FELRA & UFCW Health & Welfare Plan

A Plan of the Food Employers Labor Relations Association and United Food and Commercial Workers VEBA Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE FELRA AND UFCW VEBA FUND
VIA VIDEO CONFERENCE
DECEMBER 12, 2022

The following Trustees were present:

Union Trustees	**Employer Trustees**
M. Federici – Secretary	J. Paradis – Chairman
J. Nazario	D. Dosenbach
M. Wilson	M. Goble

Also present were:

W. Antoshak – Associated Administrators, LLC
Y. Anwar – UFCW Local 400
J. Hack – UFCW Local 27
J. Harrison – UFCW Local 27
N. Hill – UFCW Local 27
D. Hope – Investment Performance Services
D. Jensen – Associated Administrators, LLC
M. Kreps – Groom Law Group
B. Maiorano – Associated Administrators, LLC
B. McKiver – UFCW Local 400
R. McKnight – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
R. Sichel – Investment Performance Services
A. Sims – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
K. Woodrich - Cheiron

I. CALL TO ORDER

A quorum being present, the Chairman called the meeting to order. It was noted that Trustee Jason Chorpenning gave his proxy to Trustee Javiel Navarro.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on September 15, 2022, and the Appeals Committee meeting held on October 12, 2022, 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 held on September 15, 2022, and the Appeals Committee meeting held on October 12, 2022 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity Report – ERISA Account – October 31, 2022

Mr. Jensen presented the PNC Summary of Activity report for the period January 1, 2022 through October 31, 2022. Such report indicated a beginning market value of $16,223,331, earnings of negative $838,258, receipts of $102,871,705, and disbursements of $114,368,708, producing an ending market value of $3,888,070 as of October 31, 2022.

2. Summary of Activity Report – Non-ERISA Account – October 31, 2022

Mr. Jensen presented the PNC Summary of Activity report for the Non-ERISA account for the period January 1, 2022 through October 31, 2022. Such report indicated a beginning market value of $6,775,489, receipts of $99,158,143, and disbursements of $105,208,054, producing an ending market value of $725,579 as of October 31, 2022.

3. Reserves

Mr. Jensen noted that as of October 31, 2022, the FELRA VEBA Fund had $10,239,295 in reserves, representing 0.92 months of reserves, compared to 1.07 months as of September 30, 2022. The average expense for the four quarters ending June 30, 2022 was $11,135,813.

B. Investment Performance Services

The Trustees welcomed Mr. Rich Sichel of Investment Performance Services ("IPS") to the meeting.

1. Master Consulting Report – September 30, 2022

Mr. McDonough reviewed the Master Consulting Report for the period ending September 30, 2022. Such report indicated a beginning market value of $16,223,175, a negative net cash flow of $11,103,470, and an investment loss of $888,806, resulting in an ending market value of $4,230,899. The year-to-date performance through September 30, 2022 was negative 9.3%, gross of fees.

2. Preliminary Performance Update – October 31, 2022

Mr. McDonough reviewed the Preliminary Performance Report for the period ending October 31, 2022. Such report indicated a beginning market value of $16,223,175, negative net cash flow of $13,103,470, and an investment loss of $869,305, resulting in an ending market value of $2,250,400. The year-to-date performance was negative 8.8%, gross of fees.

3. Asset Allocation

Mr. Sichel reported that all asset classes are within the Investment Policy ranges and IPS did not recommend any allocation changes.

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

IV. CONSULTANT'S REPORT

A. The Segal Company

The Trustees welcomed Mr. Josh Timm of The Segal Company to the meeting.

i. Plans XX and XXX Part Time Dependent Child Rates 2023

Mr. Timm reported the Plan XX – Part Time and Plan XXX – Part Time dependent child rates were approved by Chairman and Secretary between meetings.

ii. Conifer Renewal

Mr. Timm presented the revised renewal proposal from Conifer for the period of January 1, 2023 through December 31, 2025. He noted the original increases were 11% for the first year of the renewal period, 4.7% for the second, and 4.5% for the third. The revised renewal proposal reflects annual increases of 7.8%, 2.9%, and 3.1% for the same period.

