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 SEPTEMBER 24, 2020

The following Trustees were present:

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

EMPLOYER TRUSTEES
B. Seehafer – Secretary
J. Born
V. Marsh

Also present were:

L. DuVall – Associated Administrators, LLC
N. Eid – Confidio
A. Hanson – UFCW Local 400
P. Hardcastle – Cheiron
C. Hoffmann – UFCW Local 400
J. Ianniello – Associated Administrators, LLC
N. Jacobs – UFCW Local 400
J. Kimble – Morgan, Lewis, & Bockius, LLC
J. Mink – Investment Performance Services
C. Murphy – Associated Administrators, LLC
R. Murray – Cheiron
S. Sanchez – Slevin & Hart, P.C.
B. Slevin – Slevin & Hart, P.C.
J. Timm – The Segal Company
L. Walsh – Associated Administrators, LLC
B. Warren – Cheiron
R. Wildt – UFCW Local 400

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on June 19, 2020 and the Appeals Committee meeting held on July 21, 2020, 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 June 19, 2020 and the Appeals Committee meeting held on July 21, 2020 are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for the period January 1, 2020 to August 31, 2020. Such report indicated a beginning market value of $11,295,327, receipts of $9,710,853, disbursements of $13,067,653, and earnings of $148,167, producing an ending market value of $8,086,694 as of August 31, 2020.

IV. CONSULTANT'S REPORT

A. The Segal Company

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

1. Reserve Determination Report

Mr. Timm reviewed the August 2020 Reserve Determination Report. He noted that the Fund reserves as of July 31, 2020 were 3.987 months. Mr. Timm said that the July 2020 reserves did not result in the need for an adjustment under the Fund's reserve policy.

2. Preventive Services List

Mr. Timm presented the January 1, 2021 preventive services list. The Trustees asked whether the list would be updated to include required services relating to COVID-19. Ms. Sanchez reported on DOL guidance relating to COVID antibody tests.

Mr. Timm noted that the government has not yet issued guidance on whether health plans must cover the brand medication known as Truvada without cost sharing. Currently, there is no generic alternative, but a generic may become available prior to 2021. Mr. Timm reported that Segal would follow-up on this matter before the end of the year.

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

RESOLVED to adopt the 2021 Preventive Service list as presented, with the exception of coverage for Truvada, which will be addressed when additional guidance becomes available.

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

B. <u>Confidio</u>

1. OptumRx – Contract Renewal

Ms. Eid reported on the OptumRx contract renewal. She noted that Confidio requested pricing from OptumRx based on a three year term, effective January 1, 2021 – December 31, 2023, with no material changes to the underlying agreement, and a mid-contract market check. She noted that over the course of three years, OptumRx's renewal offer is projected to yield total savings of $513,613 or a 4.2% reduction from the current contract. Savings are due to an increase in rebates of $351,267 and a reduction in ingredient costs (improved discounts) amounting to $162,346.

Ms. Eid reviewed the remainder of Confidio's report, noting that OptumRx also has offered a premium formulary option for the Fund. She reported that this option could reduce the Fund's costs but would result in new drug exclusions. Trustee Born asked what the savings would be over the three year period if the Fund were to switch to the premium formulary. Ms. Eid said that the estimated savings to the Fund would be $1.8 million over three years.

Ms. Eid said that OptumRx's renewal offer is competitive and consistent with 2021-2023 pricing commercially available in the marketplace for plans similar in size and demographics to the Fund. She reported that Confidio recommends that the Trustees maintain OptumRx as the prescription drug service provider contingent upon successful negotiation of the renewal amendment by January 1, 2021. She said that if the Trustees are interested in adopting the Premium Formulary, OptumRx can complete a disruption analysis within 10-15 days. After discussion,

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

RESOLVED to renew the OptumRx contract for the period effective January 1, 2021 – December 31, 2023, based on the renewal pricing terms presented by Confidio; and

FURTHER RESOLVED that Chairman and Secretary be authorized to take any action necessary to implement the Optum renewal.

2. Audit Status

Ms. Eid provided an update to the audit of OptumRx. She noted that completing the audit has been challenging, and she is still waiting for additional information from Optum. Once Confidio receives the necessary information it will prepare an audit report and send it to OptumRx and the Fund. OptumRx will have 60 days to respond.

