

**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
SEPTEMBER 19, 2013
HANOVER, MARYLAND**

The following Trustees were present:

UNION TRUSTEES

M. Federici - Chairman
L. Harris
T. Hipkins

EMPLOYER TRUSTEES

S. Loeffler – Secretary
G. Anderson
D. Gwin
M. Mortensen

Also present were:

C. Allebach – Group Vision Services
J. Berry – Conifer Health Solutions
H. Burton – Morgan, Lewis & Bockius, LLP
J. Chorpenning – UFCW Local 27
M. Christle - Kroger
R. Foxman – Group Vision Services
M. Herwig – PNC Bank
W. Jensen – Associated Administrators, LLC
H. Manley – UFCW Local 27
E. Minter – Value Options
A. Pedroti – Catamaran Rx
T. Poffenbaugh – Value Options
J. Sears – Associated Administrators, LLC
B. Slevin – Slevin & Hart, P.C
J. Slivosky – UFCW Local 400
R. Wagner – Catamaran Rx
D. Whitney – SuperValu

I. CALL TO ORDER

A quorum being present, the meeting was called to order.

II. APPOINTMENT OF NEW TRUSTEE

Mr. Sears noted that Mike Mortensen of SuperValu was named an Employer Trustee effective September 6, 2013, replacing Alia Samad-Salameh.

III. MINUTES

The Trustees reviewed the minutes of the regular meeting of July 2, 2013 and the appeals committee meeting of June 11, 2013, which were pre-circulated.

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

RESOLVED that the minutes of the regular meeting of July 2, 2013 and the appeals committee meeting of June 11, 2013 were approved as presented.

IV. FINANCIAL REPORT

The Trustees welcomed Mr. Michael Herwig of PNC Bank to the meeting.

Mr. Herwig distributed the PNC Summary of Activity report for the period January 1, 2013 to August 31, 2013. Such report indicated a beginning market value of \$15,593,818, receipts of \$27,057,537, disbursements of \$27,591,894, and earnings of \$32,325, producing an ending market value of \$15,091,586 as of August 31, 2013. Mr. Sears noted that this represented 3.56 months of reserves.

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

V. ATTORNEY'S REPORT

A. Affordable Care Act ("ACA") - Summary of Benefit Coverages

Mr. Slevin discussed the Summary of Benefit Coverages ("SBCs").

B. ACA – Employee Waiting Periods

Mr. Slevin discussed the rules pertaining to employee waiting periods under ACA. Mr. Burton discussed Plan Y-20.

C. ACA – Annual Limits

Mr. Slevin discussed the elimination of annual limits effective January 1, 2014.

D. ACA – Pre-Existing Conditions

Mr. Slevin discussed the elimination of pre-existing condition limitations effective January 1, 2014.

E. ACA – Dependent Eligibility

Mr. Slevin discussed the age 26 dependent eligibility rules under ACA.

F. ACA – Out-of-Pocket Maximums

Mr. Slevin discussed the rules for out-of-pocket maximums under ACA.

G. ACA – Notice of Exchanges

Mr. Slevin discussed the employer Notice of Exchanges.

H. ACA – Reinsurance Fee

Mr. Slevin discussed the reinsurance fee.

I. ACA – New COBRA Form

Mr. Slevin discussed the COBRA notifications.

J. Fund Consultant

Mr. Slevin recommended that the Fund hire a Consultant to work on near-term ACA topics. The Trustees agreed that the Chairman and Secretary have authority to hire the Segal Company for this purpose, since they already have familiarity with the Plans, if an acceptable agreement can be reached.

In addition, the Trustees discussed engaging a full-time Consultant for ongoing service to the Fund. They chose to solicit proposals from Segal, Horizon, and BHA Consulting and asked for a summary of their costs and services and to invite them to the next meeting to make presentations.

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

RESOLVED to solicit proposals from Segal, Horizon, and BHA Consulting to provide ongoing consulting services to the Fund.

The Trustees noted that, at the last meeting, a Fund subcommittee of Mark Federici, Steve Loeffler, George Murphy, and Alia Samad-Salameh was designated to review and make any ACA-related compliance decisions. Due to Ms. Samad-Salameh's resignation as a Trustee, Donna Gwin was named to the subcommittee. The subcommittee will make the necessary decisions.

K. PNC Custody Agreement

Mr. Slevin discussed the PNC custody agreement.

L. Cost Sharing

Mr. Slevin advised regarding the cost-sharing agreement with other funds.

M. HIPAA Business Associate Agreements ("BAAs")

Mr. Slevin discussed HIPAA BAAs.

N. Privacy Policy

Mr. Slevin discussed the privacy policy.

O. Afram Litigation

Mr. Slevin discussed a lawsuit brought against the Fund by a medical provider.

P. Milliman Invoices

Mr. Slevin discussed the invoices received from Milliman for services provided.

Q. Defense of Marriage Act ("DOMA")

Mr. Slevin discussed the DOMA.

VI. ADMINISTRATIVE MANAGER'S REPORT

A. Second Quarter 2013 Reports

Mr. Sears presented the administrative manager's report for the second quarter 2013, which had been pre-circulated to the Trustees. Such report indicated total income of

\$12,609,564 for the quarter. Total expenses were \$12,758,732, producing a deficit of \$149,168 for the quarter. Mr. Sears noted that contributions and were made on behalf of 7,117 plan participants.

For the year through August 31, 2013, the report indicates total income was \$25,087,264. Total expenses were \$25,181,303, producing a deficit of \$94,039 for the year. Contributions were made on an average of 7,151 plan participants.

VII. INVOICES

Mr. Sears presented a list of invoices dated September 19, 2013. He noted there were no additions, deletions or changes to the list and that all invoices represented proper Fund expenses.

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

RESOLVED that the list of invoices dated September 19, 2013 was approved for payment.

VIII. OTHER FUND BUSINESS

A. Value Options – 2014 Rates

Mr. Sears said the rate proposal for 2014 from Value Options called for no increase from the current year.

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

RESOLVED to accept Value Options' proposal for 2014 with no rate increase.

B. Maintenance of Benefits (“MOB”)

Mr. Jensen discussed the MOB projections. The Trustees decided to table the MOB conversation until the December meeting at which time a new Fund Consultant could be engaged in this discussion.

C. Kroger Richmond/Tidewater Life Insurance Renewal

Mr. Sears noted that the life insurance renewal through MetLife for the Kroger Richmond/Tidewater plan had been renewed at a rate of \$.158 & \$.030 per \$1,000 in coverage for the period September 1, 2013 through August 31, 2015. He said the Chairman and Secretary of the Fund had approved the proposal.

D. PCORI Fee

Mr. Sears said the PCORI fee of \$12,174 was paid on July 31, 2013.

E. Kroger/UFCW 400 Bargaining

Mr. Jensen said a Memorandum of Agreement (“MOA”) was reached between Kroger and UFCW 400 for the Roanoke plans. The Trustees reviewed a memo from Steven Springer of Kroger regarding the MOA.

Mr. Jensen said the MOA called for significant changes to the eligibility and benefit plans for these participants effective January 1, 2014. As part of the MOA, one prescription drug plan design will be used for all three benefit plans offered to the Roanoke participants. The Roanoke Plans would be funded via a pass-through arrangement similar to the arrangement currently used for the Richmond/Tidewater division, beginning on January 1, 2014.

Mr. Jensen said a provision of the MOA calls for non-network provider fees to be considered in-network if a participant is utilizing an in-network facility. He noted that over 99% of claims were within the Anthem PPO network in 2012.

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

RESOLVED to treat non-network claims as in-network whenever an in-network facility is utilized, effective September 1, 2013, for Kroger Roanoke plans.

In addition, retiree benefits would be carved out of the current retiree plan and a separate plan would be set up for these benefits. A subcommittee of Steve Loeffler and Mark Federici, along with outside advisers, was designated to design the retiree benefits. Prescription drugs will be provided by a separate Prescription Benefit Manager

("PBM"), and the Chairman and Secretary of the Fund will be authorized to make decisions regarding the PBM contract. The Trustees discussed acceptance of the Kroger Roanoke plan design changes and authorization of Chairman and Secretary to make decisions for the retiree plan related to reserves and plan design.

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

RESOLVED to approve the MOA between Kroger and UFCW 400 for the Roanoke division and to authorize the subcommittee of Mark Federici and Steve Loeffler to make reserve and plan design decisions for the retiree plan.

Trustees from Kroger and UFCW 400 abstained from the vote.

G. Subrogation

Mr. Sears \$7,533.84 was recovered by Slevin & Hart for subrogated claims for the second quarter 2013.

IX. VENDOR PRESENTATIONS

A. Value Options – Mental Health Provider

The Trustees welcomed Mr. Terry Poffenbaugh and Mr. Ed Minter of Value Options to the meeting.

Mr. Poffenbaugh reviewed a detailed claims and enrollment report for the period January 1, 2012 through December 31, 2012. The report indicated paid claims of \$529,021 for the year and an average of 9,205 monthly participants. It reported a network savings of \$411,515 during this period. He said that 338 members, or 3.7% of total members, had claims for behavioral health services in 2012. During 2012, 459 acute care benefit days were authorized and 2,375 outpatient visits were paid.

The Trustees thanked Mr. Poffenbaugh and Mr. Minter for their report and they were excused from the meeting.

B. Group Vision Services – Vision Provider

The Trustees welcomed Mr. Herb Craig Allebach and Mr. Ralph Foxman of Group Vision Services (“GVS”) to the meeting.

Mr. Allebach reviewed a detailed claims and enrollment report for the period January 1, 2012 through December 31, 2012. The report indicated paid claims of \$62,382 for exams and \$164,203 for materials for the calendar year, and an average of 6,724 monthly subscribers. He said the plans have been on a 48 month rate and would renew on July 1, 2014.

The Trustees thanked Mr. Allebach and Mr. Foxman for their report and they were excused from the meeting.

C. Catamaran – Prescription Drug Manager

The Trustees welcomed Mr. Rob Wagner and Ms. Anita Pedroti of Catamaran to the meeting.

Mr. Wagner reviewed a detailed claims and enrollment report for the period January 1, 2012 through December 31, 2012. The report indicated paid claims of \$5,963,653 for 68,045 prescriptions for the year. There was an average of 5,259 monthly members. 85% of the claims paid were for Traditional drugs and 15% were for Specialty drugs. Generic drugs were dispensed 73% of the time.

The Trustees thanked Mr. Wagner and Ms. Pedroti for their report and they were excused from the meeting.

D. Conifer Health Solutions (“Conifer”) – Utilization Review Provider

The Trustees welcomed Mr. Justin Berry of Conifer to the meeting.

Mr. Berry reviewed a report outlining the Fund’s claims experience for 2012. The report showed total claims paid for 2012 were \$24,400,208 with an average monthly enrollment of 5,589 participants. He noted that inpatient hospital claims had dropped 22% from the previous year. The plan had 534 large cases, defined as over \$10,000, for the year and they represented \$17,255,592 in claims.

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

X. NEXT MEETING DATE AND LOCATION

The Trustees scheduled the following dates for the next meeting:

December 12 – Hanover, Maryland

XI. ADJOURNMENT

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

Respectfully submitted,
Steve Loeffler - Secretary