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
JUNE 9, 2022

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:

B. Antoshak - Associated Administrators, LLC
K. Crossin - The McKeogh Company
J. Herron - Associated Administrators, LLC
C. Hoffmann - UFCW Local 400
J. Ianniello - Associated Administrators, LLC
J. Kimble - Morgan, Lewis, & Bockius, LLC
B. McKiver - UFCW Local 400
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 400
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 3, 2022, and the Appeals Committee meeting held on May 3, 2022, which were previously circulated. Mr. Seehafer commented that in his opinion the Reserve Report was not approved as reflected in the minutes because the Employer Trustees abstained from the vote.

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 3, 2022, and the Appeals Committee meeting on May 3, 2022, are approved as presented.**

Trustee Seehafer stated that, because all of the Employer Trustees are appointed by the same employer, it would be advisable to amend the Trust to allow for the appointment of an independent Employer Trustee to take action in the event that all of the regular Employer Trustees have a conflict with regard to a particular matter.

III. FINANCIAL REPORT

A. PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for the period January 1, 2022, to May 31, 2022. The report showed a beginning market value of $3,062,875, receipts of $5,099,630, disbursements of $7,108,215, and an earnings loss of $50,847, producing an ending market value of $1,003,443 as of May 31, 2022.

IV. CONSULTANT'S REPORT

A. Confidio

Mr. Ianniello stated that Confidio would not be presenting an updated report because OptumRx had not provided the necessary information to Confidio in time for this meeting. The Trustees discussed the problem of OptumRx not being timely in its responses and asked that Ms. Eid send a letter to OptumRx on behalf of the Board of Trustees, expressing the Board's displeasure with Optum's lack of timely reporting.

B. The Segal Company

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

1. Reserves

Mr. Timm reviewed the June 2022 Reserve Determination Report. Mr. Timm reported that claims were up 28.1% on a per capita basis year over year versus the prior year. He noted that the Fund reserves as of May 31, 2022, were 2.729 months. Because reserves are below the 3-month Fund reserve requirement, Mr. Timm reported a reserve adjustment of an additional $2,296,362 (payable in six monthly installments of $328,727 from June 2022, through November 2022), was necessary to return the reserve to 3 months, in addition to the $311,556 previously determined by Segal to be necessary to return the reserve to a 3-month level, for a total additional amount $2,607,918 needed to restore the Fund's reserve to the 3-month level. After discussion, the Trustees scheduled a special meeting to address the Fund reserves on June 13, 2022, at 10 a.m. The Trustees also asked Mr. Ianniello to research the recent increase in claims. The Trustees then scheduled a second special meeting to discuss the increase in claims on June 20, 2022, at 10 am.

2. Machine-Readable Files

Mr. Timm reported on the out-of-network machine-readable files requirement under the No Surprises Act. He stated that CareFirst will create and host the necessary in-network machine-readable files on the Fund's behalf but cannot create and host such files for the out-of-network claims. Mr. Timm reviewed two proposals that were received from outside vendors who could create and host the out-of-network machine readable files for the Fund and also could provide a price comparison tool for the Fund: 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.

After review and some discussion,

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

> **RESOLVED, to hire Green Light to create and host out-of-network machine-readable files for the Fund and provide a cost comparison tool for the Fund in accordance with applicable law and regulations.**

B. The McKeogh Company

The Trustees welcomed Ms. Karen Crossin of the McKeogh Company to the meeting.

Retiree Request for Proposal ("RFP")

Ms. Crossin presented the results of the Medicare Advantage Plan RFP . The Fund received bids from The Hartford, CareFirst BlueCross BlueShield, Humana, Aetna, and United Healthcare to provide Medicare Advantage Plan benefits to the Fund effective January 1, 2023. Ms. Crossin recommended Humana and Aetna as the finalists. Mr. Timm advised that Segal would review the RFP results as well. The Trustees agreed to discuss the results in more detail at a subsequent meeting. Mr. Seehafer noted that a decision had to be made by October 1, 2022 in order to implement any change by January 1, 2023.

