United Food and Commercial Workers Unions
and Participating Employers
Health and Welfare Fund

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MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES OF THE UFCW UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND VIA VIDEO CONFERENCE DECEMBER 7, 2021

The following Trustees were present:

UNION TRUSTEES
M. Federici – Chairman
Y. Anwar
J. Chorpenning
T. Hipkins

EMPLOYER TRUSTEES
B. Seehafer – Secretary
J. Ferrer
P. Lin
V. Marsh

Also present were:

M. Buckberg – Withum
N. Eid - Confidio
A. Hanson – UFCW Local 400
J. Herron – Associated Administrators, LLC
C. Hoffmann – UFCW Local 400
J. Ianniello – Associated Administrators, LLC
J. Kimble – Morgan, Lewis, & Bockius, LLC
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
B. Slevin – Slevin & Hart, P.C.
A. Sims – Associated Administrators, LLC
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
R. Wildt – UFCW Local 400
M. Wilson – UFCW Local 27

I. CALL TO ORDER

A. Trustee Appointment

Mr. Ianniello noted that the Fund office received correspondence from UNFI, dated September 28, 2021 appointing Peggy Lin as an Employer Trustee to replacing Jon Born. 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 September 22, 2021, which were previously 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 22, 2021 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for the period January 1, 2021 to November 30, 2021. The report showed a beginning market value of $7,054,285, receipts of $10,189,601, disbursements of $13,873,893, and an earnings loss of $24,652, producing an ending market value of $3,345,343 as of November 30, 2021.

IV. AUDITOR'S REPORT

The Trustees welcomed Mr. Mark Buckberg of Withum to the meeting.

Mr. Buckberg presented a copy of the audited Financial Statements for the year ended 2020. Total additions for the year ended December 31, 2020 were $11,760,180. Total deductions were $17,011,215. The decrease of Net Assets Available for Benefits was $5,251,035, producing Net Assets Available for Benefits of $8,309,028 on December 31, 2020. Mr. Buckberg reviewed the Notes to Financial Statements and the Schedule of Employer Contributions. Mr. Buckberg stated that his firm rendered an unmodified opinion on the Fund's financial statements.

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

> **RESOLVED to accept the Auditor's 2020 report as presented.**

The Trustees thanked Mr. Mark Buckberg and he was excused from the meeting.

V. CONSULTANT'S REPORT

A. The Segal Company

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

1. Reserves

Mr. Timm reviewed the November 2021 Reserve Determination Report. He noted that the Fund reserves as of November 30, 2021 were 2.693 months. As a result of reserves falling below the 3-month Fund reserve requirement, Mr. Timm reported that a reserve adjustment of $61,029 per month for six months, for a total payment of $366,174, was necessary to return the reserve to 3 months. .

After discussion, and on Motion made and seconded, the Trustees voted approval of the following resolution, noting that Trustee Seehafer was temporarily absent from the meeting for this discussion and motion:

> **RESOLVED, to assess a contribution from UNFI in the amount of $61,029 per month for contribution payments due from December 2021 through May 2022, totaling $366,174.**

The Trustees and Mr. Timm discussed the methodology for calculating the reserve adjustment amount.

Mr. Seehafer asked the Fund office to provide information to the Trustees regarding the Fund's current retirees, including the previous employer of each such retiree, and the basis for the non-Shoppers' retirees' participation in the Fund.

2. Affordable Care Act ("ACA") 2022 List of Preventive Services Benefits

Mr. Timm presented the 2022 list of Preventive Service Benefits which was pre-circulated. After review,

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

> **RESOLVED, to adopt the 2022 list of ACA Preventive Services Benefits, subject to Co-Counsel review.**

3. Plan Y20 and Y30 Part Time Dependent Rates

Mr. Timm presented Plan Y20 and Y30 costs per enrolled dependent child for the 2022 Plan Year. The proposed rates are:

Plan	Per Child Rate	3 or More Children Rate
Y20 Part Time	$181.65	$544.95
Y30 Part Time	$178.41	$535.23

After review,

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

> **RESOLVED, to adopt the 2022 Dependent Child rates for Y20 and Y30 Part Time dependents, as presented.**

4. CareFirst Blue Cross Blue Shield Renewal Contract

Mr. Timm presented CareFirst Blue Cross Blue Shield's five-year renewal proposal for the Network Lease and the FlexLink fees from January 1, 2022 through December 31, 2026. The Trustees discussed the proposal and asked Segal to attempt to negotiate lower renewal fees and to notify CareFirst that the finalization of the outstanding proposed contracts is a condition of any renewal .

