

Approval for Acceptance and Use of Settlement Distribution from UFCW & Employers Benefit Trust v. Sutter Health for Underwriting Rate Setting Process November 10, 2022

- The UFCW vs. Sutter Health case was filed in 2014 and settled in August 2021. SFHSS filed a claim in April 2021 to be a member of the class.
- SFHSS received \$14,793,288 on 9/26/2022 as first distribution of its share of the settlement. The payment was deposited in the health benefit trust. The second and final distribution will be made in March 2023 and will be approximately \$2M.
- The current charter and Terms of Reference do not specifically address legal settlements. However, SFHSS practice for managing surpluses and deficits is to incorporate them in the underwriting rate setting process for future years. The underwriting rate setting process maintains adequate reserves in the benefit trust based on actuarial estimates. This settlement distribution will be used to lower rates for the impacted plans beginning with plan year 2024.

Recommended Action

Approve acceptance and use of entire distribution up to \$17.5M from UFCW & Employers Benefit Trust v. Sutter Health settlement for underwriting rate setting process beginning with plan year 2024