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 AUGUST 14, 2014 HANOVER, MARYLAND

The following Trustees were present:

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

EMPLOYER TRUSTEES
S. Loeffler – Secretary
M. Christle
D. Gwin

Also present were:

A. Bajani - Catamaran
H. Burton – Morgan, Lewis & Bockius, LLP
J. Chorpenning – UFCW Local 27
L. DuVall – Associated Administrators, LLC
D. Fairhurst – Aetna
J. Geist - Aetna
D. Harper - Catamaran
M. Herwig – PNC Bank
J. Ianniello – Associated Administrators, LLC
M. Imming – Group Dental Service
C. Ingram – Aetna Dental
W. Jensen – Associated Administrators, LLC
R. Lloyd – Anthem ASO
H. Manley – UFCW Local 27
G. Murphy, Jr. – UFCW Local 27
T. Poffenbaugh – Value Options
B. Slevin – Slevin & Hart, P.C
J. Slivosky – UFCW Local 400
M. Walter – Voya Financial (formerly ING)
C. Wiszynski – UFCW Local 400

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the regular meetings held on December 13, 2013 and March 21, 2014, and the appeal committee meetings of April 24, 2014 and June 18, 2014, 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 meetings held on December 13, 2013 and March 21, 2014 and the appeals committee meetings of April 24, 2014 and June 18, 2014 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, 2014 to June 30, 2014. Such report indicated a beginning market value of $13,143,537, receipts of $20,882,130, disbursements of $21,454,704, and earnings of $260,968, producing an ending market value of $12,831,931 as of June 30, 2014.

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

IV. CONSULTANT'S REPORT

The Trustees welcomed Mr. Mitch Bramstaedt and Mr. Joshua Timm of the Segal Company to the meeting. They reviewed the services offered under the retainer agreement with the Fund.

V. ATTORNEY'S REPORT

A. Statute of Limitations

Mr. Slevin discussed the Heimshoff Supreme Court Case. The Board agreed to make no change in the Plan Statute of Limitations.

B. Appeal Committee – Named Fiduciary

Mr. Slevin discussed the status of the appeals committee.

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

> **RESOLVED to designate the appeals committee as the named fiduciary for the purpose of deciding benefit appeals.**

C. <u>PPACA – Reinsurance Fees</u>

Mr. Slevin reviewed his memorandum of June 2, 2014 regarding the PPACA reinsurance fee.

D. <u>COBRA</u>

Mr. Slevin discussed the Fund's COBRA notices and his firm's July 29, 2014 memorandum on the subject.

E. <u>Business Associate Agreements</u>

Mr. Slevin discussed revised BAA's for HIPAA Hi-Tech and presented same for execution by the Trustees. The documents were executed.

F. <u>Amendment No. 3 to the Anthem Agreement</u>

Mr. Slevin presented Amendment No. 3 to the Anthem agreement for execution. The document was signed by the Trustees.

G. <u>Subrogation</u>

Mr. Jensen presented the subrogation report for the first quarter of 2014. He noted that $97,074.15 was collected with $24,268.54 payable to Slevin & Hart.

H. <u>Metlife Amendment</u>

Mr. Slevin reported on the amendment to the MetLife Insurance Policy.

I. <u>PNC Agreement</u>

Mr. Slevin discussed the PNC Agreement.

J. <u>Perkins Management Delinquency</u>

Mr. Slevin discussed the Perkins Management delinquency.

K. <u>Mental Health Parity</u>

Mr. Slevin discussed his firm's April 9, 2014 memorandum on the final regulations.

L. Pending Agreements

Mr. Slevin reported on the status of the Anthem agreement covering the Richmond Tidewater area and the Care First agreements.

VI. ADMINISTRATIVE MANAGER'S REPORT

A First Quarter 2014 Report

Mr. Jensen presented the administrative manager's report for the first quarter 2014, which had been pre-circulated. Such report indicated total income of $11,469,944 for the quarter. Total expenses were $10,715,816, producing a surplus of $754,128 for the quarter. Mr. Jensen noted that contributions were made on behalf of 6,129 plan participants.

