United Food and Commercial Workers Unions
and Participating Employers
Health and Welfare Fund

911 Ridgebrook Road
Sparks, Maryland 21152-9451
Telephone: (410) 683-6500
(800) 638-2972
www.associated-admin.com

8400 Corporate Drive, Suite 430
Landover, Maryland 20785-2361
Telephone: (301) 459-3020
(800) 638-2972
www.associated-admin.com

MINUTES OF THE MEETING OF THE
BOARD OF TRUSTEES OF THE
UFCW UNIONS AND PARTICIPATING EMPLOYERS
HEALTH AND WELFARE FUND
VIA VIDEO CONFERENCE
JUNE 3, 2024
(DRAFT)

The following Trustees were present:

UNION TRUSTEES	EMPLOYER TRUSTEES
M. Federici – Chairman	B. Seehafer – Secretary
J. Chorpenning	L. Fiergola
T. Hipkins	P. Lin
M. Wilson	V. Marsh

Also present were:

B. Antoshak - Associated Administrators, LLC
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
J. Timm - The Segal Company
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 previously circulated minutes of the last regular meeting on March 4, 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 March 4, 2024, are approved as presented.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for January 1, 2024, to April 30, 2024. The report showed a beginning market value of $4,765,556, receipts of $3,884,777, disbursements of $3,985,361, and earnings of $8,744, producing an ending market value of $4,673,715 as of April 30, 2024.

IV. 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 Reserve Determination report for the period ending April 2024. He noted that the reserves at the end of April were 5.976 months, exceeding three months but below six months. Therefore, no contribution adjustment is required.

B. July 1, 2024 MOB Rates

Mr. Timm presented the Maintenance of Benefits ("MOB") rates effective for hours worked on or after July 1, 2024, as calculated by Segal. The proposed new rates represent a 6.9% increase. Trustee Seehafer suggested that the new MOB rates be tabled until the next meeting since the local unions and Shoppers are currently bargaining.

On motion made and seconded, the Trustees voted unanimously on the following resolution.

> **RESOLVED, that discussion regarding the new MOB rates be tabled to the September 2024 Board Meeting.**

Mr. Timm pointed out that the CareFirst reports lack sufficient detail and said he would ask CareFirst to revise their reports to provide more information going forward.

C. <u>Managed Pharmacy Report</u>

Ms. Eid presented the Managed Pharmacy Report. She reviewed the Key Performance Indicators, noting that specialty drugs were the top cost drivers. Ms. Eid stated that 42% of the Fund's pharmacy spending in the first quarter of 2024 was for specialty drugs, compared to the benchmark of 11%. The number of participants decreased by 16% during the same period. She also noted the rise in the use of GLP1 drugs for weight loss. Trustee Seehafer commented that he sees generic drug usage as closer to 95% on other funds he works with. Ms. Eid replied that the lower participant count, combined with many overrides for brand-name drugs, increases the cost to the Fund. Trustee Seehafer asked if there was any research on long-term weight control with GLP-1 drugs. Ms. Eid said that this category of drugs is too new for concrete data on long-term efficacy to be available. She noted that a patient may need to stay on them for a long time (possibly forever) to maintain the weight loss. She also explained that there are digestive side effects and perhaps effects on kidney function with the GLP1 drugs, resulting in many patients stopping the prescription treatment early on.

Ms. Eid provided Segal's recommendation that the Fund implement additional restrictions on the use of GLP1 drugs for weight loss. The Trustees reviewed the current Prior Authorization requirements for weight loss drugs as published in the SPDs. Ms. Eid provided options for the Trustees' consideration, including requiring the patient to: be a minimum of age 12 and have a BMI of at least 30, or a BMI of 27 with a co-morbidity such as diabetes, heart disease, hypertension, sleep apnea, liver or gallbladder disease (among others); participate with a doctor or clinician in monitoring the success of the GLP1 prescription in furthering weight loss; renew prior authorization for a GLP1 prescription every 6 months.

On Motion made and Seconded, the Trustees voted unanimously to approve the following:

> **RESOLVED, to require participants and dependents receiving GLP1 prescriptions for weight loss to participate in a monitoring program and be subject to 6-month prior authorization renewals; and**

FURTHER RESOLVED, to delegate to the Chairman and Secretary the authority to further refine the Fund's coverage rules for GLP1 weight loss prescriptions.

Ms. Eid said that five top disease states accounted for 67% of the Fund's total prescription spend: diabetes, endocrine conditions, inflammatory conditions, HIV, and oncology. She went over programs offered by Optum Rx to control costs. Ms. Eid noted that diabetes is the top cost driver for the Fund and presented Optum Rx's diabetes management program for consideration. She noted that 90% of the Fund's diabetics have other co-morbidities. Optum Rx's diabetic management program includes coaching from diabetes specialists, glucose testing education, and continuous monitoring. Under Optum Rx's program, participants would receive a glucose meter and testing supplies with a low or zero co-pay. Pharmacy data is used to monitor patients' adherence to the program. Ms. Eid reviewed the fees for case management and adherence services under the program.

On Motion made and Seconded, the Trustees voted unanimously to approve the following:

RESOLVED, to adopt Optum Rx's Diabetes Management program, effective September 1, 2024.