V. ATTORNEY'S REPORT

A. Transparency in Coverage Final Rule and No Surprises Act

Ms. Sanchez reported on the Transparency in Coverage Final Rule and No Surprises Act, including machine-readable files, the cost comparison tool, prescription drug and healthcare spending reporting and the 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. Cybersecurity

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

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

RESOLVED to adopt the Cybersecurity Policy, as presented.

D. Shopper's Contribution Delinquency Litigation

Ms. Sanchez reported on the Fund's contribution delinquency litigation against Shoppers.

E. IRS Levy

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

F. Blue Cross Blue Shield Class Action

Ms. Sanchez reported on the BlueCross BlueShield class action litigation.

G. Class Action Prescription Drugs

Ms. Sanchez reported on three separate class actions relating to prescription drugs.

H. CareFirst Contract Amendment

Ms. Sanchez reported on the CareFirst contract amendment.

I. MetLife Conversion Reporting

Ms. Sanchez reported on the MetLife Conversion notices.

J. Optum Audit Settlement Agreement

Ms. Sanchez reported on the Optum audit settlement agreement.

K. McKeogh BAA

Ms. Sanchez reported on the McKeogh Business Associate Agreement.

L. Beacon Amendment

Ms. Sanchez reported on an amendment to the Fund's Beacon contract.

M. Withum Audit Engagement Letter

Ms. Sanchez reported on Withum's audit engagement letter.

N. Associated Administrator's LLC Contract Amendment

Ms. Sanchez reported on Associated Administrators LLC's contract amendment.

O. SPD Restatements

Ms. Sanchez reported on the Fund's Summary Plan Description restatements.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. First Quarter 2022 Report

Mr. Ianniello presented the Administrative Manager's Report for the First Quarter 2022, which had been pre-circulated. The report showed a total income of $2,844,377, and total expenses of $4,228,581, producing a deficit of $1,384,204 for the quarter. Contributions were made on behalf of 1,097 Plan participants. Mr. Ianniello confirmed that there are no longer any active Safeway participants participating in the Fund.

Mr. Ianniello reviewed the Work Snapshot for the First Quarter of 2022. He noted that there were 24 accident and sickness claims, 8 appeals, 3,059 participant service calls, 22 COBRA notices, 8,263 medical claims processed, and 7,098 communications sent to Plan participants during the First Quarter of 2022.

B. <u>INVOICES</u>

The Trustees reviewed the list of invoices for the Active Plan and Retiree Plan dated June 9, 2022, which had been pre-circulated. Mr. Ianniello noted there was one additional invoice received after the invoices were circulated.

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, including the additional invoice dated June 9, 2022, are approved for payment.**

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

A. <u>Covid-19 Update</u>

Mr. Ianniello provided a summary of COVID-19 medical claims experience for the period January 1, 2022, through April 30, 2022. He indicated that the Fund paid for 361 COVID-19 tests totaling $42,670.16; and 224 COVID-19-related claims totaling $114,336.64, through April 2022. No single claim paid was more than $50,000. Mr. Ianniello reported that the Fund paid 215 telehealth claims totaling $11,089.59, and paid for the administration of 28 COVID vaccines at a total cost of $1,302.18.

B. <u>Patient-Centered Outcomes Research Institute ("PCORI") Fee</u>

Mr. Ianniello reported the PCORI count for 2021 was 1,822 members. The total amount of the PCORI fee is $5,083.38.

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

RESOLVED, to pay the amount of $5,083.38 in PCORI Fees for 2021.

C. Air Ambulance Appeal

Mr. Ianniello reported that the Appeals Committee received an air ambulance claim appeal and Trustee Lin asked to discuss the appeal with the full Board. After discussion, the Trustees asked that Segal evaluate the cost of expanding the Fund's air ambulance coverage to include air ambulance transportation between medical facilities prior to a patient's admittance to a facility. Mr. Ianniello stated that he would follow-up with Segal on this matter.

D. Independent Trustee

After discussion,

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

> **RESOLVED, to amend the Fund's Trust agreement to allow for the appointment of an independent Employer Trustee and an independent Union Trustee; and**
>
> **FURTHER RESOLVED to delegate to Chairman and Secretary to approve and execute the above-referenced Trust amendment.**

VIII. NEXT MEETING AND LOCATION

The next regular Board meeting is scheduled for September 12, 2022, via Zoom.

IX. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary