECOND QUARTER 2013
PLAN JS

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KELCO	$920.73	11	$30,384	
TOTAL		11	$30,384	$0

BENEFIT EXPENSES		COST
MEDICAL		$22,227
HMO		0
LIFE & AD & D		33
DISABILITY		0
DENTAL		1,397
OPTICAL		144
DRUG		7,387
RETIREES		9,115
MEDICAL ADM.		401
MENTAL HEALTH MANAGER		84
PPO[1]		361
UM/DM		329
SUB TOTAL		$41,478

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$384
ADMINISTRATION HIPAA		9
MISCELLANEOUS		171
SUB TOTAL		$564

TOTAL EXPENSES		$42,042

SURPLUS (DEFICIT)		($11,658)

AVERAGE INCOME		$921
AVERAGE EXPENSE		1,274
SURPLUS (DEFICIT)		($353)

[1]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN JSS-2

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
DELMARVA	$1,208.68	2	$7,251	
SAFEWAY VALLEY FT	1,208.68	3	10,878	
SAFEWAY VALLEY PT	1,208.68	3	12,087	
SHOPPERS FOOD 400 FT	1,208.68	502	1,821,481	
SHOPPERS FOOD 400 PT	1,208.68	206	745,755	
HMO COPAYS			7,404	
TOTAL		716	$2,604,856	$0

BENEFIT EXPENSES		COST
MEDICAL		$1,561,899
HMO		27,467
LIFE & AD & D		6,264
DISABILITY		108,634
DENTAL		100,339
OPTICAL		10,009
DRUG		488,510
RETIREES		593,262
MEDICAL ADM.		26,062
MENTAL HEALTH MANAGER		10,993
PPO[1]		23,334
UM/DM		21,318
SUB TOTAL		$2,978,091

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$24,959
ADMINISTRATION HIPAA		604
MISCELLANEOUS		11,126
SUB TOTAL		$36,689

TOTAL EXPENSES		$3,014,780

SURPLUS (DEFICIT)		($409,924)

AVERAGE INCOME		$1,213
AVERAGE EXPENSE		1,404
SURPLUS (DEFICIT)		($191)

[1]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN K2 FULL TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KROGER[1]	$647.75	1,202	$2,335,787	
UFCW 400 TEMP FT	647.75	0	0	
COBRA		9	10,359	
TOTAL		1,211	$2,346,146	$0

BENEFIT EXPENSES		COST
MEDICAL		$1,755,182
LIFE & AD & D		17,143
DISABILITY		104,419
DENTAL		140,654
OPTICAL		15,977
RETIREES		269,573
MEDICAL ADM.		43,400
MENTAL HEALTH MANAGER		15,959
EAP		2,395
PPO[2]		66,277
UM/DM		35,418
SUB TOTAL		$2,466,397

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$42,213
ADMINISTRATION HIPAA		1,017
MISCELLANEOUS		18,816
SUB TOTAL		$62,046

TOTAL EXPENSES		$2,528,443

SURPLUS (DEFICIT)		($182,297)

AVERAGE INCOME		$646
AVERAGE EXPENSE		696
SURPLUS (DEFICIT)		($50)

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES

[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN K2 PART TIME INDIVIDUAL

INCOME EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KROGER[1]	$263.03	204	$160,974	
TOTAL		204	$160,974	$0

BENEFIT EXPENSES		COST
MEDICAL		$108,743
LIFE & AD & D		844
DISABILITY		0
DENTAL		11,161
OPTICAL		1,956
RETIREES		44,400
MEDICAL ADM.		5,309
MENTAL HEALTH MANAGER		1,109
EAP		296
PPO[2]		11,165
UM/DM		4,354
SUB TOTAL		$189,337

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$7,111
ADMINISTRATION HIPAA		172
MISCELLANEOUS		3,170
SUB TOTAL		$10,453

TOTAL EXPENSES		$199,790

SURPLUS (DEFICIT)		($38,816)

AVERAGE INCOME		$263
AVERAGE EXPENSE		326
SURPLUS (DEFICIT)		($63)

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES

[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN K2 PART TIME FAMILY

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KROGER[1]	$2,416.49	3	$21,747	
TOTAL		3	$21,747	$0

BENEFIT EXPENSES		COST
MEDICAL		$1,415
LIFE & AD & D		18
DISABILITY		0
DENTAL		468
OPTICAL		40
RETIREES		3,172
MEDICAL ADM.		109
MENTAL HEALTH MANAGER		24
EAP		6
PPO[2]		178
UM/DM		90
SUB TOTAL		$5,520

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$104
ADMINISTRATION HIPAA		3
MISCELLANEOUS		46
SUB TOTAL		$153

TOTAL EXPENSES		$5,673

SURPLUS (DEFICIT)		$16,074

AVERAGE INCOME		$2,416
AVERAGE EXPENSE		630
SURPLUS (DEFICIT)		$1,786

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES

[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN K20 FULL TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KROGER[1]	$327.51	707	$693,667	
COBRA		7	3,586	
TOTAL		714	$697,253	$0

BENEFIT EXPENSES	COST
MEDICAL	$404,312
LIFE & AD & D	2,420
DISABILITY	13,968
DENTAL	43,172
OPTICAL	7,697
MEDICAL ADM.	20,506
MENTAL HEALTH MANAGER	4,224
PPO[2]	39,076
UM/DM	16,997
SUB TOTAL	$552,372

OPERATING EXPENSES	COST
ADMINISTRATION FEE	$24,889
ADMINISTRATION HIPAA	600
MISCELLANEOUS	11,094
SUB TOTAL	$36,583

TOTAL EXPENSES	$588,955

SURPLUS (DEFICIT)	$108,298

AVERAGE INCOME	$326
AVERAGE EXPENSE	275
SURPLUS (DEFICIT)	$51

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES
[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN K20 PART TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KROGER[1]	$98.98	872	$259,031	
COBRA		1	241	
TOTAL		**873**	**$259,272**	**$0**

BENEFIT EXPENSES		COST
MEDICAL		$105,700
LIFE & AD & D		980
DISABILITY		2,684
DENTAL		13,436
OPTICAL		3,425
MEDICAL ADM.		11,759
MENTAL HEALTH MANAGER		2,666
PPO[2]		47,777
UM/DM		10,193
SUB TOTAL		$198,620

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$30,430
ADMINISTRATION HIPAA		734
MISCELLANEOUS		13,564
SUB TOTAL		$44,728

TOTAL EXPENSES		**$243,348**

SURPLUS (DEFICIT)		**$15,924**

AVERAGE INCOME		$99
AVERAGE EXPENSE		93
SURPLUS (DEFICIT)		**$6**

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES

[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN RICHMOND TIDEWATER

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
KROGER R/T		1,112	$2,803,692	
COBRA		15	10,691	
TOTAL		1,127	$2,814,383	$0

BENEFIT EXPENSES		COST
AETNA DENTAL		$13,239
AETNA DENTAL CLAIMS		97,840
ASO PROVIDER		2,321,720
DRUG		274,534
METLIFE		17,038
GVS OPTICAL		12,877
SUB TOTAL		$2,737,248

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$37,763
MISCELLANEOUS		17,511
SUB TOTAL		$55,274

TOTAL EXPENSES		$2,792,522

SURPLUS (DEFICIT)		$21,861

AVERAGE INCOME		$832
AVERAGE EXPENSE		826
SURPLUS (DEFICIT)		$6

SECOND QUARTER 2013
PLAN S

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
SAFEWAY VALLEY FT	$1.61	1	$824	
SAFEWAY VALLEY PT	1.61	2	686	
TOTAL		3	$1,510	$0

BENEFIT EXPENSES		COST
MEDICAL		$0
LIFE & AD & D		0
DISABILITY		0
DENTAL		0
OPTICAL		0
DRUG		0
RETIREES		2,486
MEDICAL ADM.		36
PPO		1
UM/DM		31
SUB TOTAL		$2,554

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$104
ADMINISTRATION HIPAA		3
MISCELLANEOUS		46
SUB TOTAL		$153

TOTAL EXPENSES		$2,707

SURPLUS (DEFICIT)		($1,197)

AVERAGE INCOME		$168
AVERAGE EXPENSE		301
SURPLUS (DEFICIT)		($133)

SECOND QUARTER 2013
PLAN Y FULL TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
ACE SUSHI	$810.69	0	$0	
METRO/BASICS	810.69	288	699,625	
RETAIL BRAND ALLIANCE	810.69	20	48,642	
SHOPPERS 400	810.69	163	395,617	
UNION COMMUNICATION	810.69	3	7,296	
COBRA		1	951	
HMO COPAYS			5,507	
TOTAL		475	$1,157,638	$0

