

MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
PENSION & HEALTH BENEFITS COMMITTEE
OPEN SESSION

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FECKNER AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

TUESDAY, MARCH 14, 2023

8:30 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

APPEARANCES

COMMITTEE MEMBERS:

Ramon Rubalcava, Chairperson

Jose Luis Pacheco, Vice Chairperson

Malia Cohen, also represented by Lynn Paquin

David Miller

Eraina Ortega, represented by Nicole Griffith

Kevin Palkki

Yvonne Walker

Mullissa Willette

BOARD MEMBERS:

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

STAFF:

Marcie Frost, Chief Executive Officer

Matt Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

Yesenia Croft, Chief, Health Account Management Division

Rob Jarzombek, Chief, Health Plan Research and
Administration Division

Julia Logan, MD, Chief Clinical Direct

Kimberlee Pulido, Chief, Retirement Benefit Services
Division

APPEARANCES CONTINUED

ALSO PRESENT:

Tim Behrens, California State Retirees

Karen Fassler, County of Yuba

Larry Woodson, California State Retirees

INDEX

	<u>PAGE</u>
1. Call to Order and Roll Call	1
2. Election of the Pension & Health Benefits Committee Chair and Vice Chair	1
3. Executive Report - Don Moulds, Kimberlee Pulido	6
4. Action Consent Items - Don Moulds	15
a. Approval of the November 15, 2022, Pension & Health Benefits Committee Meeting Minutes	
b. Approval of the March 14, 2023, Pension & Health Benefits Committee Meeting Timed Agenda	
5. Information Consent Items - Don Moulds	16
a. Annual Calendar Review	
b. Draft Agenda for the April 18, 2023, Pension & Health Benefits Committee Meeting	
c. Health Open Enrollment Results	
6. Action Agenda Items	
a. Proposed Revisions to the Public Employees' Medical and Hospital Care Act (PEMHCA) Regulations: Definition of Parent-Child Relationships - Yesenia Croft	16
b. Pharmacy Benefits Manager Contract - Don Moulds, Rob Jarzombek	19
c. Health Maintenance Organization Solicitation Intent to Award - Don Moulds, Rob Jarzombek	22
d. Health Benefit Design Proposals for 2024 Plan Year - Rob Jarzombek, Julia Logan	43
7. Information Agenda Items	
a. Update on Retiree Cost-of-Living Adjustment - Kimberlee Pulido	54
b. Summary of Committee Direction - Don Moulds, Kimberlee Pulido	59
c. Public Comment	60
Adjournment	67
Reporter's Certificate	68

PROCEEDINGS

1
2 VICE CHAIRPERSON RUBALCAVA: Good morning,
3 everybody. We're about to start the meeting. So first
4 order of business is the call to order and roll call.

5 BOARD CLERK TRAN: Ramón Rubalcava?

6 VICE CHAIRPERSON RUBALCAVA: Present.

7 BOARD CLERK TRAN: Lynn Paquin for Malia Cohen?

8 ACTING COMMITTEE MEMBER PAQUIN: Here.

9 BOARD CLERK TRAN: David Miller?

10 COMMITTEE MEMBER MILLER: Here.

11 BOARD CLERK TRAN: Nicole Griffith for Eraina
12 Ortega?

13 ACTING COMMITTEE MEMBER GRIFFITH: Here.

14 BOARD CLERK TRAN: Jose Luis Pacheco?

15 COMMITTEE MEMBER PACHECO: Present.

16 BOARD CLERK TRAN: Kevin Palkki?

17 COMMITTEE MEMBER PALKKI: Good morning.

18 BOARD CLERK TRAN: Theresa Taylor?

19 VICE CHAIRPERSON RUBALCAVA: Excused.

20 BOARD CLERK TRAN: Yvonne Walker?

21 COMMITTEE MEMBER WALKER: Here.

22 BOARD CLERK TRAN: Mullissa Willette?

23 COMMITTEE MEMBER WILLETTE: Here.

24 VICE CHAIRPERSON RUBALCAVA: The next order of
25 business is the election of the Chair and Vice Chair of

1 the Pension and Health Benefits Committee. And for this,
2 I'll hand the gavel over to David Miller.

3 COMMITTEE MEMBER MILLER: Thank you. It's my
4 please --

5 THE COURT REPORTER: Microphone.

6 COMMITTEE MEMBER MILLER: All right. Thank you.
7 It's my pleasure to now take nominations for Chair of the
8 Pension and Health Benefits Committee.

9 Mr. Rubalcava -- I mean, Mr. Pacheco.

10 COMMITTEE MEMBER PACHECO: Yes. Thank you. I
11 would like to nominate Ramón Rubalcava as Chair of the
12 Committee. Thank you.

13 ACTING COMMITTEE MEMBER PAQUIN: Second.

14 COMMITTEE MEMBER MILLER: Okay. It's made and
15 seconded.

16 The nomination is made and seconded.

17 Are there any other nominations?

18 Are there any other nominations?

19 Are there any other nominations?

20 I have a motion to approve Ramón Rubalcava as
21 Chair, so I'll call for the roll call vote.

22 BOARD CLERK TRAN: Ramón Rubalcava?

23 VICE CHAIRPERSON RUBALCAVA: Yes.

24 BOARD CLERK TRAN: Lynn Paquin for Malia Cohen?

25 ACTING COMMITTEE MEMBER PAQUIN: Aye.

1 BOARD CLERK TRAN: David Miller?

2 COMMITTEE MEMBER MILLER: Aye.

3 BOARD CLERK TRAN: Nicole Griffith for Eraina
4 Ortega?

5 ACTING COMMITTEE MEMBER GRIFFITH: Aye.

6 BOARD CLERK TRAN: Kevin Palkki?

7 COMMITTEE MEMBER PALKKI: Aye.

8 BOARD CLERK TRAN: Jose Luis Pacheco?

9 COMMITTEE MEMBER PACHECO: Aye.

10 BOARD CLERK TRAN: Yvonne Walker?

11 COMMITTEE MEMBER WALKER: Aye.

12 BOARD CLERK TRAN: Mullissa Willette?

13 COMMITTEE MEMBER WILLETTE: Aye.

14 COMMITTEE MEMBER MILLER: Okay. The motion
15 passes. Congratulations, Mr. Rubalcava. Now, I'll pass
16 it over to you as the Chair of the Committee.

17 CHAIRPERSON RUBALCAVA: Thank you, Mr. Miller,
18 and thank you everybody on the Committee for your support.
19 I hope I don't disappoint Rob Feckner.

20 (Laughter).

21 COMMITTEE MEMBER MILLER: You better not.

22 CHAIRPERSON RUBALCAVA: I better not.

23 (Laughter).

24 CHAIRPERSON RUBALCAVA: Okay. The next order of
25 business is the -- oh, actually, I will now take

1 nominations for Vice Chair of the Pension and Health
2 Benefits Committee, and I call on Ms. Mullissa Willette.

3 COMMITTEE MEMBER WILLETTE: Thank you. I would
4 like to nominate Jose Luis Pacheco for Vice Chair.

5 CHAIRPERSON RUBALCAVA: I have a nomination.

6 ACTING COMMITTEE MEMBER PAQUIN: Second.

7 CHAIRPERSON RUBALCAVA: Second. Thank you, Lynn.

8 So a nomination is made.

9 Are there any other nominations?

10 Are there any other nominations?

11 Are there any other nominations?

12 I have a motion to approve Jose Luis Pacheco as
13 Vice Chair. Please do the roll call.

14 BOARD CLERK TRAN: Ramón Rubalcava?

15 CHAIRPERSON RUBALCAVA: Aye.

16 COMMITTEE SECRETARY JONES: Jose Luis Pacheco?

17 COMMITTEE MEMBER PACHECO: Aye.

18 BOARD CLERK TRAN: Lynn Paquin for the Malia
19 Cohen?

20 ACTING COMMITTEE MEMBER PAQUIN: Aye.

21 BOARD CLERK TRAN: David Miller?

22 COMMITTEE MEMBER MILLER: Aye.

23 BOARD CLERK TRAN: Nicole Griffith for Eraina
24 Ortega?

25 ACTING BOARD MEMBER GRIFFITH: Aye.

1 BOARD CLERK TRAN: Kevin Palkki?

2 COMMITTEE MEMBER PALKKI: Aye.

3 BOARD CLERK TRAN: Yvonne Walker?

4 COMMITTEE MEMBER WALKER: Aye.

5 BOARD CLERK TRAN: Mullissa Willette?

6 COMMITTEE MEMBER WILLETTE: Aye.

7 CHAIRPERSON RUBALCAVA: Thank you all. The
8 motion passes. Congratulations Jose Luis Pacheco for Vice
9 Chair.

10 Okay. We now will recess into closed session for
11 Items 1 through 5 from the closed session agenda. And
12 afterwards, we will reconvene open session after the
13 closed session.

14 Thank you.

15 (Off record: 8:35 a.m.)

16 (Thereupon the meeting recessed
17 Into closed session.)

18 (Thereupon the meeting reconvened
19 open session.)

20 (On record: 1:01 p.m.)

21 CHAIRPERSON RUBALCAVA: Good afternoon,
22 everybody. We're going to reconvene in open session, so
23 please call the roll

24 BOARD CLERK TRAN: Ramón Rubalcava?

25 CHAIRPERSON RUBALCAVA: Present.

1 BOARD CLERK TRAN: Jose Luis Pacheco?

2 VICE CHAIRPERSON PACHECO: Present.

3 BOARD CLERK TRAN: Malia -- State Controller
4 Malia Cohen?

5 COMMITTEE MEMBER COHEN: Present.

6 BOARD CLERK TRAN: David Miller?

7 COMMITTEE MEMBER MILLER: Here.

8 BOARD CLERK TRAN: Nicole Griffith?

9 ACTING COMMITTEE MEMBER GRIFFITH: Here.

10 BOARD CLERK TRAN: Kevin Palkki?

11 COMMITTEE MEMBER PALKKI: Good afternoon.

12 BOARD CLERK TRAN: Theresa Taylor?

13 CHAIRPERSON RUBALCAVA: Excused.

14 BOARD CLERK TRAN: Yvonne Walker?

15 COMMITTEE MEMBER WALKER: Here.

16 BOARD CLERK TRAN: Mullissa Willette?

17 COMMITTEE MEMBER WILLETTE: Here.

18 CHAIRPERSON RUBALCAVA: Thank you, everybody. It
19 looks like the Chair is not ready.

20 (Laughter).

