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

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE WAREHOUSE EMPLOYEES UNION LOCAL NO. 730 HEALTH AND WELFARE TRUST FUND JUNE 18, 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:

S. Abunassar – Kaiser Permanente
K. Barshinger – Associated Administrators, LLC
S. Black – Cigna
M. Chubb – Kaiser Permanente
A. Cochran – Associated Administrators, LLC
M. DeLancey – Blank Rome LLP
K. Foster - Cigna
E. Foxman – NFP
J. Kimble – Morgan, Lewis & Bockius, LLP
D. Melloh – Investment Performance Services, LLC
B. Robertson – NFP
M. Vallario – Kaiser Permanente

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 March 3, 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 March 3, 2020 are approved as written.**

III. FINANCIAL REPORT

A. Custodian Bank – PNC Bank, NA

Ms. Cochran noted a copy of the PNC Summary of Activity report for the period January 1, 2020 through March 31, 2020 is contained in the meeting booklet.

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

1. Investment Performance

The Trustees welcomed Mr. Dan Melloh of IPS to the meeting.

Mr. Melloh distributed his report titled, "Master Consulting Services Report – March 31, 2020." Mr. Melloh reported that the total market value of assets as of March 31, 2020 was $10,061,696. Mr. Melloh distributed his report titled, "Preliminary Monthly Performance Analysis – April 30, 2020." He reported that the total market value of assets as of April 30, 2020 was $10,448,179.

2. Asset Allocation

Mr. Melloh reported that as of March 31, 2020, the Fund held 47.9% in Investment Grade Fixed income, 35.1% in Short Duration High Yield, 8.4% in Real Estate, and 8.6% in cash equivalents. He noted Wedge Capital held $4,816,794, Chartwell Investment held $3,536,374, American Core Realty held $847,961, and there was $860,568 in the cash account.

Mr. Melloh noted that the cash allocation is within the targeted policy range, however based on the current cash needs, he recommended the Trustees consider reallocating funds as follows: 1) $350,000 from the cash account to Chartwell Investment (Short Duration High Yield) and 2) $200,000 from the cash account to Wedge Capital Management (Investment Grade Fixed Income).

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

RESOLVED to follow IPS' recommendation to rebalance by allocating funds as follows: 1) $350,000 from the cash account to Chartwell Investment, 2) $200,000 from the cash account to Wedge Capital Management.

The Trustees thanked Mr. Melloh 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 June 18, 2020. He stated that there are no cases requiring Trustee action at this time.

B. Patient-Centered Outcomes Research Institute (PCORI)

Mr. Kimble reported that the PCORI fee for Plan years ending October through December 2019 is now $2.54 per covered life and must be paid by July 31, 2020.

C. Deadline Extensions

Mr. Kimble reported that temporary changes have been 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. Ms. Cochran advised the Trustees that a one page insert has been added to the COBRA notices to notify the participants of the COBRA extensions allowable during the pandemic.

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

V. ADMINISTRATIVE MANAGER'S REPORT

Ms. Cochran presented the Administrative Manager's Report for the first quarter 2020. Such report showed contributions of $1,355,838, interest and dividend income of $63,416, and miscellaneous income of $0.00, producing a total income of $1,419.254 for the quarter. Expenses included $976,861 of benefit expenses and $60,955 of operating expenses, producing a total expense of $1,037,816. This produced a total surplus of $318,438 for the quarter ended March 31, 2020. Ms. Cochran noted that contributions were made on behalf of 364 Plan participants.

VI. INVOICES

Ms. Cochran presented a list of invoices dated June 18, 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 June 18, 2020 are approved for payment as presented.**

VII. PROVIDER REPORT – CIGNA

The Trustees welcomed Ms. Krista Foster and Ms. Samara Black of Cigna to the meeting. Ms. Foster distributed her report titled, "PPO Savings Results/Pharmacy Updates."

A. PPO Savings Report

Ms. Foster 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 63.1% for the period January 1, 2020 through March 31, 2020. Ms. Foster reviewed the out-of-network savings results for the period January 1, 2020 through March 31, 2020 noting a savings of 66.7%.

B. Pharmacy Report

Ms. Black reviewed the updated pharmacy utilization for the period January 1, 2020 through March 31, 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 July 1, 2020 that will continue to reflect Cigna's low net drug cost approach and proven utilization management strategies.

The Trustees thanked Ms. Foster and Ms. Black for their presentation, and they were excused.

VIII. PROVIDER REPORT – NFP/KAISER PERMANENTE

The Trustees welcomed Mr. Matthew Vallario, Ms. Beth Robertson, and Mr. Ethan Foxman of NFP and Mr. Sam Abunassar and Mr. Matthew Chubb of Kaiser Permanente. NFP distributed their report titled, "Local 730: Medical Plan Evaluation."

Ms. Cochran noted that the Trustees engaged Segal to review the Kaiser analysis and a copy of the analysis is contained in the meeting booklet.