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

RESOLVED to approve Conifer's revised renewal proposal for the period January

1, 2023 through December 31, 2025 at the following rates:

Conifer Renewal Effective January 1, 2023 through December 31, 2025				
	Current Rates	Negotiated Renewal Rates		
Effective January 1,	**2020**	**2023**	**2024**	**2025**
Utilization Management	$ 1.03	$ 1.11	$ 1.14	$ 1.18
Personal Health Management	$ 2.80	$ 3.02	$ 3.11	$ 3.20
Total PMPM	**$ 3.83**	**$ 4.13**	**$ 4.25**	**$ 4.38**
Total % Change	-	7.8%	2.9%	3.1%
Total Annual Premiums*	$ 701,300	$756,200	$778,200	$802,000
Difference from Previous Year	-	$ 54,900	$ 22,000	$ 23,800

iii. Telehealth Extension

Mr. Timm reported that the temporary telehealth benefit previously approved by the Trustees, permitting: (a) coverage of telehealth appointments for services that otherwise would be covered by the Fund if performed in person; and (b) a waiver of the Plan's in-person medical visit requirement as a prerequisite to receiving accident and sickness benefits, was scheduled to expire December 31, 2022. The Trustees discussed extending these benefits for one year and re-evaluating at the end of 2023.

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

> **RESOLVED, to approve an extension through December 31, 2023 of: (a) coverage of telehealth appointments for services that otherwise would be covered by the Fund if performed in person; and (b) a waiver of the Plan's in-person medical visit requirement as a prerequisite to receiving accident and sickness benefits .**

iv. Affordable Care Act ("ACA") 2023 List of Preventive Services Benefits

Mr. Timm presented an updated proposed list of Preventive Services for 2023.

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

> **RESOLVED, to adopt the 2023 list of Preventive Services Benefits, subject to Co-Counsel review.**

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

B. Confidio

Mr. Jensen reviewed a presentation provided by Ms. Nancy Eid of Confidio. The report indicated that Confidio will be eliminating the PBM Consulting services that the Fund currently utilizes. Furthermore, Ms. Eid is leaving employment with Confidio effective January 1, 2023 and will be moving to the Segal Company. Mr. Jensen stated the Fund Office will work with Co-Counsel to effectively terminate the existing contract between the Fund and Confidio. The Trustees expressed interest in receiving a proposal from Segal for retaining Ms. Eid's PBM consulting services through Segal.

V. ATTORNEY'S REPORT

A. Transparency in Coverage Final Rule and Consolidated Appropriations Act ("CAA")

Ms. Sanchez reported on the requirements of the Transparency in Coverage Final Rule and the CAA and the related final regulations.

B. Prescription Drug Class Actions

Ms. Sanchez reported on the prescription class action filings related to Opana Remicade.

C. Mallinckrodt Bankruptcy

Ms. Sanchez reported on the Mallinkrodt bankruptcy.

D. Payer Matrix

Ms. Sanchez reported on the Payer Matrix Business Associate Agreement and Payer Matrix data request.

E. Participant Subrogation Matter

Ms. Sanchez reported on a participant subrogation matter. After discussion,

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

> **RESOLVED, to deny the request made by the Participant's attorney to waive the Fund requirement that the participant and the attorney sign the Fund's subrogation agreement.**

F. Subrogation Services Request For Proposal ("RFP")

Ms. Sanchez reported to the Trustees on the Fund's subrogation program and the Trustees discussed the hiring a third party subrogation provider. . Ms. Sanchez noted that the UFCW Unions & Participating

Employers Health and Welfare Fund will be performing a RFP for a subrogation provider and asked if this Fund would be interested in performing a joint RFP to potentially defray costs and receive higher savings.

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

> **RESOLVED, to engage The Segal Company to prepare a joint RFP with the UFCW Unions & Participating Employers Health and Welfare Fund for a subrogation vendor.**

G. Internal Revenue Service ("IRS") Audit of Form 941

Ms. Sanchez reported on the IRS review of the Fund's 2020 Form 941.

H. Express Scripts Inc ("ESI") Amendment

Mr. Sanchez reported on the amendment to the ESI contract.

I. 408 (b)(2) Letter for Fee Disclosure

Mr. Sanchez reported on the letters sent to providers from the Fund office requesting fee disclosure information.

J. Anti-Assignment Summary of Material Modification ("SMM")

Mr. Sanchez reported on the Anti-Assignment SMM.

K. Summary Plan Description ("SPD") Restatements

Ms. Sanchez reported on the Fund's SPD restatements.

L. Amendment to Cheiron Agreement

Ms. Sanchez reported on the amendment to the Fund's agreement with Cheiron.

M. Subrogation Report

Mr. Jensen stated that Slevin & Hart reported subrogation recoveries of $106,527, with $26,631 payable to Slevin & Hart, for the third quarter 2022.

VI. ADMINISTRATIVE MANAGER'S REPORT

Third Quarter 2022 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the Third Quarter 2022. For the combined VEBA Fund, Active and Retiree Plans, total income was $31,504,067 and expenses totaled $35,469,294, producing a net deficit of $3,965,227 for the third quarter 2022. Mr. Jensen noted that contributions were made on behalf of 14,792 active Plan participants.

VII. INVOICES

The Trustees reviewed the lists of invoices for the Active Plan and Retiree Plan dated December 12, 2022. It was noted there was one addition 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 December 12, 2022 for the Active Plan and Retiree Plan, including the addition, are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Active Open Enrollment Update

Mr. Jensen reported that all 2023 Open Enrollment materials have been mailed to all eligible participants. Changes to elections received from participants will be effective January 1, 2023.

B. 2023 Medicare Deductibles and Co-pay Rates

Mr. Jensen presented for the Trustees' review the 2022 Centers for Medicare and Medicaid Services ("CMS") published changes to the Medicare Part A and B premiums, deductibles and coinsurance. After discussion, and

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

> **RESOLVED, to approve the Medicare deductibles and coinsurance rates for the Retiree Medicare Supplemental Benefit, on a non-precedent-setting basis.**

C. Employer Group Waiver Plan ("EGWP") – Medicare Late Enrollment ("LEP")

Mr. Jensen reported on the late enrollment penalty rules under Medicare Part D and stated the LEP for 2022 totals $245.90.

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

RESOLVED, that for the 2023 Plan Year, the Fund will pay the cost of any Medicare late enrollment penalties applicable to participants covered under the EGWP and will reevaluate this matter for the 2024 Plan Year.

D. <u>COVID-19 Related Claims Processing</u>

Mr. Jensen provided a summary of COVID-19 medical claims experience for the period January 1, 2022 through October 31, 2022. He noted that 8,068 tests were paid at a cost of $1,055,000. Treatment was provided to 2,117 plan participants at a cost of $681,000.

E. <u>COBRA Premiums 2022/2023</u>

Mr. Jensen reported the COBRA Premiums for 2022/2023 were approved and implemented between meetings.

F. <u>Summary Annual Report</u>

Mr. Jensen reported 2021 Summary Annual Report will be included in the December Issue of For Your Benefit.

G. <u>Miscellaneous Correspondence</u>

1. ESI Rebate

Mr. Jensen reported the second quarter ESI rebate was received in the amount of $3,125,000.

2. Litigation Settlements

Mr. Jensen reported the Fund received litigation settlements from Metlife in the amount of $219, and from the Thalomid/Revlamid class action in the amount of $769,796.

IX. <u>ADOPTION OF COMMITTEE RECOMMENDATIONS</u>

After review of the recommendations made by the Severance and Legal Committees during their meetings,

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

RESOLVED, that the recommendations made by the Severance and Legal Committees are adopted.

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

After discussion, the Trustees noted that the next regular meeting is scheduled on the following dates:

Friday, March 17, 2023 at 9:30 A.M.

Tuesday, June 27, 2023 at 9:30 A.M.

Wednesday, September 27, 2023 at 9:30 A.M.

Monday, December 11, 2023 at 9:30 A.M.

The meeting will be held via video conference.

XI. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Secretary

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