21 CHAIRPERSON RUBALCAVA: Apologize. Okay. Thank
22 you. The first item is an executive report by Ron -- Don
23 Moulds Kimberlee Pulido. So please proceed.

24 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

25 PULIDO: Good morning, Mr. Chair and members of the

1 Committee. I'm Kimberlee Pulido CalPERS team member.

2 First, congratulations, Mr. Rubalcava and Mr.
3 Pacheco on your positions.

4 Today, I'm here for Interim Deputy Executive
5 Officer Kim Malm, who is unable to be here, since she is
6 attending a long-term care conference, but she'll be
7 returning tomorrow.

8 It's my pleasure to provide an update on what's
9 happening with the Customer Services and Support. I'll
10 cover a few short items touching on retirement trends and
11 CalPERS Benefits Education Events. And then later in the
12 agenda, I'll give an update on the retiree cost of living
13 adjustment.

14 So to begin with, let's have a quick look back to
15 what's been happening with retirements in the last
16 calendar year. Overall retirements were down about 7
17 percent as compared to 2021. And this is mostly
18 attributable to schools and public agency retirements
19 being lower in 2022 than in 2021. Schools were down
20 almost 11 percent, public agencies went down almost 13
21 percent. And then alternatively, State retirements were
22 up slightly at 3.6 percent. Although we saw an overall
23 increase in retirements in the previous two years during
24 the pandemic, we are now seeing current retirements on par
25 with those pre-pandemic trends.

1 Next, I'd like to share what is happening with
2 our benefit education events. In early February, the
3 event was held virtually, the fourth held in this manner
4 since we started using the CalPERS design virtual
5 platform. Two day attendance for this event was just over
6 2,700. We offered 22 classes and 8 virtual ask-the-expert
7 rooms, where our members were able to ask their specific
8 questions and get answers on demand from anywhere. We
9 continue to receive exceptional satisfaction scores. I'm
10 pleased to report 99 percent overall event and class
11 satisfaction scores. This is a phenomenal result and I'm
12 really proud of the CalPERS team efforts to make these
13 events successful.

14 Our next event is just around the corner. This
15 weekend, in fact, is our second in-person event since we
16 resumed our in-person operations. The event will be held
17 in Anaheim and we have more than 26 people registered.
18 Customers who join us in Anaheim will have access to 19
19 career stage event classes, along with direct access to
20 CalPERS representatives and various partners. The event
21 is March 17th and 18th, and we hope to see those of you
22 that are able to make it there as we know our members
23 enjoy it when you can join us.

24 This concludes my update and I'm happy to answer
25 any questions.

1 CHAIRPERSON RUBALCAVA: Thank you, Ms. -- any
2 questions from the Committee?

3 Well, thank you very much.

4 Sorry, we do have a question. Mr. Pacheco,
5 please.

6 VICE CHAIRPERSON PACHECO: I just -- I just want
7 to verify. How many persons have been -- RSVP'd for this
8 coming weekend?

9 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

10 PULIDO: Two thousand six hundred.

11 VICE CHAIRPERSON PACHECO: Two thousand six
12 hundred. Thank you very much.

13 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

14 PULIDO: You're very welcome.

15 CHAIRPERSON RUBALCAVA: Thank you, Mr. Pacheco.
16 Don, I think you're next.

17 CHIEF HEALTH DIRECTOR MOULDS: Great. Good
18 afternoon, Mr. Chair, members of the Committee. Don
19 Moulds Chief Health Director. Congratulations to Mr.
20 Rubalcava and Mr. Pacheco on your election as Chair and
21 Vice Care of the Committee. Our team looks forward to
22 working with both of you this year.

23 I want to let you, our employers, and our members
24 know that open enrollment will be held September 18th
25 through October 13th this year. Announcing this is

1 something I do every March, so dates can be added to
2 calendars.

3 I also want to share that we recently sent a
4 letter to CMS in support of their efforts to improve the
5 risk adjustment methodology used to calculate payments to
6 health plans in the Medicare Advantage program. I don't
7 need to remind anyone that the long-term sustainability of
8 the Medicare Trust Fund is essential to our members or
9 that it's once again a central issue in Washington. It's
10 critical that the federal government take steps to address
11 it. In our letter, we share concerns with CMS about the
12 possibility that plans may pass along the portion of the
13 cuts that impact Medicare reimbursement to retirees and
14 offer to work with them to help ensure that does not
15 happen. I'll add here that it was nice to see that our
16 State Retirees sent a letter to CMS and the administration
17 in support of their efforts as well.

18 As I noted in our last meeting, we've also been
19 working with CMS to provide input ahead of the September
20 release of the first cohort of drugs that they will single
21 out for negotiations in Medicare. As part of that
22 discussion, Julia and Rob's team have put together a
23 preliminary analysis of our drug spend across all of our
24 plans. We'll be sharing an aggregated analysis of that
25 work in another letter to CMS in the coming weeks.

1 I want to spend a little bit of time speaking
2 about Walgreens and the news last week regarding their
3 plans to distribute mifepristone. Committee members as
4 well as our stakeholders and members have expressed a
5 desire to understand the actions taken by Walgreens and
6 the potential impacts to our members. Last week,
7 Walgreens made headlines when it stated they will not
8 dispense mifepristone in 21 states where Republican
9 attorneys general threatened legal action. Mifepristone
10 is one of the pills used along with misoprostol to end a
11 pregnancy in what is commonly referred to as a medication
12 abortion.

13 For of the attorneys general who signed that
14 letter were from states where abortion is currently legal.
15 Understandably frustrated by the Walgreens announcement,
16 Governor Newsom communicated that the State of California
17 was quote done doing business with Walgreens and later the
18 administration shared that it would be reviewing all its
19 contracts with the company. The Administration has
20 canceled one State contract with Walgreens worth about \$54
21 million. Subsequently, Walgreens clarified that once it
22 received federal approval to distribute mifepristone, it
23 will distribute it in any jurisdiction where it is legally
24 permissible to do so, which is roughly the position of
25 most of the rest of the retailers.

1 CalPERS does not contract with Walgreens, but
2 they are an in-network and preferred pharmacy for our
3 OptumRx pharmacy benefit manager and in-network pharmacy
4 for Blue Shield. At Walgreens through Optum, CalPERS
5 members may participate in the Preferred 90 Saver Program.
6 That allows them to get a 90-day supply of medications for
7 two copays instead of three. This is one of those
8 programs that's historically worked to the advantage of
9 both CalPERS and its members. Through it, members pay
10 lower cost sharing and CalPERS saves money by avoiding
11 dispensing fees.

12 Access to care and needed medication is a
13 critical issue for CalPERS and our members, and CalPERS
14 has always taken the position that access to reproductive
15 health care service and medications, including access to
16 FDA approved drugs like mifepristone is paramount. As
17 such, we've been working with Optum to ensure that nothing
18 in the announcements by Walgreens last week will adversely
19 impact our members' access to mifepristone.

20 Our members here in California will be able to
21 get mifepristone from any retail pharmacy that's certified
22 and federally approved. For those members in states where
23 abortion is illegal or restricted and who may need access
24 to mifepristone, we have our program in place the
25 reimburse for travel to a state where abortion is legal.

1 That benefit will apply in cases where a member needs to
2 leave their home state to attain -- obtain mifepristone as
3 well.

4 We're hoping, of course, that as the dispute
5 plays out between the Biden administration and states that
6 are seeking to outlaw access to mifepristone through the
7 mail, that there will be better options in reimbursing
8 members who may need to travel out of state to receive it.

9 I'll also add that our counsel's office is
10 tracking this issue and we intend to use any available
11 legal tools to safeguard that access regardless of where
12 our members live.

13 So I'll stop there and happy to answer any
14 questions.

15 CHAIRPERSON RUBALCAVA: Thank you, Mr. Moulds.
16 Any questions or comments from the Committee members?

17 I will call on Ms. Middleton.

18 BOARD MEMBER MIDDLETON: All right. Thank you.
19 Don, thank you. And I think our actions have been
20 appropriate so far, but we have -- are going to have many
21 members who are very frustrated with the actions that
22 Walgreen took. And I think it's going to be important
23 that information get out to all of our members as to what
24 the rules are going to be here in California, where most
25 of them reside. And it is appropriate for us to start

1 looking at options to Walgreens.

2 CHIEF HEALTH DIRECTOR MOULDS: Yeah, so I -- I
3 think that's a -- that's a great -- I took the first part
4 of that as a suggestion, which is --

5 BOARD MEMBER MIDDLETON: Um-hmm.

6 CHIEF HEALTH DIRECTOR MOULDS: -- a special
7 communication. I think that's a terrific idea and
8 targeting, of course, to our members who live out of
9 state, particularly important. We will continue to look
10 at the Walgreens question. I think one of the -- one of
11 the things that we're trying to understand at the moment
12 is sort of what the other -- the other retailers have been
13 notably silent on this, trying to figure that piece out.
14 You know, and our goal here is both to take appropriate --
15 to take appropriate action to safeguard access, but also,
16 you know, we want to make sure that we're protecting our
17 members and State's ability to get prescriptions where
18 they sometimes need to fill them. Walgreens has a big
19 footprint in California. It's about 10 percent of retail
20 pharmacy, but that having been said, we're looking at all
21 possibilities at this point.

22 BOARD MEMBER MIDDLETON: All right. And again,
23 thank you to the staff and thank you to my colleagues for
24 the actions that we've taken to make sure that all of our
25 members and all of their families no matter where they

1 live have access to these prescriptions. Thank you.

2 CHAIRPERSON RUBALCAVA: Thank you, Lisa.

3 Please proceed with -- I don't see any more
4 comments, so please -- or questions, so please proceed,
5 Mr. Moulds.

6 CHIEF HEALTH DIRECTOR MOULDS: Okay. I'm going
7 to kick it to Ms. Croft, if that's okay.

8 CHAIRPERSON RUBALCAVA: Yes.

9 GENERAL COUNSEL JACOBS: Mr. Rubalcava, did you
10 want to take up action consent items?

11 CHAIRPERSON RUBALCAVA: Okay. So at this time,
12 we can take the action consent items. Do I have a motion
13 for 4a and 4b.

