

**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 11, 2012
NATIONAL HARBOR, MARYLAND**

The following Trustees were present:

UNION TRUSTEES

M. Federici - Chairman
M. Eubank
M. Harris
T. Hipkin

EMPLOYER TRUSTEES

G. Anderson
D. Gwin
A. Samad-Salameh

Also present were:

C. Allebach – Group Vision Services
H. Burton – Morgan, Lewis & Bockius, LLP
J. Chorpenning – UFCW Local 27
M. Christle – Kroger
E. Foxman – Group Dental Services
R. Foxman – Group Vision Services
M. Herwig – PNC Bank
D. Hyman – Group Dental Services
W. Jensen – Associated Administrators, LLC
E. Knitter – Value Options
H. Manley – UFCW Local 27
T. Poffenbaugh – Value Options
J. Sears – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
D. Whitney – SuperValu

I. CALL TO ORDER

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

II. APPOINTMENT OF TRUSTEE

Mr. Jensen said that Mark Federici has been appointed as a Union Trustee, replacing Thomas McNutt, effective November 28, 2012.

Trustee Federici was nominated as Fund Chairman, replacing Thomas McNutt. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED to appoint Mark Federici as Chairman of the UFCW Unions and Participating Employers Health and Welfare Fund.

III. MINUTES

The Trustees reviewed the minutes of the regular meeting of April 24, 2012 and the appeals committee meeting of August 30, 2012 meeting, 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 April 24, 2012 and the appeals committee meeting of August 30, 2012 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, 2012 to September 30, 2012. Such report indicated a beginning market value of \$17,943,337, receipts of \$28,951,926, disbursements of \$31,784,359, and earnings of \$712,097, producing an ending market value of \$15,823,001 as of September 30, 2012. Mr. Jensen noted that Shoppers had taken a \$2.9 million drawdown during this period.

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

V. AUDITOR REPORT

Mr. Jensen said the Fund auditor, Mr. Brian Garstecki of Bond Beebe, was unable to attend the meeting and will present the annual audit at the next meeting. He said that Mr. Garstecki had no concerns about the audit and it was precirculated to the Trustees

in advance of this meeting. The IRS Forms 5500 and 990 for the plan year ending December 31, 2011 had been filed on a timely basis.

VI. **ATTORNEY'S REPORT**

A. **Mental Health Parity**

Mr. Slevin discussed the Mental Health Parity Act.

B. **Summary of Benefit Coverage**

Mr. Slevin reviewed the Summary of Benefit Coverage requirements.

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

RESOLVED to delegate the approval of the Summary of Benefit Coverage statements to the Chairman and Secretary.

C. **Annual Limits Waiver**

Mr. Slevin discussed the PPACA annual limits waiver and notice.

D. **Afram Litigation**

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

E. **Anthem Administrative Agreement**

Mr. Slevin advised regarding the Anthem administrative agreement and the PHI issue relating to Anthem.

F. **Summary of Material Modification – Life Insurance Payouts**

Mr. Slevin discussed a Summary of Material Modification regarding death benefit payouts.

G. **Attorney Client Privilege**

Mr. Slevin discussed attorney/client privilege.

H. **Form 990**

Mr. Slevin discussed the Form 990.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. First, Second and Third Quarter 2012 Reports

Mr. Jensen presented the administrative manager's report for the first, second and third quarters 2012, which had been pre-circulated to the Trustees. He reviewed the third quarter report in detail. Such report indicated total income of \$12,354,694. Total expenses were \$12,760,865, producing a deficit of \$406,171 for the quarter. Mr. Jensen noted that contributions and were made on behalf of 7,328 plan participants.

VIII. INVOICES

Mr. Jensen presented a list of invoices dated December 11, 2012. 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 11, 2012 was approved for payment.

IX. OTHER FUND BUSINESS

A. Poll Results – Retiree Program

Mr. Jensen reported a poll of the Trustees approved formalizing the separate retiree health plan under the Fund, separately tracking and reporting the assets, income and expenses from the active and retiree plan. As part of this email poll, the Trustees approved the Shoppers CBA language, changing the prescription drug copayments for Shoppers retirees to 8% for generic drugs and 13% for brand drugs. In addition, Shoppers retirees were moved into Kaiser's Plan A.

