International Union of Operating Engineers
Local 487 Health & Welfare Fund
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MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF TRUSTEES OF THE
INTERNATIONAL UNION OF OPERATING ENGINEERS
HEALTH & WELFARE FUND
THURSDAY, DECEMBER 3, 2020
VIA VIDEOCONFERENCE

The following Trustees were present:

LABOR TRUSTEES	MANAGEMENT TRUSTEES
M. Schaunaman, Chairman	J. Turk, Secretary-Treasurer
J. Mullen	J. Epperson
S. Singer	M. Harrison
W. Utreras	F. Villella

Also present were:

D. Clutts – Associated Administrators, LLC
N. Durkin – Associated Administrators, LLC
L. DuVall – Associated Administrators, LLC
J. Ianniello – Associated Administrators, LLC
E. Naegele – Segal Consulting
K. Phillips – Phillips, Richard & Rind, PA
B. Sudler – Sudler Insurance Services, Inc.

I. CALL TO ORDER

A quorum being present, Chairman Schaunaman called the meeting to order. He said that the purpose of the special meeting is to have a general discussion regarding the cost of health benefits and the Fund's declining financial status.

II. UNITED HEALTHCARE ("UHC") PROPOSAL

Mr. Bob Sudler of Sudler Insurance Services, Inc. presented a proposal from UHC titled Alternate Plans for Special Open Enrollment and Renewal. A copy of the proposal was distributed to Trustees prior to the meeting and is attached to and made a part of these minutes as Exhibit A. Mr. Sudler said that if the Fund conducts a Special Open Enrollment in December 2020, participants will be permitted to add dependents to their coverage effective January 1, 2021. The proposal also includes options for benefit changes to the plans currently offered, resulting in the reduction of UHC's monthly premiums effective January 1, 2021 through March 31, 2021. Discussion ensued regarding offering a Special Open Enrollment to participants in December 2020 and the impact of the proposed benefit changes. Chairman Schaunaman said that the Fund would also conduct its regular Open Enrollment in March 2021.

Mr. Sudler said that the medical benefits proposed for the period beginning January 1, 2021 and extending through March 31, 2022 remain the same as in the current plans, with the exception of the following benefit changes:

- Individual deductible increases from $1,500 to $2,500;
- Family deductible increases from $3,000 to $5,000; and
- Maximum out-of-pocket increases from $2,500 per person/$5,000 per family to $8,550 per person/$17,100 per family.

Mr. Sudler reviewed proposed rates for UHC medical plans effective January 1, 2021 through March 31, 2021. He also reviewed proposed rates for UHC medical plans renewing effective April 1, 2021 through March 31, 2022, which include a 6% increase in monthly premiums.

Mr. Sudler said that dental and vision benefit plans and premium rates will remain the same as currently offered through March 31, 2022.

Mr. Ernie Naegele of Segal Consulting said that he had reviewed the UHC proposal with regard to Segal's Health Benefits Report dated November 12, 2020, which he presented at the prior Board meeting. He indicated that the projected breakeven contribution rate in that report was $7.09 per hour as of March 2022. He said that he supports borrowing additional funds as he expects deficits to continue until contribution rates stated in Collective Bargaining Agreements ("CBAs") are increased. He suggested that the contribution rate increase needed may be an additional $1.00 per hour.

Chairman Schaunaman reported that during the COVID-19 pandemic, the Fund experienced a decline in work hours reported and correspondingly, in contributions paid to the Fund, contributing to difficulty paying the UHC premiums for healthcare coverage. He said that he had been tracking hours and contributions via a report he requested from the Fund office. He presented the report for the 12-month period from November 2019 through October 2020 showing the overall decline. A copy of the report is attached to and made a part of these minutes as Exhibit B. He said that although the hours reported and contributions paid to the Fund had generally decreased, the number of eligible participants remains approximately the same, due to the plan design that allows participants to earn eligibility for a runout period of up to six months. Various financial remedies were discussed.

Chairman Schaunaman requested that Ms. Clutts present the Fund's Income and Expense Statement for October 2020. Ms. Clutts reviewed the Income and Expense Statement for October 2020, a copy of which is attached to and made a part of these minutes as Exhibit C. She reported total assets for the month of October 2020 were $1,089,245.24 compared to $2,122,452.85 for October 2019. For the month of October 2020, the Fund had total receipts of $584,671.81 and total expenses of $776,625.64, resulting in a deficit of $191,953.83.

Ms. Phillips stated that this would be a Special Open Enrollment for a new UHC policy due to the current economic climate during the pandemic and considering the Fund's financial constraints. She said that Plan participants will be provided the opportunity to add dependents during this Special Open Enrollment and will be notified of the benefit changes of the new policy to be effective January 1, 2021. Ms. Phillips said that typically a 60-day notice to participants may be needed to implement mid-year changes in benefits, but participants would have the right to appeal decisions to deny claims. Such appeals might consider participant impact. Mr. Sudler said that at this time, there are five participants that may be impacted by the change in the out-of-pocket maximums, although additional participants could potentially be impacted through the end of this Plan year. He confirmed that accumulators for deductibles and the out-of-pocket maximum would carry over through the period January 1, 2021 through March 31, 2021. He said that the accumulators would reset effective with the renewal for the Plan year April 1, 2021 through March 31, 2022.

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

> **RESOLVED, to approve UHC's proposed rates for the period January 1, 2021 through March 31, 2021, to conduct a Special Open Enrollment in December 2020 to notify participants of the benefit plan changes effective January 1, 2021, and to approve UHC's proposed rates for the period April 1, 2021 through March 31, 2022.**

Mr. Sudler said that new benefit identification cards would be mailed to participants by January 1, 2021, and participants would also have the option of printing their identification cards online from the UHC website by December 21, 2020.

Ms. Clutts said that the Fund office will conduct the Special Open Enrollment as soon as administratively feasible and will work with Mr. Sudler and United Healthcare to implement the benefit and rate changes.

III. AMENDMENT TO PROMISSORY NOTE

Chairman Schaunaman said that a loan in the amount of $500,000 from the IUOE Local 487 to the Fund was available for consideration to build up needed reserves. After discussion, on Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

> **RESOLVED, to approve amending the Fund's existing Promissory Note with the IUOE Local 487 to include a loan in the amount of $500,000, under the same terms as the current Promissory Note.**

Ms. Phillips will draft an amendment to the current Promissory Note.

IV. ADJOURNMENT

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

Respectfully submitted,

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Jonathan Turk, Fund Secretary

These Minutes were adopted on ______________________________

Attachments:

Exhibit A: Alternate Plans for Special Open Enrollment and Renewal, Sudler Insurance Services, Inc.
Exhibit B: Report of Hours Worked and Contributions Paid, November 2019 – October 2020
Exhibit C: Income & Expense Statement for October 2020