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

> **RESOLVED, to delegate to Chairman and Secretary the authority to make a decision on CareFirst's renewal proposal.**

B. Confidio

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

1. Managed Pharmacy Report

Ms. Eid reminded the Trustees that, during the PBM contract audit of ESI, Confidio found an overpayment by the Fund of approximately $95,000 relating to mandatory generic claims, QLL admin, compound claims and 2017 rebate aggregator fees. She reported that Optum Rx has indicated it would reimburse the Fund for the compound drug claim variances of $6,562.72 but not the other variances. Ms. Eid said she would press Optum Rx to reimburse the Fund for the full amount, in coordination with Fund co-counsel. She also suggested that the Fund withhold fees from future invoices, if necessary to recover the amounts owed. Ms. Eid apologized for the amount of time this audit has taken and said that Confidio will waive its final fee of $45,000 relating to this audit due to the delay.

2. Confidio's PBM Analysis and Recommendations.

Ms. Eid reported that Confidio analyzed the Fund's formulary exception list to determine if the listed drugs are clinically appropriate and consistent with industry best practices for formulary exception(s). As a result of this analysis, Confidio recommends that the Fund adopt several changes to the exceptions list as detailed in its report. After discussion,

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

> **RESOLVED, to approve the changes to the formulary exception list recommended by Confidio, as detailed in Confidio's December 7, 2021 Managed Pharmacy Report.**

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

VI. ATTORNEY'S REPORT

A. Mental Health Parity

Ms. Sanchez reported on Segal's NQTL analysis and documentation engagement letter. After discussion Mr. Seehafer asked Mr. Ianniello to re-send the letter for his signature.

B. No Surprises/Transparency Act Summary of Material Modification ("SMM")

Ms. Sanchez reported on the Consolidated Appropriations Act of 2021 and related agency guidance. Ms. Sanchez presented a proposed Summary of Material Modifications (SMM) to the Fund's Plan of benefits relating to the Consolidated Appropriations Act.

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

> **RESOLVED to amend the Fund's Plan of benefits as reflected in the Summary of Material Modification as presented.**

C. No Surprise Act – Complaint Procedure

Ms. Sanchez discussed a proposed complaint procedure relating to the No Surprises Act.

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

RESOLVED to approve the No Surprises Act Complaint Procedure, as presented.

D. <u>No Surprises Act – Independent Dispute Resolution (IDR) Process</u>

Ms. Sanchez reported on the IDR requirements under the Consolidated Appropriations Act.

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

RESOLVED to delegate to the Chairman and Secretary the authority to make any necessary decisions relating to the administration of independent dispute resolution procedures relating to No Surprises claims under the Fund's Plan.

E. <u>Department of Labor ("DOL") Cybersecurity Best Practices</u>

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

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

RESOLVED, to direct the Fund office to send cybersecurity questionnaires and contract addenda to Fund vendors that receive or maintain financial, personal or otherwise confidential information relating to the Fund.

F. <u>Employee Assistance Program ("EAP")</u>

Ms. Sanchez reported on the EAP visit rules under the Plan and under the Fund's contract with Beacon Health. After discussion, the Trustees agreed that the SPD should be corrected to reflect that there is no limit on the number of EAP visits a participant can receive.

G. <u>IRS Levy Notice</u>

Ms. Sanchez reported on the IRS notice of intent to levy received by the Fund.

H. <u>Medical and Prescription Spending</u>

Ms. Sanchez reported on the interim final rule relating to reporting on medical and prescription drug spending.

I. <u>BCBSGA Class Action</u>

Mr. Slevin reported on the BlueCross BlueShield class action litigation.

J. Purdue Pharma Class Action

Ms. Sanchez reported on the Perdue Pharma bankruptcy.

K. EpiPen

Ms. Sanchez reported on the EpiPen class action.

L. Valeant Class Action

Ms. Sanchez reported on the Valeant Pharmaceuticals class action.

