

**UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST**

***MINUTES OF THE HEALTH AND WELFARE TRUST MEETING***

**TUESDAY, JUNE 29, 2010**

**UNIVERSITY OF COLORADO SYSTEM OFFICES**

**1800 GRANT STREET, DENVER, 8<sup>TH</sup> FLOOR, ASTRONAUTS CONFERENCE ROOM**

Acting Trust Committee Chair E. Jill Pollock called the meeting to order on Tuesday, June 29, 2010, at approximately 3:05 p.m. Other trustees attending included Kelly Fox and Darryl Varnado; Elizabeth Kissick attended via telephone conference. Trustee Anthony DeFurio was absent.

Pollock began the meeting by asking attendees from University of Colorado's Payroll & Benefit Services, Office of the Treasurer, and the Office of the University Controller for status updates on various trust-related tasks.

Pollock then read a multi-part resolution on trust formation, seeking approval for each part:

**A. Resolution concerning formation of the University of Colorado Health and Welfare Trust and establishment of the University of Colorado Health and Welfare Plan and related business matters.**

1. The Trustees hereby elect E. Jill Pollock to serve as the chairperson of the Trust Committee for the first short fiscal year of the Trust (to June 30, 2010), if applicable, and the first full fiscal year of the Trust (from July 1, 2010 to June 30, 2011); and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

2. The Trust Committee hereby authorizes the bylaws in substantially the form attached hereto, for the operation of the Trust Committee; and

*Moved* by Darryl Varnado, seconded by Kelly Fox. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

3. The Trust Committee approves and ratifies the actions taken or to be taken to obtain a federal employer identification number for federal income tax purposes; and

*Moved* by Darryl Varnado, seconded by Kelly Fox. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

4. The Trustees shall submit the Trust agreement and related agreements, benefit plans, other documents, and forms to the IRS in support of a request for a determination that the Trust and related benefit plans constitute a "voluntary employees' beneficiary association" and is exempt from federal income tax under Code Section 501(a) as an organization described in Code Section 501(c)(9); and

*Moved by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.*

5. Effective the first fiscal year following receipt of a VEBA Determination Letter and each year thereafter, the timing of the contributions for the Employers shall be as follows: (1) on or about July 1, each Employer shall make a contribution to the Trust for the Self-Funded Benefit Plans equal to one-half ( $\frac{1}{2}$ ) of its respective monthly Employer contribution amounts; (2) thereafter, each Employer shall make its full monthly Employer contribution for the Self-Funded Benefit Plans no later than the last day of each month; (3) this payment schedule shall continue through May; (4) on or before June 30, each Employer shall contribute an amount equal to the full monthly Employer Contribution amount for the Self-Funded Benefit Plans, one-half ( $\frac{1}{2}$ ) of which is based on the contribution rate structure for the fiscal year ending on June 30, and which shall be allocated to such fiscal year, and one-half ( $\frac{1}{2}$ ) of which is based on the next fiscal year's contribution rate structure and which shall be allocated to the next fiscal year; (5) notwithstanding the preceding, the Trust Committee may change the contribution schedule from time to time, at its discretion (based on input from a qualified actuary for the Self-Funded Benefit Plans), subject to prior notification to the Employers; and (6) in the event an Employer withdraws from the Trust, for the month of June such Employer shall contribute one-half ( $\frac{1}{2}$ ) of the Employer Contribution amount based on the contribution rate structure for the fiscal year ending June 30 for the Self-Funded Benefit Plans; and

*Moved by Darryl Varnado, seconded by Kelly Fox. The resolution passed 5-0 with Anthony DeFurio voting by proxy.*

6. The Trust Committee hereby selects the firm of Arthur J. Gallagher Risk Management Services to perform insurance brokerage services; and

*Moved by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.*

7. The Trust Committee hereby approves this amended resolution as follows: the (1) crime insurance (which includes the bonding policy or surety bond) (\$1,000,000 limit) from Travelers Casualty and Surety Company of America, (2) fiduciary liability (\$5,000,000 limit) from Travelers Casualty and Surety Company of America, and (3) errors and omissions insurance of not less than \$1,000,000

and not more than \$3,000,000 from an underwriter selected in the discretion of the Trust Committee chair; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

*Moved* to amend number 7 (3) by Kelly Fox, seconded by Darryl Varnado.

The Trust Committee hereby approves errors and omissions of not less than \$1 million, not greater than \$3 million limit from an underwriter in the discretion of the committee chair.

The amended resolution passed 4-0.

8. The University Treasurer is designated to select the depository for assets of the Trust by a unanimous vote of all the Trustees from the Hospital and UPI and with the Trustees from the University abstaining from the vote and having provided any relevant information to the other Trustees in the decision making process; and

*Moved* by Elizabeth Kissick, seconded by Darryl Varnado. The resolution passed 3-0 with Anthony DeFurio voting by proxy.

9. The Trust Committee hereby adopts the University of Colorado Health and Welfare Trust Banking Policy and the University of Colorado Health and Welfare Trust Investment Policy, each effective June 29, 2010, for funds held by the Trust and administered by the University Treasurer, in consultation with the Trust Committee; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

10. The University of Colorado System Administration is selected as the plan administrator for both the H&W Plan and the Trust and for the health care flexible spending account plans funded through the Trust with respect to the Trust administrative tasks, by a unanimous vote of all the Trustees from the Hospital and UPI and with the Trustees from the University abstaining from the vote and having provided any relevant information to the other Trustees involved in the decision making process; and

*Moved* by Darryl Varnado, seconded by Elizabeth Kissick. The resolution passed 3-0 with Anthony DeFurio voting by proxy.

11. The Trust Committee recognizes the selection of PayFlex Systems USA, Inc. as the administrator for the Health Care Spending Account Plan for the University of Colorado Hospital Authority Cafeteria Plan; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

12. The Trust Committee recognizes the selection of ASI Software, Inc. as the administrator for the Health Care Flexible Spending Account Plan for The University of Colorado Flexible Benefits Plan; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

13. The engagement of Mercer Health & Benefits LLC ("Mercer") by the Trust and University as the Plan Sponsor of the H&W Plan to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, and to document its findings regarding the competitiveness of the fee in a written report(s) dated on or about June 29, 2010 regarding its: (1) comparison of UPI's global payment fee to market based physician costs within the Denver/market for like HMO products in order to determine that UPI's fees in the aggregate meets competitive market benchmarks and (2) determination of a process to reconcile the global payment fee to actual claims, is approved and ratified by a unanimous vote of all the Trustees from the Hospital and the University with the Trustee from UPI abstaining from the vote: and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 4-0 with Anthony DeFurio voting by proxy. UPI abstained.

14. The engagement of Aon Consulting ("Aon") by the Trust and University as the Plan Sponsor of the H&W Plan to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, and to provide its findings on or about June 29, 2010, regarding its evaluation of the network adequacy with respect to the physicians under UA Net, is approved and ratified by a unanimous vote of all the Trustees from the Hospital and the University with the Trustee from UPI abstaining from the vote;

The trustees had a discussion before the vote. They contacted VP Pat Donovan, from Aon via telephone conference, to verify information. VP Donovan stated that the adequacy study which included the distance of locations of the physicians and hospitals to the clients; aggregate data on pharmacy benefits; hospital network adequacy; and 340B savings recommendations was completed as of the day of the meeting; in aggregate, all study reported adequacy.

*Moved* by Darryl Varnado, seconded by Kelly Fox. The resolution passed 4-0 with Anthony DeFurio voting by proxy.

15. The engagement of Aon by the Trust and University as the Plan Sponsor of the H&W Plan to serve as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select the UA Net component benefit plan for the fiscal year beginning July 1, 2010, and to provide its findings on or about June 29, 2010, regarding its: (1) negotiation of the University of Colorado Hospital's fee schedule for hospital and pharmacy benefits in the aggregate under UA Net and evaluation of the competitiveness of the hospital's fee schedule compared similar facilities in the area; (2) negotiation of the hospital's fee schedule as an independent advisor for the benefit of the participants in the H&W Plan and Trust who select UA Net; (3) recommendation to Anthem that the Hospital provide hospital and pharmacy benefits under UA Net and (4) evaluation of the network adequacy with respect to healthcare facilities under UA Net, is approved and ratified by a unanimous vote of all the Trustees from the University and UPI, with the Trustees from the Hospital abstaining from the vote; and

*Moved by Kelly Fox, seconded by Elizabeth Kissick. The resolution passed 3-0.*

16. The entry into the Administrative Services Agreement by and among Anthem, the University as the Plan Sponsor of the H&W Plan and the Trust, and the engagement of Anthem for the fiscal year beginning July 1, 2010, by the Trust and University as the Plan Sponsor of the H&W Plan, to: (1) serve as an independent fiduciary to establish and select the providers and to negotiate rates with such providers other than the Global Payment arrangement between Anthem and The Regents of the University of Colorado, Denver, acting on behalf of the University of Colorado School of Medicine and University Physicians, Incorporated, for each of the component benefit plans of the H&W Plan funded through the Trust, which include (a) BlueAdvantage HMO Plan for the University of Colorado (HMO Colorado) (which includes Blue View Vision for the University of Colorado) ("HMOC"); (b) Lumenos Health Savings Account (HSA-Compatible) Plan for the University of Colorado ("Lumenos"); (c) UA Net Plan for the University of Colorado (which includes Blue View Vision for the University of Colorado) ("UA Net"); and (d) Medicare Primary Plan for the University of Colorado ("Medicare Primary") (collectively, the "Self-Funded Plans"); (2) serve as claims administrator for the Self-Funded Plans; and (3) serve as the third party administrator for the Self-Funded Plans, is approved and ratified by a unanimous vote of all the Trustees from the University and UPI, with the Trustees from the Hospital abstaining from the vote and providing any relevant information to the Trustees involved in the decision making process, after having relied upon information provided by Aon regarding the Hospital, and the letter from the Hospital dated on or about June 29, 2010 that for the fiscal year beginning July 1, 2011, each of the pharmacy benefits provided by the Hospital under the H&W Plan and the hospital benefits (other than the pharmacy benefits) under UA Net shall each be separately reviewed and evaluated regarding competitiveness of fees by an independent advisor for the benefit of the participants in the H&W Plan and Trust on or before March 1, 2011, and that the Hospital agrees to

charge such rates to the H&W Plan as the independent advisor recommends for the pharmacy benefits provided by Hospital under the H&W Plan and for the hospital benefits (other than the pharmacy benefits) under UA Net for the fiscal year beginning July 1, 2011, which independent advisor shall be selected by the Trustees other than the Trustees from the Hospital; and

*Moved* by Kelly Fox, seconded by Elizabeth Kissick. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

17. The Trust Committee hereby approves and ratifies actions taken or to be taken by the chairperson of the Trust Committee to adopt, amend and/or provide, in conjunction with the plan sponsors, the privacy and security compliance documents under the Health Insurance Portability and Accountability Act of 1996, as amended from time to time ("HIPAA") including but not limited to: (1) Notice of Privacy Practices, (2) HIPAA Privacy Use and Disclosure Procedures, (3) HIPAA Privacy Policy, (4) HIPAA Security Policy, (5) HIPAA Privacy Plan Sponsor Certification to University of Colorado Health and Welfare Plan, and (6) all related HIPAA business associate agreements; and

*Moved* by Darryl Varnado, seconded by Elizabeth Kissick. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

18. The Trust Committee hereby engages the actuarial firm of Mercer to perform actuarial calculations for the self-funded health plans and provide other appropriate related services; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

19. The Trust Committee hereby engages the law firm of Davis Graham & Stubbs LLP ("DGS") to provide legal services as requested from time to time and also waives any conflicts with DGS' representation of the University, Hospital and/or UPI; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

20. The Trust Committee shall, within a reasonable period of time, engage an accounting firm to perform an audit of the financial statements of the Trust and provide other appropriate related services; and

*Moved* by Kelly Fox, seconded by Darryl Varnado. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

21. The Trust Committee hereby authorizes the Trustee serving as chairperson of the Trust Committee from time to time, or his or her delegates, to take any and all

actions deemed necessary, appropriate or advisable and ratify and approve actions already taken, with respect to the Trust, the University of Colorado Health and Welfare Plan funded through the Trust, and the University of Colorado Flexible Benefits Plan effective July 1, 2010, but only with respect to the Health Care Flexible Spending Account Plan, and the Pretax Premium Component for the H&W Plan, the University of Colorado Hospital Authority Cafeteria Plan effective July 1, 2010, but only with respect to the Health Care Spending Account Plan and the Pretax Premium Component for the H&W Plan, and any other health and welfare benefit plans that may be funded through the Trust, including but not limited to: (1) execution of documents, including all plan and Trust documents, (2) filing for a determination that the Trust and related benefit plans are exempt from federal income tax, such as Form 1024, (3) filing appropriate returns, such as Form 990, with appropriate federal and state agencies, (4) applying for a ruling or determination that the Trust and related Benefit Plans are exempt from filing Form 990, and (5) applying for an advisory opinion and/or a prohibited transaction exemption from the Department of Labor.

*Moved* by Darryl Varnado, seconded by Elizabeth Kissick. The resolution passed 5-0 with Anthony DeFurio voting by proxy.

#### **B. Other business matters/ Public comment**

There were no other business matters to discuss. Larry Drees from University of Colorado Boulder asked if the adequacy reports would be available in the future before the trust committee meetings. Jeremy Hueth from University of Colorado's University Counsel stated that Aon will provide public reports in the future.

#### **C. Meeting Schedule**

The next meeting will be on August 4, 2010 from 3-5 p.m., location to be determined.

#### **D. Adjournment**

*Moved* by Kelly Fox, seconded by Darryl Varnado. The meeting adjourned at approximately 4 p.m.