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 MARCH 18, 2021

The following Trustees were present:

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

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

Also present were:

L. DuVall – Associated Administrators, LLC
A. Hanson – UFCW Local 400
C. Hoffmann – UFCW Local 400
J. Ianniello – Associated Administrators, LLC
N. Jacobs – UFCW Local 400
J. Kimble – Morgan, Lewis, & Bockius, LLC
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, Chairman Federici called the meeting to order.

A. Trustee Proxy

Mr. Hipkins gave his proxy to Mr. Chorpenning to act in all matters that come before the Trustees for this meeting.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on December 7, 2020, the special meeting held on December 22, 2020, and the Appeals Committee meeting held on January 7, 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 December 7, 2020, the special meeting held on December 22, 2020 and the Appeals Committee meeting held on January 7, 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, 2020 to December 31, 2020. The report showed a beginning market value of $11,295,327, receipts of $13,747,455, disbursements of $18,148,862, and earnings of $160,365, producing an ending market value of $7,054,285 as of December 31, 2020.

IV. CONSULTANT'S REPORT

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

A. The Segal Company

1. Reserves

Mr. Timm reviewed the March 2021 Reserve Determination Report. He noted that the Fund reserves as of January 31, 2021 were 4.263 months and a 6-month reserve adjustment of $60,682.00 per month, totaling $364,092, would bring the Fund's reserve level back to 3 months. 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 $60,682 per month for contribution payments due from March 2021 through August 2021, totaling $364,092.**

2. Coronavirus Disease (COVID-19) 2019 – Market Update

Mr. Timm presented an update on COVID-19 and its impact on employee health and welfare benefits generally. He noted that the disease caused significant disruptions to the healthcare delivery system. He cited two primary ways that some health plan claims have been impacted: (1) direct costs for testing and treating of the disease, the cost of which is typically between 1% and 5% of annual medical expenses and can vary based on the demographics of the group, such as age and location; and (2) indirect savings from reduced utilization of non-essential services, including the temporary suspension of many healthcare services, such as routine office visits, chiropractic therapy, physical therapy, and elective surgeries. He noted that deferral of these services may increase Fund expenses in the future, but to date there has been no significant increase in expenses.

Mr. Timm reviewed the Fund's experience with COVID-19 claims. He said that the reduction in claims for the Fund was most prevalent in the first half of 2020. Mr. Timm stated that the cost of testing and treatment for COVID-19 has been modest, and the Fund had significant declines in claims during March through May of 2020. He stated that claims for the period March 1, 2020 through May 31, 2020 represent an 18% decrease compared to the period March 1, 2019 through February 29, 2020. He reported that the Fund's per capita large claims have increased 29.1% due to COVID-19. However, in spite of the large claims experience and the additional costs of testing and treatment for COVID-19, the Fund's estimated incurred claims are down 6.4% on a per capita basis year over year through January 31, 2021 and down 7.9% on an aggregate basis.

Mr. Timm reported that the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed on March 27, 2020, requiring the Fund to provide coverage of COVID-19 testing at 100% with no cost-share, which includes copays, deductibles and coinsurance. However, cost-sharing is still applicable for the treatment of COVID-19. He stated that three COVID-19 vaccines have been approved in the U.S. He noted that as a non-grandfathered plan under the Affordable Care Act, the Fund is required to cover 100% of administration fees relating to COVID vaccinations for Plan participants and beneficiaries.

B. <u>Confidio</u>

Audit Status

Mr. Ianniello provided an update on the audit of OptumRx and a timeline of scheduled activity. He noted that on February 23, 2021, Confidio and OptumRx held a conference call to review the preliminary audit report. He reported that Optum had requested additional information, including sample claims used in the audit and mapping of plan design to Optum's internal coding. On March 12, 2021, follow-up documentation, claims detail, and mapping were sent to Optum. He noted that the estimated audit completion date was May 2021 for the contract audit and June 2021 for the rebate audit.

V. ATTORNEYS' REPORT

A. COVID-19 Deadline Extensions

Mr. Slevin reported on guidance relating to the extension of certain deadlines due to the COVID-19 pandemic. After discussion, the Trustees agreed to continue providing an extension of the relevant deadlines until 60 days after the end of the national emergency period relating to COVID-19.

B. Transparency in Coverage Rules

Ms. Sanchez reported on the Final Rule on Transparency in Coverage issued by HHS, DOL and Treasury on October 29, 2020.

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

> **RESOLVED, to delegate authority to Chairman and Secretary to make any necessary decisions regarding implementation of the Transparency in Coverage Rule.**

C. "No Surprises Act"

Ms. Sanchez reported on the No Surprises Act enacted in 2021. .