VII. INVOICES

The Trustees reviewed the list of invoices dated August 14, 2014, as well as the PPACA invoice for the first quarter 2014. Mr. Jensen noted that the PPACA invoice was substantially higher than previous invoices due to charges related to the required ICD-10 coding work for 2013. It was noted there were no additions, deletions or changes to the list.

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

> **RESOLVED that the invoices on the lists dated August 14, 2014, including the PPACA invoice submitted by Associated, were approved for payment.**

VIII. OTHER FUND BUSINESS

A. Life Insurance Carrier - Voya Financial (formerly ING)

The Trustees welcomed Mr. Mark Walter of Voya Financial to the meeting. He presented a report for the period March 1, 2009 through October 31, 2013. He noted that for Basic Life the claims paid totaled $964,899.98 and the premiums paid were $895,716.55 for the period. A D & D claims totaled $10,042.50 and premiums paid were $75,975.78 for the period. He noted that the average covered lives were 25,112.

1. Contract Renewal

Mr. Walter presented his firm's renewal request effective July 1, 2014. He presented three renewal options and rate guarantees for the Trustees review. The one year renewal was a rate of $0.21 per thousand for life insurance, and $0.018 for accidental death and dismemberment (A D & D).

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

B. Anthem Life

Mr. Jensen reviewed a life insurance quote from Anthem Life effective January 1, 2015. Anthem proposed a rate for Basic Life of $0.21 per $1,000 and an A D & D rate of $0.02 per $1,000 with a three year rate guarantee.

C. CIGNA

Mr. Jensen noted that he had received a quote from Cigna to provide life insurance and A D & D benefits to the Fund. He reported that Cigna proposed a rate of $.38 per $1,000 for Basic Life and $.03 per $1,000 for A D & D benefits.

Both of these alternative proposals were more expensive than the one year renewal offered by Voya.

Discussion

After discussion,

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

> **RESOLVED to authorize Chairman and Secretary to review the life insurance proposals and act on the proposals between meetings.**

D. Supervalu Credit Request

Mr. Jensen noted that SuperValu had requested a credit against future contributions of erroneous contributions remitted on behalf of a participant for the period October 2008 to April 2014 resulting in an overpayment of $37,259.42. After discussion,

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

RESOLVED to approve the credit request submitted by SuperValu.

The Trustees from Shoppers abstained from voting.

E. <u>Patient Centered Outcomes Research Institute (PCORI) Fees</u>

Mr. Jensen noted that the PCORI fees were remitted on July 31, 2014.

F. <u>Fiduciary Insurance –Waiver of Recourse</u>

Mr. Jensen said that the invoices for the waiver of recourse for the fiduciary insurance were sent to the Trustees on April 30, 2014.

G. <u>Payroll Audit</u>

Mr. Jensen reported that a payroll audit conducted at UFCW Local 400 for the period January 2010 through December 2012 had revealed no irreconcilable discrepancies.

H. <u>Topol Class Action Settlement</u>

Mr. Jensen reported that the Fund had received $475.34 as settlement in the Topol Class Action litigation.

I. <u>Formulary Rebate</u>

Mr. Jensen reported that the Fund had received a formulary rebate from the prescription drug provider, Catamaran, in the amount of $88,749.24.

IX. <u>VENDOR PRESENTATIONS</u>

A. <u>Dental Provider (GDS)</u>

The Trustees welcomed Ms. Molly Imming of Group Dental Service (GDS) to the meeting. She presented the annual utilization report for 2013. She noted that GDS had 10,806 total visits by participants, spouses and other eligible dependents and that 22,957 procedures had been processed with a UCR value of $3,622,472. GDS had been reimbursed a total of $2,430,050 in premiums and co-payments received from plan participants. The relative value of service was 1.40. She noted that the cost of care was 71%.

1. Contract Renewal

Ms. Imming discussed the Fund's contract with GDS which was scheduled to renew effective January 1, 2014. She noted that GDS proposed no premium increase for the period January 1, 2014 through June 30, 2014. She further said that the Health Insurer Fee (HIF), which went into effect January 1, 2014 in accordance with the Affordable Care Act, would be assumed by GDS for that period. She reported that based on their underwriter's calculations, the HIF fee would impact the premium by 2.6%. She requested a 5% increase in their premium for the period July 1, 2014 through December 31, 2015, inclusive of the 2.6% increase in premium due to the HIF tax and 2.4% increase in premium based upon the Fund's utilization and trend.

