Warehouse Employees Union Local No. 730
Health and Welfare Trust Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (800) 730-2241
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-6102
Telephone: (800) 730-2241
www.associated-admin.com

DRAFT

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
WAREHOUSE EMPLOYEES UNION LOCAL NO. 730
HEALTH AND WELFARE TRUST FUND
DECEMBER 10, 2020
VIA TELECONFERENCE

The following Trustees were present:

UNION TRUSTEES	**EMPLOYER TRUSTEES**
R. Brooks – Chairman	J. Paradis – Secretary
J. Lacy	H. Sebhat
F. Myers	F. Stegman
T. Richardson – Alternate	M. Goble – Alternate

Also present were:

K. Barshinger – Associated Administrators, LLC
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
C. Davis-Alpis – Cigna
G. Hayes – Cigna
J. Kimble – Morgan, Lewis & Bockius, LLP
G. Kreidler – Cigna
B. Robertson – NFP (Meltzer Group)
R. Sichel – Investment Performance Services, LLC
J. Wuthrich – Cigna

I. CALL TO ORDER

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

II. MINUTES

The Trustees read the minutes of the last regular meeting held on September 1, 2020.

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

> **RESOLVED that the minutes of the last regular meeting held on September 1, 2020 are approved as written.**

III. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran reported that she distributed to the Trustees via email the meeting materials, which included a copy of the PNC Summary of Activity report for the period January 1, 2020 through September 30, 2020.

B. Investment Performance Services, LLC ("IPS")

1. Investment Performance

The Trustees welcomed Mr. Rich Sichel of IPS to the meeting.

Mr. Sichel distributed his report titled, "Master Consulting Services Report – September 30, 2020." Mr. Sichel reported that the total market value of assets as of September 30, 2020 was $11,908,639. Mr. Sichel distributed his report titled, "Preliminary Monthly Performance Analysis – October 31, 2020." He reported that the total market value of assets as of October 31, 2020 was $12,143,597.

2. Asset Allocation

Mr. Sichel reported that as of September 30, 2020, the Fund held 46.0% in Investment Grade Fixed income, 37.5% in Short Duration High Yield, 6.6% in Real Estate, and 9.9% in cash equivalents. He noted Wedge Capital held $5,473,813, Chartwell Investment held $4,460,945, American Core Realty held $789,610, and there was $1,184,270 in the cash account.

Mr. Sichel noted that the cash allocation is within the targeted policy range, however he recommended the Trustees consider reallocating the assets as follows: 1) $500,000 from the cash account to Wedge Capital Management (Investment Grade Fixed Income) and 2) $300,000 from the cash account to Chartwell Investment (Short Duration High Yield Fixed Income).

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

> **RESOLVED to follow IPS' recommendation to rebalance the assets by allocating funds as follows: 1) $500,000 from the cash account to Wedge Capital Management and 2) $300,000 from the cash account to Chartwell Investment.**

3. Cyber Liability Amendment

Mr. Sichel said that IPS is proposing that the Fund amend its Investment Policy Statement to require investment managers to have cybersecurity insurance in place. He said cyberattacks are a growing threat in today's environment. He reported that he sent a memo and draft amendment regarding managers' cybersecurity insurance coverage to Fund Counsel for review. Mr. Kimble and Mr. DeLancey recommended that the Trustees adopt and sign the amendment.

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

RESOLVED to adopt the amendment to the Investment Policy Statement.

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

IV. COUNSEL REPORT

A. Subrogation Report

Mr. DeLancey reviewed the status of subrogation matters under collection as of December 10, 2020. He stated that there was one lien for which the Fund received full reimbursement and one for which the Fund accepted a reduced lien. There are currently three open cases, with no action needed at this time.

B. Hearing Aid Benefit

Mr. Kimble noted that the contract with Group Vision Services for the hearing aid benefit the Trustees approved at the September meeting had been executed. Ms. Cochran said that the benefit was implemented on November 1, 2020.

Mr. DeLancey and Mr. Kimble said there were no other legal matters pending before the Board of Trustees at this time.

V. <u>ADMINISTRATIVE MANAGER'S REPORT</u>

A. <u>Third Quarter 2020</u>

Ms. Cochran presented the Administrative Manager's Report for the third quarter 2020. The report showed contributions of $1,504,413, interest and dividend income of $85,321, and miscellaneous income of $101, producing a total income of $1,589,835 for the quarter. Expenses included $720,114 of benefit expenses and $93,119 of operating expenses, producing a total expense of $813,233. This produced a total surplus of $776,602 for the quarter ended September 30, 2020. Ms. Cochran noted that contributions were made on behalf of 343 Plan participants.

B. <u>Administrative Services Contract Renewal – INTERIM ACTION</u>

Ms. Cochran noted that the committee of two Union Trustees and two Employer Trustees approved an extension of the administrative services contract with Associated Administrators, LLC, for the period January 1, 2021 through December 31, 2023, with 2% annual fee increases. Ms. Cochran thanked the Board of Trustees for the contract renewal and said a contractual amendment would be prepared and sent to Counsel for review.

VI. <u>INVOICES</u>

Ms. Cochran presented a list of invoices dated December 10, 2020 for Trustee review. It was noted that 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 list dated December 10, 2020 are approved for payment as presented.

VII. PROVIDER REPORT – NFP (Meltzer Group)

The Trustees welcomed Ms. Beth Robertson of NFP (Meltzer Group) to the meeting. She distributed her report titled, "The Warehouse Employees Union Local 730 – 2021 Stop Loss Renewal." Ms. Robertson noted that the current stop loss policy will expire December 31, 2020 and although the market did not produce competitive rates, Ullico proposed a 4.5% increase for the contract year January 1, 2021 through December 31, 2021, while the current stop loss trend renewal rate is running at a 15-18% increase in premium. She said the stop loss specific level of $500,000 is appropriate given the Plan's past years of claim experience. Ms. Robertson recommended that the Trustees renew the policy with Ullico, with a $500,000 specific level of coverage, a $50,000 aggregating deductible, and a premium of $99,633 (a 4.5% increase from last year).

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

RESOLVED to approve the recommendation of NFP and accept the proposed stop loss renewal with Ullico for the period January 1, 2021 through December 31, 2021.

VIII. PROVIDER REPORT – CIGNA

The Trustees welcomed Ms. Caroline Davis-Alpis, Ms. Greta Kreidler, Ms. Jada Wuthrich, and Mr. Graham Hayes of Cigna to the meeting.

A. PPO Savings Report

Mr. Hayes reviewed the CIGNA PPO savings report for the period January 1, 2020 through March 31, 2020. The PPO network savings, meaning the billed amount less the network allowed amount, equaled $1,060,054.47. This represents an overall PPO savings of 55.3% for the period January 1, 2020 through September 30, 2020. Mr. Hayes reviewed the out-of-network savings results for the period January 1, 2020 through September 30, 2020 noting a savings of 56.3%.

B. Pharmacy Report

Ms. Wuthrich reviewed the updated pharmacy utilization for the period January 1, 2020 through September 30, 2020. She reviewed the key indicator summary, top therapeutic classes by plan spend, and top drugs by plan spend and by volume. She then discussed the Formulary Changes beginning January 1, 2021 that will continue to reflect Cigna's low net drug cost approach and proven utilization management strategies.

C. Cigna/Express Scripts, Inc. Merge – New ID Cards

Mr. Hayes indicated that due to the merger between Cigna and Express Scripts, Inc., CignaRx is migrating the pharmacy claims engine to the Express Scripts platform and therefore participants will be receiving new medical/prescription ID cards. He said the new ID cards will be effective January 1, 2021.

D. Fee Proposals

Mr. Hayes discussed Cigna's renewal offer for a three-year period for the medical Shared Administration repricing program and prescription benefit and said that the current agreement with the Fund expires December 31, 2020. He said Cigna's revised proposal is a 3.5% increase for the first year, a 1.5% increase for the second year, and no increase for the third year. Mr. Hayes noted that the rates presented in the renewal letter are contingent on Cigna remaining the Fund's Pharmacy Benefit Manager.

The Trustees thanked Ms. Caroline Davis-Alpis, Ms. Greta Kreidler, Ms. Jada Wuthrich, and Mr. Graham Hayes for their presentation, and they were excused.

The Trustees discussed the renewal that Cigna presented. They agreed that there should be a pharmacy benefit market check and asked Ms. Cochran to reach out to Segal regarding the matter.

After a discussion, on MOTION and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to approve the Cigna medical renewal for a three-year period from January 1, 2021 through December 31, 2023, with a 3.5% increase for the first year, a 1.5% increase for the second year, and no increase for the third year, and to approve the pharmacy benefit renewal for the same three-year period.**

IX. OTHER FUND BUSINESS

A. Memorandum of Agreement ("MOA") – Eight O'Clock Coffee

Ms. Cochran reported the receipt of a newly negotiated Memorandum of Agreement between the Union and Eight O'Clock Coffee for the period July 17, 2021 through July 17, 2027.

After discussion and a review of the MOA by Fund Co-Counsel, the Trustees voted -- with Trustee Sebhat abstaining -- approval of the following resolution:

RESOLVED to accept the MOA between Eight O'Clock Coffee and the Union for the period July 17, 2021 through July 17, 2027.

B. <u>2021 COBRA Rates</u>

Ms. Cochran reported that Fund Counsel had reviewed the 2021 COBRA rates. She said a copy of the updated rates is contained in the meeting booklet for Trustee review.

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

RESOLVED to approve the 2021 COBRA rates as contained in the meeting booklet.

C. <u>2021 Summary of Benefits & Coverage ("SBC")</u>

Ms. Cochran reported that Associated mailed the 2021 SBC Notice for the period January 1, 2021 to December 31, 2021 to active participants on December 9, 2020.

D. <u>Summary of Material Modifications ("SMM")</u>

Ms. Cochran reported that on September 28, 2020, Associated mailed a SMM regarding the coverage of hearing aids effective November 1, 2020 as approved by the Trustees at the September Trustees' meeting.

E. <u>Health Care Cost Containment Corporation (HCCCC) – Annual Renewal</u>

Ms. Cochran reported receipt of the annual renewal for the Fund's participation in the HCCCC for the 2021 calendar year. The 2021 annual fee is $700.

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

> **RESOLVED to approve the 2021 renewal for the Fund's participation in the HCCCC for the 2021 calendar year at an annual fee of $700.**

F. **Fidelity Bond Reimbursement**

Ms. Cochran reported that Zurich American Insurance Company, the carrier for Fidelity Bond coverage, submitted a refund in the amount of $190.00 for the July 11, 2017 – July 11, 2020 policy due to a recalculation of the premium rate.

G. **Appeal – Late Filing of Subrogation Agreement – INTERIM ACTION**

Ms. Cochran reported that an email was distributed to the Trustees on September 21, 2020 regarding a late appeal. The requested accident information and subrogation agreement were not received from the participant within the 365-day timely filing period. The Trustees voted to approve the appeal based on the temporary changes made to certain deadlines applicable to group health plans due to the COVID-19 pandemic. This includes special enrollment timeframes, COBRA enrollment and premium payment timeframes, and claims procedure timeframes. Fund Counsel indicated this matter would fall under the temporary extension.

H. **Telehealth Office Visits**

Ms. Cochran reported that the Trustees approved coverage of telehealth visits during the period of the national emergency related to COVID-19, through December 31, 2020. The Trustees requested guidance from Segal regarding the potential costs associated with this coverage. Ms. Cochran said that per Segal the coverage of telehealth services is expected to be cost neutral. Mr. Timm from Segal said the Fund may expect a slight uptick in claims, but not an excessive amount of dollars.

After a discussion, on MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to extend coverage of telehealth office visits through December 31, 2021.**

I. **Eligibility Waiting Period for Employees of Eight O'Clock Coffee**

Per the request of Trustee Sebhat, Ms. Cochran discussed the Fund's initial waiting period for benefits, which is currently six consecutive months with a total of 600 hours. Trustee Sebhat requested that the initial waiting period be waived for new Eight O'Clock Coffee employees and that benefits begin the first of the month following the employee's date of hire. It was noted that these employees would not have a benefit run-out and benefits would terminate the date of termination. Trustee Brooks said this is the arrangement currently in place for Giant employees that were formerly classified as Vacation Relief. Ms. Cochran noted that the Fund would need to be notified timely of hire and termination dates.

After a discussion, on MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to modify, as described above, the initial waiting period and benefit termination for employees of Eight O'Clock Coffee hired after December 10, 2020.**

X. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees selected March 26, 2021 as their next regular meeting date immediately following the companion Pension Fund meeting via teleconference.

XI. ADJOURNMENT

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

Respectfully submitted,

Jason Paradis
Secretary