FELRA & UFCW Health & Welfare Plan

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

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

A Program of the
FELRA and UFCW
VEBA Fund

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES
OF THE FELRA AND UFCW VEBA FUND
VIA VIDEO CONFERENCE
JUNE 10, 2022

The following Trustees were present:

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

Also present were:

N. Eid – Confidio
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
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
R. Wildt – UFCW Local 27
M. Wilson – UFCW Local 400
T. Wyszomirski – The Segal Company

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 11, 2022, and the Appeals Committee meetings held on February 18, 2022, March 14, 2022 and April 7, 2022, 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 11, 2022, and the Appeals Committee meetings held on February 18, 2022, March 14, 2022 and April 7, 2022, are approved, as presented.**

III. FINANCIAL REPORT

A. PNC Bank

1. Summary of Activity Report – ERISA Account – April 30, 2022

Mr. Jensen presented the PNC Summary of Activity report for the period January 1, 2022 through April 30, 2022. Such report indicated a beginning market value of $16,223,331, earnings of negative $657,464, receipts of $40,628,260, and disbursements of $43,541,893, producing an ending market value of $12,652,234 as of April 30, 2022.

2. Summary of Activity Report – Non-ERISA Account – April 30, 2022

Mr. Jensen presented the PNC Summary of Activity report for the Non-ERISA account for the period January 1, 2022 through April 30, 2022. Such report indicated a beginning market value of $6,775,489, receipts of $35,563,369, and disbursements of $41,809,399, producing an ending market value of $529,460 as of April 30, 2022.

3. Reserves

Mr. Jensen noted that as of April 30, 2022, the FELRA VEBA Fund had $19,135,921 in reserves, representing 1.77 months of reserves, compared to 1.94 months as of March 31, 2022. The average expense for the four quarters ending March 31, 2022 was $10,790,012.

B. Investment Performance Services

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

1. Master Consulting Report – March 31, 2022

Mr. McDonough reviewed the Master Consulting Report for the period ending March 31, 2022. Such report indicated a beginning market value of $16,223,175, a negative net cash flow of $6,603,470, and a net investment change of $376,832, resulting in an ending market value of $9,242,873. The year-to-date performance through March 31, 2022 was negative 2.4%, gross of fees.

2. Preliminary Performance Update – April 30, 2022

Mr. McDonough reviewed the Preliminary Performance Report for the period ending April 30, 2022. Such report indicated a beginning market value of $9,242,873, net cash flow of $0, and a negative net investment change of $281,774, resulting in an ending market value of $8,961,099. The year-to-date performance was negative 5.4%, gross of fees.

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

IV. <u>CONSULTANT'S REPORT</u>

A. <u>The Segal Company</u>

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

1. Machine Readable Files ("MRF")/Pricing Tool Proposals

Mr. Timm reported that Segal solicited proposals from vendors that could create and host out-of-network Machine Readable Files (MRF) for the Fund and provide a Price Comparison tool for the Fund, in compliance with federal regulatory requirements. He said that CareFirst will create and host the in-network MRFs but cannot provide the out-of-network allowable charge MRFs. In addition, CareFirst has not indicated that it will be able to provide a Price Comparison tool for the Fund.

Mr. Timm said proposals were received from two vendors, Green Light and MedExpert. He provided an overview of the financial comparison between the two vendors. Mr. Timm noted that Green Light's proposal is effective from July 1, 2022 through December 31, 2023. MedExpert's proposal is effective from July 1, 2022 through December 31, 2024. Mr. Timm reported that Green Light is the most cost-effective option for the Fund.

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

> **RESOLVED to hire Greenlight to create and host the out-of-network machine readable files, and to provide a price comparison tool in compliance with**

applicable law, subject to negotiation of an acceptable contract and Business Associate Agreement.

2. Superior Vision 2022 Renewal

Mr. Timm stated that Segal has received a proposed renewal from Superior Vision with an effective date of August 1, 2022. He reported that the proposal includes no increase in rates for the next year, but Segal is waiting on supporting documentation for review before presenting a recommendation on the renewal.

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

RESOLVED to delegate authority to Chairman and Secretary to make a decision regarding the Superior Vision renewal between meetings.

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

B. <u>Confidio</u>

The Trustees welcomed Ms. Nancy Eid of Confidio to the meeting.

1. Managed Pharmacy Report

Ms. Eid presented Confidio's Managed Pharmacy Report dated June 10, 2022. She presented the key performance indicators by population for 2021. She noted that the total Plan net cost per member per month increased 8.6% for the Active Plan, and 5.7% for the Retiree Plan. Ms. Eid reported that the 2021 rebate totaled $5,173,655, which reflects a 10% decrease from 2020. She noted that COVID-19 vaccines are not rebate eligible. Ms. Eid stated that the retiree participation in the 2021 Medicare Part D EGWP + WRAP reduced the Retirees' total net plan costs by an additional $2,261,670.

Ms. Eid reported on the 2021 pricing guarantee reconciliation comparison done by Confidio. She stated that Express Scripts, Inc. is required to reconcile and report their performance in meeting annual pricing guarantees within 90 days following the end of the calendar year. She noted that any shortfall in meeting the pricing guarantees must be credited to the Fund's future invoices on a dollar-for-dollar basis within 120 days following the end of the calendar year. Ms. Eid reported that Express Scripts, Inc. had underperformed by $710,978.55 on the Active line of business and by $105,069.82 on the Retiree line of business, totaling $816,048.37.

Ms. Eid provided an overview of the 2022 Pharmacy Benefit Manager ("PBM") request for proposal results. The five PBMs who received and responded to the request for proposal are Express Scripts (incumbent), Navitus Elixer, Health Solutions, OptumRx, IngenioRx, and BeneCard. The candidates were asked to provide spread pricing and pass-through pricing options. Ms. Eid stated that Confidio has scored and ranked the responses received from the five candidates and the top three are OptumRx, Navitus Elixer, and Express Scripts, Inc. At the Trustees' direction, Ms. Eid will continue to pursue better pricing from the top three companies. She noted that due to the time required for a potential carrier change, a decision will need to be made before the next Board meeting.

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

> **RESOLVED to delegate authority to Chairman and Secretary to select the Fund's PBM and EGWP provider between meetings and advise the full Board of such decision.**

The Trustees thanked Ms. Eid for her report and she was excused from the meeting.

C. ATTORNEY'S REPORT

A. Transparency in Coverage Final Rule and Consolidated Appropriations Act

Ms. Sanchez reported on the Transparency in Coverage Final Rule and the Consolidated Appropriations Act, including machine readable files, prescription drug and healthcare spending reporting and price comparison tools, and independent dispute resolution procedures.

B. 408(b)(2) Reporting

Ms. Sanchez reported on service provider fee disclosures under ERISA Section 408 (b)(2). After discussion, the Trustees directed the Fund to send correspondence to all applicable services providers, requesting the required reporting information.

C. Department of Labor ("DOL") Cybersecurity Best Practices

Ms. Sanchez reported on the DOL guidance related to cybersecurity best practices.

D. Anti-Assignment Provision

Ms. Sanchez presented a proposed amendment to the Summary Plan Description regarding assignment of benefits.

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

> **RESOLVED to approve the amendment to the Summary Plan Description as presented.**

E. <u>CareFirst Five Year Renewal</u>

Ms. Sanchez reported on the CareFirst renewal.

F. <u>Internal Revenue Service ("IRS") Audit of Form 941</u>

Ms. Sanchez reported on the IRS audit of the Fund's 2020 Form 941 and 945.

G. <u>CareFirst BCBS Anti-Trust Class Action</u>

Mr. Slevin reported on the BlueCross BlueShield Anti-Trust Class Action.

H. <u>Prescription Drug Class Actions</u>

Ms. Sanchez reported on prescription drug class actions relating to Restasis, Daraprim and Zetia.

I. <u>ARA Core Property</u>

Ms. Sanchez reported on the ARA Core Property contract.

J. <u>Fiduciary Insurance Renewal</u>

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

K. <u>Safeway Overpayment/Underpayment</u>

Ms. Sanchez reported on Safeway's overpayment/underpayment contribution issues.

L. <u>Beacon Amendment</u>

Ms. Sanchez reported on the amendment to the Fund's agreement with Beacon Health Options.

M. <u>Confidio Amendment</u>

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

N. ESI Amendment

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

O. Calibre Engagement Letter

Ms. Sanchez reported on Calibre's annual engagement letter.

P. Summary Plan Description ("SPD") Restatements

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

Q. Subrogation Report

Mr. Jensen stated that Slevin & Hart had reported subrogation recoveries of $4,945.16, with $1,236.29 payable to Slevin & Hart for the first quarter 2022.

D. ADMINISTRATIVE MANAGER'S REPORT

First Quarter 2022 – Combined Fund Recap

Mr. Jensen presented the Administrative Manager's Report for the First Quarter 2022. For the combined VEBA Fund, Active and Retiree Plans, total income was $30,338,314 and expenses totaled $34,380,476, producing a net deficit of $4,042,162 for the first quarter 2022. Mr. Jensen noted that contributions were made on behalf of 15,398 active Plan participants.

VII. INVOICES

The Trustees reviewed the lists of invoices for the Active Plan and Retiree Plan dated June 10, 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 June 10, 2022 for the Active Plan and Retiree Plan, including the addition, are approved for payment.**

VIII. OTHER FUND BUSINESS

A. COVID-19 Related Claims Processing

Mr. Jensen provided a summary of COVID-19 medical claims experience for the period January 1, 2022 through April 30, 2022. He noted that 4,461 tests were paid at a cost of $592,000. Treatment was provided to 1,227 plan participants at a cost of $550,536.

B. <u>2020 Retiree Drug Subsidy (“RDS”) Reconciliation</u>

Mr. Jensen reported that the 2020 RDS reconciliation was completed with a total receipt of $970,786.

C. <u>ESI – Price Guarantee Reconciliation / Rebates</u>

Mr. Jensen reported receiving price guarantee reconciliation amounts of $710,978.55 for the Active Plan and $105,069.82 for the Retiree Plan. He also reported receiving a rebate of $318,672 for the EGWP program.

D. <u>Fiduciary Liability Policy Renewal</u>

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

E. <u>Maintenance of Benefits (“MOB”)</u>

Mr. Jensen reported that the MOB contribution letters had been mailed to all employers and the unions for an effective date of July 1, 2022.

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

> **RESOLVED, to implement the maintenance of benefit contribution rates sent by the Fund office, effective for hours worked on and after July 1, 2022.**

F. <u>PCORI Filing</u>

Mr. Jensen reported that the PCORI filing will be sent in the amount of $51,436.44 before the July 31, 2022 deadline on behalf of 18,436 lives.

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

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

Thursday, September 15, 2022

Monday, December 12, 2022

The meetings will be held via video conference.

X. <u>ADJOURNMENT</u>

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

Respectfully submitted,

Mark Federici, Secretary

21126157v1