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

> **RESOLVED, to deleate authority to Chairman and Secretary to make any necessary decisions regarding the implementation of the "No Surprises Act."**

D. Consolidated Appropriations Act

Ms. Sanchez reported on the reporting and disclosure requirements under the Consolidated Appropriations Act of 2021.

E. CareFirst Agreement

Ms. Sanchez reported on the status of the proposed agreements between CareFirst and the Fund.

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

> **RESOLVED, to approve CareFirst's proposed 2021 fee increases, and**
>
> **FURTHER RESOLVED, to deny CareFirst's request for retroactive fee increases for periods before 2021, subject to CareFirst providing additional information regarding the requested retroactive increases.**

F. <u>COBRA Subsidy</u>

Ms. Sanchez reported on the COBRA subsidy provisions of the American Rescue Plan Act of 2021.

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

> **RESOLVED, to delegate authority to the Chairman and Secretary to make any necessary decisions regarding the implementation of the temporary COBRA subsidy.**

G. <u>IRS Sick-Pay Tax Assessment</u>

Ms. Sanchez reported on correspondence from the IRS requesting payment by the Fund of sick pay taxes.

H. <u>Preventive Services List</u>

Ms. Sanchez reported on the Fund's 2021 preventive services list.

I. <u>SPD Restatements</u>

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

J. <u>COVID-19 Vaccine Coverage</u>

Ms. Sanchez reported on guidance relating to coverage of the COVID-19 vaccine and administration.

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

RESOLVED, to approve coverage of the COVID-19 vaccine and related administration costs at 100%, with no participant cost-sharing, under both the Plan's medical benefit and prescription drug benefit.

K. Participant Overpayment

Ms. Sanchez reported on the status of collection attempts relating to an overpayment paid to a Plan participant in connection with an accident and sickness claim.

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

RESOLVED, to cease pursuit of, and write-off, the overpayment amount, based on the specific facts and circumstances.

L. EpiPen Class Action

Ms. Sanchez reported on a class action lawsuit involving the EpiPen prescription product.

M. BlueCross BlueShield Class Action

Ms. Sanchez reported on a class action involving the Blue Cross Blue Shield Association.

N. Summary of Material Modifications ("SMM")

Ms. Sanchez reported on SMMs regarding: (a) the Trustees' decision to extend coverage of TeleHealth visits through December 31, 2021; and (c) coverage of the Cologuard colorectal cancer screening test.

O. Subrogation Report

Mr. Ianniello presented Slevin & Hart's subrogation report for the fourth quarter of 2020. He noted that $207.24 was collected, zero was compromised, and $41.45 was payable to Slevin & Hart.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Fourth Quarter 2020 Report

Mr. Ianniello presented the Administrative Manager's Report for the Fourth Quarter 2020, which had been pre-circulated. The report showed total income of $2,559,047, and total expenses of $3,894,705, producing a deficit of $1,335,658 for the quarter. Contributions were made on behalf of 1,324 Plan participants.

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

Mr. Ianniello reviewed the Work Snapshot for the Fourth Quarter 2020. He noted that there were 41 accident and sickness claims, 20 appeals, 3,164 participant service calls, 77 COBRA notices, 8,368 medical claims processed, and 2,924 communications sent to plan participants during the Fourth Quarter 2020.

VII. INVOICES

The Trustees reviewed the list of invoices for the Active and Retiree Plans dated March 18, 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 on the list for the Active and Retiree plans dated March 18, 2021 are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Cheiron – 2021 Retainer Renewal

Mr. Ianniello presented Cheiron's retainer fee request for 2021. He noted that Cheiron originally proposed a retainer fee of $10,260 ($855 per month) for a "roll-forward" valuation but, at the Trustees' request, subsequently presented a retainer proposal for a full valuation with a retainer fee of $20,070 ($1,672.50 per month), and the non-retainer fees ranging from $106 to $510 per hour for 2021. The Trustees reviewed the engagement request by Cheiron.

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

> **RESOLVED, to approve Cheiron's updated 2021 engagement proposal as presented.**

B. COVID-19 Related Claims

Mr. Ianniello provided a summary of COVID-19 medical claims experience for the period March 1, 2020 through February 28, 2021. He indicated that the Fund paid for: 349 COVID-19 tests totaling $37,935; and 363 COVID-19 related claims totaling $770,493, with four claims totaling in excess of $50,000. Mr. Ianniello reported that the Fund also paid 1,118 tele-health claims totaling $70,943, and paid for the administration of three

COVID vaccines at a cost of $52.

C. Educational Subsidy Payment

Mr. Ianniello reported that UNFI's 2021 educational subsidy payment of $22,500 was received January 20, 2021.

D. Preventive Services List

Mr. Ianniello noted that the updated Preventive Services list had been posted to Associated's Website.

IX. NEXT MEETING DATES AND LOCATIONS

After discussion, the Trustees noted that their next meeting was scheduled for June 14, 2021, and would 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