B. Poll Results - Endodontics Coverage

Mr. Jensen said a poll of the Trustees approved the addition of coverage for endodontics fro Shoppers participants in plans JSS-2 and Y-2, effective September 1, 2012.

C. Prescription Drug Program - Step Therapy

Mr. Jensen discussed adding step therapy to the prescription drug program, based on the language in the Shoppers Food Warehouse memorandum of understanding.

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

RESOLVED to approve the addition of step therapy to the prescription drug program.

The Trustees also discussed the exclusion of Proton Pump Inhibitors, which are currently covered under the UFCW Local 400 collective bargaining agreement, but are not covered under the UFCW Local 27 collective bargaining agreement. The Trustees decided to discuss this topic at the next meeting.

D. Prescription Drug Program – Narcotic Flags

The Trustees discussed narcotic flags under the prescription drug program.

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

RESOLVED to delegate decisions on prescription drug narcotic flags to a subcommittee of Mark Federici and Alia Samad-Salameh.

E. Pharmacy Benefit Manager (“PBM”) – Renewal

Mr. Jensen discussed the renewal contract offered by Catamaran, the Fund’s PBM. He noted that Catamaran is the new name for Informed Rx. Mercer provided a report on the proposals submitted by Catamaran and Express Scripts which was reviewed by the Trustees. Such report recommended renewal of the contract with Catamaran based on the more favorable financial proposal.

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

RESOLVED to approve the renewal of the Catamaran prescription drug program.

F. Prescription Drug Program – Mandatory Mail Order

Mr. Jensen discussed a change to the prescription drug program for retiree plans, requiring mail order service for out-of-area retired participants. Such restriction had been approved by the bargaining parties during the recent Shoppers negotiations.

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

RESOLVED to approve the requirement of mail order prescription drug service for out-of-area retired participants.

G. Prescription Drug Program – Gardasil

Mr. Jensen said Gardasil was approved in the Shoppers negotiations as a covered expense. The current law allows Gardasil to be obtained and administered by a pharmacy in Virginia, but Maryland and Washington, D.C. laws do not allow the pharmacy to administer the drug. He discussed various ways to cover the expense. The Trustees asked Mr. Jensen to write a summary of the options and delegated the decision to a subcommittee of Trustees Federici and Samad-Salameh.

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

RESOLVED to delegate decisions on covering Gardasil to a subcommittee of Mark Federici and Alia Samad-Salameh.

H. Maintenance of Benefits (“MOB”) – Non-Kroger Plans

Mr. Jensen noted that the last MOB projection was performed in October 2011, effective May 2011, based on a report produced by BHA Consultants. He said he would send a MOB projection calculation to the Trustees for review. The Trustees agreed to act on this issue by an email poll of the Trustees.

I. Perkins Management – Payroll Audit Findings

Mr. Jensen said he received a letter from Perkins Management requesting the waiver of a portion of a payroll audit finding recently performed for the period January 2008 – December 2010. The letter stated that Perkins Management erroneously paid contributions to another fund, and requested a waiver of \$6,709.08.

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

RESOLVED to deny the request by Perkins Management to waive a portion of a payroll audit finding of contributions due.

J. SuperValu – Credit Request

Mr. Jensen said he received a letter from SuperValu requesting a credit of \$9,284.58 due to an overpayment of a participant's premiums. He advised that it was consistent with the Fund policy on mistaken contributions.

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

RESOLVED to approve the SuperValu request for a credit of \$9,284.58.

Trustees Samad-Salameh and Gwin abstained from the vote.

K. MetLife – Life Insurance Rates

Mr. Jensen said that the Life and AD&D rates for Kroger Richmond/Tidewater renewed without change for the plan year September 1, 2012 through August 31, 2013. The rates remained \$.127 and \$.03 per \$1,000.

L. Carefirst Agreement

Mr. Jensen presented a letter from Carefirst requesting a rate adjustment retroactive to November 1, 2011. The Trustees tabled this discussion and requested that Carefirst representatives be invited to the next meeting to discuss the request.

M. Kaiser – Medicare Rates

Mr. Jensen presented a letter from Kaiser Permanente illustrating the Medicare Plus rates for 2013. He said that the rate for Plan C with Medicare Part D, which is currently

\$305.18 per month, is not changing. The rate for Plan A with Medicare Part D, which is currently \$208.55, is not changing. The part-time and spouse rate for the High Option with Medicare Part D, will increase from \$99.00 per month to \$103.00 per month, a 4% increase.