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

The Trustees discussed the relatively low cost of care percentage, in comparison with prior experience, and questioned the need for a premium increase. After discussion,

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

> **RESOLVED to appoint a subcommittee of Trustees Federici, Murphy and Gwin to review and resolve the issue between meetings.**

B. <u>Dental Provider (Aetna Dental)</u>

The Trustees welcomed Ms. Dawn Fairhurst, Mr. Joseph Geist and Mr. Carlton Ingram of Aetna Dental to the meeting.

Mr. Ingram presented his 2013 annual report. He noted that there were 12,807 subscribers and the total ASC fees were $51,612.21 for 2013. Mr. Ingram next reviewed dental utilization for the period May 1, 2013 through April 30, 2014. He noted that the average number of members were 1,642, a decrease of 4.3% over the prior year. The total dental paid was $326,495 a decline of 8.2% over the prior period. The network savings was $119,525 a 8.5% increase over the prior period. 51.5% of dental paid was in-network. The reasonable and customary savings was $7,140 a decline of 24.8% over the prior period.

Mr. Ingram presented a 2015 rate renewal with reduced administrative fees.

The Trustees thanked the representatives from Aetna for their report and they were excused from the meeting.

C. Anthem (ASO)

The Trustees welcomed Ms. Rhonda Lloyd of Anthem to the meeting.
She presented a report for the 12 month period July 2013 – June 2014. She noted that claims paid during this period amounted to $7.3 million or $373.78 on a per member per month basis, a 3.0% decrease over the prior year. Membership averaged 1,633, compared to 1,697 for the prior period, a decrease of 3.8%.

She further reported that medical claims paid for the period January 2014 – June 2014 totaled 3.9 million or $397.64 on a per member per month basis, a decrease of 6.5% from the prior period. Membership averaged 1,652, compared to 1,696 for the prior period, a decrease of 2.6%. High-cost claimants over $75K and accounted for 41.3% of costs, a decrease from 46.2% in the prior period.

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

D. Mental Health Provider (Value Options)

The Trustees welcomed Mr. Terry Poffenbaugh and Mr. Ed Knitter of Value Options to the meeting. Mr. Poffenbaugh presented the Managed Behavioral Health and Employee Assistance Program reports for 2013. Mr. Poffenbaugh noted that the average membership count was 8,885 in 2013. Total paid MHSA claims were $411,501 in 2013, a 22% decrease over 2012. There were 349 inpatient visits and 2,659 outpatient visits in 2013. The average length of inpatient stay was 5.7 days per admission.

Mr. Poffenbaugh presented the Employee Assistance Program Utilization for 2013, indicating that the annual utilization for 2013 was 0.62%, compared to 1.22% in 2012.

Mr. Poffenbaugh noted that the merger/purchase of ValueOptions by Beacon Health Strategies was pending a regulatory review. He will advise once such review is completed.

The Trustees thanked the representatives of ValueOptions for their report and they were excused from the meeting.

E. Prescription Drug Provider (Catamaran)

The Trustees welcomed Mr. Donald Harper and Ms. Anita Bajani of Catamaran to the meeting.

Mr. Harper presented the 2013 report. Mr. Harper reported that paid claims were $6,077,280 for 63,408 prescriptions for the year. There was an average of 4,887 members in 2013, compared to 5,259 in 2012. 82% of the claims paid were for Traditional drugs and 18.2% were for Specialty drugs. Generic drugs were dispensed 75.5% of the time.

The Trustees thanked the representatives of Catamaran for their report and they were excused from the meeting.

X. NEXT MEETING DATE AND LOCATION

The Trustees noted that the next regular meeting was scheduled for November 12, 2014 beginning at 2:00 p.m. the Hotel at Arundel Preserve.

XI. ADJOURNMENT

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

Respectfully submitted,
Steve Loeffler - Secretary