

# Approve Use of Settlement Distribution from UFCW & Employers Benefit Trust v. Sutter Health for Rate Stabilization

## 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.
- SHHSS received \$17,793,288 on 9/26/2022 as the 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's practice for managing surpluses and deficits is to use rate stabilization in setting future rates. The stabilization process maintains adequate reserves in the benefit trust based on actuarial estimates. The distribution will be used to lower rates for the impacted plans (Blue Shield HMO and PPO) beginning with the plan year 2024.

### Recommended Action

Approve use of entire distribution up to \$21M from UFCW & Employers Benefit Trust v. Sutter Health settlement for rate stabilization beginning with plan year 2024