BENEFIT EXPENSES		COST
MEDICAL		$599,997
HMO		31,062
LIFE & AD & D		4,483
DISABILITY		115,372
DENTAL		59,811
OPTICAL		5,853
DRUG		280,745
MEDICAL ADM.		14,873
MENTAL HEALTH MANAGER		3,100
EAP		814
PPO[1]		13,173
UM/DM		12,026
SUB TOTAL		$1,141,309

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$16,557
ADMINISTRATION HIPAA		399
MISCELLANEOUS		7,380
SUB TOTAL		$24,336

TOTAL EXPENSES		$1,165,645
SURPLUS (DEFICIT)		($8,007)

AVERAGE INCOME		$812
AVERAGE EXPENSE		818
SURPLUS (DEFICIT)		($6)

[1]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN Y PART TIME INDIVIDUAL

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
ACE SUSHI	$431.22	0	$0	
METRO/BASICS	431.22	241	311,772	
RETAIL BRAND ALLIANCE	431.22	0	0	
SHOPPERS 400[1]	431.22	607	785,683	
COBRA		4	5,412	
TOTAL		**852**	**$1,102,867**	**$0**

BENEFIT EXPENSES		COST
MEDICAL		$339,417
HMO		22,723
LIFE & AD & D		3,145
DISABILITY		38,034
DENTAL		49,357
OPTICAL		8,150
DRUG		200,400
MEDICAL ADM.		21,362
MENTAL HEALTH MANAGER		2,078
EAP		1,145
PPO[2]		18,370
UM/DM		16,867
SUB TOTAL		$721,048

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$29,700
ADMINISTRATION HIPAA		717
MISCELLANEOUS		13,238
SUB TOTAL		$43,655

TOTAL EXPENSES		**$764,703**

SURPLUS (DEFICIT)		**$338,164**

AVERAGE INCOME		$431
AVERAGE EXPENSE		299
SURPLUS (DEFICIT)		**$132**

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES
[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN Y PART TIME FAMILY

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
ACE SUSHI	$983.97	0	$0	
METRO/BASICS	983.97	88	260,751	
SHOPPERS 400[1]	983.97	162	477,225	
HMO COPAYS			490	
TOTAL		250	$738,466	$0

BENEFIT EXPENSES		COST
MEDICAL		$571,716
HMO		18,176
LIFE & AD & D		1,296
DISABILITY		14,035
DENTAL		40,891
OPTICAL		3,311
DRUG		212,790
MEDICAL ADM.		8,675
MENTAL HEALTH MANAGER		4,285
EAP		481
PPO[2]		7,758
UM/DM		7,133
SUB TOTAL		$890,547

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$8,714
ADMINISTRATION HIPAA		210
MISCELLANEOUS		3,884
SUB TOTAL		$12,808

TOTAL EXPENSES		$903,355

SURPLUS (DEFICIT)		($164,889)

AVERAGE INCOME		$985
AVERAGE EXPENSE		1,204
SURPLUS (DEFICIT)		($219)

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES
[2]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN Y20 FULL TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
METRO/BASICS	$452.32	15	$20,806	
SHOPPERS 400	452.32	19	26,234	
COBRA		2	2,061	
HMO COPAYS			160	
TOTAL		36	$49,261	$0

BENEFIT EXPENSES		COST
MEDICAL		$68,341
HMO		12,276
LIFE & AD & D		617
DISABILITY		3,228
DENTAL		4,603
OPTICAL		806
DRUG		11,633
MEDICAL ADM.		1,567
MENTAL HEALTH MANAGER		339
PPO[1]		1,518
UM/DM		1,405
SUB TOTAL		$106,333

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$1,255
ADMINISTRATION HIPAA		30
MISCELLANEOUS		560
SUB TOTAL		$1,845

TOTAL EXPENSES		$108,178

SURPLUS (DEFICIT)		($58,917)

AVERAGE INCOME		$456
AVERAGE EXPENSE		1,002
SURPLUS (DEFICIT)		($546)

[1]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN Y20 PART TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
METRO/BASICS[1]	144.22	287	124,173	
SHOPPERS 400	144.22	347	149,989	
COBRA		3	727	
TOTAL		637	$274,889	$0

BENEFIT EXPENSES		COST
MEDICAL		$181,085
HMO[2]		(3,724)
LIFE & AD & D		2,743
DISABILITY		18,052
DENTAL		26,357
OPTICAL		6,776
DRUG		74,370
MEDICAL ADM.		17,440
MENTAL HEALTH MANAGER		4,556
PPO[3]		16,372
UM/DM		15,055
SUB TOTAL		$359,082

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$22,205
ADMINISTRATION HIPAA		536
MISCELLANEOUS		9,897
SUB TOTAL		$32,638

TOTAL EXPENSES		$391,720
SURPLUS (DEFICIT)		($116,831)

AVERAGE INCOME		$144
AVERAGE EXPENSE		205
SURPLUS (DEFICIT)		($61)

[1]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS WITH PRIOR RATES
[2]INCLUDES ADJUSTMENTS FOR PRIOR MONTHS
[3]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN Z FULL TIME

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
	$1,569.95	0	$0	
TOTAL		0	$0	$0

BENEFIT EXPENSES		COST
MEDICAL		$0
HMO		0
LIFE & AD & D		0
DISABILITY		0
DENTAL		0
OPTICAL		0
DRUG		0
MEDICAL ADM.		0
MENTAL HEALTH MANAGER		0
EAP		0
PPO		0
UM/DM		0
SUB TOTAL		$0

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$0
ADMINISTRATION HIPAA		0
MISCELLANEOUS		0
SUB TOTAL		$0

TOTAL EXPENSES		$0

SURPLUS (DEFICIT)		$0

AVERAGE INCOME		$0
AVERAGE EXPENSE		$0
SURPLUS (DEFICIT)		$0

SECOND QUARTER 2013
PLAN Z PART TIME INDIVIDUAL

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
PERKINS MANAGEMENT SERVICES	$559.09	5	$8,385	
TOTAL		5	$8,385	$0

BENEFIT EXPENSES		COST
MEDICAL		$2,319
HMO		0
LIFE & AD & D		6
DISABILITY		2,925
DENTAL		399
OPTICAL		70
DRUG		405
MEDICAL ADM.		182
MENTAL HEALTH MANAGER		39
EAP		12
PPO[1]		109
UM/DM		150
SUB TOTAL		$6,616

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$174
ADMINISTRATION HIPAA		3
MISCELLANEOUS		77
SUB TOTAL		$254

TOTAL EXPENSES		$6,870

SURPLUS (DEFICIT)		$1,515

AVERAGE INCOME		$559
AVERAGE EXPENSE		458
SURPLUS (DEFICIT)		$101

[1]INCLUDES 1ST QTR 2013 ACCESS FEES

SECOND QUARTER 2013
PLAN Z PART TIME FAMILY

INCOME				
EMPLOYER	RATE	PARTICIPANTS	CONTRIBUTIONS	OUTSTANDING
	$1,136.63	0	$0	
TOTAL		0	$0	$0

BENEFIT EXPENSES		COST
MEDICAL		$0
HMO		0
LIFE & AD & D		0
DISABILITY		0
DENTAL		0
OPTICAL		0
DRUG		0
MEDICAL ADM.		0
MENTAL HEALTH MANAGER		0
EAP		0
PPO		0
UM/DM		0
SUB TOTAL		$0

OPERATING EXPENSES		COST
ADMINISTRATION FEE		$0
ADMINISTRATION HIPAA		0
MISCELLANEOUS		0
SUB TOTAL		$0

TOTAL EXPENSES		$0

SURPLUS (DEFICIT)		$0

AVERAGE INCOME		$0
AVERAGE EXPENSE		0
SURPLUS (DEFICIT)		$0

SECOND QUARTER 2013
K2 RETIREES

INCOME	CO-PAY	CO-PAY	CO-PAY	CO-PAY	CO-PAY	CO-PAY	COMBINED
RATE	$140.00	$172.00	$209.00	$241.00	$311.00	$343.00	
NO OF EMP.	188	84	69	15	23	3	382
TOTAL INCOME	$80,582	$42,743	$43,345	$10,920	$21,148	$3,087	$201,825

