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

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND SEPTEMBER 16, 2019 LANDOVER, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
D. Gwin – Secretary
J. Born
B. Seehafer

Also present were:

H. Burton – Morgan, Lewis, & Bockius, LLC
D. Clutts – Associated Administrators, LLC
N. Eid – Confidio (via teleconference)
A. Hanson – UFCW Local 400
C. Hoffmann – UFCW Local 400
J. Ianniello – Associated Administrators, LLC
N. Jacobs – UFCW Local 400
W. Jensen – Associated Administrators, LLC.
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company (via teleconference)
J. Williams – Kaiser Permanente
M. Wilson – UFCW Local 400

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on April 25, 2019, and the Appeals Committee meeting held on June 26, 2019, which were previously circulated.

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

RESOLVED that the minutes of the regular meeting held on April 25, 2019, and the Appeals Committee meeting on June 26, 2019, are approved as presented.

III. FINANCIAL REPORT

PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for the period January 1, 2019 to August 31, 2019. Such report indicated a beginning market value of $10,615,304, receipts of $14,544,808, disbursements of $15,009,859, and earnings of $242,718, producing an ending market value of $10,392,971 as of August 31, 2019.

IV. CONSULTANT'S REPORT

A. The Segal Company

The Trustees welcomed Mr. Josh Timm of The Segal Company to the meeting via teleconference.

1. Plan Y20 & Y30 Part Time Dependent Rates

Mr. Timm presented proposed Plan Y20 and Y30 part time costs for the 2020 Plan Year per enrolled dependent child.

Plan	Per Child Rate	3 or More Children Rate
Y20 Part Time	$159.15	$477.45
Y30 Part Time	$156.29	$468.87

After review, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to adopt the 2020 Plan Y20 and Plan Y30 part-time dependent rates, as presented, effective January 1, 2020.

2. Reserves

Mr. Timm reviewed the Reserve Determination Report through August 31, 2019. He said that the reserves were above the four-month ceiling as outlined in the Shoppers Collective Bargaining Agreement. Mr. Timm noted that the amount of reserves above the four-month ceiling, amortized over six months equal $887,409 per month for September and October 2019, and $568,097 per month for November 2019 through February 2020. Mr. Timm also reviewed a second cost model using the most recent three month's experience to project costs for the upcoming year. Using this model, the Fund's reserves decrease to 2.325 months as of April 2020.

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

B. Confidio

The Trustees welcomed Ms. Nancy Eid of Confidio to the meeting via teleconference.

1. Plan Performance

Ms. Eid reviewed the Fund's prescription benefits for Plan Years 2017 and 2018. She noted the generic dispensing rate was 83.5% in 2018 versus 83.9% in 2017. The average Plan pay per prescription was $118.21 in 2018 versus $118.16 in 2017. Ms. Eid said specialty drug costs represented 35% of total spend in 2018 versus 35.07% in 2017.

2. Pharmacy Benefits Manager Claims and Rebate Audit

Ms. Eid reported that Confidio's preliminary report for the claims audit of years 2016-2017 is scheduled to be submitted to the Fund and OptumRx by end of October 2019. OptumRx will have sixty days to respond. The separate onsite visit for the rebate audit is scheduled for October 7-8, 2019. It will take forty days for Confidio to produce the preliminary report for the rebate audit.

3. Market Check

Ms. Eid indicated that the Fund has the right under the OptumRx contract to invoke a market check to compare current pricing to the market. Ms. Eid reported that Confidio would charge $7,000 for the review. She projected a potential savings of 4-6% per year ($290,645 - $ 430,072).

After review, on Motion made and seconded, the Trustees voted unanimous approval of the following resolutions:

> **RESOLVED to invoke the contract clause allowing for a market check of OptumRx's 2020 pricing and hire Confidio to perform such market check for a fee of $7,000; and**
>
> **FURTHER RESOLVED that the Fund's Chairperson and Secretary are delegated authority to review and approve any changes based on the results of the market check.**

The Trustees thanked Ms. Eid for her report and excused her from the meeting.

V. ATTORNEY'S REPORT

A. Interpleader Subrogation Case

Mr. Slevin reported on an interpleader action relating to a subrogation matter.

B. Independent Fiduciary

Mr. Slevin reported on proposed procedures for appointment of an independent Trustee, if necessary. After discussion,

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

> **RESOLVED that the Fund's Chairperson and Secretary are delegated authority to approve a procedure for appointment of independent Trustees.**

C. Participation Agreements

Mr. Slevin presented the Local 27 Participation Agreement. The Trustees executed the agreement.

D. Subrogation Report

Mr. Ianniello presented the subrogation report for the first and second quarters of 2019. He noted that $25,824.87 was collected with $5,164.97 payable to Slevin & Hart.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2019 Report

Mr. Ianniello presented the Administrative Manager's report for the first quarter 2019, which had been pre-circulated. Such report indicated total income of $4,427,765, and total expenses of $4,611,715, producing a deficit of $183,950. Mr. Ianniello noted that contributions were made on behalf of 2,304 Plan participants.

B. Second Quarter 2019 Report

Mr. Ianniello presented the Administrative Manager's report for the second quarter 2019, which had been pre-circulated. Such report indicated total income of $5,667,163, and total expenses of $5,499,171, producing a surplus of $167,992. Mr. Ianniello noted that contributions were made on behalf of 2,291 Plan participants.

VII. INVOICES

The Trustees reviewed the lists of invoices for the Active and Retiree Plans dated

September 16, 2019. It was noted that there were no additions, deletions or changes to the lists.

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

> **RESOLVED that the invoices shown on the lists for the Active and Retiree Plans dated September 16, 2019 are approved for payment.**

VIII. <u>OTHER FUND BUSINESS</u>

A. <u>Kroger Financial Reconciliation</u>

Mr. Ianniello reported that no new information had been received or requested concerning the Kroger reconciliation since the last Board of Trustees meeting.

B. <u>CareFirst Contract Renewal</u>

Mr. Ianniello reported that CareFirst's contract renewal is still pending with CareFirst.

C. <u>Kaiser Permanente Medicare Plan Offering for 2020</u>

The Trustees welcomed Ms. Jennifer Williams from Kaiser Permanente to the meeting. Ms. Williams presented the Kaiser Permanente 2020 Medicare update. Kaiser Medicare membership as of July 2019 was 257. Currently, 189 of the members have transitioned to the Medicare Advantage Plan. The remaining 68 will transition on January 1, 2020. Ms. Williams presented a 2.3% rate increase request, effective January 1, 2020.

After review, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Kaiser Permanente Medicare Advantage Plan 2020 rates effective January 1, 2020.**

The Trustees thanked Ms. Williams and she was excused from the meeting.

D. <u>Plans Y20 and Y30 Part Time Dependent Child Enrollment</u>

Mr. Ianniello reported that the Plans Y20 and Y30 Part-Time Dependent Child open enrollment is in February for coverage effective March 1st each year. All other benefit programs under the Plan have open enrollments in December for coverage effective January 1st each year. He asked if the Trustees would like to align the open enrollment periods for all Plans to be enrollment in the month of December for a January 1 effective date.

After review, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to change the Plans Y20 and Y30 part-time dependent child open enrollment to match other Plans' open enrollment periods beginning with the December 2019 open enrollment period.**

E. Group Vision Service

Mr. Ianniello presented the contract renewal request received from Group Vision Service for all Plans for years 2020 through 2024 with a 0% rate increase for the term of the contract.

After review, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Group Vision Service rate renewal for Plans J, JS, JSS2, Y, Y20, Y30, and Y40 with 0% increase effective January 1, 2020 through December 31, 2024.**

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected the following meeting date and location:

December 3, 2019 – 9:00 a.m. – Annapolis, Maryland.

X. ADJOURNMENT

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

Respectfully submitted,

Donna Gwin – Secretary

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