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

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND DECEMBER 12, 2013 HANOVER, MARYLAND

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici - Chairman	S. Loeffler – Secretary
M. Eubank	M. Christle
M. Harris	D. Gwin
T. Hipkins	M. Mortensen

Also present were:

H. Bazemore – Anthem
H. Burton – Morgan, Lewis & Bockius, LLP
J. Chorpenning – UFCW Local 27
M. Herwig – PNC Bank
W. Jensen – Associated Administrators, LLC
H. Manley – UFCW Local 27
G. Murphy – UFCW Local 27
L. Rosenberg – Anthem
J. Sears – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C
J. Slivosky – UFCW Local 400
C. Wiszynski – UFCW Local 400

I. CALL TO ORDER

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

II. APPOINTMENT OF NEW TRUSTEE

Mr. Sears noted that Mike Christle of Kroger was named an Employer Trustee effective September 27, 2013, replacing George Anderson.

III. MINUTES

The Trustees reviewed the minutes of the regular meeting of September 19, 2013 and the appeals committee meeting of September 17, 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 September 19, 2013 and the appeals committee meeting of September 17, 2013 were approved as presented.**

IV. 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 October 31, 2013. Such report indicated a beginning market value of $15,593,818, receipts of $35,752,400, disbursements of $37,503,951, and earnings of $219,312, producing an ending market value of $14,061,579 as of October 31, 2013. Mr. Sears noted that this represented approximately 3.31 months of reserves.

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

V. ATTORNEY'S REPORT

A. Affordable Care Act ("ACA") Compliance

Mr. Slevin discussed compliance with the ACA.

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

> **RESOLVED to eliminate dollar maximums on essential health benefits, eliminate pre-existing condition limitations, and include the deductible in out-of-pocket maximums effective January 1, 2014 in accordance with ACA rules.**

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

> **RESOLVED to apply the eligibility rule as the earlier of the date called for by the CBA or the ACA.**

B. <u>Defense of Marriage Act ("DOMA")</u>

Mr. Slevin discussed DOMA.

C. <u>ACA – Summary of Benefit Coverages</u>

Mr. Slevin reported on the Summary of Benefit Coverages ("SBCs").

D. <u>Employer Delinquency – Perkins Management</u>

Mr. Slevin discussed the delinquency of Perkins Management.

E. <u>Consultant Agreement - Segal</u>

Mr. Slevin discussed the consultant agreement with Segal.

F. <u>HIPAA Privacy and Security Policy</u>

Mr. Slevin discussed the privacy policy.

G. <u>Changes to COBRA Form</u>

Mr. Slevin discussed the Fund's COBRA form.

H. <u>Afram Litigation</u>

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

I. <u>Kroger Prescription Plan PHI Disclosure</u>

Mr. Slevin discussed Kroger Prescription Plan's PHI disclosure.

J. <u>Consultant – Request for Proposal ("RFP")</u>

Mr. Slevin discussed the RFP for a consultant.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2013 Report

Mr. Sears presented the administrative manager's report for the third quarter 2013, which had been pre-circulated to the Trustees. Such report indicated total income of $12,111,811 for the quarter. Total expenses were $12,362,974, producing a deficit of $907,350 for the quarter. Mr. Sears noted that contributions and were made on behalf of 7,081 plan participants.

For the year through September 30, 2013, the report indicates total income was $37,199,075. Total expenses were $36,827,385, producing a deficit of $1,001,389 for the year. Contributions were made on an average of 7,127 plan participants.

VII. INVOICES

Mr. Sears presented a list of invoices dated December 12, 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 December 12, 2013 was approved for payment.**

VIII. OTHER FUND BUSINESS

A. Medicare – 2014 Deductibles

Mr. Sears reviewed changes to Medicare's Part A and B deductibles for 2014.

