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
JUNE 8, 2023

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:

B. Antoshak - Associated Administrators, LLC
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
L. Walsh - 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 March 29, 2023, which were previously circulated. Trustee Seehafer noted two revisions to the draft minutes.

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 29, 2023, are approved as revised.**

III. FINANCIAL REPORT

A. PNC Bank

Mr. Ianniello reviewed the PNC Summary of Activity report for January 1, 2023, to April 30, 2023. The report showed a beginning market value of $2,292,883, receipts of $5,709,945, disbursements of $3,243,762, and earnings of $52,773, producing an ending market value of $4,811,839 as of April 30, 2023.

The Trustees discussed moving a portion of the cash to the Fund's Segall, Bryant & Hamill investment.

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

> **RESOLVED, to move $1 million from cash to the Fund's Segall, Bryant & Hamill investment.**

IV. CONSULTANT'S REPORT

A. The Segal Company

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

1. Reserve Determination Report

Mr. Timm reviewed Segal's May 2023 Reserve Determination Report. He noted that the Fund reserves as of April 30, 2023, exceeded 3.0 months and was below 6.0 months. Therefore, no additional adjustments are required at this time.

2. Cyber Liability Insurance Review

Mr. Timm summarized the cyber liability insurance proposals received by Segal Select on the Fund's behalf and stated that the Fund could bind an individual policy, covering just the Health Fund, or could bind an "umbrella" policy, covering the Health Fund and its sister Pension and Legal Funds.

The Trustees discussed the quotes presented, including the coverage amounts.

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

> **RESOLVED, to bind cyber liability coverage with Travelers under the "Umbrella" option with a $2 million limit, covering Legal Fund, the Health Fund and the Pension Fund under the same policy; and**
>
> **FURTHER RESOLVED to delegate to the Chair and Secretary the authority to determine whether to bind an excess cyber liability insurance policy.**

3. Pharmacy Report

A. Optum Rx Renewal Update

Ms. Eid reported on the status of the contract renewal process with Optum Rx. She stated that Optum Rx sent Segal an incomplete renewal offer, which included improvements in pricing and rebates but did not include details such as terms, conditions, and assumptions. Segal will coordinate with Optum to obtain additional information, including regarding Optum's specialty drug program option.

B. Managed Pharmacy Report

Ms. Eid reported that the trend for the first quarter of 2023 increased by 3% compared to the first quarter of 2022. The Utilization Management programs adopted in the first quarter of 2023 have been implemented and are in effect as of June 1, 2023.

Ms. Eid said that Optum Rx has various programs to help lower costs. She also suggested that the Trustees consider Optum's Diabetes Management program and the Cardiovascular Disease Management program. The Trustees requested that Ms. Eid present additional information on these programs for consideration at the next meeting.

C. Covid – 19 Test Kits

Ms. Eid reported that OTC Covid-19 test claims continue to decline.

D. Subrogation Services

Mr. Timm reported on the RFP results relating to the Subrogation vendor search. He stated that "NexClaim" is the candidate with the highest recovery rates. He noted that NexClaim's method of handling subrogation is somewhat different than the Fund's current practice because under NexClaim, the Fund would not pend claims until a subrogation agreement is received but would instead pay any otherwise covered claims and NexClaim would then investigate and pursue repayment of any subrogation claims for which another party is liable. After discussion,

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

> **RESOLVED, to engage NexClaim to provide Subrogation Services.**

V. ATTORNEY'S REPORT

A. Transparency in Coverage Final Rule, Consolidated Appropriations Act ("CAA")

Ms. Sanchez reported that the Rx reporting under the CAA for June 2023 has been completed.

B. Price Comparison Tool

Ms. Sanchez reported on the Greenlight Price Comparison Tool and the contract status with Greenlight.

C. Gag Clause Attestation

Ms. Sanchez reported on the gag clause attestation requirement under the Consolidated Appropriations Act.

D. Covid-19 National Emergency

Ms. Sanchez reported on the end of the federal COVID-19 Public Health Emergency ("PHE") and the Outbreak Period.

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

> **RESOLVED, to return to pre PHE benefit levels for COVID-19 immunizations and diagnostic testing and related services, effective as of the earliest permissible date.**

E. Conifer Data Breach

Ms. Sanchez reported on the Conifer data breach.

F. Braidwood Case

Ms. Sanchez reported on the case of Braidwood Management Inc. v. Becerra.

G. Cybersecurity Consultant RFP

Ms. Sanchez reported on the results of the Cybersecurity Consultant RFP. After discussion,

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

> **RESOLVED, to engage Segal as the Fund's cybersecurity consultant.**

H. Cybersecurity Contract Addenda

Ms. Sanchez reported on the Cybersecurity questionnaires and addenda that were sent to all service providers.

I. NexClaim Agreement

Ms. Sanchez reported that co-counsel would work with NexClaim to prepare a contract and Business Associate Agreement.

J. 408(b)(2) Service Provider Letters

Ms. Sanchez reported on the status of the 408(b)(2) questionnaires to providers.

K. Optum RX Agreement

Ms. Sanchez reported that the Optum RX contract had been executed.

Trustee Seehafer suggested that the Trustees learn more about the Fund's potential exposures in light of the recent regional bank failures and the questions they should be asking to properly assess any risks to the Fund and take action to minimize such risks in the event of any future bank failures. He asked the Fund's providers to coordinate on providing this information.

VI. ADMINISTRATIVE MANAGER'S REPORT – First Quarter 2023

Mr. Ianniello presented the Administrative Manager's Report for the First Quarter of 2023, which had been pre-circulated. The report showed total income of $3,240,352 and total expenses of $2,050,336, producing a surplus of $1,190,016 for the quarter. Contributions were made on behalf of 996 Plan participants. There were no delinquencies during the First Quarter of 2023.

Mr. Ianniello asked if the new Retiree report required any changes due to separating the accounting of Retiree expenses from the Active expenses, as required by the MOA. The Trustees tabled discussion of this question. Mr. Ianniello confirmed that the report would stay the same until the Trustees said they wanted to make changes.

Mr. Ianniello reviewed the Work Snapshot for the First Quarter of 2023. He noted 27 accident and sickness claims, six appeals, 3,127 participant service calls, 26 COBRA notices, 6,016 medical claims processed, and 3,230 communications sent to Plan participants during the First Quarter 2023.

A. Invoices

Mr. Ianniello presented a list of invoices dated June 8, 2023, which were pre-circulated. He noted no additions, deletions, or changes to the list.

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

> **RESOLVED, that the invoices on the list dated June 8, 2023, are approved for payment**.

VII. OTHER FUND BUSINESS

A. Appeals

Appeal #1 E23/106-2242 (Hospital/Medical – Experimental/Investigational) - **Approved**

B. Conifer Renewal

Segal informed Mr. Ianniello that they had only recently received the revised Conifer renewal and were reviewing it.

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

> **RESOLVED, to delegate to Chairman and Secretary the authority to review and make a decision regarding the Conifer renewal proposal.**

C. HCCCC Membership Invoice

Mr. Ianniello presented an invoice for annual membership in the HCCCC, noting that the fee is a “per body” cost.

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

> **RESOLVED, to pay the invoice of $700 for the HCCCC annual membership renewal.**

D. <u>Termination of Consulting Agreement with RXBenefits</u>

Mr. Ianniello reported that, as directed by the Board, Associated had sent a termination notice to Rx Benefits between meetings.

E. <u>PCORI Fees</u>

Mr. Ianniello said PCORI fees increased from $2.79 to $3.00 in 2023.

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

> **RESOLVED, to pay the PCORI fees for 2023 in the amount of $4,473.00.**

F. <u>Education Subsidy Contribution Received</u>

Mr. Ianniello reported that the Fund Office had received the education subsidy contribution from Shoppers in the amount of $22,500.00.

G. <u>Humana Update</u>

Mr. Ianniello reported that the Fund Office has not received any negative feedback from the retirees relating to the transition to Humana, and everything is working as it should.

VIII. <u>2023 MEETING DATES & LOCATIONS</u>

The next regular Board meeting is scheduled via Zoom on September 20, 2023.

IX. ADJOURNMENT

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

Respectfully Submitted,

Bill Seehafer, Secretary