BENEFIT EXP							COMBINED
MEDICAL	$122,534	$54,749	$44,755	$9,559	$14,990	$1,955	$248,543
DENTAL	14,241	6,363	5,201	1,137	1,743	228	28,913
OPTICAL	2,588	1,157	946	201	317	40	5,249
MEDICAL ADM.	6,852	3,062	2,504	547	838	109	13,912
MENTAL HEALTH MANAGER	1,415	632	517	113	174	24	2,875
PPO	0	6,606	0	1,153	0	236	7,995
UM/DM	0	2,519	0	440	0	90	3,049
SUBTOTAL	$147,630	$75,088	$53,923	$13,150	$18,062	$2,682	$310,536

OPERATING EXP							
ADMINISTRATION	$3,103	$1,388	$1,133	$243	$380	$49	$6,296
ADMINISTRATION HIPAA	154	70	56	12	18	3	313
SUBTOTAL	$3,257	$1,458	$1,189	$255	$398	$52	$6,609

TOTAL EXPENSES	$150,887	$76,546	$55,112	$13,405	$18,460	$2,734	$317,145

SURPLUS (DEFICIT)	($70,305)	($33,803)	($11,767)	($2,485)	$2,688	$353	($115,320)

AVERAGE INCOME	$143	$170	$209	$243	$306	$343	$176
AVERAGE EXPENSE	268	304	266	298	268	304	277
SURPLUS (DEFICIT)	($125)	($134)	($57)	($55)	$38	$39	($101)

SECOND QUARTER 2013
RETIREES

INCOME	CO-PAY	CO-PAY	CO-PAY	CO-PAY	CO-PAY	CO-PAY	COMBINED
RATE	$377.19	$366.10	$188.59	$173.06	PLAN T	NONE	
NO OF EMP.	0	6	19	2	15	418	460
TOTAL INCOME	$0	$6,224	$11,319	$1,038	$16,985	$0	$35,566

BENEFIT EXP							COMBINED
MEDICAL	$0	$776	$3,835	$0	$3,003	$203,125	$210,739
DENTAL	0	540	1,770	180	1,194	39,540	43,224
OPTICAL	0	84	274	27	208	5,811	6,404
DRUG	0	12,425	26,575	6,399	12,869	261,749	320,017
MEDICAL ADM.	0	219	729	0	291	9,260	10,499
MENTAL HEALTH MANAGER	0	43	148	0	60	1,914	2,165
EAP	0	0	0	0	21	0	21
PPO	0	0	0	0	32	3,205	3,237
UM/DM	0	0	0	0	31	538	569
SUBTOTAL	$0	$14,087	$33,331	$6,606	$17,709	$525,142	$596,875

OPERATING EXP							
ADMINISTRATION	$0	$100	$325	$33	$248	$6,905	$7,611
ADMINISTRATION HIPAA	0	6	16	3	12	341	378
SUBTOTAL	$0	$106	$341	$36	$260	$7,246	$7,989

TOTAL EXPENSES	$0	$14,193	$33,672	$6,642	$17,969	$532,388	$604,864

SURPLUS (DEFICIT)	$0	($7,969)	($22,353)	($5,604)	($984)	($532,388)	($569,298)

AVERAGE INCOME	$0	$346	$199	$173	$377	$0	$26
AVERAGE EXPENSE	0	789	591	1,107	399	425	438
SURPLUS (DEFICIT)	$0	($443)	($392)	($934)	($22)	($425)	($412)

SECOND QUARTER 2013

PRESCRIPTION REPORT

SCRIPTS PROCESSED	SCRIPT/ADM. COST	PHARMACY PAYMENT	TOTAL
15,835	$12,711	$1,583,546	$1,596,257

MISCELLANEOUS EXPENSES

CATEGORY		COST
ACCURINT		$8
BONDING & INSURANCE		25,901
COMPUFACTS		1,110
INVESTMENT MANAGEMENT		7,690
LEGAL		57,968
MED/SURG/UCR UPDATE		7,389
MEETING EXPENSE		25
POSTAGE		5,573
PRINTING		4,742
TELEPHONE		174
TOTAL		**$110,580**

SECOND QUARTER 2013
QUARTERLY RECAP

	FIRST 2013	SECOND 2013	THIRD 2013	FOURTH 2013	TOTAL
CONTRIBUTIONS REC'D	$12,114,017	$12,268,031			$24,382,048
CONTRIBUTIONS OUTSTANDING	0	0			0
RETIREE INCOME	238,928	237,391			476,319
INT. & DIVIDENDS	124,316	104,141			228,457
MISCELLANEOUS INCOME	439	1			440
TOTAL INCOME	$12,477,700	$12,609,564	$0	$0	$25,087,264
EXPENSES					
MEDICAL	$8,028,227	$8,024,020			$16,052,247
LIFE & AD & D	59,556	57,030			116,586
DISABILITY	394,739	421,352			816,091
DENTAL	588,605	603,123			1,191,728
OPTICAL	77,597	77,090			154,687
DRUG	1,350,010	1,550,774			2,900,784
RETIREES	842,410	922,008			1,764,418
MEDICAL ADM.	171,946	171,681			343,627
MENTAL HEALTH MANAGER	82,172	49,456			131,628
EAP	5,089	5,149			10,238
PPO	313,863	373,504			687,367
UM/DM	153,644	141,366			295,010
SUBTOTAL	$12,067,858	$12,396,553	$0	$0	$24,464,411
OPERATING EXPENSE					
ADMINISTRATION	$246,068	$246,562			$492,630
ADMINISTRATION HIPAA	5,028	5,037			10,065
MISCELLANEOUS	103,617	110,580			214,197
SUBTOTAL	$354,713	$362,179	$0	$0	$716,892
TOTAL EXPENSES	$12,422,571	$12,758,732	$0	$0	$25,181,303
SURPLUS (DEFICIT)	$55,129	($149,168)	$0	$0	($94,039)
TOTAL PARTICIPANTS	7,184	7,117			7,151
FUND BALANCE	$15,694,612	$15,436,866			

2012
QUARTERLY RECAP

	FIRST 2012	SECOND 2012	THIRD 2012	FOURTH 2012	TOTAL
CONTRIBUTIONS REC'D	$11,367,392	$12,197,086	$11,967,102	$12,439,438	$47,971,018
CONTRIBUTIONS OUTSTANDING	0	0	0	0	0
RETIREE INCOME	241,859	240,594	238,769	238,769	959,991
INT. & DIVIDENDS	148,709	135,898	148,578	136,695	569,880
MISCELLANEOUS INCOME	0	0	245	0	245
TOTAL INCOME	$11,757,960	$12,573,578	$12,354,694	$12,814,902	$49,501,134
EXPENSES					
MEDICAL	$6,751,446	$7,844,181	$7,743,141	$7,910,770	$30,249,538
LIFE & AD & D	62,700	59,662	58,374	60,631	241,367
DISABILITY	380,921	404,813	388,999	441,156	1,615,889
DENTAL	594,215	594,928	580,699	590,718	2,360,560
OPTICAL	81,361	79,600	79,535	77,711	318,207
DRUG	1,394,890	1,478,418	1,328,240	1,478,433	5,679,981
RETIREES	1,035,277	1,198,322	1,428,253	1,198,513	4,860,365
MEDICAL ADM.	172,679	171,939	174,386	172,811	691,815
MENTAL HEALTH MANAGER	199,756	180,493	121,150	168,102	669,501
EAP	5,015	5,030	5,085	5,063	20,193
PPO	328,631	335,614	319,878	312,549	1,296,672
UM/DM	166,532	158,021	150,838	147,764	623,155
SUBTOTAL	$11,173,423	$12,511,021	$12,378,578	$12,564,221	$48,627,243
OPERATING EXPENSE					
ADMINISTRATION	$241,069	$240,602	$246,992	$247,541	$976,204
ADMINISTRATION HIPAA	4,872	4,885	5,039	5,070	19,866
MISCELLANEOUS	91,069	109,729	130,256	164,792	495,846
SUBTOTAL	$337,010	$355,216	$382,287	$417,403	$1,491,916
TOTAL EXPENSES	$11,510,433	$12,866,237	$12,760,865	$12,981,624	$50,119,159
SURPLUS (DEFICIT)	$247,527	($292,659)	($406,171)	($166,722)	($618,025)
TOTAL PARTICIPANTS	7,337	7,342	7,328	7,290	7,324
FUND BALANCE	$16,181,792	$16,086,496	$15,823,001	$15,076,231	

