

**U.A. Local 467
Health & Welfare Trust Fund
Board of Trustees Meeting**

September 10, 2013

Minutes

1. **Call to Order**

The regular meeting of the Board of Trustees U.A. Local 467 Health & Welfare Trust Fund was called to order by Chairman Mike Swanson at the U.A. Local 467 Union Hall, 1519 Rollins Road in Burlingame, California. A quorum was present.

2. **Roll Call**

The following Trustees were present:

Employee

Mike Swanson, Chairman
Mark Burri
Chris Collins
Gary Saunders

Employer

Dan Larratt, GBA
Michael Vlaming, Industrial Contractors, UMIC, Inc.
Ken Westphal, ACCOES
Bill Whitney, Northern Calif. MCA

Also Present

Marci Vukson and Sid Kaufmann; Kaufmann and Goble
Dick Grosboll; Neyhart, Anderson; Flynn & Grosboll
Steven Callow; New Century Partners
Alex Miller; Hemming Morse, Inc.
James Bishop, WhiteStar
Pam Barrett, Judy Sargent and Debbie Wolfe; UAS

3. **Minutes**

A. **June 11, 2013**

The Trustees reviewed the Minutes. Following review, a change was requested on Page 2 changing Dinelli Electric to Dinelli Plumbing in the Collections section of the Minutes. It was **M/S/C** to approve the Minutes of June 11, 2013as revised.

4. **Communications**

There were no communications.

5. Delinquency Report – Mike Swanson

Chairman Swanson distributed the Delinquency Report as of September 10, 2013 relating to three (3) contractors who were 30 days or more past due and he continues to work closely with them to ensure payment.

- 1) Ayoob Mechanical owes June and July 2013.
- 2) Peninsula Air Conditioning Co. owes June and July 2013.
- 3) Robert's Fire Stop owes June and July 2013.

Contractors referred for Collections:

- 1) South City Refrigeration & Air Conditioning. South City is on a Payment Plan of \$750.00 per week.

6. Report by Steven Callow, New Century Partners

The Trustees reviewed the quarterly report for August 31, 2013. Mr. Callow reported that the portfolio was doing well. As of August 31, 2013, the total market value for the Health & Welfare Trust Fund portfolio was \$14,903,609, with \$7,837,487 held in Mutual Funds, \$7,065,832 was held in the MetLife Stable Value Funding Contracts and \$291 in Cash and Equivalents. Mr. Callow said he did not anticipate any changes in the portfolio.

7. Report by Kaufmann & Goble – Marci Vukson and Sid Kaufmann

A. Claims Experience 2013 and 2012

Ms. Vukson distributed and summarized the 2013 and 2012 Claims Experience Report. She said with more participants, the cost increased by approximately 3% compared to the prior report.

B. Proposed Monthly Self-Pay Rates, 2014

The Trustees reviewed the COBRA, Employee Premiums, Retirees Under 65, Retirees Over 65, Unemployed Member Self-Pay and Widow(s/ers) of Retirees monthly self-pay rates proposed for January 1, 2014. Ms. Vukson said there was approximately a 1% increase on the COBRA and employer rates. Relating to the Retirees, she suggested that the rates stay in place for 2014 and next year to adjust the rates as warranted. It was **M/S/C** to accept the Consultant's recommendation to approve the Monthly Self-Pay Rates effective January 1, 2014 as presented.

C. Truveris PBM Analysis

It was reported that the Trustees hired Truveris to analyze proposals from the Pharmacy Benefit Managers. The Trustees reviewed a handout from Kaufmann and Goble entitled "Truveris Round 2 and Provider Proposals" which included information on Script Care, Envision and U.S. Script.

Following review and after answering several questions, it was **M/S/C** to hire Script Care effective January 1, 2014 as a replacement for Envision as the Plan's PBM.

D. Stop Loss Proposals – Effective January 1, 2014

The Trustees reviewed proposals from HCC Life Insurance, Symetra and ING for the Fund's stop loss carrier for 2014. The proposals from all three providers included retention levels, proposed rates, annual cost and cost per hour. It was reported that beginning in 2014, there are no limits on annual or lifetime stop loss amounts for self-funded plans. Options 1, 2 and 3 were all reviewed. Discussion followed. It was **M/S/C** to hire Symetra Life effective January 1, 2014 at a cost of \$11.35 for \$750,000 of coverage or an annual cost of \$55,161 or \$0.04 per hour as the stop loss carrier for all claims for Actives and pre-Medicare retiree members.

E. Vision Service Plan (VSP)

The Trustees reviewed a letter from Vision Service Plan dated August 2013 which included proposed rates effective January 1, 2014. VSP proposed an increase in the current composite rate from \$13.97 to \$14.26. This rate includes a \$0.29 ACA tax that is effective January 1, 2014. It was **M/S/C** to accept this increase.

8. Report by Administrator – Pamela Barrett

A. Administrative Agreement Renewal

The Trustees signed United Administrative Services' Administrative Agreement which was previously approved. Ms. Barrett thanked the Trustees for retaining UAS as the Administrator on this fund.

B. Website Upgrade

It was reported that the Administrator's Office is creating a Trustee Portal for the U.A. Local 467 website. Each Trustee will be provided with a password to a portion of the website that only Trustees can view. Included on the website will be two years of documents including the current Summary Plan Description, Trust Document, Plan Amendments, Legal Reports, Consultants Reports and Investment Reports. These documents will be available for on line review or for printing

purposes. The Trustee portal should be up and running by the first half of October 2013.

C. Quarterly Benefit Statements

The quarterly benefit statements format was sent to Chairman Swanson last month. Data as of June 30, 2013 is being input now. Statements should be mailed out by the first part of October 2013.

9. Assets and Expenses

A. Financial Statements

Following review of the April, May and June 2013 financial statements, it was **M/S/C** to accept the financial statements as presented.

B. Payments of Bills

The Trustees reviewed and discussed the itemized bills. It was **M/S/C** to accept the payment of bills, checks 5064 to 5120 as presented.

10. Report by Dick Grosboll, Counsel

A. Status of Summary Plan Description

Mr. Grosboll reported that a draft of the revision to the Summary Plan Description will be distributed later as the SPD's for the defined benefit and defined contribution plan were being prepared and reviewed first. He indicated that he is hopeful that the SPD for the Health and Welfare can be finalized and distributed in early 2014.

B. Amendment, Preventive Care

The Trustees reviewed Amendment 6 relating to Preventive Care which was approved at the last meeting. This related to the Plan covering a physical examination every 12 months up to \$300 per examination. It was **M/S/C** to authorize the Chair and Co-Chair to sign the Amendment.

C. Revised Notice of Privacy Practices

The Trustees reviewed a draft of a memo and revised Privacy Practices that will be sent to all participants upon approval by the Trustees. The revisions to the document that were made to comply with the final HIPAA regulations were reviewed. Legal counsel summarized his cover memo and acknowledged that the changes did not have a significant impact on this Plan. It was **M/S/C** to approve use of the revised Privacy Notices and to direct the Administrator's Office to send the document out in a timely manner.

D. Revised Business Associate Agreement

The Trustees reviewed Mr. Grosboll's memo dated August 31, 2013 which included a summary of changes to the Business Associate Agreement. Following review, it was **M/S/C** to approve use of the revised Business Associate Agreement and to direct the Administrator's Office to send the document to the health providers in a timely manner.

E. Impact of Same Sex Marriage Court Decisions on Plan

The Trustees reviewed Mr. Grosboll's memo dated August 31, 2013 which summarized the recent United States Supreme Court decision related to same-sex marriages and the impact of those decisions on the Plan. Mr. Grosboll reiterated that same sex spouses would be treated in the same manner as opposite sex spouses but at this stage, there had been no request to enroll a same sex spouse or his or her children.

F. Memo Re: California Exchanges

The Trustees reviewed a memo to the Trustees dated September 3, 2013 which provided an update on the 13 health plans that will be offered under California's Health Insurance Exchange. Legal counsel stated that this information was provided for information only.

Discussion took place about how COBRA is affected under the California Exchanges. Mr. Grosboll reported that the Plan's COBRA notice does not require any reference to the exchanges. He said this is a Trustee decision. The Trustees concurred that the Plan should only cover eligible participants who are covered under this Plan. Thus, a Participant's decision to elect cheaper coverage through the Exchange rather than pay the COBRA rates for this Plan may impact a Participant's entitlement to retiree benefits. Mr. Grosboll said he would add this language to the COBRA notice when it is revised.

Discussion took place about members who live out of state. Retirees only can receive coverage in California. The Trustees requested that the Consultant look into coverage for out of state retirees. The Trustees also questioned how many retirees would be affected. Ms. Vukson said retiree claims for those living out of state could be reviewed.

The Trustees reviewed a letter that members should receive regarding the exchanges. It was reported that the letter could state that no action is needed. Mr. Grosboll said he would work with the Administrator to ensure this notice is sent timely. It was **M/S/C** to send the letter to participant of the Plan relating to the exchanges and that their coverage under the Plan was sufficient.

G. Health Plan Providing Minimum Value & Minimum Essential Coverage Requirements

The Trustees reviewed Mr. Grosboll's memo dated August 21, 2013 related to the new health care requirements that employers with 50 or more full-time employees must offer coverage which was to have taken effect on January 1, 2014. President Obama's administration postponed the implementation for twelve months. Beginning in 2015, The *Employer Mandate* under the Affordable Care Act will assess a penalty against large employers who fail to offer affordable, minimum value health coverage to its full-time employees (30 hours or more per week) and dependents. The Trustees reviewed what is "Minimum Essential Coverage", Affordability Under the IRC§36B(c)(2)(C)(i) (not an issue for the Plan), Minimum Value Standards under IRC§36B(c)(2)(C)(ii), Minimum Value Calculator, Safe Harbor and Actuarial Certification. Mr. Grosboll's memo noted that the Plan satisfies the individual and employer mandate inasmuch as it provides affordable, minimum value health coverage to employees and their dependents well in excess of the minimum requirements. This was provided for information only.

11. Report by Alex Miller, Financial Auditor

No report.

12. Old Business

None.

13. New Business

None.

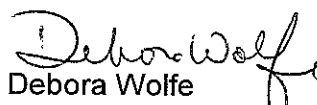
14. Next Meeting Date

The next regular meeting is scheduled on Tuesday, December 10, 2013 at 9:30 a.m.

15. Adjournment

There being no further business, it was **M/S/C** to adjourn the Board of Trustees Health & Welfare Trust Fund meeting.

Respectfully submitted,


Debora Wolfe
Recording Secretary