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

> **RESOLVED to pay claims based on Medicare's Part A and B deductibles for 2014.**

B. Kaiser – 2014 Premiums

Mr. Sears reviewed the premiums for Kaiser's Medicare plans for 2014. He said Plan A would have a monthly premium of $217.55 and Plan C $314.18.

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

> **RESOLVED to approve Kaiser's Medicare premiums for 2014.**

C. Maintenance of Benefits ("MOB")

Mr. Jensen discussed MOB calculations. The Trustees decided to table the MOB conversation until a new Fund Consultant could be engaged in this discussion.

D. Aetna Dental Renewal – Kroger Richmond/Tidewater

Mr. Sears said the Aetna dental program for Richmond/Tidewater requested an increase in the ASO fee to $4.15 per participant per month effective January 1, 2014.

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

> **RESOLVED to approve Aetna's fee of $4.15 for the Kroger Richmond/Tidewater dental program for 2014.**

E. CareFirst PPO Rates

Mr. Sears said CareFirst had requested an increase in their monthly fees for access to their PPOs effective November 1, 2013. The increase called for a rate of $4.00 per participant per month for the NetLease program and $20.20 per participant per month for the FlexLink program.

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

> **RESOLVED to approve CareFirst rates of $4.00 per participant per month for NetLease and $20.20 per participant per month for FlexLink effective November 1, 2013.**

F. Credit Requests – SuperValu

Mr. Sears said two credit requests were made by SuperValu for overpayments of contributions. The Trustees noted that it is Fund policy to reject such requests in cases where coverage has been extended.

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

RESOLVED to reject SuperValu's credit requests.

Trustees Gwin and Mortensen abstained from the vote

G. Fund Consultant – Request for Proposal

Mr. Sears said that Requests for Proposals for a Fund Consultant were mailed to Segal, BHA Consulting, and Horizon Actuarial Services.

H. Kroger – Roanoke Retirees

The subcommittee designated to review reserve and plan design decisions for the retiree medical plan reported as follows.

For reserves, they elected to utilize the "fund" method of allocating reserves to the retiree program.

For benefits, Medicare retirees will have no changes to their benefits. Pre-Medicare retirees will lose Fund coverage effective March 1, 2014. A critical illness and accident policy will be provided to pre-Medicare retirees effective March 1, 2014 and benefits will be extended to their dependents on a voluntary contributory basis.

Trustee Loeffler discussed the ACA waiting period issue. The Board agreed that the waiting period would be the earlier of the date called for by the CBA, or the following ACA compliant rule: for full-timers the first of the month following 60 days, and for the variable employees, 13 months.

I. Subrogation

Mr. Sears said $453.21 was recovered by Slevin & Hart for subrogated claims for the third quarter 2013.

IX. VENDOR PRESENTATION

A. Anthem – Kroger Roanoke Medical Provider

The Trustees welcomed Mr. Herb Bazemore and Ms. Lauren Rosenberg of Anthem to the meeting.

Mr. Bazemore reviewed a report dated December 12, 2013 analyzing claims data for the period January 1, 2013 through September 30, 2013. Such report showed billed charges of $20,371,657, and a paid amount of $8,621,494. Anthem's provider savings was 45%. Administrative fees of $426,070 were paid by the Fund. In-network utilization was 99.4%. There were an average of 2,356 participants and 3,844 total members enrolled during the first nine months of 2013.

Ms. Rosenberg reviewed Anthem's "Enhanced Personal Health Care" program. Mr. Bazemore explained that the invoices received by the Fund will now be split to show the portion of the overall fee that is designated for this program.

The Trustees thanked Mr. Bazemore and Ms. Rosenberg for their report and they were excused from the meeting.

X. NEXT MEETING DATES AND LOCATIONS

The Trustees scheduled the following dates for the next meeting:

March 21, 2014 – Hanover, Maryland
August 14, 2014 – Annapolis, Maryland
November 13, 2014 – National Harbor, Maryland

XI. ADJOURNMENT

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

Respectfully submitted,
Steve Loeffler - Secretary

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