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December 12, 2025

Board of Trustees
UFCW Unions and Participating Employers
Health and Welfare Fund
Sparks, Maryland

**Re: CareFirst Administration Renewal**

Dear Trustees:

As a reminder, the Fund entered into a five-year agreement with CareFirst for medical administrative services effective January 1, 2022. The Fund will enter the fifth and final year of this agreement effective January 1, 2026. The historical and prospective per employee per month (PEPM) rates are documented in the chart below:

CareFirst Administrative Fees
Effective January 1, 2022 through December 31, 2026

| Effective Date | 1/1/2022 | 1/1/2023 | 1/1/2024 | 1/1/2025 | 1/1/2026 |
|---|---|---|---|---|---|
| Network Lease | $4.74 | $4.74 | $4.86 | $4.98 | $5.12 |
| FlexLink | $23.95 | $23.95 | $24.55 | $25.16 | $25.85 |
| **Total Fee** | **$28.69** | **$28.69** | **$29.41** | **$30.14** | **$30.97** |

We are currently in discussions with CareFirst to obtain Performance Guarantees for the Fund beginning January 1, 2026. With the data CareFirst currently receives, they are able to provide guarantees for the Flex Link membership only. CareFirst will be able to provide guarantees for the Network Lease membership pending current census data and will need periodic census updates throughout the year. Flex Link and Network Lease total potential Performance Guarantee savings will not be available until the census data is provided.

The Flex Link and Network Lease products currently contain approximately 20% and 80% of enrollment, respectively.

## Financial Strength

Segal believes that it is important for clients to consider the financial strength of insurance companies and managed care organizations which are candidates for initial selection or renewal as insurers, or service providers, to employee benefit plans. Therefore, we are providing the current claims paying ability rating that was available to us as of the date this document was prepared for the insurance company or managed care organization under consideration.

When available, we select A.M. Best or Standard & Poor’s ratings because of their depth of coverage of insurance companies and overall reputation as a rating service. Several other rating services (e.g., Fitch and Moody’s) also provide ratings of insurance companies and managed care organizations. You may wish to consult the other rating services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization.

However, neither A.M. Best nor Standard & Poor’s have published a rating for CareFirst. You may therefore wish to pursue other means of determining the financial strength of this vendor.

We look forward to discussing this information with you. Please let us know if you have any questions.

Regards,

Josh Timm
Senior Vice President

cc: Jeff Ianiello
Christopher Heppner
Lauren Fratzke
Elizabeth Pierce