

UFCW Unions & Participating Employers
Health and Welfare Fund

Consultant's Report

March 2025

March 19, 2025 / Josh Timm / Nancy Eid

United Food and Commercial Workers (UFCW) Unions and
Participating Employers Health and Welfare Fund

Reserve Determination Report

PNC Statements Through January 31, 2025
Administrative Manager's Reports Through September 30, 2024

February 2025

Actionable Items

- The reserve months for January 2025 exceed 3.0 months and are below 6.0 months. Therefore, no additional adjustments are required.
- According to the PNC statement for January 2025, receipts and earnings outpaced disbursements by \$132,729. This figure includes an additional credit of \$39,296. Net of this additional credit, receipts and earnings outpaced disbursements by \$93,433.
- All calculations have been performed as outlined in the most recently executed July 14, 2024 Memorandum of Agreement (MOA) language. Additional detail on how these figures were calculated is outlined in the remainder of this report.

Credits / (Payments) Not Yet Paid			
Illustrative Credit / (Payment) Month	Amortized Credits / (Payments) Previously Calculated	Amortized Credits / (Payments) Due to November Experience	Total Amortized Credits / (Payments)
February 2025	\$39,296	\$0	\$39,296
Total	\$39,296	\$0	\$39,296

Most Recent Reserve Position Based on PNC Statements

- Based on the current MOA language, January 2025 reserves do not require an adjustment due to reserves being between 3.0 and 6.0 months.

Historical Reserve Position based on PNC Statements

	2/29/2024	3/31/2024	4/30/2024	5/31/2024	6/30/2024	7/31/2024	8/31/2024	9/30/2024	10/31/2024	11/30/2024	12/31/2024	1/31/2025
A) PNC Statement (Beginning of Month)	\$4,564,174	\$4,252,502	\$4,527,626	\$4,673,715	\$4,783,326	\$4,927,412	\$5,213,773	\$4,470,645	\$3,930,154	\$2,987,419	\$3,333,884	\$3,535,477
B) PNC Receipts and Earnings	\$881,135	\$1,206,698	\$911,183	\$952,667	\$1,200,478	\$959,920	\$883,537	\$472,953	(\$27,997)	\$1,405,240	\$1,131,161	\$911,326
C) PNC Disbursements	(\$1,192,807)	(\$931,574)	(\$765,094)	(\$843,056)	(\$1,056,392)	(\$673,559)	(\$1,626,665)	(\$1,013,444)	(\$914,738)	(\$1,058,775)	(\$929,568)	(\$817,893)
D) Monthly Surplus/(Deficit) (B)+(C)	(\$311,672)	\$275,124	\$146,089	\$109,611	\$144,086	\$286,361	(\$743,128)	(\$540,491)	(\$942,735)	\$346,465	\$201,593	\$93,433
1) PNC Statement (End of Month) (A)+(D)	\$4,252,502	\$4,527,626	\$4,673,715	\$4,783,326	\$4,927,412	\$5,213,773	\$4,470,645	\$3,930,154	\$2,987,419	\$3,333,884	\$3,535,477	\$3,628,910
A) Kroger Roanoke Retirees Adjustment ¹	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)	(\$133,142)
B) Unrealized Amortized Reserve Adjustments ²	(\$91,387)	(\$43,038)	(\$21,519)	(\$14,346)	(\$7,173)	(\$0)	(\$235,776)	(\$196,480)	(\$157,184)	(\$117,888)	(\$78,592)	(\$39,296)
C) Unpaid Reserve Adjustments	\$7,173	\$7,173	-	-	-	-	-	(\$370,383)	-	-	-	-
2) Total Adjustments (A)+(B)+(C)	(\$217,356)	(\$169,007)	(\$154,661)	(\$147,488)	(\$140,315)	(\$133,142)	(\$368,918)	(\$700,004)	(\$290,326)	(\$251,030)	(\$211,734)	(\$172,438)
3) Total MOB Assets After Adjustments (1)+(2)	\$4,035,146	\$4,358,619	\$4,519,054	\$4,635,838	\$4,787,097	\$5,080,631	\$4,101,727	\$3,230,150	\$2,697,093	\$3,082,854	\$3,323,743	\$3,456,472
4) MOB Expenses used for Months of Reserves ³	\$9,074,800	\$9,689,705	\$9,689,705	\$9,689,705	\$9,663,497	\$9,663,497	\$9,663,497	\$10,117,459	\$10,117,459	\$10,117,459	\$10,117,459	\$10,117,459
A) Retiree Expenses	\$1,409,490	\$1,349,028	\$1,349,028	\$1,349,028	\$1,264,372	\$1,264,372	\$1,264,372	\$1,229,396	\$1,229,396	\$1,229,396	\$1,229,396	\$1,229,396
B) Active Expenses	\$9,074,800	\$9,689,705	\$9,689,705	\$9,689,705	\$9,663,497	\$9,663,497	\$9,663,497	\$10,117,459	\$10,117,459	\$10,117,459	\$10,117,459	\$10,117,459
5) Number of Reserve Months (3) / (4) * 12	5.336	5.398	5.597	5.741	5.945	6.309	5.093	3.831	3.199	3.656	3.942	4.100

¹ Includes incurred but not reported claims less any payments already made by Kroger. Amount has been updated for the final payment figure.

² Based on the total credits calculated less credits paid.

³ Based on paid expenses as provided in Associated's AMRs for the prior twelve-month period.

Amortization History and Schedule

- The following illustrates the amount of credits / (payments) previously calculated but not yet paid.

Illustrative Credits by Month	
Month Determined	February 2025
July 2024 – Previously Calculated	\$39,296
Total	\$39,296

- Pages 4 through 6 illustrate a summary of all credits / (payments).

Amortization History and Schedule (Continued)

Month	Outstanding Balance at the Beginning of the Month	Credits		Outstanding Balance Before Adjustment (A) + (B)	Reserve Adjustments Calculated		Outstanding Balance After Adjustment (D) + (F)
		Amount	Status		6-Month Amortized Amount	Total Amount	
(A)	(B)	(C)		(D)	(E)	(F)	(G)
May 2018	\$0	\$0	Paid	\$0	(\$13,942)	(\$83,652)	(\$83,652)
June 2018	(\$83,652)	\$0	Paid	(\$83,652)	(\$1,654)	(\$9,923)	(\$93,575)
July 2018	(\$93,575)	\$0	Paid	(\$93,575)	(\$96,953)	(\$581,719)	(\$675,294)
August 2018	(\$675,294)	\$0	Paid	(\$675,294)	\$0	\$0	(\$675,294)
September 2018	(\$675,294)	\$0	Paid	(\$675,294)	\$0	\$0	(\$675,294)
October 2018	(\$675,294)	\$225,098	Paid	(\$450,196)	(\$375,586)	(\$2,253,518)	(\$2,703,714)
November 2018	(\$2,703,714)	\$112,549	Paid	(\$2,591,165)	(\$35,625)	(\$213,749)	(\$2,804,914)
December 2018	(\$2,804,914)	\$112,549	Paid	(\$2,692,365)	\$0	\$0	(\$2,692,365)
January 2019	(\$2,692,365)	\$488,135	Paid	(\$2,204,230)	(\$104,252)	(\$625,515)	(\$2,829,744)
February 2019	(\$2,829,744)	\$488,135	Paid	(\$2,341,609)	(\$96,449)	(\$578,696)	(\$2,920,305)
March 2019	(\$2,920,305)	\$488,135	Paid	(\$2,432,170)	(\$43,951)	(\$263,707)	(\$2,695,877)
April 2019	(\$2,695,877)	\$375,586	Paid	(\$2,320,291)	(\$183,508)	(\$1,101,048)	(\$3,421,340)
May 2019	(\$3,421,340)	\$0	No Credit Approved	(\$3,421,340)	\$0	\$0	(\$3,421,340)
June 2019	(\$3,421,340)	\$0	No Credit Approved	(\$3,421,340)	(\$104,311)	(\$625,866)	(\$4,047,206)
July 2019	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	\$0	\$0	(\$4,047,206)
August 2019	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	\$0	\$0	(\$4,047,206)
September 2019	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	\$0	\$0	(\$4,047,206)
October 2019	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	\$0	\$0	(\$4,047,206)
November 2019	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	\$0	\$0	(\$4,047,206)
December 2019	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	\$0	\$0	(\$4,047,206)
January 2020	(\$4,047,206)	\$0	No Credit Approved	(\$4,047,206)	(\$118,227)	(\$709,362)	(\$4,756,568)
February 2020	(\$4,756,568)	\$1,683,987	Paid	(\$3,072,581)	\$0	\$0	(\$3,072,581)
March 2020	(\$3,072,581)	\$1,628,703	Paid	(\$1,443,878)	(\$3,951)	(\$23,706)	(\$1,467,584)
April 2020	(\$1,467,584)	\$734,516	Paid	(\$733,068)	\$0	\$0	(\$733,068)
May 2020	(\$733,068)	\$0	No Credit Approved	(\$733,068)	\$0	\$0	(\$733,068)
June 2020	(\$733,068)	\$0	No Credit Approved	(\$733,068)	\$0	\$0	(\$733,068)
July 2020	(\$733,068)	\$122,178	Paid	(\$610,890)	\$0	\$0	(\$610,890)
August 2020	(\$610,890)	\$122,178	Paid	(\$488,712)	(\$21,232)	(\$127,392)	(\$616,104)
September 2020	(\$616,104)	\$122,178	Paid	(\$493,926)	(\$120,494)	(\$722,964)	(\$1,216,890)
October 2020	(\$1,216,890)	\$122,178	Paid	(\$1,094,712)	(\$135,157)	(\$810,942)	(\$1,905,654)
November 2020	(\$1,905,654)	\$122,178	Paid	(\$1,783,476)	\$0	\$0	(\$1,783,476)
December 2020	(\$1,783,476)	\$399,061	Paid	(\$1,384,415)	\$0	\$0	(\$1,384,415)

"Reserve Adjustments Calculated" are illustrated as of the month-end when the figures were determined.

"Credits" are illustrated as of the month the amounts were applied.

Amortization History and Schedule (Continued)

