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 MARCH 4, 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:

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
J. Kimble - Morgan, Lewis, & Bockius, LLC
B. McKiver - UFCW Local 400
C. Murphy - Associated Administrators, LLC
S. Sanchez - Slevin & Hart, P.C.
A. Sims - Associated Administrators, LLC
R. Wildt – UFCW Local 27

I. CALL TO ORDER

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

II. MINUTES

The Trustees reviewed the minutes of the last regular meeting held on December 14, 2023, which were previously circulated.

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

> **RESOLVED, that the minutes of the regular meeting held on December 14, 2023, are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Ianniello reported that, due to the timing of the meeting, he did not have the updated PNC statements. He noted that the PNC account had a beginning market value of $4,765,556 on January 1, 2024, and an ending market value of $4,252,471 as of February 29, 2024.

IV. CONSULTANT'S REPORT

The Trustees welcomed Ms. Nancy Eid of the Segal Company to the meeting.

1. Reserve Determination Report

Mr. Ianniello reported that Josh Timm of Segal was not able to attend the meeting and asked Mr. Ianniello to relay that based on Segal's review, the Fund's reserves for January 2024 exceeded the three-month minimum and were below the six-month maximum, resulting in no adjustments being required.

2. 2023 Key Pharmacy Performance Indicators

Ms. Eid reported that the Fund's overall pharmacy trend in 2023 was 7-8% lower than industry benchmarks for labor groups. The Fund's trend was 3.7% overall, 23% for Specialty drugs, and -7% for non-specialty drugs. Diabetes was the number one prescription cost driver, while specialty drugs accounted for 43% of the overall drug costs, an increase of 18% from the previous period. Rebates reduced the Per Member per Month (PMPM) costs by 22%.

Ms. Eid noted that the OptumRx contract was renewed for three years, and she is working with co-counsel to negotiate the restated contract.

Mr. Seehafer asked Ms. Eid to present information at the next meeting regarding specialty drugs prescribed to treat inflammatory conditions.

3. <u>Pharmacy Savings Opportunities</u>

Ms. Eid reported on several programs that present potential savings opportunities for the Fund. These include Diabetes Disease Management, Gene Therapy Risk Management, Integrated Medical/Specialty Drug Management, and GLP-1 management.

Ms. Eid discussed management options for prescriptions for which there are biosimilars on the market and stated that she would provide additional information on this topic at the next meeting.

Ms. Eid discussed recent developments relating to gene therapies, including a new gene therapy for sickle cell anemia. She noted that the Fund currently has a participant with this condition and noted that one option for the Fund would be to consider a dollar limit on gene therapy for this and other conditions. The Trustees discussed the permissibility of dollar limits Ms. Eid asked permission to contact CareFirst for information on is coverage procedures relating to gene therapy treatments and the Trustees agreed that she should do so.

Ms. Eid reported on the Fund's diabetes claims experience, including the use of GLP-1s to treat diabetes. She noted that GLP-1 prescriptions have a high abandonment rate due to their side-effects and stated Segal's recommendation that the Fund impose a 30-day supply limit on GLP-1 prescriptions. She also stated that Segal recommends that the Fund eliminate coverage of off-label GLP-1 usage. Ms. Eid reviewed Optum's new Diabetes Management program and noted Segal's recommendation the Fund adopt the case-management and adherence portions of this program as an "opt-out" program rather than an "opt-in," as that would result in more enrolled participants. She stated that Segal recommends using Optum's diabetes program rather than using a different provider, since Optum already has the prescription data for the Fund's participants in its system and would have the most information about the patients.

After discussion,

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

RESOLVED, to have Segal draft proposed GLP-1 coverage rules and provide further information on diabetes case management options; and

FURTHER RESOLVED, to limit the dispensing of weight loss medication to 30 day fills.

4. <u>CareFirst Network Utilization</u>

Ms. Eid reviewed CareFirst's network utilization report for the 2023 Plan year.

5. **<u>COVID Tests</u>**

Ms. Eid recommended that the Fund continue covering up to two COVID tests without cost sharing for the remainder of 2024. On Motion made and seconded, the Trustees voted unanimous approval of the following resolution:

RESOLVED, to cover up to two COVID tests without cost sharing for the remainder of 2024.

V. <u>ATTORNEY'S REPORT</u>

A. <u>Update Subrogation Agreement</u>

Ms. Sanchez reported on a revised proposed Subrogation Policy.

B. <u>Cybersecurity</u>

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

C. Cyber Liability Insurance

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

D. SPD Update

Ms. Sanchez reported on the status of the restated Summary Plan Descriptions.

E. Gag Clause Update

Ms. Sanchez reported on the Fund's 2023 gag clause attestation filing.

F. Preventative Services Update

Ms. Sanchez reported on the 2024 Preventive Services list.

G. Optum Rx Contract renewal

Ms. Sanchez reported on the proposed OptumRx renewal contract.

H. Withum Engagement Letter

Ms. Sanchez reported on Withum's proposed 2024 Audit engagement letter.

I. Telehealth SMM

Ms. Sanchez reported on the SMM extending Telehealth through 12/31/2024.

J. Dentegra Data Breach

Ms. Sanchez reported on the Dentegra data breach.

K. IRS Levy Notice

Ms. Sanchez reported on the IRS Levy Notice received by the Fund.

Mr. Seehafer asked about the status of the Fund's NQTL analysis and Ms. Sanchez reported on the status.

VI. ADMINISTRATIVE MANAGER'S REPORT – Fourth Quarter 2023

Mr. Ianniello presented the Administrative Manager's Report for the Fourth Quarter of 2023, which had been pre-circulated. The report showed a total income of $2,685,139 and total expenses of $3,089,680, producing a deficit of $404,541 for the quarter. Contributions were made on behalf of 1,067 Plan participants. There were no delinquencies during the Fourth Quarter of 2023. Mr. Ianniello recapped the Retiree figures for the Fourth Quarter of 2023. The report showed total contributions of $324,145 and total expenses of $320,210, producing a surplus of $3,935 for the quarter. Contributions were made on behalf of 353 Plan participants.

A. Invoices

The Trustees reviewed the invoices for the Active and Retiree Plans dated March 4, 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 March 4, 2024, are approved for payment.**

VII. OTHER FUND BUSINESS

A. Fiduciary Liability Renewal

Mr. Ianniello reported on the proposed renewal of the Fund's fiduciary insurance at the same limits and terms as the previous policy.

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

> **RESOLVED to renew the Fiduciary Liability Policy at the same policy limit and terms as the expiring policy, at a premium of $26,895 for the period of 3/30/2024 through 3/30/2025.**

B. NexClaim Reporting

Mr. Ianniello reported that NexClaim opened ten cases and closed one, with $6,485.30 in gross recoveries and $4,863.98 in net recoveries.

C. RDS Payment

Mr. Ianniello reported that the Fund received a Retiree Drug Subsidy payment of $3,854.56 for the 2023 Plan Year.

D. Ranbaxy Class Action Lawsuit Settlement

Mr. Ianniello reported that the Fund received a $9,956.87 check as payment for the Ranbaxy Class Action lawsuit.

E. Change Healthcare Cybersecurity Incident

Mr. Ianniello reported that the Fund received notification of a cybersecurity incident from Change HealthCare. Associated subcontracted with Change HealthCare to print member Explanations of Benefits and issue payments to out-of-network providers. Change Healthcare has not yet determined whether any Fund data or participant information was exposed as a result of the breach and it has suspended services while it continues to evaluate the breach.

VIII. 2023 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled via Zoom on June 3, 2024.

IX. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary