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 LANDOVER, MARYLAND DECEMBER 5, 2024 (DRAFT)

The following Trustees were present:

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

EMPLOYER TRUSTEES
B. Seehafer – Secretary
P. Lin
M. Lucki – via telephone
V. Marsh

Also present were:

N. Eid – The Segal Company
L. Fratzke - Segal
J. Herron - Associated Administrators, LLC
C. Hoffman - UFCW Local 400
J. Ianniello - Associated Administrators, LLC
J. Kimble - Morgan, Lewis, & Bockius, LLC
B. McKiver – Local 400
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.

Appointment of Trustee

Mr. Ianniello reported receiving correspondence from Shoppers appointing Mr. Marty Lucki as an Employer Trustee, replacing Elizabeth Fiergola, effective December 4, 2024.

II. MINUTES

The Trustees reviewed the previously circulated minutes of the last regular meeting held on September 13, 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 September 13, 2024, are approved as presented.**

III. FINANCIAL REPORT

PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for January 1, 2024, to October 31, 2024. The report showed a beginning market value of $4,765,556, receipts of $8,183,293, disbursements of $10,073,638, and earnings of $151,785, producing an ending market value of $2,987,419 as of October 31, 2024.

IV. CONSULTANT'S REPORT

The Segal Company

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

A. Reserve Determination Report

Mr. Timm reviewed the October Reserve Determination report. He noted that the reserve has decreased due to high claims experience in August and a contribution holiday for Shoppers. Mr. Timm said that reserves were between 3.0 and 6.0 months, and no credit or payment is required at this time.

B. Stop Loss Coverage

Mr. Timm presented Segal's analysis of the preliminary stop loss quotes Segal obtained per the Trustees' request. He noted that three carriers declined to quote after reviewing the Fund's claims experience and another carrier did not reply. Segal asked the carriers to provide a quote for three deductible levels: $250,000, $500,000, and $750,000. Segal also asked the carriers to quote on a “12/12” policy basis and a “12/18” policy basis. A “12/12” policy refers to a policy under which the carrier will provide coverage for large claims incurred and paid within 12 months. A “12/18” policy refers to a policy under which the carrier would provide coverage for claims incurred during a 12 month period and paid over 18 months. Mr. Timm said Segal recommends the “12/18” approach.

Mr. Timm stated that Ullico provided the most competitive quote but would potentially have lasers for certain participants. He noted that Segal believes a deductible of $500,000 likely makes the most sense for this Fund. He also noted that Segal expects to receive the carriers’ final quotes within a week.

Ms. Marsh stated that she would like to see final quotes for $300,000 and $500,000 deductible policies from Ullico. After discussion,

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

> **RESOLVED, to delegate to Chair and Secretary the authority to select a stop loss carrier after reviewing the final proposals.**

C. <u>Gene Therapy Coverage</u>

Mr. Timm presented Segal’s memo regarding gene therapy. He stated that coverage of gene therapy would not impact the stop loss carrier quotes provided to the Fund, but the stop loss carriers will need confirmation of whether the Fund covers gene therapy prior to the commencement of the stop loss coverage. The Trustees discussed gene therapy coverage and agreed to continue the discussion at the next meeting.

D. <u>Plan Y20 PT and Y30 PT 2025 Dependent Child Rates</u>

Mr. Timm reported on the 2025 Dependent Child/ren Coverage rates for the participants of the Y20 PT and Plan Y30 PT.

PLAN	Per Child Rate			Three or More Children Rate		
	Medical	RX	Total	Medical	RX	Total
Plan Y20 – Part Time	$173.64	$25.40	$199.04	$520.92	$76.20	$597.12
Plan Y30 – Part Time	$169.87	$25.40	$195.27	$509.61	$76.20	$585.81

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

> **RESOLVED, that the 2025 Dependent Children Rates for Plans Y20 and Y30 Part Time participants are approved as presented.**

E. Carelon Behavioral Health Renewal

Mr. Timm reported that Segal is waiting for additional information from Carelon concerning its renewal proposal.

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

> **RESOLVED, to delegate to Chair and Secretary the authority to act on Carelon's renewal proposal.**

F. Pharmacy Report

Ms. Eid presented Segal's Managed Pharmacy report. Such report indicated that 3rd quarter 2024 expenses were 13% higher than 3rd quarter 2023. The Fund experienced a trend decrease of 4% for specialty drugs and a trend increase for non-specialty drugs of 30%. She noted that GLP-1 drugs, which are non-specialty, are driving the trend increase. Overall cost was up 5% due to drug mix and cost of the drugs. Ms. Eid noted that the 2025 formulary from Optum Rx includes Humira and Stelara biosimilars on the Preferred List. Optum Rx estimated that the low-WAC versions of these drugs will be as much as 60% less than the original drugs.

Ms. Eid addressed the expense of the new GLP-1 medications, noting that these drugs are now being prescribed for more conditions. She presented a report offering five GLP-1 management strategies for the Trustees' consideration and briefly discussed each. She also reported on the current SPD language regarding anti-obesity medications. The Trustees requested that Segal provide proposed revisions to the SPD language regarding the coverage of anti-obesity drugs, for their consideration.

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

> **RESOLVED, to prohibit auto-refills for GLP-1 medications and increase the refill too soon thresholds for Retail 30 and Retail 90.**

The Trustees directed Segal to provide additional information on other outside vendor programs designed to assist with controlling GLP-1 related costs at the next meeting. After thanking Segal for their report, the Trustees excused them from the meeting.

V. ATTORNEY'S REPORT

A. HIPAA Language for Reproductive Health

Ms. Sanchez reported on the final regulations concerning the HIPAA Privacy Rule to Support Reproductive Health Care and Privacy.

B. Gag Clause

Ms. Sanchez reported that on the annual gag clause attestation requirement.

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

> **RESOLVED, to authorize Associated to file the gag clause attestation on behalf of the Fund on an annual basis unless otherwise directed by the Board.**

C. Cybersecurity

Ms. Sanchez reported on the cybersecurity questionnaires and addenda sent to Fund providers.

D. SPDs

Ms. Sanchez reported that the Plan Y30 and Plan Y40 Summary Plan Descriptions ("SPDs") have been finalized.

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

RESOLVED, to adopt the Plan Y30 and Plan Y40 SPDs, as presented.

E. Greenlight

Ms. Sanchez reported on the Greenlight contract.

F. Optum Rx Price Edge

Ms. Sanchez reported on the Optum Rx price edge agreement.

G. Form 990

Ms. Sanchez reported on the Form 990.

H. Cencora Class Action Lawsuit

Ms. Sanchez reported on the Cencora Class Action Lawsuit.

I. Summary Annual Report

Ms. Sanchez reported on the Summary Annual Report for the Fund.

J. Humana Renewal

Ms. Sanchez reported on the Humana renewal.

VI. ADMINISTRATIVE MANAGER'S REPORT – Third Quarter 2024

Mr. Ianniello presented the Administrative Manager's Report for the Third Quarter of 2024, which had been pre-circulated. The report showed a total income of $1,585,099 and total expenses of $3,032,425, producing a deficit of $1,447,326 for the quarter. Contributions were made on behalf of 1,071 Plan participants. There were no delinquencies during the Third Quarter of 2024.

A. Invoices

The Trustees reviewed the invoices for the Active and Retiree Plans dated December 5, 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 December 5, 2024, are approved for payment.**

VII. OTHER FUND BUSINESS

A. NexClaim Recoveries

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

B. IFEBP Renewal

Mr. Ianniello presented the IFEBP membership renewals.

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

> **RESOLVED, to renew the Fund's membership with IFEBP at a cost of $1,825.00, with the cost to be split between the Pension, Health & Welfare, and Legal Fund.**

C. Associated Administrators Renewal

Mr. Ianniello stated that Associated Administrators, LLC's contract expires on December 31, 2024. He presented a request for a three-year extension of the contract and reviewed the request for renewal.

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

RESOLVED to approve the renewal of the three-year contract with Associated Administrators LLC at the following rates per year:

Health and Welfare Fund	Current Fee PPPM	1/1/25 - 12/31/25 PPPM	1/1/26- 12/31/26 PPPM	1/1/27 - 12/31/27 PPPM
H&W Admin	$15.12	$15.57	$16.04	$16.52
H&W Claims	$16.21	$16.70	$17.20	$17.72
HIPPA	$0.37	$0.38	$0.39	$0.40
Retiree H&W	$3.25	$3.35	$3.45	$3.55

VIII. <u>2025 MEETING DATES & LOCATIONS</u>

After discussion, The Trustees selected the following dates and meeting locations for 2025:

March 19, 2025 – 10:00 a.m. – Virtual
June 25, 2025 – 10:00 a.m. – Virtual
September 25, 2025 – 9:00 a.m. Landover, Maryland
December 5, 2025 – 10:00 a.m. – Virtual

IX. <u>ADJOURNMENT</u>

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

Respectfully Submitted,

Bill Seehafer, Secretary