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 SEPTEMBER 13, 2024 (DRAFT)

The following Trustees were present:

UNION TRUSTEES
M. Federici – Chairman
J. Chorpenning
T. Hipkins
M. Wilson

EMPLOYER TRUSTEES
B. Seehafer – Secretary
L. Fiergola
P. Lin
V. Marsh

Also present were:

M. Buckberg - Withum
A. Dietrich – Slevin & Hart, P.C.
N. Eid – The Segal Company
J. Herron - Associated Administrators, LLC
C. Hoffman - UFCW Local 400
J. Ianniello - Associated Administrators, LLC
M. Keadle - Withum
J. Kimble - Morgan, Lewis, & Bockius, LLC
C. Murphy - Associated Administrators, LLC
S. Sanchez - Slevin & Hart, P.C.
J. Timm - The Segal Company

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the previously circulated minutes of the last regular meeting on June 3, 2024.

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

> **RESOLVED, that the minutes of the regular meeting held on June 3, 2024, are approved as presented.**

III. FINANCIAL REPORT

Mr. Ianniello reviewed the PNC Summary of Activity report for January 1, 2024, to August 31, 2024. The report showed a beginning market value of $4,765,556, receipts of $7,740,993, disbursements of $8,145,456, and earnings of $149,129, producing an ending market value of $4,470,644 as of August 31, 2024.

IV. AUDITOR'S REPORT

The Trustees welcomed Mr. Mark Buckberg and Mr. Matt Keadle from Withum to the meeting.

Financial Statements Year End 2023

Mr. Keadle presented the Financial Statements for December 31, 2023. He stated that Withum issued an unmodified opinion on the financial statements and that the financial statements conform to generally accepted accounting principles.

Mr. Keadle reported that assets as of December 31, 2023 were $6,198,492, and liabilities were $365,567, producing net assets available for benefits of $5,832,925. Mr. Keadle reviewed the Notes to Financial Statements, Schedule of Assets Held for Investment Purposes, Employer Contributions Schedule, and Administrative Expenses Schedule. Mr. Keadle noted a few minor changes that were made to the report due to timing.

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

> **RESOLVED, to delegate to Chair and Secretary the authority to sign the Form 5500.**

V. CONSULTANT'S REPORT

The Trustees welcomed Mr. Josh Timm and Ms. Nancy Eid of the Segal Company to the meeting.

A. Reserve Determination Report

Mr. Timm presented the August 2024 Reserve Determination Report. He noted that the Reserve as of July 31, 2024 was slightly above six months, resulting in a credit of $235,776.

B. Managed Pharmacy Report

Ms. Eid presented the Managed Pharmacy Report. She noted that pharmacy costs have increased significantly, with the Plan paying approximately 19% more per member per month for the first six months of 2024 as compared to the same period for 2023. She said this increase is mainly due to increased specialty drug costs. Diabetes continues to be the condition producing the number one drug spend for the Fund. Ms. Eid reported on the other Top Drugs by Plan Cost and noted that endocrine and inflammatory disorders accounted for a large percentage of the Fund's cost.

Ms. Eid reported that effective January 1, 2025, Optum Rx will change its formulary to prefer FDA-approved Humira and Stelara biosimilars for claimants who are new to the relevant therapy but that claimants who already have prescriptions for Humira as of January 1, 2025 can continue to receive the brand drug if they choose until the biosimilars are interchangeable and do not require a new prescription. She said that 8 participants are currently using Humira, compared to 4 in 2023. Ms. Eid noted that the new formulary should be appropriate for over 95% of Plan participants.

Ms. Eid pointed out that Humira and Stelara are currently eligible for rebates and that Humira will continue to be eligible for rebates until there is a decision to terminate the allowance for Continuance of Therapy ("COT"). Other biosimilars will qualify for rebates where they are available. She stated that the Fund has a choice between OptumRx's low-WAC biosimilar option or its high-WAC option. She stated Segal's recommendation that the Fund adopt the low-WAC option as it will result in lower up-front costs for participants and beneficiaries without compromising care.

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

> **RESOLVED, to elect the OptumRx low-WAC biosimilar option, effective January 1, 2025.**

Ms. Eid advised that per the Trustees' request, she contacted CareFirst to discuss the coverage of gene therapy but that CareFirst referred her to Conifer. Conifer stated that it does not review claims for gene therapy because the SPD does not specifically reference this type of treatment. With the advent of more gene therapies being developed, Ms. Eid suggested that the Fund develop specific coverage rules for gene therapy. After discussion, Mr. Seehafer made a motion to exclude gene therapy coverage from the Plan and asked Segal to develop options for coverage criteria for the Board's consideration. After discussion, Mr. Federici stated that the Union Trustees would like to table this motion and delegate the matter to the Chair and Secretary to give the Trustees time to obtain additional information from Segal and co-counsel.

After additional discussion, Mr. Seehafer withdrew his previous motion and made a motion, seconded by Ms. Lin, to clarify that gene therapy is excluded from coverage under the Plan. The Employer Trustees voted in favor of the motion and the Union Trustees voted against the motion. The motion deadlocked.

After additional discussion, the Trustees scheduled a special Board meeting on October 1, 2024 to discuss gene therapy coverage in greater detail and discuss the possibility of obtaining stop-loss insurance.

VI. ATTORNEY'S REPORT

A. Cybersecurity Update

Ms. Sanchez reported on the cyber security questionnaires and vendor addenda.

B. Cyber Liability Update

Ms. Sanchez reported on the Fund's cyber liability insurance policy.

C. Mental Health Parity Rules

Ms. Sanchez reported on the mental health parity final regulations.

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

> **RESOLVED, to delegate to Chair and Secretary the authority to make any necessary decisions relating to the Mental Health Parity final regulations.**

D. Update on SPD's

Ms. Sanchez reported on the status of the SPD restatements.

E. Change Healthcare Update

Ms. Sanchez reported on the Change Healthcare data breach and Carelon's responsive actions.

F. Affordable Care Act

Ms. Sanchez reported on the Final Rule under Section 1557 of the Affordable Care Act ("ACA").

G. Class Action Lawsuit

Ms. Sanchez reported on the Effexor Class Action.

H. Optum RX Amendment

Ms. Sanchez reported on the OptumRx agreement amendment.

I. Dentegra SMM

Ms. Sanchez reported on the Dentegra benefits SMM. Mr. Ianniello stated that the Dentegra SMMs were mailed individually to participants in mid-June.

J. Subrogation Policy Amendment

Ms. Sanchez reported on the proposed Subrogation Policy amendment.

K. Financial Statements

Ms. Sanchez reported on co-counsel's review of the draft audited Financial Statements.

VII. ADMINISTRATIVE MANAGER'S REPORT – Second Quarter 2024

Mr. Ianniello presented the Administrative Manager's Report for the Second Quarter of 2024, which had been pre-circulated. The report showed total income of $2,771,007 and total expenses of $2,619,969, producing a surplus of $151,038 for the quarter. Contributions were made on behalf of 1,105 Plan participants. There were no delinquencies during the second quarter of 2024.

A. Invoices

The Trustees reviewed the invoices for the Active and Retiree Plans dated September 13, 2024, which had been pre-circulated.

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

> **RESOLVED, that the invoices on the list dated September 13, 2024, are approved for payment.**

VIII. OTHER FUND BUSINESS

A. Zetia Class Action Payment

The Fund office received a payment of $ 859.34 for the Zetia Class Action.

B. Medicare Advantage Renewal

1. Kaiser Permanente Medicare HMO 2025 Renewal

Mr. Ianniello presented the Kaiser Medicare HMO 2025 Renewal proposal.

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

> **RESOLVED, to approve Kaiser's proposed 5% increase for 2025. The new rate is $275.24.**

2. Humana Medicare 2025 Renewal

Mr. Ianniello presented the Humana Medicare HMO 2025 Renewal proposal.

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

> **RESOLVED, to approve Humana's proposed 8% increase for 2025. The new rate is $200.88.**

C. Greenlight Renewal

Mr. Ianniello presented the Greenlight Renewal proposal.

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

> **RESOLVED, to approve Green Light's proposed renewal terms as follows:**
>
> **September 1, 2024 - December 31, 2024, $.75/ PEPM.**
> **January 1, 2025 - December 31, 2025, $.85/ PEPM.**
> **January 1, 2026 - December 31, 2026, $1.00/ PEPM.**

D. NexClaim Services

Mr. Ianniello reported that NexClaim currently is working on ten open subrogation claims.

E. Price Edge Global

Mr. Ianniello reported that the OptumRx amendment regarding Price Edge Global is in progress and the Fund Office is currently awaiting a response from Optum.

IX. 2024 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled for the location on December 5, 2024, TBD.

X. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary