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, 2020

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici – Chairman	B. Seehafer – Secretary
J. Chorpenning	J. Born
Y. Anwar	J. Ferrer
T. Hipkins	V. Marsh

Also present were:

M. Buckberg – Withum
L. DuVall – Associated Administrators, LLC
N. Eid – Confidio
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
A. Kupperman – Cheiron
A. Leech – Withum
J. Mink – Investment Performance Services
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

I. CALL TO ORDER

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

A. Appointment of Trustee

Mr. Ianniello reported that he had received correspondence from UNFI appointing Mr. John Ferrer as a Management Trustee effective October 2, 2020. The Trustees welcomed Mr. Ferrer to the meeting.

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on September 24, 2020 and the Appeals Committee meeting held on October 8, 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 September 24, 2020 and the Appeals Committee meeting held on October 8, 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 October 31, 2020. Such report indicated a beginning market value of $11,295,327, receipts of $11,996,168, disbursements of $15,603,844, and earnings of $143,328, producing an ending market value of $7,830,979 as of October 31, 2020.

B. Financial Statements – December 31, 2019

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

Mr. Buckberg presented a copy of the audited Financial Statements for the year ended 2019. He reported Net Assets Available for Benefits on December 31, 2019 were $13,560,063. Total additions for the year ended December 31, 2019 were $20,872,436. Total deductions were $20,274,188. The increase of Net Assets Available for Benefits was $598,248, producing Net Assets Available for Benefits of $13,560,063 on December 31, 2019. 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 2019 report as presented.

The Trustees thanked Mr. Mark Buckberg and Mr. Albert Leech and they were excused from the meeting.

IV. 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 December 2020 Reserve Determination Report. He noted that the Fund reserves as of November 30, 2020 were 3.966 months. Mr. Timm reviewed the Amortization History and Schedule. Mr. Timm noted a credit of $276,883 for the months of December, January, February, March, April and May 2021 is pending approval by the Trustees.

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

RESOLVED, to approve the credit to Shoppers in the amount of $276,883 per month for payments received in December, January, February, March, April and May 2021.

2. Plan Y20 & Y30 Part-Time Dependent Rates

Mr. Timm presented the proposed Plan Y20 and Y30 part-time full cost dependent rates for the 2021 Plan Year per enrolled dependent child.

Plan	Per Child Rate	Three or More Children Rate
Y20 Part Time	$170.80	$512.40
Y30 Part Time	$167.74	$503.22

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

RESOLVED, to adopt the 2021 Plan Y20 and Plan Y30 part-time full cost dependent rates, as presented, effective January 1, 2021.

3. Cologuard Cancer Screening Test

Mr. Timm reported on Cologuard, an at-home colorectal cancer screening test. He stated the typical cost of a Cologuard test is $600, as compared to $3,000 for a colonoscopy. He noted that most insurance companies now cover the test. He said that approximately 10% of the tests result in a false positive. He noted that the Centers for Medicare & Medicaid Services ("CMS") have guidelines regarding the coverage of Cologuard under Medicare. After discussion,

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

> **RESOLVED, to approve coverage of Cologuard effective January 1, 2021, in accordance with the coverage guidelines used by CMS.**

4. Preventive Services List

Mr. Timm reported that a generic version of the drug Truvada has been approved. He said the Fund would be required to cover this drug under the preventive services list.

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

B. PBM Consulting Updates

1. OptumRx – Contract Renewal

Mr. Ianniello reported that the OptumRx contract was executed by the Trustees and forwarded to OptumRx for countersignature.

2. Audit Status

Mr. Ianniello provided an update on the audit of OptumRx.

V. ATTORNEYS' REPORT

A. Independent Fiduciary

Ms. Sanchez reported on an independent fiduciary amendment for the Health and Welfare Fund.

B. Internal Revenue Service

Ms. Sanchez reported on an IRS notice to the Fund demanding taxes and penalties relating to the A&S benefits paid by the Fund in 2018.

C. Summary Plan Descriptions ("SPD").

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

D. Preventive Services List

Ms. Sanchez reported on the coverage of over-the-counter drugs as a preventive service.

E. CareFirst Agreements

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

F. Beacon Health – Subcontractors

Ms. Sanchez reported on Beacon Health's notice regarding use of subcontractors.

G. Form 990

Ms. Sanchez reported on the Form 990

H. Subrogation Report

Mr. Ianniello presented Slevin & Hart's subrogation report for the third quarter of 2020. He noted that $4,396.82 was collected, zero was compromised, and $879.36 was payable to Slevin & Hart.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Third Quarter 2020 Report

Mr. Ianniello presented the Administrative Manager's Report Third Quarter 2020, which had been pre-circulated. The report showed total income of $2,983,465, and total expenses of $3,699,533 in a deficit of $716,068 for the quarter. Contributions were made on behalf of 1,343 Plan participants.

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

VII. INVOICES

The Trustees reviewed the list of invoices for the Active and Retiree Plans dated December 7, 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 December 7, 2020 are approved for payment.

VIII. OTHER FUND BUSINESS

A. CareFirst Contract Renewal

Mr. Ianniello reported that the CareFirst contract renewal was still pending. He said that the Fund Office had sent correspondence to CareFirst noting the Trustees' displeasure with the delay.

B. Group Dental Service ("GDS") – Renewal

Mr. Ianniello reviewed a renewal proposal from GDS reflecting a three percent reduction in fees for the 2021 Plan year. He further reported that GDS is providing a fifty percent premium credit for the month of June 2020. After discussion,

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

RESOLVED, to approve the Group Dental Service rates for the 2021 Plan year, as presented.

C. Medicare Deductible and Co-insurance Rates for 2021

Mr. Ianniello presented for the Trustees' review the 2021 Centers for Medicare and Medicaid Services ("CMS") published changes to the Medicare Part A and B premiums, deductibles and co-insurance. He said that such rates and deductibles are utilized in processing the Fund's Medicare Supplemental benefits for retirees. After discussion, and

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

RESOLVED, to approve the Medicare deductible and co-insurance rates for the Retiree Medicare Supplemental Benefit for 2021 as presented, on a non-precedent setting basis.

D. 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, 2019 and the Summary of Results. Mr. Kupperman noted that there was a decrease in the active population and an increase to the retiree population from 2018 to 2019. He reported that as of December 31, 2019, there were a total of 1,181 actives, retirees and dependents compared to 1,173 as of December 31, 2018, a 0.7% change. Postretirement Benefit Obligations were $88.3 million as of December 31, 2019 compared to $102.1 million as of December 31, 2018, a negative 13.5% change. The discount rate decreased to 3.25% from 3.50% and the trend percentage decreased from 3.50% to 3.30%. The projected cost of benefits decreased as well from $104.9 million in 2018 to $91.4 million in 2019.

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

E. COVID-19 Related Claims Processing – Status

Mr. Ianniello provided a summary of COVID-19 medical claims experience for the period March 1, 2020 through November 30, 2020. He indicated that the Fund paid for 256 COVID-19 tests totaling $21,325.09. Thirty-five Plan participants and/or dependents sought treatment for COVID-19 totaling $350,621.94 in paid claims, with two claims totaling in excess of $50,000. There were 1,149 paid tele-health claims totaling $66,369.05.

IX. NEXT MEETING DATES AND LOCATIONS

After discussion, the Trustees selected the following meeting dates for 2021, all of which will begin at 10:00 a.m.

March 18, 2021 (to be held via video conference)
June 14, 2021 (location to be determined by the status of Covid-19)
September 22, 2021 (location to be determined by status of Covid-19)
December 7, 2021 (location to be determined by the status of Covid-19)

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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