CONTRACT INFORMATION
MAINTENANCE OF BENEFITS
SECOND QUARTER 2013

CONTRACT EXP.	COMPANY	PLAN	RATES
04-30-12[1]	ACE SUSHI	Y	$810.69
		Y	$431.22
		Y	$983.97
09-30-12[1]	PERKINS MGMT	Z	$1,569.95
		Z	$559.09
		Z	$1,136.63
06-30-13[1]	DELMARVA UFCW	JSS-2	$1,208.68
02-19-13[1]	KELCO F.C.U.	JS	$920.73
03-31-13[1]	KROGER	K2	$647.75
		K2	$263.03
		K2	$2,416.49
		K20	$327.51
		K20	$98.98
07-12-14	METRO/BASICS	Y	$810.69
		Y	$431.22
		Y	$983.97
		Y20	$452.32
		Y20	$144.22
03-31-13[1]	RETAIL BRAND ALLIANCE	Y	$810.69
		Y	$431.22
		Y	$983.97
10-31-13	SAFEWAY VALLEY	JSS-2	$1,208.68
		S	$1.61
07-12-14	SHOPPERS FOOD	JSS-2	$1,208.68
07-12-14	SHOPPERS FOOD 27	Y	$810.69
		Y	$431.22
		Y	$983.97
		Y20	$452.32
		Y20	$144.22
07-12-14	SHOPPERS FOOD 400	Y	$810.69
		Y	$431.22
		Y	$983.97
		Y20	$452.32
		Y20	$144.22
01-03-15	UNION COMMUNICATION SVCS	Y	$810.69
	UFCW LOCAL 400 TEMP	JSS2	$1,208.68
		K2	$647.75
		K20	$327.51
		Y	$810.69

[1]ON EXTENSION PER LOCAL 27 AND LOCAL 400

UFCW UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND
DELINQUENCY REPORT
SECOND QUARTER 2013

SECOND QUARTER 2013
DELINQUENCY REPORT

PRIOR QUARTERS

EMPLOYER	PERIOD	ESTIMATED CONTRIBUTION DUE	INTEREST DUE	TOTAL DUE	REFERRED TO LEGAL
PERKINS MANAGEMENT SERVICES	MARCH 2013	0.00	$ 16.04	$ 16.04	X
PERKINS MANAGEMENT SERVICES	OCTOBER 2012	0.00	$ 0.44	$ 0.44	X
MAGRUDERS	MAY 2012	0.00	$ 88.55	$ 88.55	X

TOTALS	0.00	$ 105.03	$ 105.03

CURRENT QUARTER

EMPLOYER	DELINQ. MO.	DATE PAID	1ST LETTER	2ND LETTER	LEGAL
PERKINS MANAGEMENT SERVICES	APRIL 2013	June 10, 2013	X	X	

LATE PAYERS
PERKINS MANAGEMENT SERVICES

INVOICES

UFCW UNIONS & PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND

INVOICES

SEPTEMBER 19, 2013

1. ASSOCIATED ADMINISTRATORS, LLC

07/02/13	Meeting Expenses – Regular Meeting – July 2, 2013	$	1,578.36
09/04/13	M. Mortensen – Nameplate	$	5.25
09/18/13	Meeting Expenses – Hotel Deposit – 09/19/13 Meeting	$	375.00

2. BOND BEEBE

07/03/13	First progress billing for professional services rendered in connection with the audit of the financial statements for the year ended December 31, 2012	$	20,000.00
07/31/13	Second progress billing for professional services rendered in connection with the audit of the financial statements for the year ended December 31, 2012	$	20,000.00

3. MORGAN, LEWIS & BOCKIUS

04/19/13	Professional Services rendered through March 31, 2013	$	6,078.00
05/31/13	Professional Services rendered through April 30, 2013	$	15,120.31
08/13/13	Professional Services rendered through May 31, 2013 and June 30, 2013	$	1,563.62
08/31/13	Professional Services rendered through July 31, 2013	$	12,255.46

4. SEGAL CONSULTING

08/21/13	Consulting Services rendered in connection with the completion of the MHPAEA Report – Final Installment	$	12,500.00
08/21/13	Consulting Services rendered in connection with the Completion of the PPACA report for the period ended June 30, 2013	$	13,000.00

5. SEGALL BRYANT & HAMILL

07/29/13	Investment Management Fee – 2Q13	$	6,648.97

6. SLEVIN & HART, P.C.

06/21/13	Professional Services rendered through May 31, 2013	$	12,806.88
07/24/13	Professional Services rendered through June 30, 2013	$	10,757.40
08/05/13	Subrogation Services rendered for the period April 1, 2013 through June 30, 2013	$	7,533.84
08/27/13	Professional Services rendered through July 31, 2013	$	15,491.04

7. SUPERVALU

08/14/13	A. Samad-Salameh – Reimbursement of expenses incurred for attendance at the July 2, 2013 Board of Trustees meeting	$	$271.75

8. TRUSTEE EXPENSE REIMBURSEMENTS

07/12/13	G. Anderson – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees meeting	$	308.53
07/12/13	D. Gwin – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees meeting	$	89.04
08/12/13	S. Loeffler – Reimbursement of meeting expenses incurred at the July 2, 2013 Board of Trustees meeting	$	494.57
08/14/13	A. Samad-Salameh – Reimbursement of expenses incurred for attendance at the July 2, 2013 Board of Trustees meeting	$	1.75

9. UFCW LOCAL 27

08/07/13	M. Eubank – Reimbursement of meeting expenses incurred for attendance at the July 2, 2013 Board of Trustees meeting	$	178.08

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

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

4301 Garden City Drive, Suite 201
Landover, Maryland 20785-6102
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

September 19, 2013

To: Board of Trustees
UFCW Unions and Participating Employers Health and Welfare Fund

From: Bill Jensen Bill

Subj: PPACA/Compliance Invoice for Second Quarter 2013

Ladies and Gentlemen:

Attached is Associated's invoice for PPACA related work for the Second Quarter 2013. The total is $981.00. Our contract with the Fund specifies hourly rates to be charged for PPACA related work, at the same rates as is permitted for compliance related work. In addition to the executive summary of charges attached, we have full backup of materials related to our staff's hourly charges available for review if desired. We ask your review and approval of this invoice.

Please feel free to contact me with questions.

Total	***NF***
general	$201.00
specific	$780.00
Totals	$981.00

OTHER FUND BUSINESS

Bill Jensen

From: Poffenbaugh, Terry [Terry.Poffenbaugh@valueoptions.com]
Sent: Friday, August 23, 2013 12:28 PM
To: Bill Jensen
Subject: ValueOptions rates for 2014
Attachments: FELRA & UFCW - Proposed Rates for 2014.pdf

Hi Bill,

ValueOptions has completed a thorough review of the services that we provide to the members of the FELRA and UFCW Plans through the managed behavioral health and employee assistance programs in respect to the rates we are proposing for the 2014 Calendar Year. I am pleased to report that we have determined to offer the same rates for these programs and services to the Plans that have been in place since 2008, as is detailed in the attachment here.

ValueOptions is honored to serve the FELRA and UFCW Plans and their members, and we look forward to the opportunity to continue our partnership in 2014. Please let me know of any questions or need for further information you may have as you and your colleagues with the Plans review our proposal. I look forward to learning of the results of this review at your earliest convenience.

Best Regards,

Terry Poffenbaugh

Sr. Account Executive

ValueOptions®

Terry.Poffenbaugh@valueoptions.com

5939 Durbin Rd | Sylvania | Ohio | 43560

p)248-697-0512, Internal)500512, c)734-660-9674, f)877-398-5864

ValueOptions: Proposed Rates for FELRA and UFCW
Calendar Year 2014

Product	Claims Funding	Proposed Rate for 2014
FELRA MHSA	**ASO**	**$2.59 PEPM**
FELRA EAP	**Fully Insured**	**$0.67 PEPM**
UFCW MHSA	**ASO**	**$2.51 PEPM**
UFCW EAP – Plans K, Y	**Fully Insured**	**$0.67 PEPM**
UFCW EAP – Plans T, Z	**Fully Insured**	**$0.88 PEPM**

Conveyed to the Plan Administrator on August 23rd, 2013

AFFORDABLE CARE ACT

SEPTEMBER 2013 UPDATE

The Affordable Care Act ("ACA") is providing challenges to employers throughout the country. Associated Administrators, LLC is no different; our company and our Fund clients are facing new questions every day. This update on the ACA provides information about the key items that have already been completed under ACA, the challenges ahead, and some thoughts about how the ACA and multiemployer plans differ.