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

V. ATTORNEYS' REPORT

A. Independent Fiduciary

Mr. Slevin reported on proposed procedures for appointment of an independent Trustee.

B. COVID-19 Guidance

Mr. Slevin reported on recent guidance issued by DOL, HHS and Treasury relating to COVID-19.

C. Patient-Centered Outcomes Research Institute ("PCORI") Reimbursement

Mr. Slevin reported on the PCORI fee refund protective claim filed by the Fund.

D. Non-Discrimination Regulations

Mr. Slevin reported on the final regulations relating to the non-discrimination provisions under Section 1557 of the Affordable Care Act.

E. Prescription Drug Class Action Notices

Ms. Sanchez reported on the prescription drug class action settlement notices received by the Fund.

F. Purdue Pharma L.P. Bankruptcy

Ms. Sanchez reviewed Slevin & Hart's memorandum dated July 13, 2020 regarding the Purdue Pharma L.P. Bankruptcy.

G. Withum Engagement Letter

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

H. SPDs

Ms. Sanchez reported on the status of the Fund's JSS2 SPD and JSS2 Retiree SPD.

I. CareFirst Agreements

Ms. Sanchez reported on the status of the Fund's proposed agreements with CareFirst. After discussion, the Trustees directed the Fund office to send a letter to CareFirst expressing the Trustees' displeasure with CareFirst's lack of responsiveness regarding the proposed agreements.

J. COBRA Notice Updates

Ms. Sanchez reported on updates to the Fund's COBRA notices.

K. Group Vision Associates ("GVS") Renewal

Ms. Sanchez reported on the renewal agreement between GVS and the Fund.

L. Cheiron Renewal

Ms. Sanchez reported on the renewal agreement between Cheiron and the Fund.

M. Subrogation Report

Mr. Ianniello presented Slevin & Hart's subrogation report for the second quarter of 2020. He noted that $8,220.12 was collected, zero was compromised, and $1,644.02 was payable to Slevin & Hart.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2020 Report

Mr. Ianniello presented the Administrative Manager's Report for the second quarter of 2020, which had been pre-circulated. The report showed total income of $5,533,767, and total expenses of $4,378,510, resulting in a surplus of $1,155,257 for the quarter. Contributions were made on behalf of 2,164 Plan participants.

Mr. Ianniello noted that there were no delinquencies during the Second Quarter 2020.

Mr. Ianniello then presented the Work Snapshot for the Fund for the second quarter 2020.

VII. INVOICES

The Trustees reviewed the list of invoices for the Active and Retiree Plans dated September 24, 2020, which had been pre-circulated. Mr. Ianniello noted there were no additions, deletions or changes to the lists.

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

> **RESOLVED, that the invoices on the list for the Active and Retiree plans dated September 24, 2020 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. CareFirst Contract Renewal

Mr. Ianniello reported on the CareFirst contract renewal.

B. FASB ASC 965 Report

Mr. Ianniello said that the FASB ASC 965 report from Cheiron had been posted to the Trustee Web Portal for the Trustees' review. The Trustees agreed that Cheiron should be invited to the next meeting to present the report.

C. COVID-19 Related Claims Processing – Status

Mr. Ianniello provided a summary of COVID-19 medical claims experience for the period March 1, 2020 through August 31, 2020. He indicated that the Fund paid for 170 COVID-19 tests totaling $11,982.20. One hundred thirty nine Plan participants and/or dependents sought treatment for COVID-19 totaling $326,676.74 in paid claims, with two claims totaling in excess of $50,000. There were 967 tele-health claim visits with approximately $49,215.87 paid.

D. Kaiser Permanente Medicare Plan Renewal for 2021

Mr. Ianniello presented the Kaiser Permanente Medicare Plan renewal for 2021. He noted that Kaiser Permanente has offered a 3.5% decrease in its rate for 2021. The proposed 2021 rates are $347.41 (Subgroup 200) per participant per month and $243.17 per participant per month for Shoppers/SuperValu (Subgroups 201, 202). After review,

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

> **RESOLVED to approve the Kaiser Permanente Medicare Advantage Plan renewal rates as presented, effective January 1, 2021.**

IX. NEXT MEETING DATES AND LOCATIONS

After discussion, the Trustees noted that the next meeting date was December 7, 2020 to be held via video conference.

X. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary

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