Month	Outstanding Balance at the Beginning of the Month	Credits		Outstanding Balance Before Adjustment (A) + (B)	Reserve Adjustments Calculated		Outstanding Balance After Adjustment (D) + (F)
		Amount	Status		6-Month Amortized Amount	Total Amount	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
January 2021	(\$1,384,415)	\$276,883	Paid	(\$1,107,532)	(\$60,682)	(\$364,092)	(\$1,471,624)
February 2021	(\$1,471,624)	\$276,883	Paid	(\$1,194,741)	\$0	\$0	(\$1,194,741)
March 2021	(\$1,194,741)	\$276,883	Paid	(\$917,858)	(\$69,217)	(\$415,302)	(\$1,333,160)
April 2021	(\$1,333,160)	\$398,247	Paid	(\$934,913)	\$0	\$0	(\$934,913)
May 2021	(\$934,913)	\$337,565	Paid	(\$597,348)	\$0	\$0	(\$597,348)
June 2021	(\$597,348)	\$60,682	Paid	(\$536,666)	\$0	\$0	(\$536,666)
July 2021	(\$536,666)	\$199,116	Paid	(\$337,550)	(\$45,107)	(\$270,642)	(\$608,192)
August 2021	(\$608,192)	\$129,899	Paid	(\$478,293)	\$0	\$0	(\$478,293)
September 2021	(\$478,293)	\$69,217	Paid	(\$409,076)	\$0	\$0	(\$409,076)
October 2021	(\$409,076)	\$114,324	Paid	(\$294,752)	\$61,029	\$366,174	\$71,422
November 2021	\$71,422	\$114,324	Paid	\$185,746	\$30,811	\$184,866	\$370,612
December 2021	\$370,612	\$0	Paid	\$370,612	\$47,078	\$282,468	\$653,080
January 2022	\$653,080	\$0	Paid	\$653,080	\$0	\$0	\$653,080
February 2022	\$653,080	\$0	Paid	\$653,080	\$176,526	\$1,059,156	\$1,712,236
March 2022	\$1,712,236	\$0	Paid	\$1,712,236	\$45,135	\$270,810	\$1,983,046
April 2022	\$1,983,046	\$0	Paid	\$1,983,046	\$103,624	\$621,744	\$2,604,790
May 2022	\$2,604,790	\$0	Paid	\$2,604,790	\$57,442	\$344,652	\$2,949,442
June 2022	\$2,949,442	(\$419,413)	Paid	\$2,530,029	\$32,527	\$195,162	\$2,725,191
July 2022	\$2,725,191	\$0	Paid	\$2,725,191	\$21,279	\$127,674	\$2,852,865
August 2022	\$2,852,865	(\$1,303,959)	Paid	\$1,548,906	\$15,135	\$90,810	\$1,639,716
September 2022	\$1,639,716	(\$460,616)	Paid	\$1,179,100	\$41,629	\$249,774	\$1,428,874
October 2022	\$1,428,874	(\$451,668)	Paid	\$977,206	\$0	\$0	\$977,206
November 2022	\$977,206	(\$451,668)	Paid	\$525,538	\$0	\$0	\$525,538
December 2022	\$525,538	(\$68,941)	Paid	\$456,597	\$12,394	\$74,364	\$530,961

"Reserve Adjustments Calculated" are illustrated as of the month-end when the figures were determined.

"Credits" are illustrated as of the month the amounts were applied.

Amortization History and Schedule (Continued)

Month	Outstanding Balance at the Beginning of the Month	Credits		Outstanding Balance Before Adjustment (A) + (B)	Reserve Adjustments Calculated		Outstanding Balance After Adjustment (D) + (F)
		Amount	Status		6-Month Amortized Amount	Total Amount	
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
January 2023	\$530,961	(\$110,570)	Paid	\$420,391	\$0	\$0	\$420,391
February 2023	\$420,391	(\$110,570)	Paid	\$309,821	\$0	\$0	\$309,821
March 2023	\$309,821	(\$110,570)	Paid	\$199,251	\$0	\$0	\$199,251
April 2023	\$199,251	(\$54,023)	Paid	\$145,228	\$0	\$0	\$145,228
May 2023	\$145,228	(\$54,023)	Paid	\$91,205	(\$3,427)	(\$20,562)	\$70,643
June 2023	\$70,643	(\$54,023)	Paid	\$16,620	\$0	\$0	\$16,620
July 2023	\$16,620	(\$8,967)	Paid	\$7,653	(\$14,701)	(\$88,206)	(\$80,553)
August 2023	(\$80,553)	(\$8,967)	Paid	(\$89,520)	(\$33,648)	(\$201,888)	(\$291,408)
September 2023	(\$291,408)	(\$8,967)	Paid	(\$300,375)	\$0	\$0	(\$300,375)
October 2023	(\$300,375)	\$51,776	Paid	(\$248,599)	\$0	\$0	(\$248,599)
November 2023	(\$248,599)	\$51,776	Paid	(\$196,823)	\$0	\$0	(\$196,823)
December 2023	(\$196,823)	\$51,776	Paid	(\$145,047)	(\$7,173)	(\$43,038)	(\$188,085)
January 2024	(\$188,085)	\$48,349	Paid	(\$139,736)	\$0	\$0	(\$139,736)
February 2024	(\$139,736)	\$48,349	Paid	(\$91,387)	\$0	\$0	(\$91,387)
March 2024	(\$91,387)	\$48,349	Paid	(\$43,038)	\$0	\$0	(\$43,038)
April 2024	(\$43,038)	\$21,519	Paid	(\$21,519)	\$0	\$0	(\$21,519)
May 2024	(\$21,519)	\$7,173	Paid	(\$14,346)	\$0	\$0	(\$14,346)
June 2024	(\$14,346)	\$7,173	Paid	(\$7,173)	\$0	\$0	(\$7,173)
July 2024	(\$7,173)	\$7,173	Paid	(\$0)	(\$39,296)	(\$235,776)	(\$235,776)
August 2024	(\$235,776)	\$0	Paid	(\$235,776)	\$0	\$0	(\$235,776)
September 2024	(\$235,776)	\$39,296	Paid	(\$196,480)	\$0	\$0	(\$196,480)
October 2024	(\$196,480)	\$39,296	Paid	(\$157,184)	\$0	\$0	(\$157,184)
November 2024	(\$157,184)	\$39,296	Paid	(\$117,888)	\$0	\$0	(\$117,888)
December 2024	(\$117,888)	\$39,296	Paid	(\$78,592)	\$0	\$0	(\$78,592)
January 2025	(\$78,592)	\$39,296	Paid	(\$39,296)	-	-	(\$39,296)
February 2025	(\$39,296)	\$39,296	Calculated	(\$0)	-	-	(\$0)

“Reserve Adjustments Calculated” are illustrated as of the month-end when the figures were determined.
“Credits” are illustrated as of the month the amounts were applied.

Summarized Most Recent Experience

MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	10/1/2021	1/1/2022	4/1/2022	7/1/2022	10/1/2022	1/1/2023	4/1/2023	7/1/2023	10/1/2023	1/1/2024	4/1/2024	7/1/2024
Period End:	12/31/2021	3/31/2022	6/30/2022	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	1,190	1,097	1,034	1,026	1,006	996	998	1,050	1,067	1,084	1,105	1,071
Income												
Active Contributions	\$2,751,201	\$2,662,874	\$3,086,455	\$3,847,148	\$3,685,434	\$2,977,167	\$2,417,160	\$2,440,313	\$2,308,921	\$2,334,572	\$2,388,789	\$1,223,391
Retiree Contributions	43,055	44,246	41,245	41,110	39,854	37,792	336,199	333,396	324,145	318,934	314,310	311,477
Total	\$2,794,256	\$2,707,120	\$3,127,700	\$3,888,258	\$3,725,288	\$3,014,959	\$2,753,359	\$2,773,709	\$2,633,066	\$2,653,506	\$2,703,099	\$1,534,868
Paid Expenses												
Medical	\$2,016,482	\$2,957,508	\$1,647,856	\$1,337,164	\$1,435,944	\$839,885	\$1,397,710	\$1,386,501	\$1,698,074	\$1,448,998	\$1,275,891	\$1,649,685
HMO	14,743	14,742	14,851	10,673	(10,673)	1,883	1,884	4,395	3,767	3,768	3,830	3,955
Life/AD&D	9,754	8,932	8,704	8,366	8,175	8,064	7,921	7,847	7,783	7,670	7,648	7,488
Disability	149,325	124,208	164,358	86,875	64,004	50,409	71,732	107,723	93,942	75,603	79,977	113,641
Dental	94,711	73,771	71,254	69,518	66,639	64,540	61,717	60,860	60,015	58,024	57,674	56,515
Optical	9,499	9,033	8,788	8,453	8,071	7,968	7,859	7,731	7,632	7,559	7,395	7,337
Drug	650,052	301,121	765,000	589,193	602,871	491,288	520,630	429,180	631,752	453,804	658,225	627,262
Retirees	471,295	449,761	457,046	487,383	465,925	359,000	389,514	340,766	320,210	298,538	304,858	305,790
Medical Adm.	39,388	38,632	37,764	36,495	34,739	35,251	34,748	34,417	33,820	34,187	33,506	33,117
Mental Health Manager	11,094	22,923	18,283	39,925	63,195	12,917	6,952	38,166	28,715	5,814	12,457	8,786
PPO	28,446	17,166	19,791	17,639	16,266	15,743	16,428	16,256	16,930	17,024	16,905	16,078
EAP	1,094	1,034	1,003	975	920	893	871	854	833	807	834	804
UM/DM	50,897	49,194	48,427	42,828	33,355	37,415	35,257	36,397	36,277	38,049	47,227	41,459
Operating Expenses	209,926	160,555	241,017	237,678	259,824	125,080	177,611	142,347	149,930	154,934	113,543	160,509
Total	\$3,756,706	\$4,228,580	\$3,504,142	\$2,973,165	\$3,049,255	\$2,050,336	\$2,730,834	\$2,613,440	\$3,089,680	\$2,604,779	\$2,619,970	\$3,032,426
Operating Surplus/(Deficit)	(\$962,450)	(\$1,521,460)	(\$376,442)	\$915,093	\$676,033	\$964,623	\$22,525	\$160,269	(\$456,614)	\$48,727	\$83,129	(\$1,497,558)
Other Operating Surplus/(Deficit) ¹	\$34,009	\$137,256	(\$75,094)	\$3,705	\$17,125	\$225,393	\$77,757	(\$59,987)	\$52,073	\$49,451	\$67,909	\$50,232
Total Fund Operating Surplus/(Deficit)	(\$928,441)	(\$1,384,204)	(\$451,536)	\$918,798	\$693,158	\$1,190,016	\$100,282	\$100,282	(\$404,541)	\$98,178	\$151,038	(\$1,447,326)
Quarterly Per Capita Expenses	\$1,052.30	\$1,284.89	\$1,129.64	\$965.94	\$1,010.36	\$686.19	\$912.10	\$829.66	\$965.22	\$800.98	\$790.34	\$943.80
Quarterly Per Capita Active Expenses	\$920.28	\$1,148.23	\$982.30	\$807.60	\$855.97	\$566.04	\$782.00	\$721.48	\$865.19	\$709.18	\$698.37	\$848.63
Current 12-Month Per Capita Expenses	\$951.74	\$1,059.27	\$1,146.86	\$1,109.01	\$1,101.38	\$950.02	\$894.49	\$859.58	\$850.10	\$876.30	\$845.94	\$874.11
Prior 12-Month Per Capita Expenses	\$827.79	\$827.21	\$884.32	\$935.77	\$951.74	\$1,059.27	\$1,146.86	\$1,109.01	\$1,101.38	\$950.02	\$894.49	\$859.58
Year Over Year Change	15.0%	28.1%	29.7%	18.5%	15.7%	-10.3%	-22.0%	-22.5%	-22.8%	-7.8%	-5.4%	1.7%
Current 12-Month Per Capita Active Expenses	\$818.46	\$925.56	\$1,005.25	\$965.96	\$952.44	\$804.82	\$753.58	\$731.58	\$735.81	\$769.21	\$748.06	\$779.41
Prior 12-Month Per Capita Active Expenses	\$723.96	\$717.16	\$762.74	\$801.11	\$818.46	\$925.56	\$1,005.25	\$965.96	\$952.44	\$804.82	\$753.58	\$731.58
Year Over Year Change	13.1%	29.1%	31.8%	20.6%	16.4%	-13.0%	-25.0%	-24.3%	-22.7%	-4.4%	-0.7%	6.5%

Based on income, expenses and participation as reported on the Administrative Manager's Reports (AMR).

¹ Includes Kroger experience (where applicable), interest and dividends, and miscellaneous income.

Summarized Historical Experience (Continued)

MOB Plans (Plans JS, JSS-2, Y, Y20, Y30, Y40, S, Z)

Period Start:	10/1/2018	1/1/2019	4/1/2019	7/1/2019	10/1/2019	1/1/2020	4/1/2020	7/1/2020	10/1/2020	1/1/2021	4/1/2021	7/1/2021
Period End:	12/31/2018	3/31/2019	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021
Months in Period	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Participants	2,378	2,304	2,291	2,209	2,147	1,871	2,164	1,343	1,324	1,260	1,267	1,254
Income												
Active Contributions	\$5,089,940	\$4,313,324	\$5,558,858	\$5,336,959	\$5,164,487	\$481,600	\$5,443,689	\$2,926,597	\$2,498,248	\$2,171,113	\$2,488,772	\$2,678,629
Retiree Contributions	52,461	49,570	48,766	46,676	47,108	44,910	47,636	42,156	47,121	43,735	44,006	45,325
Total	\$5,142,401	\$4,362,894	\$5,607,624	\$5,383,635	\$5,211,595	\$526,510	\$5,491,325	\$2,968,753	\$2,545,369	\$2,214,848	\$2,532,778	\$2,723,954
Paid Expenses												
Medical	\$3,114,455	\$2,312,992	\$3,479,711	\$3,484,313	\$2,298,543	\$2,673,229	\$2,075,738	\$2,222,273	\$2,046,885	\$1,688,224	\$1,610,497	\$2,253,314
HMO	32,389	25,711	29,755	35,998	33,740	22,920	28,342	18,629	14,356	13,881	8,193	14,742
Life/AD&D	18,129	17,873	17,758	17,209	16,503	15,919	11,879	10,796	10,681	10,398	10,175	9,997
Disability	194,030	175,668	201,581	204,873	199,594	171,501	158,266	165,629	155,074	135,522	149,892	140,745
Dental	189,629	186,976	183,176	176,114	171,148	168,763	154,309	109,330	110,136	106,195	102,006	99,366
Optical	18,349	18,141	17,815	17,174	16,622	16,536	16,195	11,009	10,795	10,648	10,227	9,939
Drug	1,031,466	766,146	657,902	897,785	989,640	622,626	949,548	464,555	713,114	412,850	423,659	858,609
Retirees	655,662	641,181	475,320	563,332	548,554	585,406	558,447	397,800	546,038	508,668	442,061	565,513
Medical Adm.	70,781	72,472	70,893	68,013	65,748	67,032	65,534	45,101	43,718	44,001	42,251	41,198
Mental Health Manager	87,227	143,201	77,789	23,112	59,283	53,803	30,694	14,478	19,202	10,439	9,165	11,882
PPO	34,580	31,322	33,663	32,798	29,654	29,913	29,571	22,806	19,380	18,696	17,847	17,578
EAP	2,101	2,064	2,030	1,943	1,919	1,877	1,843	1,225	1,226	1,203	1,166	1,141
UM/DM	49,509	53,656	53,008	59,327	42,730	49,691	55,225	42,713	39,988	47,159	44,224	51,293
Operating Expenses	222,643	164,312	198,770	145,242	154,015	191,594	242,919	173,188	164,112	134,968	171,087	175,922
Total	\$5,720,950	\$4,611,715	\$5,499,171	\$5,727,233	\$4,627,693	\$4,670,810	\$4,378,510	\$3,699,532	\$3,894,705	\$3,142,852	\$3,042,450	\$4,251,239
Operating Surplus/(Deficit)	(\$578,549)	(\$248,821)	\$108,453	(\$343,598)	\$583,902	(\$4,144,300)	\$1,112,815	(\$730,779)	(\$1,349,336)	(\$928,004)	(\$509,672)	(\$1,527,285)
Other Operating Surplus/(Deficit) ¹	\$74,302	\$64,871	\$59,539	\$59,016	\$49,008	\$46,780	\$42,442	\$14,711	\$13,678	\$35,490	\$13,908	\$12,600
Total Fund Operating Surplus/(Deficit)	(\$504,247)	(\$183,950)	\$167,992	(\$284,582)	\$632,910	(\$4,097,520)	\$1,155,257	(\$716,068)	(\$1,335,658)	(\$892,514)	(\$495,764)	(\$1,514,685)
Quarterly Per Capita Expenses	\$801.93	\$667.20	\$800.11	\$864.23	\$718.47	\$832.14	\$674.45	\$918.23	\$980.54	\$831.44	\$800.43	\$1,130.05
Quarterly Per Capita Active Expenses	\$710.02	\$574.44	\$730.95	\$779.22	\$633.31	\$727.85	\$588.43	\$919.49	\$843.07	\$696.87	\$684.13	\$979.73
Current 12-Month Per Capita Expenses	\$757.39	\$747.63	\$739.84	\$782.66	\$762.14	\$803.20	\$770.84	\$769.73	\$827.79	\$827.21	\$884.32	\$935.77
Prior 12-Month Per Capita Expenses	\$775.32	\$761.08	\$761.23	\$749.53	\$757.39	\$747.63	\$739.84	\$782.66	\$762.14	\$803.20	\$770.84	\$769.73
Year Over Year Change	-2.3%	-1.8%	-2.8%	4.4%	0.6%	7.4%	4.2%	-1.7%	8.6%	3.0%	14.7%	21.6%
Current 12-Month Per Capita Active Expenses	\$683.44	\$671.18	\$664.41	\$697.87	\$679.16	\$718.18	\$681.23	\$677.14	\$723.96	\$717.16	\$762.74	\$801.11
Prior 12-Month Per Capita Active Expenses	\$705.06	\$689.98	\$689.64	\$683.05	\$683.44	\$671.18	\$664.41	\$697.87	\$679.16	\$718.18	\$681.23	\$677.14
Year Over Year Change	-3.1%	-2.7%	-3.7%	2.2%	-0.6%	7.0%	2.5%	-3.0%	6.6%	-0.1%	12.0%	18.3%

Based on income, expenses and participation as reported on the Administrative Manager's Reports (AMR).

¹ Includes Kroger experience (where applicable), interest and dividends, and miscellaneous income.

Managed Pharmacy Report

| Agenda

2024 Key Performance Indicators

Follow Up - December 2024 Board of Trustees Meeting

- **AOM Coverage Rules**
- **Optum Gene Therapy Risk Protection**
- **Diabetes Management Options**

2024 Managed Pharmacy Key Performance Indicators

Executive Summary

2024 Plan Performance Compared to 2023

The total Plan Paid PMPM increased 19% over the previous period.

Total Plan Paid: \$235 PMPM.

Net Plan Paid¹ PMPM: \$171 PMPM.

Specialty accounted for 44% of total drug spend.

The average number of members decreased 15% to 1,246.

The average number of members using the benefit decreased 15% to 803.

Trend Drivers:

- **Drug Mix**
- **Utilization**
- **Inflation**

¹ Net of rebates. Rebates are estimated based on current claims; actual results may vary.
Data used in this report was provided by OptumRx (2024 iQPR).

Key Performance Indicators

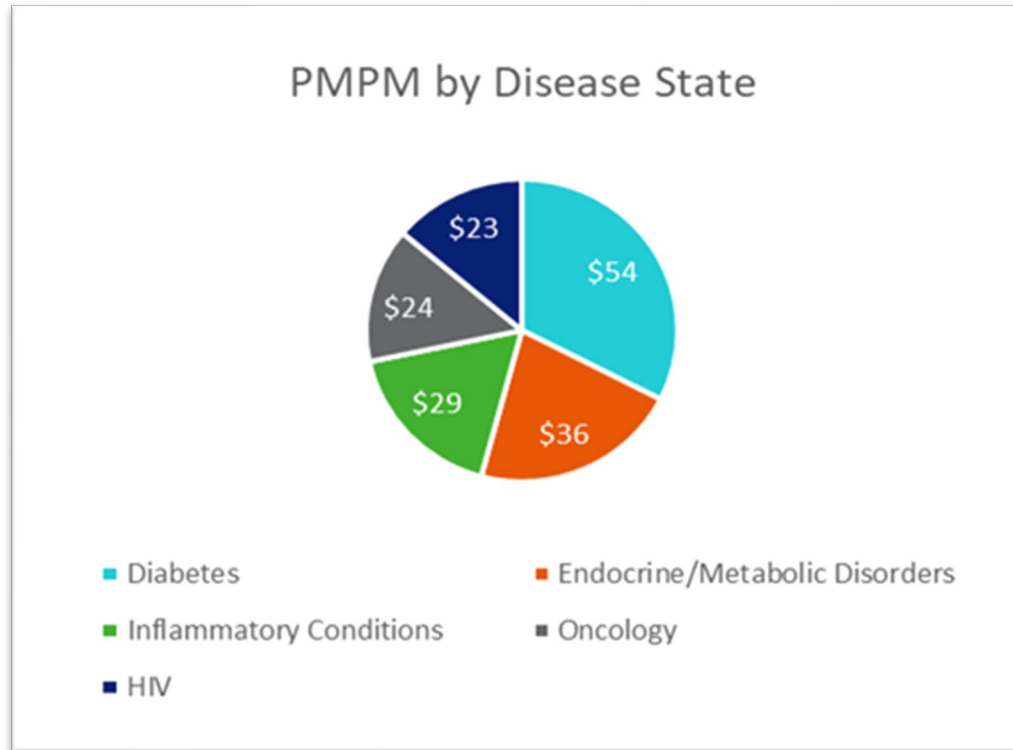
Total PMPM Trend was 19%

- Specialty contribution to trend was 51%
- Non-specialty contribution to trend was 49%

Key Performance Indicators			
Description	CY 2024	CY 2023	% Change
Avg. Members per Month	1,246	1,338	-7%
Average Age	53	53	0%
Members Utilizing Benefit	803	946	-15%
Member Paid per Rx	\$16	\$13	20%
Total Plan Paid	\$3.5M	\$3.2M	12%
Plan Paid PMPM	\$235	\$198	19%
Non-Specialty Cost PMPM	\$132	\$114	16%
Specialty Cost PMPM	\$103	\$84	23%
Specialty Percent of Plan Cost	44%	40%	3%
Generic Fill Rate	84%	86%	-3%
Retail 90 Rate	40%	39%	1%

Top 5 Disease States by PMPM Cost

The Top 5 disease states accounted for 70% (\$165 PMPM) of total Plan paid.



Diabetes accounted for 23% of total Plan paid; Ozempic was the top drug. Endocrine and Metabolic Disorders accounted for 15% of total Plan paid; Somavert was the top drug.

Top 10 Drugs by Plan Cost PMPM

- Three (3) of the Top 10 Drugs are used to treat type 2 diabetes.
- The number of members using these high-cost medications continues to increase.
- The inflation rate on drugs nearing patent loss is high; Ozempic and Jardiance are among 25 high-value drugs losing patent protection in 2025.
- The wholesale acquisition price (WAC) of Ozempic increased 4% in 2024, and another 3% in 2025.

2024	2023	2024						CY 2023	
Rank	Prev Rank	Brand Name	Therapy Class	Utilizing Members	Total Plan Paid	Plan Paid Per Rx	Plan Paid PMPM	Plan Paid PMPM	% Change
1	2	SOMAVERT	Growth Hormones	1	\$300,258	\$75,065	\$20	\$18	11%
2	5	SIGNIFOR LAR	Endocrine Disorders	1	\$226,154	\$18,846	\$15	\$8	88%
3	4	OZEMPIC	GLP-1 Receptor Agonists	41	\$221,888	\$895	\$15	\$8	88%
4	3	BIKTARVY	HIV-Multiclass Combo	7	\$219,169	\$7,558	\$15	\$11	36%
5	1	HUMIRA PEN	Chronic Inflammatory Disease	5	\$185,451	\$8,430	\$12	\$20	-40%
6	10	LENALIDOMIDE	Oncology	1	\$162,459	\$16,246	\$11	\$6	83%
7	6	JARDIANCE	SGLT-2 Inhibitors & Combos	37	\$154,583	\$1,237	\$10	\$7	43%
8	8	MAYZENT	Multiple Sclerosis	1	\$119,759	\$29,940	\$8	\$6	33%
9	9	COSENTYX PEN	Chronic Inflammatory Disease	1	\$96,688	\$7,438	\$6	\$6	0%
10	27	MOUNJARO	GLP-1 Receptor Agonists	16	\$86,055	\$989	\$6	\$1	500%

Follow Up - December 2024 Board of Trustees Meeting

AOM Coverage Rules

Anti-Obesity Medication Coverage Rules

- The Fund's current coverage rules for Anti-Obesity Medications (AOMs) cannot be administered by the PBMs, as written.*
- The Proposed Coverage Rules are based on the FDA's approved use for the anti-obesity medications and are consistent with the medical necessity criteria PBMs routinely include in their prior authorization (PA) review and approval process.

Current Coverage Rules

Anti-Obesity drugs will be covered with prior authorization from PBM.

In order to be approved, the patient must have a Body Mass Index (BMI) of 30 or greater, coupled with another disease indicator.

**If approved, medication is authorized for a three-month period.*

If, after three months, the patient has lost at least five pounds, the medication will be approved for up to another nine months.

At the end of the first year, if the patient has maintained at least a 5% weight loss from his/her original weight, another year of medication will be approved.

At no time will medication be covered for more than a two-year period.

Proposed Coverage Rules

Anti-Obesity medications will be covered with prior authorization approval from the PBM.

In order to be approved for coverage, the patient must have a Body Mass Index (BMI) of >30, or a BMI of >27 with one or more comorbidities, such as cardiovascular disease, type 2 diabetes, coronary artery disease (CAD), and/or hypertension.

Anti-Obesity medications will not be covered for more than a two-year period.

Gene Therapy Risk Protection

Gene Therapy Risk Protection

- At the request of the Board of Trustees, Segal researched Optum's Gene Therapy Risk Protection Program.
- UHC/Optum provides a Gene Therapy subscription model, similar to other vertically-integrated pharmacy benefit managers¹, described below.

Tool	Advantages	Barriers/Disadvantages
Gene Therapy Subscription Model	Fixed PMPM fee. May include some additional patient services.	May limit which gene therapies are included, and/or exclude certain patients depending on enrollment date. Limited market traction to date, due to high premiums and too few gene therapies included.

- Participation in Optum's Gene Therapy Risk Protection Program requires a minimum of 5,000 lives and use of a managed care organization/gatekeeper to manage precertification and the provider network.

¹ Gene therapy risk products include Aetna/CVS ('Gene Therapy Stop Loss'), Cigna/Evernorth ('Embarc® Benefit Protection').

Diabetes Management

Diabetes - Current State

- Diabetes has been the Fund's top disease state by PMPM cost for the 3rd consecutive year.
- Utilization of GLP-1s (Ozempic and Mounjaro for treating type 2 diabetes) and Wegovy for the treatment of obesity¹, has increased in the past 12 months.
- The Fund has 162 high-risk diabetic members; 87% have at least one of the following comorbidities:

Comorbidities	
Comorbidity	% of Total
Depression	15%
Hyperlipidemia	68%
Hypertension	83%

- OptumRx's Diabetes Management Program, designed for high-risk diabetics, was implemented in September 2024.
 - Diabetic members consult with a Certified Diabetes Care and Education Specialist to help improve clinical outcomes and reduce costly disease progression.
 - 20 members have enrolled in the program.
 - 2024 savings (cost avoidance) was \$27K.
- Alternatives to the OptumRx Diabetes Management Program are described on pages 26-28.
- Page 29 includes Segal's recommendations for Diabetes Management Program selection.

¹Obesity significantly increases the risk of developing type 2 diabetes.

Benefits of a Diabetes Management Program

A diabetes management program offers a range of benefits for individuals living with diabetes, helping them effectively control their condition and maintain overall health. Below are some key benefits:

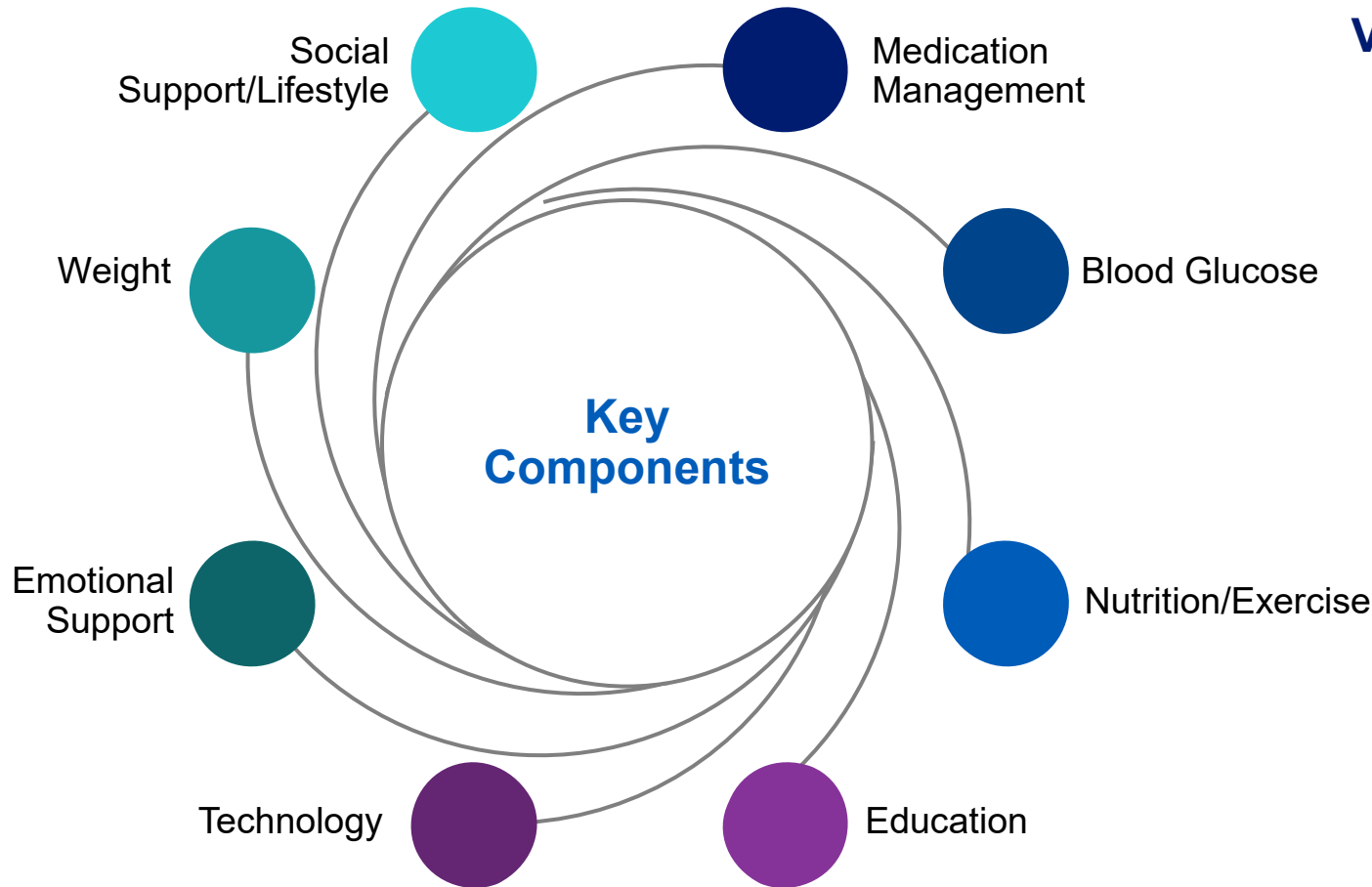
-
- Blood Sugar Control
 - Prevention of Complications
 - Improved Quality of Life
 - Education and Empowerment
 - Nutritional Guidance
 - Regular Physical Activity
 - Medication Adherence
 - Support and Motivation
 - Prevention of Emergency Situations
 - Individualized Care Plans
 - Regular Health Monitoring
 - Financial Savings
 - Enhanced Mental Health
 - Improved Sleep
-

By combining these elements, diabetes management programs play a crucial role in empowering individuals to live healthier lives and minimize the impact of diabetes on their overall well-being.

Diabetes Management Vendor Overview

Dario Health	OptumRx	Teladoc	Vida
• Provides a blood glucose meter, app, and tracking tools in one system. • FDA cleared blood glucose meter • Bundles other comorbidities with Diabetes • 90-Day minimum enrollment • App that syncs with various devices • Limited clinical support – mostly coaches • Addresses Social Determinants of Health circumstances • Reports a 2.3-point reduction in A1C	• Provides a blood glucose meter, app, and tracking tools in one system • Diabetes health educator (pharmacist) provides 1:1 counseling • Quarterly calls include a comorbidity assessment, A1C results, medication adherence • Reports a 3:1 return on investment • Experienced with Taft-Hartley Clients	• Provides a blood glucose meter, app, and tracking tools in one system • Bundles other comorbidities with Diabetes • 6-Month Minimum Enrollment • App that syncs with various devices • Multidisciplinary team • Addresses Social Determinants of Health • Reports a 2.1% reduction in A1C • Incorporates mental health as part of their solution • Experienced with Taft-Hartley Clients	• Provides a blood glucose meter, app, and tracking tools in one system • Bundles other comorbidities with Diabetes • 6-Month Minimum Enrollment • App that syncs with various devices • Multidisciplinary team • Addresses Social Determinants of Health • Reports a 1.9-point reduction in A1C

Key Program Components and Ranking



Vendor Ranking

- 1 Dario and OptumRx
- 2 Vida
- 3 Teladoc

Diabetes Management Vendor Fees

Dario Health	OptumRx	Teladoc	Vida
\$69 Per Engaged Member Per Month includes pre-diabetes, weight management/GLP-1 support, diabetes and hypertension	\$195 Per Engaged Member Per Year + \$0.06 Per Engaged Member Per Month for adherence monitoring. Includes 1:1 coaching and case management; adherence monitoring; prevention and/or management of comorbidities	\$95 per enrolled member per month which includes diabetes and comorbidities (hypertension, high cholesterol, weight management and mental health)	\$85 per enrolled member per month which includes diabetes, hypertension and hyperlipidemia
90-day minimum enrollment	No minimum enrollment	6-month initial enrollment/4-month lapsed user clause	6-month minimum enrollment
Willing to discuss performance guarantees	3:1 return on investment (not guaranteed)	Willing to discuss performance guarantees	Willing to discuss performance guarantees
Devices included in fee	Devices included in fee	Devices included in fee	Devices included in fee
		This is National Labor Alliance Pricing must join the coalition to receive this fee structure (cost to join is \$300)	

Summary and Recommendations

Dario Health and OptumRx Diabetes Management programs ranked the highest of the 4 vendors.

Key considerations for selecting a Diabetes Management provider:

Program Fees: OptumRx program fees are more competitive than Dario's.

Experience: Dario Health has a longer history of providing Diabetes Management programs and services.

Program Portability: Dario Health is PBM-agnostic; the OptumRx program is not portable.

Integrated use of Pharmacy and Medical Claims Data:

- OptumRx has direct access to pharmacy claims data for predictive modeling, assessing adherence and the progression of comorbidities.
- Dario Health will import medical and pharmacy claims data for a one-time fee or rely on self-reporting.

Recommendations:

- Segal recommends the Fund consider Dario Health as an alternative to OptumRx. If the Fund is interested in pursuing this option, a virtual interview can be arranged at the Fund's convenience.
- Increase member awareness of the Diabetes Management Program, using current communication tools (newsletters, site-specific notices) as appropriate.