14 COMMITTEE MEMBER MILLER: Move approval.

15 CHAIRPERSON RUBALCAVA: Thank you.

16 VICE CHAIRPERSON PACHECO: I'll second.

17 CHAIRPERSON RUBALCAVA: And second.

18 Call the roll, I suppose.

19 BOARD CLERK TRAN: Ramón Rubalcava?

20 CHAIRPERSON RUBALCAVA: Yes.

21 BOARD CLERK TRAN: Jose Luis Pacheco?

22 VICE CHAIRPERSON PACHECO: Present. Yes. Yes.

23 BOARD CLERK TRAN: Controller Malia Cohen?

24 COMMITTEE MEMBER COHEN: Yes.

25 BOARD CLERK TRAN: David Miller?

1 COMMITTEE MEMBER MILLER: Aye.

2 BOARD CLERK TRAN: Nicole Griffith?

3 ACTING COMMITTEE MEMBER GRIFFITH: Aye.

4 BOARD CLERK TRAN: Kevin Palkki?

5 COMMITTEE MEMBER PALKKI: Aye.

6 BOARD CLERK TRAN: Yvonne Walker?

7 COMMITTEE MEMBER WALKER: Aye.

8 BOARD CLERK TRAN: Mullissa Willette?

9 COMMITTEE MEMBER WILLETTE: Aye.

10 CHAIRPERSON RUBALCAVA: Thank you, everybody.

11 So at this point, we move on to the information
12 consent items. Nothing has been pulled. Nobody has asked
13 me to pull anything, so no motion is needed.

14 So we'll move on to 6a, which is action agenda
15 item, but I should take a moment to thank you for the very
16 informative open enrollment results report. Thank you for
17 mentioning it, the open enrollment.

18 Okay. Now, we'll be to we're moving on to 6a
19 action agenda item, which is the definition of
20 parent-child relationship. Thank you, Ms. Croft.

21 HEALTH ACCOUNT MANAGEMENT DIVISION CHIEF CROFT:

22 Thank you. Good afternoon, Mr. Chair, members of
23 the Committee Yesenia Croft, CalPERS team member.

24 Agenda Item 6a is an action item requesting your
25 approval to submit the proposed language to the Office of

1 Administrative Law to clarify a dependent's eligibility in
2 a parent-child relationship.

3 Some background on a parent-child relationship.
4 When a subscriber assumes a parent -- parental status or
5 assumes parental duties of child, they may enroll that
6 child as a parent-child relationship by certifying that
7 the child is financially dependent on the subscriber. The
8 subscriber must provide supporting documentation at the
9 time of enrollment and annually thereafter. That shows
10 that the child either lives with the subscriber for 50
11 percent of the time or is a full-time student and is
12 financially dependent upon them for more than 50 percent
13 of their support.

14 The proposed language clarifies that the --
15 clarifies the required primary and secondary supporting
16 documentation required to certify that that child is
17 financially dependent on that subscriber. It also
18 clarifies that the supporting documentation must contain
19 the dependent's name and may not be older than 60 calendar
20 days from the date of signature on the affidavit for most
21 documentation. The proposed language also provides
22 guidance for individuals who are not required to file an
23 income tax return.

24 After this Board approved the modified language
25 in September of last year, the CalPERS team released the

1 proposed language for an additional 15-day comment period
2 in November. During this public comment period, we
3 received comments from two submitters. And those comments
4 and our responses can be viewed in Attachment 2.

5 After reviewing the comments received, the
6 CalPERS team recommends moving forward with the language
7 originally approved in September, which can be viewed in
8 Attachment 1. With your approval today, we will finalize
9 the remaining documentation and submit the final
10 rulemaking package to the Office of Administrative Law.
11 And we expect this to be completed in April.

12 Once approved by Office of Administrative Law, it
13 will be forwarded to the Secretary of State for
14 publishing. And as we continue with this process, we will
15 be communicating these changes to our members and
16 employers to ensure a clear understanding of the process
17 to certify dependents in a parent-child relationship.

18 This completes my presentation and I'm happy to
19 answer any questions.

20 CHAIRPERSON RUBALCAVA: Thank you, Ms. Croft.
21 Are there any questions from the Committee?

22 Seeing none.

23 It's appropriate to entertain a motion to move
24 the item to the Office of Administrative Law.

25 VICE CHAIRPERSON PACHECO: I'll move.

1 COMMITTEE MEMBER WALKER: I'll second.

2 CHAIRPERSON RUBALCAVA: Mr. Pacheco and second.

3 Thank you very much. Call -- roll call, I suppose.

4 BOARD CLERK TRAN: Jose Luis Pacheco?

5 VICE CHAIRPERSON PACHECO: Yes.

6 BOARD CLERK TRAN: Controller Malia Cohen?

7 COMMITTEE MEMBER COHEN: Aye.

8 BOARD CLERK TRAN: David Miller?

9 COMMITTEE MEMBER MILLER: Aye.

10 BOARD CLERK TRAN: Nicole Griffith?

11 ACTING COMMITTEE MEMBER GRIFFITH: Aye.

12 BOARD CLERK TRAN: Kevin Palkki?

13 COMMITTEE MEMBER PALKKI: Aye.

14 BOARD CLERK TRAN: Yvonne Walker?

15 COMMITTEE MEMBER WALKER: Aye.

16 BOARD CLERK TRAN: Mullissa Willette?

17 COMMITTEE MEMBER WILLETTE: Aye.

18 CHAIRPERSON RUBALCAVA: Okay. The ayes have it,
19 so the motion is adopted. And thank you, Ms. Croft.

20 HEALTH ACCOUNT MANAGEMENT DIVISION CHIEF CROFT:

21 Thank you.

22 CHAIRPERSON RUBALCAVA: Next item is the pharmacy
23 benefits manager contract with Item 6b. Thank you.

24 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

25 JARZOMBK: All right. Good afternoon, Mr. Chair, members

1 of the Committee. Rob Jarzombek, CalPERS team member.

2 Item 6B is an action item to authorize a one-year
3 contract extension with OptumRx, our pharmacy benefit
4 manager, to run January 1st through December 31st, 2025.
5 Our current -- our current contract with Optum covers the
6 2023 and 2024 plan years and is a two-year extension
7 approved by the Board last March. In this contract, we
8 were able to secure strong price guarantees and
9 best-in-market pricing according to our market check
10 performed last year.

11 As background, in 2020, we transitioned our
12 contract with optum from a traditional PBM contract to an
13 acquisition priced-based model. Since 2021, our pricing
14 has improved and is now best in market, as we were able to
15 negotiate new terms that secured significantly stronger
16 price protection guarantees.

17 These improvements are primarily due to changes
18 in the rebate guarantees as well as reduced dispensing
19 fees. Giving us the authority to extend the Optum
20 contract by one year allows us to retain the
21 best-in-market pricing under our current contract model,
22 significantly benefiting our members and program.

23 This extension also creates stability for our
24 members, as it ensures continuity without the disruption
25 of a potential new vendor and formulary changes. But

1 again, this best-in-market pricing lowers the total PBM
2 spend. And when costs go down, it reduces the pharmacy
3 costs that are built into premiums that our members and
4 employers pay.

5 The timeline at this point with approval to
6 authorize a one-year extension is to conduct a PBM
7 solicitation starting mid-2024 for a new contract that
8 would start on January 1st, 2026. This will line up well
9 following the HMO contract that starts in 2024 and the PPO
10 third-party administrator contract that will start in
11 2025. This concludes my presentation and I'm happy to
12 answer any questions

13 CHAIRPERSON RUBALCAVA: Thank you.

14 Any questions from the Committee?

15 Seeing none.

16 I think it's appropriate to take a motion for a
17 one-year contract extension. Do I have a motion?

18 VICE CHAIRPERSON PACHECO: (Hand raised).

19 CHAIRPERSON RUBALCAVA: Mr. Pacheco moves.

20 COMMITTEE MEMBER PALKKI: (Hand raised).

21 CHAIRPERSON RUBALCAVA: Mr. -- Kevin seconds.

22 Thank you.

23 So at this time, let's call the roll, please.

24 BOARD CLERK TRAN: Jose Luis Pacheco?

25 VICE CHAIRPERSON PACHECO: Aye.

1 BOARD CLERK TRAN: Controller Cohen?

2 COMMITTEE MEMBER COHEN: Aye.

3 BOARD CLERK TRAN: David Miller?

4 COMMITTEE MEMBER MILLER: Aye.

5 BOARD CLERK TRAN: Nicole Griffith?

6 ACTING COMMITTEE MEMBER GRIFFITH: Aye.

7 BOARD CLERK TRAN: Kevin Palkki?

8 COMMITTEE MEMBER PALKKI: Aye.

9 BOARD CLERK TRAN: Yvonne Walker?

10 COMMITTEE MEMBER WALKER: Aye.

11 BOARD CLERK TRAN: Mullissa Willette?

12 COMMITTEE MEMBER WILLETTE: Aye.

13 CHAIRPERSON RUBALCAVA: Thank you, everybody.

14 The motion passes, so one year extension on the contract.

15 Next Item is 6c, which is the HMO solicitation
16 intent to award. I think you're up again Mr. -- Rob.

17 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

18 JARZOMBEK: Okay. All right. Thank you, Mr. Chair. Rob
19 Jarzombek, CalPERS team member. This is Agenda Item 6c,
20 Health Maintenance Organization Solicitation Intent to
21 Award.

22 (Thereupon a slide presentation).

23 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

24 JARZOMBEK: This is an action item. We're pleased to
25 present our recommendations for the 2024 to '28 HMO health

1 plan solicitation and share how these contracts will
2 advance our strategic goal to ensure our members have
3 access to equitable, high quality, and affordable care.

4 --o0o--

5 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

6 JARZOMBK: Here's a look at the agenda. We will start by
7 going over the solicitation objectives and timeline. Then
8 we will provide details for each of the plan proposals and
9 present our recommendations. Finally, we will close with
10 next steps.

11 --o0o--

12 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

13 JARZOMBK: In this solicitation, we had some important
14 objectives. We sought to improve quality and equity,
15 ensure our plans provide high value services efficiently,
16 improve the member experience, and drive health system
17 change through realignment with our purchase partners.

18 --o0o--

19 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

20 JARZOMBK: Here is the timeline. The solicitation kicked
21 off last summer using a two-phased approach. We received
22 eight proposals and all met minimum qualifications.
23 Following confidential discussions, one plan withdraw from
24 the process. We received proposals for 13 basic products
25 and eight Medicare products that were evaluated and

1 scored. We engaged in confidential discussions about
2 potential network and contract changes to ensure the best
3 combination of plan options was available for our members
4 and the program.

5 Today, CalPERS and its health plans have come to
6 an agreement on contract terms and conditions, but we
7 still need to determine the rates, so we can memorialize
8 them in contracts, which is standard. As part of the
9 contracts, we will continue to engage the health plans in
10 the rate development process and bring initial 2024
11 premiums to you in a special closed session in May. Upon
12 successful completion of all plan implementation
13 activities, the new HMO contract will begin on January
14 1st, 2024.

15 --o0o--

16 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

17 JARZOMBK: Here is a high level overview of where some of
18 the contract enhancements we incorporated into the
19 solicitation fit with our strategic goals. Because we
20 have so much to cover in the proposals and
21 recommendations, I won't go through this in detail.
22 However, I will touch on the performance measures, as it's
23 one of the substantial changes we made in this
24 solicitation. In alignment with the Department of Health
25 Care Services and Covered California, five high impact

1 areas of clinical quality performance will be measured
2 against national benchmarks. These are controlling high
3 blood pressure, diabetes care, childhood immunizations,
4 colorectal cancer screening, and pregnancy care.

5 If performance falls below the standards for any
6 measure, plans will be subject to a repayment of a
7 percentage of the total net premiums for the year being
8 measured. Previously, financial penalties were tied to a
9 percentage of the administrative services fees at risk,
10 and not tied to premiums. The percentage of premiums at
11 risk will increase annually over the five-year contract
12 from one percent to a maximum of four percent.

13 --o0o--

14 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

15 JARZOMBEK: Another area our solicitation was unique is
16 that we required plans to submit four separate and
17 distinct administrative services fee proposals for basic
18 plans. Plans could submit two optional fee proposals for
19 Medicare plans. While this was an ambitious endeavor, it
20 was the best way to identify the competitiveness of each
21 option and to make an informed decision on the contract
22 arrangement that provides the most affordability and
23 transparency for CalPERS.

24 We also wanted to use the solicitation to achieve
25 the best outpatient pharmacy pricing. Therefore, we

1 compared the health plans' pharmacy proposals against
2 OptumRx's pricing.

3 --o0o--

4 CHAIRPERSON RUBALCAVA: Thank you. Any questions
5 or comments from the Committee?

6 Okay. At this time, I guess we do have -- did
7 you finish with the presentation before I go to --

8 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF
9 JARZOMBK: I have -- I can walk through the plans'
10 proposals and recommendations.

11 CHAIRPERSON RUBALCAVA: Yeah, why don't you do
12 that before I call public comment then.

13 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF
14 JARZOMBK: Okay.

15 CHAIRPERSON RUBALCAVA: Please.

16 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF
17 JARZOMBK: So in this section, I'll walk through each of
18 the plan proposals and highlight the details about the
19 specific geographic expansion, exits, and removals. I'll
20 present our recommendations on coverage area changes as
21 well as funding and outpatient pharmacy arrangements.

22 --o0o--

23 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF
24 JARZOMBK: So we'll start with Anthem. They offer two
25 basic plans, Select and Traditional. They also offer a

1 Medicare Preferred Plan that is only available in
2 California. Anthem proposed two coverage area changes to
3 that Traditional plan. They proposed expanding into nine
4 counties and exiting from Glenn County. The Glenn County
5 exit would impact two members. We recommend approval of
6 the Glenn County exit. We are not recommending approval
7 of Traditional's nine-county expansion. Traditional is
8 our highest cost in-state plan and we have asked Anthem to
9 focus on developing new strategies for addressing these
10 high premiums. We recommend not expanding Traditional
11 into new counties until Anthem has shown an ability to do
12 that. We recommend continuing the current funding and
13 pharmacy arrangements for Anthem's Basic and MA plans.

14 --o0o--

15 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

16 JARZOMBK: Next for Blue Shield. Blue Shield currently
17 offers Access+. Access+ Exclusive Provider Organization,
18 or EPO, and Trio Basic plans. They also offer a Medicare
19 Advantage plan.

20 Blue Shield has proposed a service area expansion
21 for their Access+ EPO to Del Norte and San Benito
22 counties. This would increase Access+'s EPO coverage to
23 18 counties. The proposed EPO expansion is in rural
24 counties that have limited and -- limited HMO and EPO
25 options. The EPO plan has lower out-of-pocket costs

1 compared to current PPO plans, reducing a member's cost
2 exposure. We recommend approval of the EPO expansion.

3 In addition to their EPO expansion, Blue Shield
4 has proposed a reduced ASF to move to a fully ensured
5 funding arrangement. All other flex funded plans propose
6 the same ASF for flex-funded and fully ensured
7 arrangements. Blue Shield's ASF discounts between the two
8 arrangements were significant. They proposed a 45 percent
9 ASF reduction for Access+ and a 39 percent reduction for
10 Trio in their fully insured proposal.

11 As part of the agreement to move to a fully
12 insured modeling, we are pursuing with them a two percent
13 net income cap commitment. This commitment agrees to
14 return to CalPERS any net income earned above 2 percent at
15 the end of the five-year contract term. We view the
16 revenue cap as an important guardrail to prevent excess
17 profit taking.

18 We recommend adopting Blue Shield's fully insured
19 proposal with a two percent net income cap commitment,
20 should we reach consensus on the details before July when
21 rates are approved. Should consensus not be reached, we
22 will enter into a flex funded contract with Blue Shield

23 Currently, Blue Shield manages its own
24 pharmacy -- own outpatient pharmacy benefits in both its
25 basic and Medicare plans. Blue Shield has recently

1 submitted revised pharmacy pricing that is currently under
2 review. We will update the Board on the outcome of that
3 analysis as soon as it is available and will bring a
4 recommendation on the proposal to the board for adoption
5 in June.

6 --o0o--

7 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

8 JARZOMBK: Next, let's move to Health Net. Health Net
9 currently offers two basic plans, Salud y Más, which is a
10 binational plan based in Southern California in which
11 members can receive care both in the United States and
12 Mexico, and SmartCare, which is broad network HMO in the
13 Bay Area and Southern California.

14 Health Net proposed no changes to its Salud y Más
15 product. In their SmartCare product, Health Net is
16 proposing to exit the 11 big counties it currently serves
17 and to remain in Southern California only. Their proposed
18 exit would impact approximately 5,000 members reducing
19 their statewide enrollment to approximately 3,800. We
20 recommend approval of Health Net's Salud y Más plan in the
21 CalPERS program and continuing with its current funding
22 and pharmacy arrangements.

23 However, we recommend removing SmartCare from
24 CalPERS offerings. There are multiple reasons for this.
25 First, we have an abundance of offerings in Southern

1 California and there are circumstances under which this
2 can work to our disadvantage.

3 Second, in our analysis of SmartCare's network,
4 we found that there was a 100 percent overlap between
5 their provider medical group and hospital networks
6 compared with other CalPERS plans in the same Southern
7 California areas.

8 Third, SmartCare is one of the most expensive
9 plans in our portfolio. Most of our offerings in Southern
10 California, including those which offer access to
11 providers and hospitals in the SmartCare network, have
12 significantly lower premiums than SmartCare.

13 And finally, allowing SmartCare to exit the
14 Northern California market and serve Southern California
15 exclusively sets a bad precedent for the CalPERS Health
16 Program. Southern California is a highly desirable market
17 for our contracted insurers and we typically require plans
18 seeking entrance into that market to include in their
19 portfolio offerings and counties that can be harder or
20 less profitable to serve.

21 If the Board approves removing SmartCare from our
22 offerings, we will support members in that plan through
23 the process. This includes sending custom letters and
24 emails with resources to them to evaluate their options
25 they have available. Then, later this year during open

1 enrollment, they will have an opportunity to make a plan
2 change. For members who do not make a plan change, we
3 will default them into the plan that has the best network
4 overlap. Of course, members will have continuity of care
5 available to them should it be necessary.

6 --o0o--

7 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

8 JARZOMBK: Kaiser Permanente currently offers a Basic
9 plan and two Medicare Advantage plans, Senior Advantage
10 and Senior Advantage Summit. The Senior Advantage plan is
11 offered currently in California and eight out-of-state
12 regions. The Summit plan is -- was just added to our
13 offerings this year and is in-state only. Kaiser proposed
14 expanding Summit to its eight out-of-state regions. This
15 expansion would align coverage with their existing Senior
16 Advantage Plan.

17 Kaiser Basic and Medicare plans all provide
18 outpatient pharmacy benefits. Kaiser continues to offer
19 the best pharmacy pricing in our portfolio so we recommend
20 continuing to have it administer its own prescription drug
21 benefits.

22 We're recommending approval of the expansion of
23 Senior Advantage Summit. We also recommend approval of
24 their current fully ensured funding arrangement.

25 --o0o--

1 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

2 JARZOMBK: Sharp is a regional plan offered in San Diego
3 County. It provides a basic and MA plan. Sharp did not
4 propose any changes to their coverage areas. Currently,
5 Sharp's basic pharmacy benefits are administered by
6 OptumRx, but in their MA plan, they provide outpatient --
7 they provide the outpatient pharmacy component.

8 Our analysis showed that both of the current
9 pharmacy arrangements to be favorable to CalPERS, so we
10 recommend no changes there. Therefore, we're recommending
11 approval of Sharp's current basic and Medicare plan
12 offerings, funding, and pharmacy arrangements.

13 --o0o--

14 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

15 JARZOMBK: UnitedHealthcare proposed two separate
16 covered -- coverage area changes for their Basic plans.
17 First UHC proposed to expand Alliance's coverage to 12 Bay
18 Area counties for public agency and school members.
19 Currently, coverage in these counties is only available to
20 State employees. This proposal would align coverage for
21 all members in Alliance's 26 counties.

22 Second, UHC proposed to expand Harmony's coverage
23 into Santa Clara and Santa Cruz counties, their first move
24 into Northern California, increasing their service area to
25 seven counties. Harmony's proposed expansions --

1 expansion gives members in Santa Clara a new low cost
2 Basic HMO option and members in Santa Cruz a second low
3 cost option.

4 We recommend approval of the expansions of -- for
5 both Alliance and Harmony. We also recommend approval of
6 continuing the current funding arrangement and pharmacy
7 arrangement for both plans.

8 --o0o--

9 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

10 JARZOMBK: UHC has proposed to continue with their two
11 Medicare Advantage plans, Group MA and Group MA Edge.
12 Both are offered nationwide. Currently, the Group MA plan
13 provides its own outpatient pharmacy benefits. Outpatient
14 pharmacy benefits for the Edge plan are provided by Optum.
15 Our internal analysis, which was done in consultation with
16 Milliman, shows that it would be financially advantageous
17 to CalPERS to have pharmacy benefits administered by Optum
18 for both the Group MA and Group MA Edge plans. We have
19 asked Optum to confirm this -- confirm this analysis and
20 we will share the results with the -- with the Board when
21 they become available. In June, we will be asking the
22 Board to approve whichever arrangement is financially
23 beneficial to CalPERS.

24 --o0o--

25 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

1 JARZOMBЕК: Western Health Advantage has proposed a
2 coverage area expansion into Humboldt County for their
3 MyCare Select MA plan. This would increase their overall
4 coverage area to 10 counties. We recommend approval of
5 their MA expansion into Humboldt County. We also
6 recommend approval of WHA's current funding and pharmacy
7 arrangements for their Basic and MA plans.

8 --o0o--

9 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

10 JARZOMBЕК: In closing, we're asking the Board to approve
11 our recommendation of the HMO solicitation intent to award
12 for 2024 through 2028 as described in the presentation to
13 the seven carriers of Anthem, Blue Shield, Health Net,
14 Kaiser Permanente, Sharp, UnitedHealthcare, and Western
15 Health Advantage.

16 If approved, we'll move forward with awarding the
17 five-year contracts to each of the health plans. The
18 contract award will be subject to confirmation of the
19 included service areas, successful completion of the rate
20 development process, and final approval of the 2024 rates
21 by the Board in July. In May, we will hold a special PHBC
22 closed session where we'll present initial rates. Then in
23 July, we'll share preliminary rates in both closed and
24 open sessions.

25 In July, we'll be seeking the Board's adoption of

1 the 2024 premiums. Approved changes will be communicated
2 with the health plans, members, and stakeholders through
3 various channels in advance of and during open enrollment.
4 Additionally, upon Board approval, we will begin the
5 implementation process and closeout activities for the
6 current HMO contracts. Given that all plans are currently
7 working -- or currently contracting with us and have
8 experienced working with CalPERS, we do not anticipate any
9 issues with implementation.

10 For plan exits and removals, we have procedures
11 in place to support members through the transition and
12 will provide targeted communication to those impacted, so
13 they know what their options are moving forward.

14 --o0o--

15 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

16 JARZOMBEK: This concludes the presentation and we're
17 happy to take any questions.

18 CHAIRPERSON RUBALCAVA: Thank you, Mr. Jarzombek
19 I think we do have questions from the Committee.

20 Mr. Pacheco, please.

21 VICE CHAIRPERSON PACHECO: Yes. Yes. Thank you.
22 Thank you, Rob, for that. This is an excellent
23 presentation.

24 I want to go back to the slide of the Health Net
25 with respect to the SmartCare exit from the 11 Bay Area

1 counties. I think you mentioned that there is some --
2 going to be some communication plan, but I also wanted to
3 know how is it -- how is it going to rollout? Are the --
4 are the individuals that are impacted, would they be able
5 to go into another plan? I'm just wondering what is that
6 process and how does that, you know, play out? If you
7 can -- if you can elaborate a little bit more on that?
8 Thank you.

9 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

10 JARZOMBEK: Sure. So what will happen is when we go
11 through the rate development process, which is a rate
12 setting process, we will create rates for all of the
13 other -- premiums for all the other plans. And then once
14 those are finalized, we'll begin our pre-open enrollment
15 communications. And so those include what we call
16 significant changes. And so those are benefit design
17 changes, premium increases over a certain amount, and then
18 of course exits of a plan from a certain service area.

19 And so we will send out advanced notice to the
20 members like in the July and August time frame about what
21 is happening with their -- to their health plan, those
22 enrolled in SmartCare and then what options they have
23 available to them and the resources to go explore what
24 those options are.

25 So that will happen in the July/August time frame

1 and then again for open enrollment, we'll increase the
2 targeted communications that we have for those members who
3 are impacted with this. And then we'll also include
4 custom messages on their myCalPERS account. So a member
5 goes to log in, if you're in SmartCare, you will see
6 this -- more of this information. It will prompt you to
7 kind of either make a change if it's during open
8 enrollment or to explore your options to see what the best
9 option is for you.

10 VICE CHAIRPERSON PACHECO: Thank you very much
11 for that. I just want to also add, so because in this
12 particular area in the Bay Area, it seems to be very
13 concentrated with other plans and so forth, what is the
14 likelihood that the impacted individuals would be able
15 to -- the doctors and the hospitals would overlap with
16 other plans and there will be some sense of continuity,
17 you know, at least with the majority of the impact, if you
18 can elaborate on that.

19 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF
20 JARZOMBK: Sure. So with our analysis, we analyzed the
21 networks to see what networks are available them. Through
22 our analysis, we saw a 100 percent overlap with the
23 provider medical groups as well as hospitals that are in
24 SmartCare's network with all of our other plans, so
25 meaning -- that means that a member will be able to still

1 see -- go to those same medical groups and same hospitals
2 through other plans available in the CalPERS portfolio.
3 So therefore, we -- there's 100 percent overlap both in
4 the Northern California and Southern California.

5 VICE CHAIRPERSON PACHECO: So basically, it -- go
6 for it, Don.

7 CHIEF HEALTH DIRECTOR MOULDS: I was just going
8 to add one just important qualification there, which is
9 that the medical groups align with other options. The
10 hospitals align with other options. There's not 100
11 percent provider overlap. So there are instances where
12 individual physicians will contract directly with health
13 the plan. We cannot ensure that all of those physicians
14 will be available in alternative networks. The other
15 instance where there could be a disconnect is when
16 somebody has been referred out of a network, because they
17 have a condition that requires a sort of hyper specialist
18 that isn't in one of these other medical groups.

19 Those kinds of referrals -- the latter kind of
20 referral would typically be covered through the continuity
21 of care protections that are -- that are law through the
22 Department of Managed Health Care. Essentially, what
23 would probably happen in those instances, there would be a
24 re-referral.

25 VICE CHAIRPERSON PACHECO: Um-hmm.

1 CHIEF HEALTH DIRECTOR MOULDS: And there's NO
2 reason to believe that those individual providers won't be
3 contracted. We just don't have the same kind of sightline
4 there that we do with the medical groups, but the vast
5 majority of the care comes through the medical network or
6 obviously through the hospital relationship and those will
7 be completely covered.

8 VICE CHAIRPERSON PACHECO: So the referrals then
9 are basically -- that's -- there are going to be more of
10 them -- more of the exception, right, than the --

11 CHIEF HEALTH DIRECTOR MOULDS: Those are
12 exceptions. That would be a --

13 VICE CHAIRPERSON PACHECO: Yeah, that's -- and
14 that's --

15 CHIEF HEALTH DIRECTOR MOULDS: That would be a
16 fair characterization.

17 VICE CHAIRPERSON PACHECO: So the exceptions
18 are -- but in the end, there will be also communication
19 with respect to those as well, how to address those and --

20 CHIEF HEALTH DIRECTOR MOULDS: Absolutely, yeah.

21 VICE CHAIRPERSON PACHECO: Yeah, so --

22 CHIEF HEALTH DIRECTOR MOULDS: We would include
23 that in our communication.

24 VICE CHAIRPERSON PACHECO: Okay. Very good then.
25 Thank you so much.

1 CHAIRPERSON RUBALCAVA: Thank you, Mr. Pacheco.

2 Any more comments or questions from the body?

3 Seeing none.

4 This is time for public comment. We have
5 somebody on the phone. David, could you patch them
6 through, please, and they'll have three minutes.

7 STAKEHOLDER RELATIONS ASSISTANT DIVISION CHIEF
8 TEYKAERTS: Yes. Good afternoon, Mr. Chair. We have
9 Karen on the line. Karen, go ahead.

10 MS. FASSLER: Hello. Thank you for this
11 opportunity to comment. My name is Karen Fassler. I am
12 with Yuba County. And as Mr. Moulds and Mr. Jarzombek and
13 the rest of the CalPERS health team are aware, Yuba County
14 and other rural California counties have unique
15 challenges. In Yuba County, approximately 70 percent of
16 our employees are only eligible for the two PERS PPO
17 plans, Platinum and Gold. With the move in 2021 from
18 three to two PPO plans, our employees were impacted again
19 as the Platinum Plan became cost prohibitive for most and
20 the Gold plan does not include the Sutter system of care.

21 Many of our employees have to travel more than an
22 hour to obtain any kind of specialty care or wind up
23 waiting many weeks to access care. We need providers.
24 The lack of primary care doctors and the very narrow Gold
25 network is a serious concern, in that members often

1 struggle to even get that first point of contact, that
2 first opportunity for care to be established.

3 So I was excited to see that Yuba County was
4 included on the HMO solicitation and the intent to award
5 and disappointed to learn today that the recommendation
6 was to not approve the expansion of Traditional into not
7 only Yuba but other rural California counties. I
8 appreciate that PERS is asking Anthem to sharpen their
9 pencils so to speak, and I encourage Anthem to do so.
10 While I understand that Traditional is a high cost plan,
11 it is currently comparable to Platinum in premium and
12 would be at least one more option for our employees to
13 consider.

14 So for the record, we are still in dire need of
15 more options here in Yuba County and in rural California,
16 and hope that this will continue to be a high priority,
17 and that the traditional expansion be carefully considered
18 by each of you. And thank you so much.

19 CHAIRPERSON RUBALCAVA: Thank you for your
20 comments.

21 Any comments from the body?

22 I do want to say a couple things. Thank you for
23 the presentation Mr. Jarzombek. I thought it was a very
24 good presentation and I think it speaks well to the staff
25 expertise and advancement in the sense that you asked for

1 multiple options above full funding, flex funding, and
2 whether -- what the right combination was for pharmacy
3 was -- in having to integrate was very good. I know
4 you're coming back with still some engagements needs to be
5 done, but I think there's a lot we can be proud of. The
6 whole thing about the performance metrics setting it up to
7 national -- I'll get it wrong now -- National -- NQC --
8 NCQA national quality benchmarks is great.

9 These are clinical areas where we were going to
10 promote well-being and healthy population, our members,
11 and prevent preventable deaths and premature deaths. So
12 this is very good. And I like a lot of these -- how it's
13 not moving to percentage of -- what's at risk is a
14 percentage of premium. I think that's the way to go and
15 it shows a seriousness of this body to the health care of
16 our participants, our beneficiaries, so I commend you on
17 that and look forward to the preliminary rates in May, and
18 further action later in the summer.

19 With that, I'll take a motion to move the intent
20 to award as presented to us today.

21 VICE CHAIRPERSON PACHECO: I'll move.

22 CHAIRPERSON RUBALCAVA: Mr. Pacheco makes a
23 motion. Do I have a second?

24 COMMITTEE MEMBER MILLER: (Hand raised).

25 CHAIRPERSON RUBALCAVA: Mr. David Miller seconds.

1 Thank you. So now we'll call for the question,
2 please.

3 BOARD CLERK TRAN: Jose Luis Pacheco?

4 VICE CHAIRPERSON PACHECO: Aye.

5 BOARD CLERK TRAN: Controller Malia Cohen?

6 COMMITTEE MEMBER COHEN: Aye.

7 BOARD CLERK TRAN: David Miller?

8 COMMITTEE MEMBER MILLER: Aye.

9 BOARD CLERK TRAN: Nicole Griffith?

10 ACTING COMMITTEE MEMBER GRIFFITH: Aye.

11 BOARD CLERK TRAN: Kevin Palkki?

12 COMMITTEE MEMBER PALKKI: Aye.

13 BOARD CLERK TRAN: Yvonne Walker?

14 COMMITTEE MEMBER WALKER: Aye.

15 BOARD CLERK TRAN: Mullissa Willette?

16 COMMITTEE MEMBER WILLETTE: Aye.

17 CHAIRPERSON RUBALCAVA: Thank you, everybody.

18 Now, we'll move on to the plan design proposals
19 please, Item 6d.

20 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

21 JARZOMBEK: Okay. Thank you, Mr. Chair. Again, Rob
22 Jarzombek, CalPERS team member.

23 (Thereupon a slide presentation).

24 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

25 JARZOMBEK: I'm here with Dr. Julia Logan to present

1 Agenda Item 6d, Health Benefits -- Health Benefit design
2 proposals for the 2024 plan year. This is an action item.

3 --o0o--

4 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

5 JARZOMBK: Today, I'll provide some background on the
6 benefit design proposals that were approved in November
7 2022 by the Pension and Health Benefits Committee. Then
8 we'll walk through the proposals for the 2024 plan year
9 and discuss next steps.

10 --o0o--

11 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

12 JARZOMBK: So first, just a little bit of background.
13 Last November, the Board approved two proposals that
14 promote appropriate site of care services and to help curb
15 costs.

16 The first was a site of care member incentive
17 program for labs exclusive to the basic PPO program and
18 the second was a pharmacy mail order opt-out program for
19 non-specialty maintenance medications for both Basic PPO
20 and HMO plan members who receive their benefits through
21 OptumRx.

22 Today, we seek your approval on two propo -- two
23 proposals that we have identified to further enhance and
24 improve our program while encouraging members to seek the
25 appropriate site of care when they need services.

1 These additional interventions aligned with
2 CalPERS strategic vision to improve health care quality,
3 improve access, maintain affordability and address equity.

4 So slide 4, please.

5 --o0o--

6 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

7 JARZOMBK: First, we are proposing to change the
8 emergency room copay for UHC's Edge MA plan from \$0 to
9 \$50. The second proposal is an expansion of the
10 supplemental benefits for Anthem's Medicare Advantage
11 plan.

12 --o0o--

13 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF

14 JARZOMBK: So I'll begin with the emergency room copay
15 change. In November 2020, the Board approved adding
16 UnitedHealthcare's Medicare Advantage Edge plan to the
17 CalPERS portfolio starting with the 2022 plan year. This
18 plan included a \$0 copay for emergency room visits, while
19 all other Medicare Advantage plans have a \$50 copay for
20 emergency room visits. For all plans, including Edge, the
21 emergency room copay is waived if the patient is admitted.

22 The ER is an exceptionally important health care
23 setting providing patients a place to go when they're
24 experiencing life-threatening and sometimes frightening
25 symptoms. Since the ER is also an expensive place to

1 receive care, it can be a significant contributor to high
2 health care costs. Non-urgent ER visits are associated
3 with unnecessary delays in care and member
4 dissatisfaction. Further, emergency rooms are often
5 overcrowded, especially post-COVID. And this overcrowding
6 is not just an inconvenience, but it can negatively impact
7 health outcomes, increase medical errors, contribute to
8 staff burnout, and increase costs.

9 To encourage members to seek the appropriate site
10 of care, we recommend adjusting UHC's -- UHC Edge's
11 emergency room copay to \$50. UHC supports this adjustment
12 and intends to incorporate any projected premium savings
13 into the rate development process. This proposed change
14 is part of our comprehensive eff -- comprehensive approach
15 that includes advanced primary care efforts. These are
16 designed to encourage members to seek the most appropriate
17 site of care among a variety of other things.
18 Additionally, this change will standardize copays and
19 create parity across our MA offerings.

20 I will now pass it to Dr. Logan to talk about
21 Anthem's proposal for Medicare Advantage supplemental
22 benefits.

23 --o0o--

24 CHIEF CLINICAL DIRECTOR LOGAN: Thank you, Rob.
25 Good afternoon, members of the Committee. Julia Logan,

1 CalPERS team member.

2 Before talking about the proposed benefits today,
3 I'd like to provide some background to help clarify the
4 types of supplemental benefits that Medicare Advantage
5 plans can offer. MA plans are allowed to offer benefits
6 not covered by traditional Medicare and they're known as
7 supplemental benefits. Supplemental benefits are used by
8 MA plans to differentiate themselves from other plans,
9 allowing Medicare members to identify plans that offer
10 benefits specific to their needs.

11 Historically, the types of supplemental benefits
12 allowed were narrowly defined by CMS. They had to be
13 primarily health related. Nationally, the most common
14 traditional supplemental benefits are vision, fitness, and
15 hearing. All of our MA plans offer traditional supple --
16 traditional supplemental benefits. The most commonly
17 offered benefits for our members are vision, fitness,
18 hearing, and chiropractic care.

19 In 2018 and 2019, CMS expanded the range of
20 supplemental primarily health-related benefits to include
21 nine services, including services like non-emergency
22 transportation, in-home supportive services, home and
23 bathroom safety devices, and the like. Nationally,
24 adoption of these expanded supplemental benefits has been
25 less widespread than the traditional supple --

1 supplemental benefits. Two of our CalPERS MA plans
2 currently offer these expanded supplemental benefits,
3 including in-home supportive services and adult day
4 services.

5 In 2020, as a result of the CHRONIC Care Act, CMS
6 expanded supplemental benefits specifically for
7 beneficiaries with chronic illnesses. These are called
8 Special Supplemental Benefits for Chronic Illness or SSBCI
9 to include coverage for non-medical services. These
10 benefits have to be -- do not have to be primarily health
11 related, but they should have a reasonable expectation of
12 improving or maintaining the health and overall function
13 of members. They include things like meal delivery,
14 grocery shopping, and pest control. Nationally, adoption
15 of SSBCI have been extremely limited. In the first year,
16 only about 4.6 percent of MA plans offered any SSBCI,
17 though uptake is likely to increase significantly in the
18 coming years.

19 To date, there just really isn't enough -- much
20 evidence to support the widespread implementation of these
21 supplemental -- these special supplemental benefits.
22 While there's evidence that using non-medical services can
23 improve outcomes and improve social determinants of
24 health, plans have cited a lack of measurable ROI and
25 real-world evidence to inform plans' decisions to adopt

1 these programs. There are a number of unique challenges
2 that come with evaluating the impact of non-medical
3 benefits.

4 First, the full impact of social services and
5 other non-medical benefits may take years to develop.
6 While an immediate impact of a more nutritious diet can
7 have an impact on an individual right away. The metrics
8 we use to determine success like decreased spending take
9 years to realize. Additionally, the increase in community
10 programs, such as Meals on Wheels and other community
11 supports, and the use of family caregivers can also make
12 it more challenging to isolate these effects.

13 Now, switching to the Anthem proposals. Anthem
14 Blue Cross is proposing two new Medicare Advantage
15 supplemental benefits. The first item is proposed
16 coverage for Personal Emergency Response Systems,
17 coincidentally known as PERS devices for the 2024 plan
18 year. These devices allow a subscriber to call for help
19 in an emergency by pushing a button. Studies show that
20 these devices have both positive physical and mental
21 health impacts. They enhance quality of life by reducing
22 anxiety about falling and improving confidence in
23 performing everyday activities. The system also provides
24 older adults with a sense of security knowing that they
25 can get help quickly in an emergency. They also reduce

1 hospital stays and readmission rates.

2 Blue Shield and UnitedHealthcare currently offer
3 this benefit. This new traditional supplemental benefit
4 for PERS devices includes a projected premium increase of
5 \$2.28 PMPM. The second new benefit from Anthem Blue Cross
6 is the expanded supplemental benefit for in-home
7 supportive services. These services are aimed to assist
8 individuals with chronic medical conditions performing
9 activities of daily living within their own home. In
10 addition, this benefit would provide members with
11 technology assistance, house cleaning, and meal
12 preparation.

13 Like the PERS, IHSS have been shown to allow
14 older adults to remain safely at home and to avoid
15 unnecessary ER visits and hospitalizations. Kaiser and
16 UnitedHealthcare also offer the IHSS rather already as
17 part of their benefits. Providing this supplemental
18 benefit is projected at a \$2.10 PMPM increase.