M. Endo Health Solutions Class Action

Ms. Sanchez reported on the Endo Health Solutions class action.

N. SPD Restatements

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

O. Form 5500, Form 990 and Financial Statements

Ms. Sanchez reported on the Fund's Form 5500, Form 990 and financial statements.

P. Subrogation Report

Mr. Ianniello presented Slevin & Hart's Subrogation report for the third quarter of 2021. He noted that $20,264.18 was collected, $24,975.97 was compromised and $5,066.05 was paid to Slevin & Hart.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2021 Report

Mr. Ianniello presented the Administrative Manager's Report for the Third Quarter 2021, which had been pre-circulated. The report showed total income of $2,736,554, and total expenses of $4,251,239, producing a deficit of $1,514,685 for the quarter. Contributions were made on behalf of 1,254 Plan participants. There were no delinquencies during the Third Quarter 2021.

Mr. Ianniello reviewed the Work Snapshot for the Third Quarter 2021. He noted that there were 31 accident and sickness claims, 10 appeals, 2,984 participant service calls, 29

COBRA notices, 14,244 medical claims processed, and 1,847 communications sent to Plan participants during the Third Quarter 2021.

B. <u>INVOICES</u>

The Trustees reviewed the list of invoices for the Active Plan and Retiree Plan dated December 7, 2021, which had been pre-circulated. Mr. Ianniello noted there were no additions, deletions or changes to the lists. The Trustees noted that the Confidio invoice should be removed from the list of Active Plan invoices, based on Ms. Eid's statement that Confidio would not charge the Fund for this final payment

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

> **RESOLVED, that the invoices for the Active Plan and Retiree Plan dated December 7, 2021 are approved for payment, with the exception of the Confidio invoice to the Active Plan.**

C. <u>OTHER FUND BUSINESS</u>

Mr. Ianniello reported the following:

1. <u>Cheiron's Renewal Proposal</u>

Cheiron presented a proposal to perform either a full valuation or an abbreviated "roll forward" valuation, for the Trustees' consideration. After discussion,

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

> **RESOLVED, to hire Cheiron to perform a "roll forward" valuation for the 2021 Plan Year.**

2. <u>COBRA Subsidy Termination Notices</u>

Mr. Ianniello reported that notices advising that the COBRA subsidy was terminating were sent out to participants and the Fund filed the Form 941 to request reimbursement for the subsidy amount.

3. <u>COVID-19 Related Claims</u>

Mr. Ianniello provided a summary of COVID-19 medical claims experience for the period January 1, 2021 through October 31, 2021. He indicated that the Fund paid for 789

COVID-19 tests totaling $98,722; and 248 COVID-19 related claims totaling $99,925, through October 2021. There were no single claims paid in excess of $50,000. Mr. Ianniello reported that the Fund also paid 569 telehealth claims totaling $27,524, and paid for the administration of 131 COVID vaccines at a cost of $6,447.

4. Creditable Coverage Notice

Mr. Ianniello reported that the Creditable Coverage notice had been mailed to participants in October 2021.

5. Administrative Services Contract Renewal

Mr. Ianniello stated that Associated Administrators, LLC's contract expires December 31, 2021. He presented a request for a three-year extension of the contract and reviewed the request for renewal.

Ms. Walsh announced that Harbour Benefit Holdings had purchased Associated Administrators, LLC on November 30, 2021. She explained that Harbour had approached Associated about the transaction, and she reviewed the reasons she believes Associated will be equipped to provide exemplary services to the Fund while having no effect on locations, personnel, or Associated's existing agreements. Associated will continue to be a distinct entity under the Harbour umbrella and its name will not change. Ms. Walsh stated that the CEO of Harbour offered to discuss the acquisition with the Trustees if they so desire.

The Trustees requested a meeting with the CEO of Harbour Benefit Holdings to discuss the acquisition.

VIII. 2022 MEETING DATES AND LOCATIONS

After discussion, The Trustees selected the following dates and meeting locations for 2022:

March 3, 2022 – 10:00 a.m. – Virtual
June 9, 2022 – Time – TBD, Location – TBD
September 12, 2022 – Time – TBD, Location – TBD
December 1, 2022 – Time – TBD, Location – TBD

IX. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary

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