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

RESOLVED to approve Kaiser Medicare rates for 2013.

N. Kroger Bargaining Data

Mr. Jensen said he received a request from Kroger for bargaining related data. UFCW Local 400 requested that they be allowed to review this data as well. The Board agreed to provide the data, subject to a confidentiality agreement.

O. Fund Consultant

Trustee Samad-Salameh suggested hiring a consultant to assist the Fund with plan design review. Trustee Federici requested that she provide details for the scope of the project prior to any decision being made on this topic. She agreed to provide a draft Request for Proposal for consulting services.

X. VENDOR PRESENTATIONS

A. 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 June 2012 outlining the Fund’s claims experience for 2011.

The report showed total visits for 2011 were 11,433 with 25,404 procedures performed. The value of these procedures totaled \$3,197,382, versus total income of \$2,543,354, for a relative value of 1.26. The cost of care was \$1,601,154 versus premiums paid of \$2,405,084 for an experience level of 66.6%.

Mr. Foxman presented a rate chart that illustrated no rate increase for 2012. Premiums for the Shoppers participants in the JSS-2 and Y-2 programs had an increase of 9.75%

effective September 1, 2012, due to the inclusion of Endodontics. The proposal showed a rate increase of 4.5% for all plans effective January 1, 2013.

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

RESOLVED to approve Group Dental Services rates for 2012 and 2013 as presented.

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

B. Group Vision Services (“GVS”) – Vision Provider

The Trustees welcomed Dr. Ralph Foxman and Mr. Craig Allebach of GVS to the meeting.

Mr. Allebach reviewed a report detailing the Fund’s claims experience for the period January 1, 2011 through December 31, 2011. The report showed 2,300 exams and \$89,056 in claims during 2011. There were 2,124 materials with a claim total of \$221,264 distributed in 2011.

Mr. Foxman said a new hearing and LASIK benefits became available on September 1, 2012. GVS will coordinate with the Administrative Manager to prepare and send a mailer to all participants detailing these new benefits.

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

C. Value Options – Mental Health Provider

The Trustees welcomed Mr. Terry Poffenbaugh and Mr. Edward Knitter of ValueOptions to the meeting.

Mr. Knitter explained that there were some layoffs at Value Options, and that Mr. Poffenbaugh would be the new Fund’s contact at Value Options, replacing Dave

Zaporski. He said the layoff did not affect the clinicians within the company, only management. He said the layoffs would not impact the company's service to the Fund.

Mr. Poffenbaugh reviewed a report detailing the Fund's claims experience during 2011. He said the Fund paid an average of \$7.29 per employee per month for claims during 2011, a 32% increase over the \$5.53 average of 2010. His report showed claims of \$516,534 paid during 2011. He said the increase in claims is partly due to the availability of the benefit to older dependents as required under PPACA.

The Trustees thanked Mr. Knitter and Mr. Poffenbaugh for their report and they were excused from the meeting.

XI. MISCELLANEOUS CORRESPONDENCE

A. Proposal – US Imaging

Mr. Jensen reviewed a proposal from US Imaging, a network of imaging centers. The Trustees asked Mr. Jensen to request a network impact report from US Imaging. If the report shows viable accessibility of providers, they asked that US Imaging be invited to the next meeting to discuss their product.

B. Proposal – TC-3

Mr. Jensen reviewed a proposal from TC-3, a health care fraud investigation company. The Trustees asked Mr. Jensen to invite them to the next meeting to discuss their services.

C. Proposal – Navitus

Mr. Jensen reviewed a proposal from Navitus, a prescription drug manager. The Trustees had no interest in this proposal at this time.

D. Tertiary Claim Discounter

Mr. Jensen said that TRPN, a tertiary discounter used by Carefirst for out-of-network claim discounting, terminated their relationship with the Fund effective December 1, 2012. Carefirst recommended another vendor, HRGI, to replace them. Mr. Jensen said that it may be worthwhile to consider other vendors, and he would reach out to them for proposals.

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

RESOLVED to authorize a subcommittee of Trustees Federici and Samad-Salameh to review these vendors and make a selection.

XII. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the following date for the next meeting:

April 9 – 9:00 a.m.

XIII. ADJOURNMENT

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

Respectfully submitted,
Mark Federici - Chairman