1. ACA ITEMS ALREADY COMPLETED

Since the passage of the ACA in 2010, plan sponsors and administrators have been working towards meeting the new requirements. A few of the areas that have already been completed:

- ***Age 26 rule*** - the maximum age for dependents was raised to 26.
- ***Benefit Maximums*** - lifetime maximums were eliminated, and annual caps on benefits are eliminated as of 1/1/14.
- ***Grandfathered plans.***
    - Non-grandfathering required new preventive care benefits and appeal rights among the changes.
- ***Summary of Benefits and Coverage ("SBCs")*** – first plan year beginning after 9/23/12.
    - Must be given out during any enrollment opportunity.
    - Must be available 30 days prior to the start of a plan year.
- ***Patient-Centered Outcomes Research Fee ("PCORI")*** - $1/participant was due on 7/31/13. The fee increases to $2 for 2014 and will be adjusted annually. The fee is set to sunset after the 2018 plan year (due 7/31/19).

2. IMMEDIATE FUTURE ITEMS

Now through 2014, there are some major milestones that occur within ACA:

- ***Exchanges ("marketplace") open 10/1/13, for coverage available 1/1/14.***
    - Employers are required to send a letter to employees telling them of availability of exchanges, potential availability of tax credits, and if the employer is providing adequate ("minimum essential coverage") and affordable (9.5% test) coverage.
        - DOL has issued 2 templates, one for employers offering coverage and one for those not offering coverage.
        - Employers are also required to send the notice to new employees within 14 days of their start date.
        - 10/1/13 deadline.
        - This also impacts COBRA notice - new draft language provided by DOL.

- ***Premium Assistance Tax Credit Eligibility*** – only available if adequate and affordable employer coverage is not available.
  - Only available for individual market coverage on the Exchange.
  - Available to individuals with between 100% and 400% of federal poverty line. Phases out as household income increases.
  - No tax credits to buy dependent coverage if employer offers unaffordable dependent coverage.

- ***Waiting periods over 90 days are prohibited effective 1/1/14.***
  - If employee is "variable hour employee" waiting period could be as long as 13 months. (This applies to part-timers with hours-based eligibility requirement.)

- ***Employer Shared Responsibility Penalty ("pay or play" rule)*** – delayed until 2015.
  - Applies to large employers (50+ FTE).
  - 2 types of penalties:
    - Employer does not offer minimum essential coverage to at least 95% of FTEs and 1 employee receives a subsidy, penalty is $2,000 x (total of FTEs minus 30).
    - Employer offers minimum essential coverage that is not affordable (> 9.5% of household income) or does not meet minimum value (60/40 plan) and at least 1 employee receives a subsidy, penalty is $3,000 per FTE receiving a subsidy. Affordability is based on self-only coverage and employee's income only; dependent coverage can be unaffordable with no employer penalty. Definition of dependent does not include spouse.

- ***Individual mandate & elimination of pre-existing condition limitations*** – 1/1/14.

- ***W-2 reporting on the value of employer-sponsored coverage for 2013*** – due January 2014. (Does not apply to multiemployer plans for now.)

- ***HIPAA 5010 and ICD-10*** – Claim payers must be compliant by October 1, 2014.
  - HIPAA 5010 requirements update the standards for electronic transactions (including claims). More than 800 changes are needed to transition from the current 4010 to 5010.
  - The International Classification of Diseases, 10th Edition ("ICD-10") is the update of sign and symptom codes developed by the World Health Organization and used by physicians and health care professionals to report diagnoses and procedures.
    - The current ICD-9 system has 13,000 diagnosis codes and 3,000 procedure codes; ICD-10 has 68,000 diagnosis codes and 87,000 procedure codes.
    - ICD-9 codes have three or four digits; ICD-10 has seven.

3. 2015 AND BEYOND

More fees and regulations will impact employers in 2015 and beyond:

- ***Maximum out-of-pocket cost ($6,350 / $12,700)*** – delayed for group plans until 1/1/15.

- ***Reinsurance "contribution" to stabilize market*** – plan years 2014-2016
  - 2014 fee is $63 for each covered life, adjusted annually.
  - Plans must submit enrollment count by 11/15/14, invoice by government in December 2014, and payment due January 2015.
  - Calculated based on average number of covered lives, including dependents (children under age 26).
  - Excludes retirees enrolled in Medicare.

- ***Health insurance provider fee of 2%*** - permanent fee – begins in 2014.
  - Includes HMOs and fully-insured plans.
  - Does not include self-insured employers.

- ***Auto-enrollment of new hires*** – sometime after 2014.

- ***"Cadillac Tax"*** - beginning in 2018, a 40% excise tax on the value of health insurance benefits exceeding the threshold.
  - $10,200 for single coverage, $27,500 for family coverage, indexed.
  - Multiemployer plans considered family plans.
  - High risk professions, including construction, adjusted upwards.
  - Plan administrator will be responsible on self-insured plans.

4. MULTI-EMPLOYER TRANSITION RULE

- ***IRS Transition Rule - through 2014, a large employer that makes contributions to a multiemployer plan would not owe a penalty for a full time employee if:***
  - The employer is required to contribute to the plan with respect to that employee due to a Collective Bargaining Agreement or Participation Agreement;
  - Coverage is offered by the plan to the full time employee and their dependent children under age 26; and
  - The coverage offered to full time employees is affordable and provides minimum value.

Note: This summary is not meant to be a comprehensive description of the Affordable Care Act ("ACA") and only hits on points that could impact our Fund clients. The rules are being defined daily. We expect quite a few new regulations and advisories to be issued in the Fall of 2013 and we will keep everyone informed as much as possible. This summary should not be construed as advice and Fund Counsel should be contacted for specific questions.

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

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MEMORANDUM

To: Board of Trustees of the
UFCW Unions and Participating Employers Health and Welfare Fund

From: William R. Jensen

Date: September 19, 2013

Subj: COBRA Forms

Attached is a copy of the model COBRA form, revised by IRS to include the option for application to the exchanges as of January 1, 2014. The changes to the prior model notice are underlined.

We will work with Fund Counsel to adapt the forms being used by the Fund, yet the terminated participants will not be eligible to commence coverage until January 1, 2014, so the timing of the change in the forms will likely occur in November at the earliest.

Should you have any questions, please feel free to contact me.

Model COBRA Continuation Coverage Election Notice
(For use by single-employer group health plans)

[*Enter date of notice*]

Dear: [*Identify the qualified beneficiary(ies), by name or status*]

This notice contains important information about your right to continue your health care coverage in the [*enter name of group health plan*] (the Plan), as well as other health coverage alternatives that may be available to you through the Health Insurance Marketplace. Please read the information contained in this notice very carefully.

To elect COBRA continuation coverage, follow the instructions on the next page to complete the enclosed Election Form and submit it to us.

If you do not elect COBRA continuation coverage, your coverage under the Plan will end on [*enter date*] due to [*check appropriate box*]:

☐ End of employment
☐ Death of employee
☐ Entitlement to Medicare
☐ Reduction in hours of employment
☐ Divorce or legal separation
☐ Loss of dependent child status

Each person ("qualified beneficiary") in the category(ies) checked below is entitled to elect COBRA continuation coverage, which will continue group health care coverage under the Plan for up to ___ months [*enter* 18 *or* 36, *as appropriate and check appropriate box or boxes; names may be added*]:

☐ Employee or former employee
☐ Spouse or former spouse
☐ Dependent child(ren) covered under the Plan on the day before the event that caused the loss of coverage
☐ Child who is losing coverage under the Plan because he or she is no longer a dependent under the Plan

If elected, COBRA continuation coverage will begin on [*enter date*] and can last until [*enter date*]. [*Add, if appropriate:* You may elect any of the following options for COBRA continuation coverage: [*list available coverage options*].

COBRA continuation coverage will cost: [*enter amount each qualified beneficiary will be required to pay for each option per month of coverage and any other permitted coverage periods.*] You do not have to send any payment with the Election Form. Important additional information about payment for COBRA continuation coverage is included in the pages following the Election Form.

There may be other coverage options for you and your family. When key parts of the health care law take effect, you'll be able to buy coverage through the Health Insurance Marketplace. In the Marketplace, you could be eligible for a new kind of tax credit that lowers your monthly premiums right away, and you can see what your premium, deductibles, and out-of-pocket costs will be before you make a decision to enroll. Being eligible for COBRA does not limit your eligibility for coverage for a tax credit through the Marketplace. Additionally, you may qualify for a special enrollment opportunity for another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days.

If you have any questions about ~~this notice or~~ your rights to COBRA continuation coverage, you should contact [*enter name of party responsible for COBRA administration for the Plan, with telephone number and address*].

COBRA Continuation Coverage Election Form

Instructions: To elect COBRA continuation coverage, complete this Election Form and return it to us. Under federal law, you must have 60 days after the date of this notice to decide whether you want to elect COBRA continuation coverage under the Plan.

Send completed Election Form to: [*Enter Name and Address*]

This Election Form must be completed and returned by mail [*or describe other means of submission and due date*]. If mailed, it must be post-marked no later than [*enter date*].

If you do not submit a completed Election Form by the due date shown above, you will lose your right to elect COBRA continuation coverage. If you reject COBRA continuation coverage before the due date, you may change your mind as long as you furnish a completed Election Form before the due date. However, if you change your mind after first rejecting COBRA continuation coverage, your COBRA continuation coverage will begin on the date you furnish the completed Election Form.

Read the important information about your rights included in the pages after the Election Form.

I (We) elect COBRA continuation coverage in the [*enter name of plan*] (the Plan) as indicated below:

Name Date of Birth Relationship to Employee SSN (or other identifier)

a. ____

[*Add if appropriate:* Coverage option elected: ____________________]

b. ____

[*Add if appropriate:* Coverage option elected: ____________________]

c. ____

[*Add if appropriate:* Coverage option elected: ____________________]

______________________ ______________________

Signature Date

______________________ ______________________

Print Name Relationship to individual(s) listed above

____

____

______________________ ______________________

Print Address Telephone number

Important Information
About Your COBRA Continuation Coverage Rights

What is continuation coverage?

Federal law requires that most group health plans (including this Plan) give employees and their families the opportunity to continue their health care coverage when there is a "qualifying event" that would result in a loss of coverage under an employer's plan. Depending on the type of qualifying event, "qualified beneficiaries" can include the employee (or retired employee) covered under the group health plan, the covered employee's spouse, and the dependent children of the covered employee.

Continuation coverage is the same coverage that the Plan gives to other participants or beneficiaries under the Plan who are not receiving continuation coverage. Each qualified beneficiary who elects continuation coverage will have the same rights under the Plan as other participants or beneficiaries covered under the Plan, including [*add if applicable:* open enrollment and] special enrollment rights.

How long will continuation coverage last?

In the case of a loss of coverage due to end of employment or reduction in hours of employment, coverage generally may be continued ~~only~~ for up to a total of 18 months. In the case of losses of coverage due to an employee's death, divorce or legal separation, the employee's becoming entitled to Medicare benefits or a dependent child ceasing to be a dependent under the terms of the plan, coverage may be continued for up to a total of 36 months. When the qualifying event is the end of employment or reduction of the employee's hours of employment, and the employee became entitled to Medicare benefits less than 18 months before the qualifying event, COBRA continuation coverage for qualified beneficiaries other than the employee lasts until 36 months after the date of Medicare entitlement. This notice shows the maximum period of continuation coverage available to the qualified beneficiaries.

Continuation coverage will be terminated before the end of the maximum period if:

- any required premium is not paid in full on time,
- a qualified beneficiary becomes covered, after electing continuation coverage, under another group health plan that does not impose any pre-existing condition exclusion for a pre-existing condition of the qualified beneficiary (note: there are limitations on plans' imposing a preexisting condition exclusion and such exclusions will become prohibited beginning in 2014 under the Affordable Care Act),
- a qualified beneficiary becomes entitled to Medicare benefits (under Part A, Part B, or both) after electing continuation coverage, or
- the employer ceases to provide any group health plan for its employees.

Continuation coverage may also be terminated for any reason the Plan would terminate coverage of a participant or beneficiary not receiving continuation coverage (such as fraud).

[If the maximum period shown on page 1 of this notice is less than 36 months, add the following three paragraphs:]

How can you extend the length of COBRA continuation coverage?

If you elect continuation coverage, an extension of the maximum period of coverage may be available if a qualified beneficiary is disabled or a second qualifying event occurs. You must notify *[enter name of party responsible for COBRA administration]* of a disability or a second qualifying event in order to extend the period of continuation coverage. Failure to provide notice of a disability or second qualifying event may affect the right to extend the period of continuation coverage.

Disability

An 11-month extension of coverage may be available if any of the qualified beneficiaries is determined by the Social Security Administration (SSA) to be disabled. The disability has to have started at some time before the 60th day of COBRA continuation coverage and must last at least until the end of the 18-month period of continuation coverage. *[Describe Plan provisions for requiring notice of disability determination, including time frames and procedures.]* Each qualified beneficiary who has elected continuation coverage will be entitled to the 11-month disability extension if one of them qualifies. If the qualified beneficiary is determined by SSA to no longer be disabled, you must notify the Plan of that fact within 30 days after SSA's determination.

Second Qualifying Event

An 18-month extension of coverage will be available to spouses and dependent children who elect continuation coverage if a second qualifying event occurs during the first 18 months of continuation coverage. The maximum amount of continuation coverage available when a second qualifying event occurs is 36 months. Such second qualifying events may include the death of a covered employee, divorce or separation from the covered employee, the covered employee's becoming entitled to Medicare benefits (under Part A, Part B, or both), or a dependent child's ceasing to be eligible for coverage as a dependent under the Plan. These events can be a second qualifying event only if they would have caused the qualified beneficiary to lose coverage under the Plan if the first qualifying event had not occurred. You must notify the Plan within 60 days after a second qualifying event occurs if you want to extend your continuation coverage.

How can you elect COBRA continuation coverage?

To elect continuation coverage, you must complete the Election Form and furnish it according to the directions on the form. Each qualified beneficiary has a separate right to elect continuation coverage. For example, the employee's spouse may elect continuation coverage even if the employee does not. Continuation coverage may be elected for only one, several, or for all dependent children who are qualified beneficiaries. A parent may elect to continue coverage on behalf of any dependent children. The employee or the employee's spouse can elect continuation coverage on behalf of all of the qualified beneficiaries.

~~In considering whether to elect continuation coverage, you should take into account that a failure to continue your group health coverage will affect your future rights under federal law. First, you can lose the right to avoid having pre-existing condition exclusions applied to you by other group health plans if you have more than a 63-day gap in health coverage, and election of continuation coverage may help you not have such a gap. Second, you will lose the guaranteed right to purchase individual health insurance policies that do not impose such pre-existing condition exclusions if you do not get continuation coverage for the maximum time available to you. Finally~~
<u>In considering whether to elect continuation coverage</u>, you should take into account that you have special enrollment rights under federal law. You have the right to request special enrollment in another group health plan for which you are otherwise eligible (such as a plan sponsored by your spouse's employer) within 30 days after your group health coverage ends because of the qualifying event listed above. You will also have the same special enrollment right at the end of continuation coverage if you get continuation coverage for the maximum time available to you.

How much does COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of continuation coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and employee contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage. The required payment for each continuation coverage period for each option is described in this notice.

~~[*If employees might be eligible for trade adjustment assistance, the following information may be added:* The Trade Act of 2002 created a new tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) (eligible individuals). Under the new tax provisions, eligible individuals can either take a tax credit or get advance payment of 65% of premiums paid for qualified health insurance, including continuation coverage. If you have questions about these new tax provisions, you may call the Health Coverage Tax Credit Customer Contact Center toll-free at 1-866-628-4282. TTD/TTY callers may call toll-free at 1-866-626-4282. More information about the Trade Act is also available at www.doleta.gov/tradeact/2002act_index.cfm.~~

When and how must payment for COBRA continuation coverage be made?

First payment for continuation coverage

If you elect continuation coverage, you do not have to send any payment with the Election Form. However, you must make your first payment for continuation coverage not later than 45 days after the date of your election. (This is the date the Election Notice is post-marked, if mailed.) If you do not make your first payment for continuation coverage in full not later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. You are responsible for making sure that the amount of your first payment is correct. You may contact [*enter appropriate contact information, e.g., the Plan Administrator or other party responsible for COBRA administration under the Plan*] to confirm the correct amount of your first payment.

Periodic payments for continuation coverage

After you make your first payment for continuation coverage, you will be required to make periodic payments for each subsequent coverage period. The amount due for each coverage period for each qualified beneficiary is shown in this notice. The periodic payments can be made on a monthly basis. Under the Plan, each of these periodic payments for continuation coverage is due on the [*enter due day for each monthly payment*] for that coverage period. [*If Plan offers other payment schedules, enter with appropriate dates:* You may instead make payments for continuation coverage for the following coverage periods, due on the following dates:]. If you make a periodic payment on or before the first day of the coverage period to which it applies, your coverage under the Plan will continue for that coverage period without any break. The Plan [*select one:* will *or* will not] send periodic notices of payments due for these coverage periods.

Grace periods for periodic payments

Although periodic payments are due on the dates shown above, you will be given a grace period of 30 days after the first day of the coverage period [*or enter longer period permitted by Plan*] to make each periodic payment. Your continuation coverage will be provided for each coverage period as long as payment for that coverage period is made before the end of the grace period for that payment. [*If Plan suspends coverage during grace period for nonpayment, enter and modify as necessary:* However, if you pay a periodic payment later than the first day of the coverage period to which it applies, but before the end of the grace period for the coverage period, your coverage under the Plan will be suspended as of the first day of the coverage period and then retroactively reinstated (going back to the first day of the coverage period) when the periodic payment is received. This means that any claim you submit for benefits while your coverage is suspended may be denied and may have to be resubmitted once your coverage is reinstated.]

If you fail to make a periodic payment before the end of the grace period for that coverage period, you will lose all rights to continuation coverage under the Plan.

Your first payment and all periodic payments for continuation coverage should be sent to:

[*enter appropriate payment address*]

For more information

This notice does not fully describe continuation coverage or other rights under the Plan. More information about continuation coverage and your rights under the Plan is available in your summary plan description or from the Plan Administrator.

If you have any questions concerning the information in this notice, your rights to coverage, or if you want a copy of your summary plan description, you should contact [*enter name of party responsible for COBRA administration for the Plan, with telephone number and address*].

For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, ~~contact~~ visit the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) website at ~~in your area or visit the EBSA website at~~ www.dol.gov/ebsa or call their toll-free number at 1-866-444-3272~~.~~ ~~(Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)~~ For more information about health insurance options available through a Health Insurance Marketplace, visit www.healthcare.gov.

Keep Your Plan Informed of Address Changes

In order to protect your and your family's rights, you should keep the Plan Administrator informed of any changes in your address and the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Paperwork Reduction Act Statement

According to the Paperwork Reduction Act of 1995 (Pub. L. 104-13) (PRA), no persons are required to respond to a collection of information unless such collection displays a valid Office of Management and Budget (OMB) control number. The Department notes that a Federal agency cannot conduct or sponsor a collection of information unless it is approved by OMB under the PRA, and displays a currently valid OMB control number, and the public is not required to respond to a collection of information unless it displays a currently valid OMB control number. See 44 U.S.C. 3507. Also, notwithstanding any other provisions of law, no person shall be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number. See 44 U.S.C. 3512.

The public reporting burden for this collection of information is estimated to average approximately four minutes per respondent. Interested parties are encouraged to send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Labor, Office of the Chief Information Officer, Attention: Departmental Clearance Officer, 200 Constitution Avenue, N.W., Room N-1301, Washington, DC 20210 or email DOL_PRA_PUBLIC@dol.gov and reference the OMB Control Number 1210-0123.

OMB Control Number 1210-0123 (expires 09/30/2013)

Milliman

15800 Bluemound Road
Suite 100
Brookfield, WI 53005
USA
Tel +1 262 784 2250
Fax +1 262 923 3680

milliman.com

Scott A. Weltz, FSA, MAAA
Principal and Consulting Actuary

scott.weltz@milliman.com

April 12, 2013

Trustees of UFCW Unions and Participating
Employers Health and Welfare Fund
4301 Garden City Dr. Suite 201
Landover, MD 20785-6102

Re: Shoppers / Metro Reserves Drawdown – DRAFT (for discussion purposes only)

Dear Trustees:

Per your request, we have prepared a projection for the UFCW Unions and Participating Employers Health and Welfare Fund (Fund) to assess the potential for a reserve drawdown for the Shoppers / Metro groups. We analyzed the potential for a drawdown using two methods previously employed by the Fund:

1. **Fund Method**: This method essentially allocates the reserves at a given point in time based on the active membership in the Fund. For example, Shoppers / Metro had 41.3% of the active members in the Fund at 12/31/2012 so 41.3% of the reserves would be allocated to Shoppers / Metro. This allocation is then compared to a target of three months of expenses. If any excess reserve over three months exists, it is distributed to Shoppers / Metro.

2. **BHA Method:** In early 2012, BHA Consulting was asked to determine the drawdown with an alternate method. This method essentially allocates the reserves at 1/1/2012 ($16.3 million) using members attributed to each group (similar to the Fund Method, this resulted in an allocation of 40.8% at 12/31/2011). Then each group's reserves change throughout the year based on the net income attributed to each group. For example, the net income attributed to Shoppers / Metro during 2012 is added to the starting 2012 Shoppers / Metro reserve to estimate the reserves at 12/31/2012 attributed to Shoppers / Metro. This reserve is then compared to the three month expense target and any excess reserve is potentially distributed to Shoppers/Metro.

Table 1 shows the results of each method which are detailed in Exhibit I.

Table 1
Shoppers/Metro Reserve Drawdown Method Comparison 12/31/2012

	Financial Item	Fund Method	BHA Method
(A)	Total Fund Surplus	$15,200,320	$15,200,320
(B)	Surplus Allocated to Shoppers / Metro	$6,277,849	$6,643,537
(C)	3 Months of Expenses	$5,810,917	$5,810,917
(B) - (C) =	***Drawdown Estimate***	***$466,932***	***$832,620***

We are aware that a preliminary estimate prepared by the Fund administrator resulted in a $400,000 estimate. Differences from our methods that could be driving this difference include the following:

1. We estimated three months of expenses to be $5.8 million while the administrator estimated $5.9 million. Such differences are possible depending on the point in time used to estimate expenses.

2. Slightly different member counts by group causing slight differences in the allocation of surplus at a given point in time.

CONSIDERATIONS FOR THE DRAWDOWN

There are several other considerations that the Trustees should consider as they contemplate a reserve drawdown.

MOB Provisions in Shoppers / Metro Collective Bargaining Agreement

Since the Shoppers / Metro contract includes Maintenance of Benefits (MOB) provisions, it is important to ensure contributions offset expenses on a going concern basis. While both calculation methods produce a drawdown based on surplus available at 12/31/2012, we believe the Trustees should consider the projection through year-end 2013 as we are not aware of any change in Shoppers / Metro contributions for 2013.

Without a change in contributions, the Shoppers / Metro surplus is projected to drop below the three month surplus target by 12/31/2013 without a drawdown. An adjustment to contributions should be considered for Shoppers / Metro to ensure the reserve target is maintained through the end of the year. If a drawdown is approved, that will likely mean the contribution increase will be higher than if a drawdown is foregone.

Allocation of Surplus to Richmond Tidewater

Both BHA and Fund methods essentially allocate the entire surplus based on active member counts. However, Richmond Tidewater represents a pass-through arrangement where an entity other than the Fund is taking the insurance risk. As such, allocating surplus to this group may not be appropriate. Much of this depends on whether Richmond Tidewater contributed to surplus in the past. If Richmond Tidewater does not receive a surplus allocation, then more surplus should be allocated to the other groups in the Fund.

Three Months of Claims Target

The Fund's target of having surplus equal to three months of claims provides little margin. We are estimating overall reserves to be approximately 2.7 months of claims. However, some groups see reserves as low as 2.1 months while others are over three months. Groups with over three months of claims are at risk of being underfunded even with a three month claims target. The Trustees should consider this when establishing targets in the future.

SENSITIVITY OF RESULTS

As discussed under Statements of Reliance and Limitations, there are many assumptions underlying these projections, and it is likely that actual experience will differ from our assumptions. In particular, we note that these projections are sensitive to small fluctuations in expenses. Therefore, our results should be considered as point estimates in a range of possible outcomes. If you would like other assumptions tested, please let us know.

MAJOR ASSUMPTIONS AND METHODOLOGIES UNDERLYING THE CURRENT PROJECTION

> All employer contributions are based on the employer contribution rates provided by the Fund. No changes to the current employer contribution rates were assumed over the projection period.

> Retiree contributions and other contributions are based on 2012 contributions provided by the Fund. The per capita retiree and other contributions were assumed to remain constant over the projection period.

> Investment return is assumed to be 3.1% annually, based on 2011 investment income (interest income minus investment expenses).

> We calibrated the model to ensure 2012 net income ties to overall actual Fund results provided by the Fund administrator.

> To calculate the July 1, 2011 through June 30, 2012 incurred medical claims, we have used a "claim development" or "lag" method, a method generally accepted and commonly used in actuarial practice. This method is based on the analysis of historical paid claim data, recorded by month of incurral and subsequent date paid. This recording of claim data is commonly referred to as "claim triangles." Historical claim run-out patterns are developed from the data and are used to project the ultimate incurred claims for each month, that is, the total claims for that incurral month, once all claims have been paid. Projected medical claims are based on the most recent available two to three years of incurred estimates, with an annual trend of 9%.

