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
APRIL 19, 2017
LINTHICUM, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
S. Loeffler – Secretary
J. Born (by teleconference)
D. Gwin

Also present were:

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

I. CALL TO ORDER

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

A. Appointments to Health and Welfare Board of Trustees

Mr. Ianniello reported that Local 27 appointed Mr. Tom Hipkins to the Board of Trustees, replacing Michelle Eubank and that Local 400 appointed Yolanda Anwar to the Board of Trustees, replacing Lavoris "Mikki" Harris. The Trustees welcomed Mr. Hipkins and Ms. Anwar to the Board.

II. MINUTES

The Trustees reviewed the minutes of the regular meeting held on December 15, 2016, and the appeals meetings held on January 9, 2017 and April 7, 2017, which were pre-circulated. Mr. Burton noted under section D of the regular minutes ("Maintenance of Benefit Rates (MOB) Rate Target and Reserves") that the SuperValu Trustees abstained from the vote and that should be reflected in the minutes.

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

> **RESOLVED that the minutes of the regular meeting held on December 15, 2016 be approved as amended to reflect SuperValu Trustees abstaining from the vote and the appeals meetings held on January 9, 2017 and April 7, 2017 are approved, as presented.**

III. FINANCIAL REPORT

PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for the period January 1, 2017 to March 31, 2017, which was pre-circulated. Such report indicated a beginning market value of $4,674,875, receipts of $11,085,128, disbursements of $9,913,902, and earnings of $17,945, producing an ending market value of $5,864,046 as of March 31, 2017.

IV. CONSULTANT'S REPORT

The Trustees welcomed Mr. Mitch Bramstaedt and Mr. Thomas Wyszomirski, of The Segal Company ("Segal") to the meeting.

A. Dental Request for Proposal ("RFP")

Mr. Bramstaedt reported that the Trustees have decided to continue the service of Group Dental Services as the Fund's dental provider.

B. MOB and Reserves

Mr. Bramstaedt distributed and reviewed the "Fund Experience Report" dated April 19, 2017 regarding proposed MOB Rates and the reserve level as of March 31, 2017. As of that date, the Fund had 2.64 months of reserves, $814,118 short of the amount necessary for the required three month reserve level. Mr. Bramstaedt also stated that, while the MOB rate increases recommended by Segal are slightly higher, in the aggregate, than the MOB rate increases calculated by Associated Administrators, Segal views both sets of recommended rates as reasonable based on a January 1, 2017 effective date.

Trustee Loeffler said that Shoppers would be willing to pay an additional $100,000 per month to the Fund, on a prospective basis, until the three month reserve level is attained. Trustee Federici stated that the Union Trustees' motions from the December 2016 Board meeting regarding the reserve level and the MOB rates remain on the table, and he inquired whether the Management Trustees' position with regard to either or both of these motions had changed. Trustee Gwin stated that the Management Trustees' position had not changed with respect to either motion and the other Management Trustees concurred. Therefore, these motions from the December 2016 Board meeting remained deadlocked.

V. ATTORNEY'S REPORT

A. Kroger Administrative Expense

Mr. Slevin reported on the signed Consent Resolution Agreement between the Fund and Kroger . Mr. Jensen reported that the Fund has received the agreed upon amount of $701,329.68.

B. Group Dental Services ("GDS") Amendment

Mr. Slevin reported on the December 2015 GDS fee renewal previously approved by the Trustees. Mr. Jensen stated that the Fund would be taking a credit against GDS's April 2017 invoice to account for this rate reduction, retroactive to January 2016.

C. Minimum Payment Requirements

Mr. Slevin reported on the minimum payment requirements under the ACA. After discussion,

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

RESOLVED to address any minimum payment-related issues through the Fund's appeal process.

D. Non-Discrimination Regulation

Mr. Slevin reported on the non-discrimination requirements under Section 1557 of the ACA, and related regulations.

E. Perkins Delinquent Contributions

Mr. Slevin reported on the Fund's delinquency collection lawsuit against Perkins.

F. Beacon Health Renewal

Mr. Slevin presented an amendment to the Beacon Health contract..

G. Data Sharing Agreement with the West Virginia Fund

Mr. Slevin reported on the Data Sharing Agreement between the Fund and the UFCW Local 400 and Employer Health Fund.

H. Associated Administrators Agreement Amendments

Mr. Slevin reported on amendments to the Associated Administrators Agreement. The Trustees executed the amendments.

I. 5500 Reporting

Mr. Slevin reported on the Form 5500 filing requirements.

J. OptumRx

Mr. Slevin reported on the proposed OptumRx contract amendments.

K. Summaries of Material Modification

Mr. Slevin reported on summaries of material modifications regarding appeals procedures and eligibility.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2016 Report

Mr. Ianniello presented the Administrative Manager's report for the fourth quarter 2016, which had been pre-circulated. Such report indicated total income of $12,455,073, and total expenses of $11,357,481, producing a surplus of $1,097,592. Contributions were made on behalf of 5,655 Plan participants.

VII. INVOICES

The Trustees reviewed the list of invoices dated April 19, 2017. It was noted 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 April 19, 2017 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Retiree Invoice

Mr. Ianniello stated that the Fund has been invoicing Kroger for the Kroger Roanoke Retiree expenses. Kroger has paid all invoices to date.

B. Kroger Retiree Termination Process

Mr. Ianniello requested guidance from the Trustees regarding the processing of the Kroger retiree medical and drug claims after the termination of retiree eligibility. After discussion,

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

> **RESOLVED to delegate to the Chairman and Secretary the authority to determine the run-out period rules applicable to the termination of coverage for retirees formerly employed by Kroger.**

C. CareFirst PPO Contract Renewal

Mr. Jensen reported on the CareFirst renewal proposal. The Trustees asked Mr. Bramstaedt to obtain CareFirst's best and final offer for the PPO contract renewal.

D. Dependent Audit

Mr. Ianniello advised that the dependent audit to be conducted by Secova was pending agreement by the Trustees on the eligibility reinstatement procedures for dependents. After discussion,

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

> **RESOLVED to delegate to Trustees Federici and Gwin the authority to approve the dependent eligibility reinstatement procedure applicable to the Secova audit.**

E. Retiree Drug Subsidy ("RDS") Representative

Mr. Jensen reported that, as a result of Ms. Harris' resignation as a Trustee, the Fund needed a new RDS representative. After discussion,

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

> **RESOLVED to appoint Trustee Yolanda Anwar as the Fund's RDS representative, replacing former Trustee Harris.**

F. Jointly Administered Arrangement ("JAA") Renewal with Anthem

Mr. Ianniello presented the proposed renewal of the JAA administration agreement between the Fund and Anthem BlueCross BlueShield for March 1, 2017 through February 28, 2019. After discussion,

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

> **RESOLVED to approve the JAA administration renewal with Anthem for March 1, 2017 through February 28, 2019 as presented.**

G. Patient Centered Outcomes Research Institute ("PCORI") Fee

Mr. Ianniello reported that the Fund would utilize the snapshot method in calculating the number of participants for the PCORI fees, the same method used in prior years, if the

Trustees did not object. The Trustees' consensus was to continue using the snapshot calculation method.

IX. NEXT MEETING DATES AND LOCATIONS

October 10, 2017 – 9:30 a.m. - Local 400 Landover, Maryland
December 6-7, 2017 - 9:30 a.m. – National Harbor, Maryland

X. ADJOURNMENT

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

Respectfully Submitted,

Steve Loeffler – Secretary

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(Rev: SS11/30/17)