Ms. Eid then discussed Optum Rx's programs for managing the cost of treating inflammatory conditions. She stated that increased usage of biosimilars for Humira provided the best opportunity for cost savings. OptumRx has added three biosimilars for Humira. Ms. Eid said that the rebate on the biosimilars was significantly lower than the rebate on the brand drug Humira, so it is a balance between a lower cost versus a higher rebate (which sometimes results in a lower overall cost). Optum Rx is offering a "rebate reconciliation" for those Funds that want to implement biosimilars into their formulary. Optum Rx provides a "low WAC" formulary with Humira, a "high WAC" formulary, and a hybrid. The lower the drug cost, the less rebate will be given. Ms. Eid recommended implementing the low WAC with Humira option. After further discussion by the Trustees, Ms. Eid agreed to look at the Fund's recent Pharmacy data to measure how these options would affect the Fund financially. She will get projected savings of the "Low WAC" and "High WAC" and biosimilar generic programs to show potential savings for the next meeting. The Trustees thanked Ms. Eid and Mr. Timm for their reports and excused them from the meeting.

V. ATTORNEY'S REPORT

A. Subrogation Policy SMM

Ms. Sanchez reported on the proposed restated Subrogation Policy and related documents.

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

> **RESOLVED, to delegate to the Chairman and Secretary authority to approve the restated Subrogation Policy, Settlement Guidelines and related SMM.**

B. Cybersecurity Update

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

C. SPD Update

Ms. Sanchez discussed the status of the Fund's proposed restated Summary Plan Descriptions ("SPDs).

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

> **RESOLVED, to delegate to the Chairman and Secretary the authority to approve the final Y30 and Y40 SPD restatements.**

D. Change Healthcare Update

Ms. Sanchez provided an update on the Change Healthcare data breach as it impacted Fund providers Associated and Carelon.

E. McKinsey Class Action lawsuit

Ms. Sanchez discussed the McKinsey Class Action, including the "Upfront Payment Option."

F. IRS Levy Notice

Ms. Sanchez reported on the IRS Levy Notice.

G. Dentegra SMM

Ms. Sanchez reported on the status of the Dentegra SMMs for Plans Y and Y20.

H. Optum Rx Contract

Ms. Sanchez reported on the OptumRx contract.

I. Withum Engagement Letter

Ms. Sanchez reported on the Withum Engagement letter.

J. Fiduciary Policy Review

Ms. Sanchez reported on the Fund's fiduciary insurance renewal policy.

K. RxDC Filing

Ms. Sanchez reported on the annualRxDC reporting requirement.

VI. ADMINISTRATIVE MANAGER'S REPORT – First Quarter 2024

Mr. Ianniello presented the Administrative Manager's Report for the First Quarter of 2024, which had been pre-circulated. The report showed a total income of $2,702,955 and total expenses of $2,604,777, producing a surplus of $98,178 for the quarter. Contributions were made on behalf of 1,084 Plan participants. There were no delinquencies during the First Quarter of 2024.

A. Invoices

The Trustees reviewed the invoices for the Active and Retiree Plans dated June 3, 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 June 3, 2024, are approved for payment.**

VII. OTHER FUND BUSINESS

A. Mallinckrodt Class Action Payment

Mr. Ianniello reported that the Fund received a check for $120.44 for the Mallinckrodt Class Action Lawsuit.

B. Education Payment received

Mr. Ianniello reported the $22,500 annual education payment from UNFi for assisting Pre-Medicare Eligible Retirees in finding an appropriate health plan has been received.

C. Zelis replaced Change Healthcare

Mr. Ianniello reported that the Fund is moving its payment and EOB issuance services from Change Healthcare to Zelis Payments, Inc. He noted that Associated circulated a draft amendment regarding this change in vendor for Co-counsel review.

D. PCORi Fees

Mr. Ianniello reported that the PCORI fee for this year had been calculated. It is $3,777.06, payable on behalf of 1,173 participants, and will be paid in July.

E. NexClaim Recap

Mr. Ianniello reported on the first reports from NexClaim, the Fund's new subrogation vendor. Currently, there are ten open cases totaling $139,934 in outstanding liens.

F. Cyber Liability Insurance Renewal

Mr. Ianniello presented the proposed Cyber Liability Insurance renewal with Travelers/Tokyo Marine HCC for a $2 million limit of liability, with a premium of $14,190 split between the Pension, Health & Welfare, and Legal Funds.

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

> **RESOLVED, to renew the Fund's Cyber Liability Insurance Policy at a limit of liability of $2 million and a premium of $14,190 with Travelers/Tokyo Marine for the period of 6/8/2024 through 6/8/2025, with the premium and liability limit split between the Pension, Health & Welfare, and Legal Funds.**

G. Humana 2025 Renewal Rate

Mr. Ianniello noted the Fund office had received a notice from Humana that the rate for the next year would exceed their Rate Cap. The letter outlined the reasons for this increase.

VIII. 2023 MEETING DATES & LOCATIONS

The next regular Board meeting is scheduled via Zoom on September 13, 2024.

IX. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary