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
JUNE 27, 2023

The following Trustees were present:

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

Also present were:

N. Eid – The Segal Company
A. Dietrich – Slevin & Hart, P.C.
J. Hack – UFCW Local 27
J. Harrison – UFCW Local 27
C. Hoffmann – UFCW Local 400
D. Jensen – Associated Administrators, LLC
M. Kreps – Groom Law Group
B. Maiorano – Associated Administrators, LLC
C. McDonough – Investment Performance Services
B. McKiver – UFCW Local 400
R. McKnight – Associated Administrators, LLC
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
A. Sims – Associated Administrators, LLC
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
M. Wilson – UFCW Local 400

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on March 17, 2023, and the Appeals Committee meetings held on March 13, 2023, March 27, 2023 and May 11, 2023, all of 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 March 17, 2023, and the Appeals Committee meetings held on March 13, 2023, March 27, 2023 and May 11, 2023 are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity Report – ERISA Account – May 31, 2023

Mr. Jensen presented the PNC Summary of Activity report for the period January 1, 2023 through May 31, 2023. Such report indicated a beginning market value of $2,013,643, earnings of $134,760, receipts of $51,954,260, and disbursements of $51,255,037, producing an ending market value of $2,847,625 as of May 31, 2023.

2. Summary of Activity Report – Non-ERISA Account – May 31, 2023

Mr. Jensen presented the PNC Summary of Activity report for the Non-ERISA account for the period January 1, 2023 through May 31, 2023. Such report indicated a beginning market value of $6,942,446 receipts of $46,914,311, and disbursements of $53,198,726 producing an ending market value of $658,031 as of May 31, 2023.

3. Reserves

Mr. Jensen noted that as of May 31, 2023 the FELRA VEBA Fund had $9,672,176 in reserves, representing 0.89 months of reserves, compared to 1.43 months as of April 30, 2023. The average expense for the quarter ending March 31, 2023 was $10,925,095 .

B. Investment Performance Services

The Trustees welcomed Mr. Chris McDonough of Investment Performance Services (“IPS”) to the meeting.

1. Master Consulting Report – March 31, 2023

Mr. McDonough reviewed the Master Consulting Report for the period ending March 31, 2023. Such report indicated a beginning market value of $1,281,593, net cash flow of $0, and a net investment change of $32,040, resulting in an ending market value of $1,313,632. The year-to-date performance through March 31, 2023 was 2.5%, gross of fees.

2. Preliminary Performance Update – April 30, 2023

Mr. McDonough reviewed the Preliminary Performance Report for the period ending April 30, 2023. Such report indicated a beginning market value of $1,281,593, net cash flow of $0, and a negative net investment change of $40,732, resulting in an ending market value of $1,322,324. The year-to-date performance was 3.2%, gross of fees.

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 and Ms. Nancy Eid of The Segal Company to the meeting.

1. Symetra Renewal

Mr. Timm stated that Segal received a proposed renewal from Symetra Life and AD&D with an effective date of July 1, 2023. He reported that Segal recommends accepting the proposal which includes guaranteeing rates for a three year agreement with no increase in rates from July 1, 2023 through June 30, 2026.

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

> **RESOLVED to approve the Symetra Life and AD&D proposed renewal rates, effective July 1, 2023 through June 30, 2026.**

2. Conifer Renewal

Mr. Timm reported that Segal is reviewing Conifer's renewal proposal.

3. Managed Pharmacy Report

Ms. Eid presented Segal's Managed Pharmacy Report dated June 23, 2023. She presented the key performance indicators by population for 2021 vs. 2022. She noted that the total Plan net cost per member per month increased in 2022 by 1% for the Active Plan, and decreased by 17.7% for the Retiree Plan. Ms. Eid reported that the 2022 rebate totaled $7,204,800, which reflects a 39% increase from 2021. Ms. Eid stated that the retiree participation decreased in 2022 by 2%, with 100% of the enrolled retirees utilizing the benefit.

Ms. Eid reported that compared to Q1 2022, the total net plan cost, per member, per month, is trending down 16.3% for Q1 2023. This is a result of lower specialty and non-specialty drug unit costs. However, non-specialty drug utilization is 1.4% higher and specialty utilization is 4.2% higher.

4. COVID-19 OTC Test Kits

Ms. Eid reported that during the Public Health Emergency, the Fund covered the costs of up to eight (8) OTC COVID-19 test kits per participant and dependent, per month. After the conclusion of the Public Health Emergency, the Board amended the Plan to cover up to 4 OTC test kits per member per month, subject to re-evaluation. Ms. Eid reported Segal's recommendation that the Trustees consider decreasing the number of covered OTC COVID-19 test kits from 4 to 2 per participant and dependent, per month, effective August 1, 2023, due to the higher than average test kit utilization by the Fund's population, which suggests potential stockpiling of tests by the participants and dependents.

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

> **RESOLVED to amend the Plan to decrease the number of OTC COVID-19 test kits covered under the Plan to 2 per participant and dependent, per month, effective August 1, 2023.**

The Trustees thanked Mr. Timm and Ms. Eid for their report and they were excused from the meeting.

V. <u>ATTORNEY'S REPORT</u>

A. <u>Transparency in Coverage Final Rule and Consolidated Appropriations Act</u>

Ms. Sanchez reported on the requirements under the Transparency in Coverage Final Rule and the Consolidated Appropriations Act.

B. Greenlight Cost Management, LLC

Ms. Sanchez reported on the Business Associates Agreement, Software Services Agreement and Letter of Agreement between the Fund and Greenlight.

C. Gag Clause Attestation

Ms. Sanchez reported on the gag clause attestation requirement under the Consolidated Appropriations Act.

D. COVID-19 National Emergency End

Ms. Sanchez reported on the end of the federal COVID-19 Public Health Emergency ("PHE") and the Outbreak Period. After discussion,

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

> **RESOLVED to return to pre PHE benefit levels for COVID-19 immunizations and diagnostic testing and related services, effective as of the earliest permissible date.**

E. Cybersecurity Request for Proposal ("RFP") Status

Ms. Sanchez reported on the cybersecurity consultant RFP results. After discussion,

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

> **RESOLVED to delegate to the Chair and Secretary the authority to select a cyber security vendor for the Fund.**

The Trustees requested that the Fund office request cyber liability insurance quotes from the Fund's insurance broker for their consideration.

F. Braidwood Case

Ms. Sanchez reported on the case of *Braidwood Management Inc. v. Becerra*.

G. Mental Health Parity Non-Quantitative Treatment Limitations ("NQTL") Analysis

Ms. Sanchez reported on Segal's draft report regarding NQTLs.

H. Subrogation

Ms. Sanchez reported on the Fund's agreement with NexClaim, the Segal SOW regarding subrogation RFP services and the Fund's Subrogation Policy and Guidelines.

I. CareFirst BCBS Security Breaches

Mr. Slevin reported on the recent CareFirst BlueCross BlueShield security breaches.

J. Mallinckrodt Bankruptcy Class Action

Ms. Sanchez reported on the Mallinckrodt bankruptcy class action.

K. Fiduciary Insurance Renewal

Ms. Sanchez reported on the Fund's fiduciary insurance renewal.

L. Fund Agreements and Amendment

Ms. Sanchez reported on the amendment to the Fund's agreement with Conifer; the Segal PBM Consulting Statement of Work; the ESI agreement; the IPS agreement amendment; and the amendment to the Fund's investment policy statement.

M. 408(b)(2) Reporting

Ms. Sanchez reported on the 408(b)(2) fee questionnaires sent to the Fund's providers.

N. Summary Plan Description ("SPD") Restatements

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

O. SaveOn litigation

Mr. Kreps reported on the status of the SaveOn litigation.

P. Subrogation Report

Mr. Jensen stated that Slevin & Hart had reported subrogation recoveries of $34,450.16, with $8,612.54 payable to Slevin & Hart for the first quarter 2023.

VI. ADMINISTRATIVE MANAGER'S REPORT

First Quarter 2023 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the First Quarter 2023. For the combined VEBA Fund, Active and Retiree Plans, total income was $30,827,384 and expenses totaled $30,563,739, producing a net surplus of $263,645 for the first quarter 2023. Mr. Jensen noted that contributions were made on behalf of 14,827 active Plan participants.

VII. INVOICES

The Trustees reviewed the lists of invoices for the Active Plan and Retiree Plan dated June 27, 2023.

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

> **RESOLVED that the invoices on the lists dated June 27 2023 for the Active Plan and Retiree Plan are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Kaiser Active Open Enrollment Update

Mr. Jensen reported on the enrollment information mailing.

B. COVID-19 Related Claims Processing

Mr. Jensen provided a summary of COVID-19 medical claims experience for the period January 1, 2023 through April 30, 2023. He noted that 1,399 tests were paid at a cost of $193,273. Treatment was provided to 347 plan participants at a cost of $114,863.

C. PCORI Filing

Mr. Jensen reported that the PCORI filing will be sent in the amount of $51,099.00 before the July 31, 2023 deadline on behalf of 17,033 lives.

D. Fiduciary Liability Policy Renewal

Mr. Jensen reported the renewal for the fiduciary liability insurance policy through CHUBB has been completed.

E. Miscellaneous Correspondence

Mr. Jensen reported the Fund received a prescription rebate in the amount of $75,895.54.

IX. NEXT MEETING DATE AND LOCATION

After discussion, the Trustees noted that the next meetings are scheduled on the following dates:

Wednesday, September 27, 2023

Monday, December 11, 2023

The meetings will be held via video conference.

X. ADJOURNMENT

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

Respectfully submitted,

Mark Federici, Secretary