> The IBNP reserve is assumed to be about 22% of medical claims in aggregate across all plans, based on our estimate of the 2011 IBNP reserve.

> Prescription drug, mental health, and substance abuse per member costs are based on 2011 paid amounts. Annual trend of 9% is assumed.

> Dental, optical, and accident and sickness per member costs are based on 2011 paid amounts. Annual trend of 5% is assumed.

> Life insurance and accidental death and dismemberment per member costs are based on 2011 paid amounts. No annual trend is assumed.

> Administrative per member expenses are based on the 2011 administrative expenses and are assumed to increase 5% annually.

> The mental health parity law will remove coverage limits and copayments on mental health and substance abuse. We have assumed an effective date of January 1, 2013 for this change. We have calculated increases in mental health and substance abuse claims due to the removal of the coverage limits. The percentage cost increase for this plan change was modeled using Milliman's *Health Cost Guidelines™* (*HCGs*)[1].

> These projections also reflect the ACA provisions for the Patient-Centered Outcome Research per life per year fee of $1 in 2013.

> Monthly membership information through December 2012 was provided by the Fund and was used in our projections. The projected monthly membership beginning January 1, 2013 is equal to the average membership for 2012. No other changes in the underlying population were assumed over the projection period.

STATEMENTS OF RELIANCE AND LIMITATIONS

In preparing this analysis, we have relied on information provided to us by the Fund and Associated Administrators. The results of our analysis are dependent on the underlying data and information being complete and accurate. Any variations could materially affect our results.

We performed a limited review of the data for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

The projections reported herein have been made on a basis consistent with our understanding of the Fund's costs and contribution structure. The purpose of these projections is to provide the Trust with information on projected plan experience. Results for other purposes or measurement periods may differ significantly from the results reported herein. Accordingly, additional calculations may be needed for other purposes.

In addition, the results presented in this letter include no impact from upcoming provisions of the Affordable Care Act (ACA), except for the provisions discussed in this letter. The other provisions in the ACA are also expected to have an impact on results. The impact of ACA provisions that have already been enacted have been taken into account in the self-funded claims.

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[1] The *HCGs* are a cooperative effort of Milliman health actuaries and represent a combination of their experience, research and judgment. An extensive amount of data is used in developing the *HCGs* and that data is updated annually. The cost models consider utilization and average charge levels for roughly 60 benefit categories, and can provide relativities in per capita plan costs between programs of different design, demographics, or geography.

The estimates in this projection depend upon many assumptions as to future experience. However, projections of medical expenses could vary significantly as medical trends have fluctuated historically and are likely to fluctuate in the future. This could have a significant impact on the surplus. Since the results of the projection are dependent on the assumptions used, actual results will differ from the figures indicated in this projection to the extent that actual experience differs from that assumed.

This letter has been prepared for the internal use of and is only to be relied upon by the Trustees and staff of the UFCW Unions and Participating Employers Health and Welfare Fund and its professional advisors. No portion of this letter may be disclosed to any other party without Milliman's prior written consent except as provided in the written retainer agreement between Milliman and the Trust. In the event such consent is given, the letter must be provided in its entirety. Milliman does not intend to benefit any third party recipient of the work product, even if we consent to the release of the work product to such third party. UFCW Unions and Participating Employers Health and Welfare Fund Consulting Services Agreement with Milliman signed February 25, 2013 will apply to this project.

I am a Consulting Actuary for Milliman, a member of the American Academy of Actuaries and meet the Qualification Standards of the Academy to render the actuarial opinion contained herein. To the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices.

We would be pleased to discuss this letter with you at your convenience.

Sincerely,

-DRAFT-

Scott Weltz, F.S.A., M.A.A.A.
Principal and Consulting Actuary

SAW/vrr

Attachment

Milliman

EXHIBIT

Exhibit I
UFCW Unions and Participating Employers Health and Welfare Fund
Shoppers/Metro Employers
Projections 1/1/2012 through 12/31/2013

	1/1/2012 thru 6/30/2012	7/1/2012 thru 12/31/2012	1/1/2013 thru 12/31/2013
Total			
Total Employees for Contribution Payment - Avg/Mo	3,410	3,489	3,449
PPPM Plan Cost	556.45	555.22	601.10
PPPM Income	537.93	573.21	579.09
PPPM Gain / (Loss)	(18.52)	17.99	(22.01)
Impact of the Removal of the Annual Max	0	0	0
Impact of Mental Health Parity	0	0	257,469
PCORI Fee	0	0	6,097
Transitional Reinsurance Fee	0	0	0
Total Plan Cost	11,384,815	11,621,834	24,880,566
Total Income	11,005,973	11,998,446	23,969,601
Total Gain / (Loss)	(378,843)	376,612	(910,965)
Surplus Determination - BHA Method			
A. Beginning Surplus / (Deficit)*	6,645,768 ***	6,266,925	6,643,537
B. Total Gain / (Loss)	(378,843)	376,612	(910,965)
C. Ending Surplus / (Deficit) A + B*	6,266,925	6,643,537	5,732,572
Months of Expenses*	3.30	3.43	2.76
D. Margin / (Shortfall) C - E*	574,518	**832,620**	(487,569)
Months of Expenses*	0.30	0.43	(0.24)
E. Target Surplus (3 Months of Expenses)	5,692,408	5,810,917	6,220,142
Surplus Determination - Fund Method			
A. Beginning Surplus / (Deficit)*			6,277,849
B. Total Gain / (Loss)			(910,965)
C. Ending Surplus / (Deficit) A + B*		6,277,849 ***	5,366,884
Months of Expenses*		3.24	2.59
D. Margin / (Shortfall) C - E*		**466,932**	(853,257)
Months of Expenses*		0.24	(0.41)
E. Target Surplus (3 Months of Expenses)		5,810,917	6,220,142

**excluding the change in the incurred but not paid reserve*

**** surplus reallocated based on active enrollment, no retirees, no COBRA*

This exhibit is an attachment to the letter of April 12, 2013. Except as otherwise indicated, all assumptions, methodologies, and statements of reliance and limitations from that letter apply to this exhibit as well.

JUNE '13

2012 CALENDAR YEAR
COST BY PLAN

PLAN	AVERAGE # OF PARTICIPANTS	2012 MOB CONTRIBUTION	ACTUAL COST
JS	12	$920.73	$842.91
JSS-2	796	$1,208.68	$1,270.15
Y-FT	492	$810.69	$778.03
Y-PT-IND.	770	$431.22	$329.35
Y-PT-FAM.	250	$983.97	$885.42
Y20-FT	58	$452.32	$616.07
Y20-PT	777	$144.22	$202.25
Z - PT -IND.	5	$559.05	$306.85

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EXHIBIT A

TREND FACTORS

BENEFIT	2013
Medical	9%
Life & A D & D	0%
A&S	5%
Optical	0%
Dental	5%
Drug	9%
Retirees	7%
Administration	5%
Medical Administration	5%
Miscellaneous	5%
Utilization Review	3%
PPO	0%
Mental Health	0%

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EXHIBIT B

2013 PROJECTIONS

MOB			
			PROJECTED RATE BASED
PLAN	2013 PROJECTION	2012 CONTRIBUTION	SOLELY ON 2012 EXPERIENCE
JS	$906.43	$920.73	$842.91
JSS-2	$1,358.25	$1,208.68	$1,270.15
Y- FT	$801.07	$810.69	$778.03
Y-PT - I	$349.50	$431.22	$329.35
Y-PT - F	$952.26	$983.97	$885.42
Y20 - FT	$589.29	$452.32	$616.07
Y20 - PT	$216.69	$144.22	$202.25
Z - PT - I	$330.61	$559.05	$306.85

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EXHIBIT C

2013 MOB PROJECTIONS

PLAN	2013 MOB CONTRIBUTION RATES	2012 MOB	% CHANGE
JS	$906.43	$920.73	-1.5%
JSS2	$1,358.25	$1,208.68	12.3%
Y - FT	$801.07	$810.69	-1.1%
Y - PT - I	$349.50	$431.22	-19.0%
Y - PT - F	$952.26	$983.97	-3.3%
Y20 - FT	$589.29	$452.32	30.2%
Y20 - PT	$216.69	$144.22	50.2%
Z - PT - I	$330.61	$559.05	-40.9%

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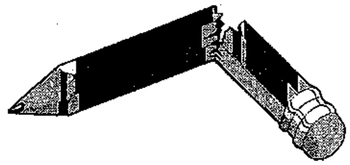
EXHIBIT D



MEETING NOTES