19 We know through our research that these services
20 have a positive impact on overall mental well-being and
21 improved outcomes and we expect that they will result in
22 long-term savings as well. To this end, we will continue
23 taking an active role in monitoring continuing
24 supplemental benefits and reviewing new MA supplemental
25 benefits. The CalPERS health team will require approval

1 for any new supplemental benefit offered by an MA plan and
2 we will also require plans to report on cost, utilization,
3 and return on investment of supplemental benefits twice a
4 year and as part of the rate development process.

5 As we continue to learn how these programs impact
6 our members' well-being, we may recommend setting a
7 supplemental benefit floor for our plans in the future.

8 Next slide, please.

9 --o0o--

10 CHIEF CLINICAL DIRECTOR LOGAN: For next steps we
11 recommend approval of the previously mentioned proposals.
12 Aligning the emergency room visit copays for
13 UnitedHealthcare group's Medicare Advantage Edge plan to
14 \$50 and an expansion of Anthem's Medicare Advantage
15 supplemental benefits. If approved, these benefits will
16 be incorporated into the rate development process for
17 2024. We will return to you this summer to seek your
18 approval of the 2024 health plan premiums, which will then
19 be incorporated into the 2023 open enrollment process.

20 This concludes our presentation and we're happy
21 to answer any questions.

22 CHAIRPERSON RUBALCAVA: Thank you, Dr. Logan.
23 Does the Committee members have any questions?

24 Mr. Pacheco.

25 VICE CHAIRPERSON PACHECO: Thank you, Dr. Logan,

1 for your comments. And so I just wanted to make a comment
2 about the -- I think this is -- this is -- this is great.
3 With respect to the Personal Emergency Response System
4 devices, you know, many older individuals this is a way
5 to, you know, identify and make sure that they get the
6 service they need in the event of an emergency. If
7 someone falls, you can press I think it's a button, right,
8 or something like that?

9 CHIEF CLINICAL DIRECTOR LOGAN: It is. It's like
10 a button that you can wear around your neck. And there's
11 a -- you have a telephone connection as well. And then
12 with the -- you also have a remote device that you can use
13 around town as well.

14 VICE CHAIRPERSON PACHECO: So it's -- it works on
15 cellular phones and radio. It's -- it has all these
16 modalities of communication, is that correct?

17 CHIEF CLINICAL DIRECTOR LOGAN: Yes, it works on
18 cellular phones and people with landlines as well.

19 VICE CHAIRPERSON PACHECO: Oh, wow, so it is --
20 it is -- it can be utilized in any, well, location
21 basically, wherever you may be. And also, I just wanted
22 to also applaud with regarding the in-home support
23 services. Again, this is great, because there are many --
24 you know, just to maintain daily living is super
25 important. And hopefully, we can see the savings later

1 on. So that would be awesome. Thank you.

2 CHAIRPERSON RUBALCAVA: Thank you, Mr. Pacheco
3 and Dr. Logan.

4 Unless there's any other comments or questions,
5 I'll -- the Chair will entertain motion to adopt -- to
6 accept the recommendations from staff on the benefit plan
7 design changes.

8 COMMITTEE MEMBER MILLER: So moved.

9 CHAIRPERSON RUBALCAVA: Mr. David Miller moves.
10 Do we have a second?

11 COMMITTEE MEMBER WALKER: Second.

12 CHAIRPERSON RUBALCAVA: Ms. Wallace -- Yvonne
13 seconds.

14 Mr. Tran -- Tuan, can we have a -- please call
15 the roll, Tuan.

16 BOARD CLERK TRAN: Jose Luis Pacheco?

17 VICE CHAIRPERSON PACHECO: Aye.

18 BOARD CLERK TRAN: Controller Malia Cohen?

19 COMMITTEE MEMBER COHEN: Aye.

20 BOARD CLERK TRAN: David Miller?

21 COMMITTEE MEMBER MILLER: Aye.

22 BOARD CLERK TRAN: Nicole Griffith?

23 ACTING COMMITTEE MEMBER GRIFFITH: Aye.

24 BOARD CLERK TRAN: Kevin Palkki?

25 COMMITTEE MEMBER PALKKI: Aye.

1 BOARD CLERK TRAN: Yvonne Walker?

2 COMMITTEE MEMBER WALKER: Aye.

3 BOARD CLERK TRAN: Mullissa Willette?

4 COMMITTEE MEMBER WILLETTE: Aye.

5 CHAIRPERSON RUBALCAVA: Okay. The ayes have it.

6 We have adopted the recommended benefit designs.

7 Now, we move into Item 7, information agenda
8 items beginning with the update on retiree cost of living
9 adjustment. Kimberlee Pulido, please.

10 (Thereupon a slide presentation).

11 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

12 PULIDO: Good afternoon, Mr. Chair, members of the
13 Committee. Kimberlee Pulido, CalPERS team member.

14 Agenda Item 7a is an information item, update on
15 the retiree cost of living adjustments, or the COLA.

16 --o0o--

17 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

18 PULIDO: Our retirement law provides for payment of an
19 annual COLA each May to all eligible retirees based on the
20 rate of inflation as measured by the CPI-U, or the
21 Consumer Price Index for all urban consumers. For the
22 year 2022, the rate of inflation was 8 percent, and this
23 is what we used to compute the annual COLA this year.

24 For perspective, over the last 40 years,
25 inflation has been at a rate of 2.82 percent and then over

1 the long term since 1965, we've seen inflation overall at
2 4.02 percent. A retiree becomes eligible for COLA in the
3 second calendar year of retirement, therefore members who
4 retired in 2021 or prior are eligible to receive a COLA
5 benefit this year. The majority of our retirees have a 2
6 percent COLA provision, but some do have 3, 4, and 5
7 percent.

8 COLA adjustments will appear in the May 1st
9 retirement checks. And the COLA adjustment is dependent
10 on three factors, that CPI-U, which I mentioned previously
11 at the 8 percent, the employer continue contracted COLA
12 provision, and then the year of retirement.

13 The year of retirement also determines if there
14 is any banking of COLA from the previous years where
15 inflation was either greater or less than the maximum COLA
16 provision.

17 --o0o--

18 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

19 PULIDO: In a moment, we'll review the increases for this
20 year, but I'd first like to share a little bit about the
21 Purchasing Power Protection Allowance, or the PPPA.
22 Sometimes the COLAs do not adequate -- adequately keep up
23 with inflation over the long term. We generally see this
24 with our retirees that have been retired 35 plus years.
25 The PPPA is designed to help bridge that gap within a

1 threshold. The threshold is 75 percent for State and
2 schools and 80 percent for public agencies. The PPPA
3 adjustment will also appear on the May 1st retirement
4 check.

5 --o0o--

6 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

7 PULIDO: Included in the agenda item and in the
8 presentation is a chart illustrating the COLA and PPPA
9 allowance increases. In this presentation, we've
10 highlighted the impacts to those with the two percent COLA
11 plan or provision as 95 percent of our retirees have this
12 provision. Those with a two percent COLA provision this
13 year will receive anywhere from 2 to 8 percent based on
14 their retirement year. Although I did not highlight the
15 charts for the 3, 4 and 5 percent provisions, those are
16 also included in the agenda item.

17 --o0o--

18 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

19 PULIDO: We communicate the information on COLA to
20 retirees through various channels, including an article in
21 our spring newsletter, updates on our CalPERS website,
22 including the charts that are also here on the agenda
23 item, various social media platforms, as well as in
24 myCalPERS.

25 This concludes my presentation and I'd be happy

1 to take any questions.

2 CHAIRPERSON RUBALCAVA: Thank you, Ms. Pulido.

3 Any questions from the body?

4 Yvonne.

5 COMMITTEE MEMBER WALKER: Thank you.

6 Am I on?

7 CHAIRPERSON RUBALCAVA: Yes, go ahead, Ms.

8 Walker.

9 COMMITTEE MEMBER WALKER: Thank you very much. I
10 appreciate it. You said something and I didn't -- I
11 couldn't figure out how it fit in when you talked about
12 banked COLA. Could you explain that a little more for me,
13 please?

14 RETIREMENT BENEFIT SERVICES DIVISION CHIEF
15 PULIDO: Sure. So each COLA provision, like say 2 percent
16 COLA provision, we can only pay that maximum amount each
17 year accumulated since the time of retirement. So if
18 inflation is much higher in any given year, we can only go
19 up to that max provision -- what the max provision allows.
20 And so it goes into a bank and then the next year, for
21 instance, say inflation isn't quite as high or less than 2
22 percent, then we can draw from that bank to bring the
23 members back up to the 2 percent.

24 COMMITTEE MEMBER WALKER: Got it. Thank you.

25 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

1 PULIDO: You're very welcome.

2 CHAIRPERSON RUBALCAVA: Very good question, Ms.
3 Walker.

4 Jose Luis Pacheco.

5 VICE CHAIRPERSON PACHECO: Yes. Thank you again
6 for your presentation. I just want to go back to the -- I
7 think it's page two, dependent on the three factors. So I
8 believe there's the CPI, there is the employer contract
9 COLA provision, and then the years of retirement. Can you
10 just elaborate a little bit on the employer contract COLA
11 provision, is that -- the setting on that, because I know
12 there's 2 percent, 3 percent, 4. I'm a little -- could
13 you just explain that to me.

14 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

15 PULIDO: Sure. So State and schools all have the 2
16 percent COLA provision and then our contracting agencies,
17 so they build this rate into the employer contracts, can
18 either contract for 2 percent, 3, 4, or 5 percent. So it
19 just depends on which agency worked for which contract
20 percentage will be applicable to you.

21 VICE CHAIRPERSON PACHECO: And that information
22 is on -- is on there myweb -- no on the my -- on the -- on
23 the website.

24 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

25 PULIDO: The information regarding the percentages and the

1 applicable rates is on the website. However, retirees
2 generally know what their contracted percentage is that's
3 applicable. But if they don't, we can help them with
4 that.

5 VICE CHAIRPERSON PACHECO: Okay. Very good then.
6 Thank you very much.

7 RETIREMENT BENEFIT SERVICES DIVISION CHIEF
8 PULIDO: You're welcome.

9 CHAIRPERSON RUBALCAVA: Thank you, Mr. Pacheco.
10 Seeing no more questions, I thank you for your
11 presentation, Ms. Pulido.

12 And now we go to summary of Committee direction.
13 Mr. Moulds.

14 CHIEF HEALTH DIRECTOR MOULDS: I did not record
15 Chair direction.

16 CHAIRPERSON RUBALCAVA: Well, I think there was
17 something about making sure we have member communications
18 and looking at a Walgreens options.

19 CHIEF HEALTH DIRECTOR MOULDS: That was from Ms.
20 Middleton. If you want to adopt that as Committee
21 direction, I need that from you.

22 CHAIRPERSON RUBALCAVA: Yes, please.

23 CHIEF HEALTH DIRECTOR MOULDS: Yes, absolutely.

24 CHAIRPERSON RUBALCAVA: And also I know the
25 Committee -- CalPERS, you know, we always seek to improve

1 quality, access, equity, and affordability. And one of
2 those items is access, so I would ask that staff continue
3 to do that work and I'll -- with a special focus on
4 rural -- what we can do for rural counties.

5 Thank you.

6 CHIEF HEALTH DIRECTOR MOULDS: I'll take that as
7 Committee direction as well. Thank you.

8 CHAIRPERSON RUBALCAVA: Yes, please. Thank you.

9 At this point, we're going to public comment.

10 I think we have Tim Behrens and then we'll have
11 somebody on the phone.

12 MR. BEHRENS: Good afternoon, Chairman Rubalcava
13 and members of the Committee. Tim Behrens California
14 State Retirees. Thanks for the raise. That's the first
15 thing I want to thank you for. I like that. COLAs always
16 make our seniors and members happy.

17 I had an issue about the 3rd of this month. I
18 was at a chapter meeting in Fresno and there was an issue
19 that came up in the course of our conversation there that
20 Anthem Blue Cross was still negotiating with the Fresno
21 community hospitals there, I think four or five of them.
22 And there were several people that said they had not been
23 notified. And normal protocol for CalPERS and Anthem is
24 to send out a letter 60 days before they start getting
25 close to when they might lose that particular product. So

1 I notified Larry Woodson, Chairman of Health Benefits
2 Committee and he got in touch with Don Moulds and the
3 health team here at CalPERS and with Anthem Blue Cross.
4 And with 24 -- within 24 hours, we had a positive response
5 on what the issue was and what we could do to solve it, et
6 cetera. And I think that's really good service from
7 CalPERS staff.

8 I talked to Don Moulds this afternoon before the
9 meeting started, and I'm going to be giving him additional
10 names of those members in Fresno that were not lucky
11 enough to get a letter in the mail. So they should have
12 got it. And I would just urge maybe in the future where
13 we're negotiating contracts all over the state that we
14 could be notified at the California State Retirees, so we
15 could notify our members in addition to CalPERS. We'd be
16 happy to do that, and even put something in our paper just
17 to reduce the tension and not knowing what's going to
18 happen during those negotiations with our members.

19 Finally, I'd like to say something positive about
20 OptumRx. I switched over to OptumRx after 50 years of
21 going to CVS in my town and I really like their service.
22 I get a 90-day supply of drugs for 60 day expense. I can
23 call on the phone and I get somebody that speaks English,
24 and understands me, and I understand them. And within 48
25 hours after calling and asking to have a drug renewed, I

1 got it in my mailbox. So kudos to OptumRx. At least
2 where I live, I'm very happy with their service.

3 Thank you.

4 CHAIRPERSON RUBALCAVA: Thank you.

5 Now, we have some public comment on the phone.
6 David, please.

7 STAKEHOLDER RELATIONS ASSISTANT DIVISION CHIEF
8 TEYKAERTS: Thank you, Mr. Chair. Yes, we have Larry
9 Woodson on the line. Go ahead, Larry.

10 Apologies, there's a brief technical delay here.

11 CHAIRPERSON RUBALCAVA: Are you there, Mr.
12 Woodson?

13 STAKEHOLDER RELATIONS ASSISTANT DIVISION CHIEF
14 TEYKAERTS: Mr. Rubalcava, my apologies, the technology to
15 patch in the call is not malfunctioning right now, so
16 we're trying to refresh, but I do not believe we'll be
17 able to get Mr. Woodson on the call right now, unless we
18 can wait a few moments.

19 CHAIRPERSON RUBALCAVA: Sure, we will wait.

20 MR. WOODSON: Hello.

21 CHAIRPERSON RUBALCAVA: Yes, please proceed. We
22 can hear you.

23 STAKEHOLDER RELATIONS ASSISTANT DIVISION CHIEF

24 TEYKAERTS: All right. Success, Larry. Go ahead.

25 MR. WOODSON: Can you hear me now?

1 CHAIRPERSON RUBALCAVA: Yes, we can. Please
2 proceed.

3 MR. WOODSON: Hello. Oh, okay. I'm sorry. For
4 some reason the mic don't work.

5 All right. Good morning. Larry Woodson -- or
6 afternoon. Larry Woodson, California State Retirees. Mr.
7 Chair, thank you for the opportunity to comment.
8 Congratulations to you and the Vice Chair for your
9 elections.

10 I sent a report to all Board members, and CEO
11 Frost, and Health Director Moulds yesterday on ACO REACH,
12 specifically post-panel discussion from Board Education
13 Day, an analysis of the presentations by Liz Fowler and
14 Pauline Lapin of CMS. I hope you will have read or will
15 read the report and conclude that even with latest
16 modifications that frees applications, which is good, that
17 it's just not right to force retirees out of traditional
18 Medicare without their prior knowledge or consent into a
19 program managed by for-profit middlemen especially after
20 the third of which are private equity companies.

21 I'm going to highlight a couple points in that
22 report. At the started of the panel discussion Liz Fowler
23 was introduce as someone with a long history of public
24 service and who had helped write the Affordable Care Act.
25 What wasn't mentioned is that she's also worked a number

1 of years as a top executive for big pharma and also one of
2 the major for-profit insurance plans. So it's noteworthy
3 that she was instrumental in blocking a public option in
4 the American -- in the ACA, which was strongly opposed by
5 insurers, and they got their way on that. They didn't
6 want a public option.

7 Clearly, Dr. Fowler is a skilled presenter and
8 highly qualified. But when the chair asked her about PE
9 companies being allowed as health plan managers and making
10 profits, she responded that PE is neither inherently good
11 or bad. She dodged the question about if they can make
12 profit and how much. She said CMS looked carefully at
13 whether they had any experience in health care and
14 accepting them as ACOs, but that answer really contradicts
15 the CMS's new entrant classification, which is given to 1
16 in 10 ACO REACH entities. By definition, they quote "Have
17 little or no experience managing Medicare". Dr. Fowler
18 stated that if they find some aspects of REACH work, she
19 said quote, "We may look into incorporating them into the
20 MSSP ACO program".

21 Now, I found that as a remarkable statement.
22 She -- assuming she didn't mean that they would allow then
23 the for-profit ACOs to come into MSSP. It really begs the
24 question of why not test those same features and measure
25 this in MSSP ACO model, which has been -- has been around

1 for 10 years. No need for for-profit middle managers.

2 In conclusion, at the end of the panel
3 discussion, Chairperson Taylor rightfully state that
4 CalPERS had authority to halt ACO REACH and then she
5 adjourned. Well, stakeholders recognize the limits of
6 CalPERS authority, but we believe your influence could be
7 significant. That's why all the stakeholder groups and
8 individuals giving comment that day requested CalPERS
9 agendize the topic for discussion and consideration
10 adjoining hundreds of local, State, and national advocacy
11 groups in asking the President and Secretary Becerra to
12 halt the program. I ask that again of you today. It
13 could easily be added to your April agenda and done so in
14 tomorrow's Board meeting.

15 And I thank you. And I do have one other topic
16 that I was told I could comment on and it would take less
17 than 60 seconds with the Chair's indulgence.

18 CHAIRPERSON RUBALCAVA: I'll give you 30 seconds,
19 sir.

20 MR. WOODSON: Okay. This is on the CMS proposal
21 pay amount for MA plans for 220 -- 2024 that Don Moulds
22 mentioned earlier. I just wanted to thank him and his
23 staff for sending that letter of support. As he
24 mentioned, CSR also sent a letter of support. And the MA
25 plans are lobbying against it and running ads falsely

1 claiming that CMS and the Biden Administration is cutting
2 Medicare. Their -- the proposal is to increase Medicare
3 by 1 percent or Medicare Advantage payments. They got 8
4 percent last year, so it's a cut over the huge 8 percent,
5 but, you know, it's 1 percent on top of the huge profits
6 they already make. So I just wanted to thank Don and his
7 staff for doing that. And we're hoping in April to hear
8 that they have stuck with their guns and kept the proposal
9 as is.

10 Thank you.

11 CHAIRPERSON RUBALCAVA: Thank you, sir.

12 That concludes public comment. Any more comments
13 from the -- unless there's any comments from the body?

14 Ms. Walker

15 COMMITTEE MEMBER WALKER: I didn't --

16 CHAIRPERSON RUBALCAVA: Hold on please.

17 COMMITTEE MEMBER WALKER: Ready. So I just have
18 a question I just want to make sure that this occurs. I
19 made the assumption that it did. But for CalPERS and the
20 people that we contract with, do we make sure that they do
21 it in a multi-language fashion? So like if somebody -- if
22 English isn't their first language, they can get help in
23 whatever their first language is or whatever their
24 language is? I assume that's something we build into the
25 contracts?

1 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

2 PULIDO: Sure. We do have translation services and
3 bilingual or multilingual services in our contracts.

4 COMMITTEE MEMBER WALKER: Oh, good. I feel so
5 much better. Thank you.

6 RETIREMENT BENEFIT SERVICES DIVISION CHIEF

7 PULIDO: You're welcome.

8 CHAIRPERSON RUBALCAVA: Thank you, Ms. Walker.

9 I think that concludes -- with that action, that
10 concludes our meeting of the Pension and Health Benefits
11 Committee.

12 Thank you, everybody.

13 (Thereupon California Public Employees'
14 Retirement System, Pension and Health Benefits
15 Committee open session meeting adjourned
16 at 2:20 p.m.)

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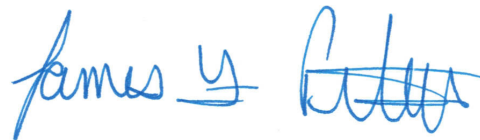
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That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, Pension and Health Benefits Committee open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of March, 2023.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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