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

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

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 UFCW UNIONS AND PARTICIPATING EMPLOYERS HEALTH AND WELFARE FUND VIA VIDEO CONFERENCE SEPTEMBER 22, 2021

The following Trustees were present:

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

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

Also present were:

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
A. Kupperman – Cheiron
P. Lin – UNFI
C. Murphy – Associated Administrators, LLC
S. Sanchez – Slevin & Hart, P.C.
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

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 June 14, 2021, and the Appeals Committee meetings held on June 30, 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 June 14, 2021 and the Appeals Committee meeting held on June 30, 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 August 31, 2021. The report showed a beginning market value of $7,054,285, receipts of $7,313,151, disbursements of $9,314,796, and an investment loss of $3,014, producing an ending market value of $5,049,626 as of August 31, 2021.

IV. CONSULTANT'S REPORT

A. The Segal Company

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

1. Dental Request for Proposal ("RFP")

Mr. Timm reviewed the six dental benefit proposals submitted by Aetna, CIGNA, Dominion, Dentegra, United Healthcare ("UHC"), and United Concordia, to provide dental services to the Plan, effective January 1, 2022. Mr. Timm stated that important considerations when reviewing the proposals were costs (both to participants and to Fund), and participant disruption due to changes in the provider network. Mr. Timm said based on these considerations, the top three proposals were those presented by Cigna, UHC, and Dentegra, and Segal asked each of these three insurers to submit best and final offers.

Mr. Timm provided a comparison of the top three carriers regarding: (1) provider network depth, (2) member network access, (3) the top 50 utilized procedures copay schedule, and (4) premium financial evaluation. He stated that Segal recommends hiring Dentegra based on a review of these factors. Based on the DMHO network, selecting Dentegra would result in the least network disruption to participants and Dentegra has proposed similar premium and co-pay costs applicable to the Fund and participants.

Mr. Timm reviewed Dentegra's best and final offer to the Fund, noting that the proposed rates are guaranteed for two years with a 5% rate cap in year three. The Trustees discussed the proposals, comparing the costs, changes in benefits and disruption to participants. They asked how long it would take to implement the new provider relationship once a decision is made and Mr. Ianniello noted that 90 days was the minimum length of time.

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

> **RESOLVED, to hire Dentegra as the dental service provider effective January 1, 2022, as recommended by Segal.**

2. <u>Reserves</u>

Mr. Timm reviewed the September 2021 Reserve Determination Report. He noted that the Fund reserves as of August 31, 2021 were 3.865 months. He also noted that a reserve adjustment of $45,107 per month for six months, for a total adjustment of $270,642, was pending review from the August report. He further reviewed the amortization history and schedule.

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

> **RESOLVED, to approve a credit to UNFI in the amount of $45,107 per month for contribution payments due from October 2021 through March 2022, totaling $270,642.**

3. <u>Beacon Health Options Renewal</u>

Mr. Ianniello reviewed the Beacon Health Options renewal pricing proposal. He noted that Beacon was proposing zero increases in their rates for calendar year 2022 and 2023, and a 1% increase for 2024. He noted that the proposal appears to be reasonable and competitive.

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

> **RESOLVED, to approve Beacon Health Options renewal for the three-year period January 1, 2022 through December 31, 2024.**

B. Confidio

Audit Status

The Trustees welcomed Ms. Nancy Eid of Confidio to the meeting. Ms. Eid noted that the Prescription Benefit Manager audit had been completed. She stated that the audit reviewed pricing, plan design, discounts, and rebate accuracy. Confidio sent its audit results and comments to Optum Rx and Optum Rx has until early October to respond. The Trustees thanked Ms. Eid for her report and she was excused from the meeting.

V. ACTUARY'S REPORT

FASB ASC 965 Report

The Trustees welcomed Mr. Alex Kupperman of Cheiron to the meeting. Mr. Kupperman reviewed the FASB SC 965 Report as of December 31, 2020 and the Summary of Results. Mr. Kupperman noted that there was a decrease in the active population and an increase in the retiree population from 2019 to 2020. He reported that as of December 31, 2020, there were a total of 1,039 actives, retirees and dependents compared to 1,181 as of December 31, 2019, a 12% change. Postretirement Benefit Obligations were $86 million as of December 31, 2020 compared to $88.3 million as of December 31, 2019, a negative 2.6% change. The discount rate decreased to 2.50% from 3.25% and the trend percentage increased from 3.30% to 3.50%. The projected changes in postretirement benefit obligations decreased from $88.3 million in 2019 to $86.0 million in 2020.

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

VI. ATTORNEY'S REPORT

A. Mental Health Parity Review Services

Ms. Sanchez reported on Segal's proposal to provide Mental Health Parity review services relating to nonquantitative treatment limits ("NQTLs") under the Plan.

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

> **Resolved to engage Segal to perform the proposed Mental Health Parity Review for a fee not to exceed $30,000.**

B. Consolidated Appropriations Act

Ms. Sanchez reported on the Consolidated Appropriations Act ("CAA") including the No Surprises Act, and the Transparency in Coverage Final Rule.

C. COBRA Subsidy

Ms. Sanchez reported on the temporary COBRA subsidy period. Mr. Ianniello reported that the Fund office has issued notices advising participants of the upcoming termination of the subsidy. The Fund office also will submit the Form 940 requesting the tax credit for the amount of the subsidies.

D. Non-Discrimination Final Rule

Ms. Sanchez reported on the final rule under Section 1557 of the Affordable Care Act.

E. Delinquency Policy Amendment

Ms. Sanchez reported on an amendment to the Fund's Delinquency Policy.

F. Notice of Intent to Levy

Ms. Sanchez reported on a Notice of Intent to Levy sent to the Fund from the IRS in July, 2021.

G. Blue Cross Blue Shield Class Action

Mr. Slevin reported on the Blue Cross Blue Shield class action.

H. Purdue Pharma Bankruptcy

Ms. Sanchez reported on the Perdue Pharma bankruptcy.

I. Mallinckrodt Bankruptcy

Ms. Sanchez reported on the Mallinckrodt class action.

J. EpiPen class Action

Ms. Sanchez reported on the EpiPen Class Action.

K. Withum engagement Letters

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

L. SPD Restatements

Ms. Sanchez reported on the current status of the restatements of the Fund's summary plan descriptions.

M. CareFirst Agreement

Ms. Sanchez reported on the proposed CareFirst agreement.

VII. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2021 Report

Mr. Ianniello presented the Administrative Manager's Report for the Second Quarter 2021, which had been pre-circulated. The report showed total income of $2,546,686, and total expenses of $3,042,450, producing a deficit of $495,764 for the quarter. Contributions were made on behalf of 1,267 Plan participants. There were no delinquencies during the Second Quarter 2021.

Mr. Ianniello reviewed the Work Snapshot for the Second Quarter 2021. He noted that there were 20 accident and sickness claims, 11 appeals, 3,187 participant service calls, 660 COBRA notices, 10,430 medical claims processed, and 19,263 communications sent to plan participants during the Second Quarter 2021.

VIII. INVOICES

The Trustees reviewed the list of invoices for the Active and Retiree Plans dated September 22, 2021, 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 for the Active and Retiree Plans dated September 22, 2021 are approved for payment.

IX. OTHER FUND BUSINESS

A. Kaiser Permanente Medicare Rates for 2022

Mr. Ianniello presented the proposed Kaiser Permanente Medicare Advantage rates for 2022 for Trustee consideration. The rate for group A is $319.62 (an 8% decrease from last year) and the rate for group B is $246.26 (a 1.3% decrease from last year).

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

RESOLVED to approve the 2022 Kaiser Medicare Advantage rates, as presented.

B. COBRA Subsidy Termination Notices

Mr. Ianniello reported that notices advising participants that the COBRA subsidy was ending effective September 30, 2021 were sent out and the Fund office filed the Form 940 request for reimbursement for the second quarter subsidy credit.

C. COVID-19 Related Claims

Mr. Ianniello provided a summary of COVID-19 medical claims experience for the period January 1, 2021 through July 31, 2021. He indicated that the Fund paid for 594 COVID-19 tests totaling $74,043.33; and 205 COVID-19 related claims totaling $92,666.83 through July of 2021. There were no claims paid in excess of $50,000. Mr. Ianniello reported that the Fund also paid 411 tele-health claims totaling $21,192.95, and paid for the administration of 111 COVID vaccines at a cost of $5,487.91.

X. NEXT MEETING DATES AND LOCATIONS

The next Board meeting is scheduled for December 7, 2021 via Zoom.

XI. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary

21043006v1