Ms. Robertson gave an overview of the Kaiser proposal, noting this is a fully-insured product and would replace the current self-insured design, and the shared administration and pharmacy agreements with Cigna, the current network provider for medical benefits and pharmacy benefit manager for prescription benefits. Mr. Abunassar reviewed the proposed Kaiser plans noting there is both in-network and out-of-network coverage. He said that the plans were designed to mirror the current level of benefits. Mr. Chubb discussed the various Kaiser facility locations and that a dedicated team would be assigned to assist with benefit questions.

The Trustees thanked Ms. Robertson, Mr. Vallario, Mr. Foxman, Mr. Abunassar and Mr. Chubb for their presentation and they were excused from the meeting.

The Trustees discussed the presentation in detail, and on MOTION made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED to decline the Kaiser proposal for medical and prescription benefits.**

IX. OTHER FUND BUSINESS

A. Fiduciary Liability Insurance Renewal and Waiver of Recourse Premiums

Ms. Cochran referred to the proposal provided by NFP regarding the renewal of the Fiduciary Liability policy. There was one proposal from the incumbent carrier, Markel American Insurance Company/Ullico ("Ullico"). There was no increase in premium.

The Trustees requested that the Administrative Manager request proposals for the next renewal from both NFP and Segal Select to obtain more renewal options.

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

> **RESOLVED to approve the Fiduciary Liability Policy with Ullico for the period July 26, 2020 through July 26, 2021 with an annual premium of $10,387.**

Ms. Cochran advised the Trustees that letters regarding their required payment of the Waiver of Recourse premium of $25 would be mailed.

B. Fidelity Bond Renewal

Ms. Cochran reported that the Fidelity Bond policy will expire July 11, 2020. She said that she is working with the broker, NFP, regarding renewal proposals. Ms. Cochran said that she would poll the Trustees via email once she received the proposals.

C. **2019 Annual Audit**

Ms. Cochran reported that Novak Francella performed fieldwork for the audit in the Administrative Manager's office the week of June 1, 2020. Due to the timing of the fieldwork, draft financials are not yet available. She said the auditor expected to file the Form 990 and Form 5500 on time, but requested an approval for extensions in case there were any unexpected issues.

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

> **RESOLVED to approve Novak Francella to file an extension for the Form 990 and Form 5500.**

D. **Employer Contribution Rate Letters**

Ms. Cochran reported that Associated mailed contribution rate increase letters to Giant Warehouse and the Union Local 730 for rate the changes effective June 1, 2020.

She said contribution rate increase letters were mailed to Adams Burch and Giant Recycling for rate changes effective July 1, 2020.

E. **Summary of Material Modifications ("SMM")**

Ms. Cochran reported that Associated mailed a SMM regarding COVID-19 testing and treatment to participants on March 27, 2020, as a result of interim action taken by the Trustees to cover testing and treatment without any cost sharing.

F. **Women's Health and Cancer Rights Act ("WHCRA")**

Ms. Cochran said that Associated mailed the annual WHCRA notice to participants on March 27, 2020.

G. **Dental Health Centers**

Ms. Cochran reported that as a result of the COVID-19 pandemic, Dental Health Centers agreed to provide a 20% reduction in fees for two months.

H. **COVID-19 Antibody Test**

Ms. Cochran advised the Trustees that the DOL issued a FAQ clarifying that, antibody testing of COVID-19 should be covered with no cost sharing. Fund Counsel confirmed that the Fund would be required to cover antibody testing for any claims received.

I. **Telehealth Office Visits – INTERIM ACTION**

Ms. Cochran reported that the Trustees took interim action to approve coverage of telehealth visits during the period of the national emergency related to COVID-19. Coverage will be provided on the same level that applies to regular office visits per plan guidelines. The Trustees advised the Administrative Manager that coverage of telehealth visits would continue and that a discussion regarding the end date of coverage would be discussed at the next meeting.

J. **Patient Centered Outcomes Research Institute (PCORI)**

Ms. Cochran said the PCORI fee, imposed by the Affordable Care Act for self-insured group plans, must be filed by July 31, 2020. The fee is $2.54 multiplied by the average number of lives covered under the plan for the 2019 plan year. Ms. Cochran said the Board selected the snapshot method for the prior filings to determine the average number of lives covered under the Plan. The Trustees directed the Administrative Manager to engage Novak Francella to file Form 720, which is the tax form to be filed along with the fee payment.

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

> **RESOLVED to approve the snapshot method for the Plan year ended December 31, 2019 and to engage Novak Francella to file Form 720 at no additional fee**.

K. <u>Class Action Settlement</u>

Ms. Cochran said that the Fund received a class action settlement check in the amount of $52.70 for Lipitor utilization by Fund participants.

X. <u>NEXT MEETING DATE AND LOCATION</u>

After discussion, the Trustees selected September 1, 2020 as their next regular meeting date immediately following the companion Pension Fund meeting via teleconference.

XI. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Jason Paradis
Secretary