

---



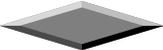
---

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**BOARD OF ADMINISTRATION  
PENSION & HEALTH BENEFITS COMMITTEE  
MEETING MINUTES**

**April 17, 2012**

---



---

The Health Benefits Committee met on Tuesday, April 17, 2012, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:05 a.m. with the following members present:

Priya Mathur, Chair  
George Diehr, Vice Chair  
Michael Bilbrey  
Howard Schwartz for Julie Chapman  
Terrence McGuire for John Chiang  
Rob Feckner  
JJ Jelincic  
Henry Jones  
Tricia Wynne for Bill Lockyer

Other Board members present:  
Richard Costigan

**AGENDA ITEM 3 – CONSENT ITEMS**

The Committee accepted the following Action Consent Items:

3a. Approval of the March 13, 2012, Pension and Health Benefits Committee Meeting Minutes

**AGENDA ITEM 4 – CONSENT ITEMS**

The Committee accepted the following Information Consent Items:

- 4a. Annual Calendar Review
- 4b. Draft Agenda for May 15, 2012, Pension and Health Benefits Committee Meeting
- 4c. Public Agency Recruitment and Retention

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, informed the Committee that staff will be evaluating the risk profile of public agencies

that have joined our program over the past three to five years, and provide an Agenda Item at a later date.

#### **AGENDA ITEM 5 – PHASING-IN THE IMPACT OF THE CHANGE IN DISCOUNT RATE**

Alan Milligan, Chief Actuary, Actuarial Office, provided staff's recommendation of phasing-in the impact of the change in the price inflation assumption and discount rate approved at the March 2012, Pension and Health Benefits Committee Meeting.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve a phase-in of the impact of the change in discount rate on employer contribution rates for all plans in the Public Employee Retirement Fund by amortizing over a 20-year period the increase in actuarial liabilities resulting from the change in assumptions, with the payment in year one equal to one-third of the payment that would have been required without the phase-in and the unpaid balance amortized over the remaining 19 years; and, for state plans and non-pooled agencies, allow employers the option to elect not to phase-in the increased employer contribution rate.

#### **AGENDA ITEM 6 – JUDGES' RETIREMENT SYSTEM ACTUARIAL VALUATION**

Alan Milligan, Chief Actuary, Actuarial Office, and Barbara Ware, Actuarial Office, provided staff's recommendation to accept the Judges' Retirement System Actuarial Valuation Report as of June 30, 2011.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the June 30, 2011, Judges' Retirement System Actuarial Valuation Report, along with the change in assumptions as outlined in the report, and the transmittal letter to the Governor and Legislature; and, continue to encourage the California Legislature and Governor to adopt an employer contribution schedule that includes advanced funding of the Judges' Retirement System.

#### **AGENDA ITEM 8 – SB 1196 (HERNANDEZ) – HEALTH CARE COST TRANSPARENCY: CLAIMS DATA DISCLOSURE**

Danny Brown, Chief, Office of Governmental Affairs, provided staff's recommendation to support Senate Bill (SB) 1196. The bill would prohibit any health plan contract or health insurance policy issued, amended, or renewed on or after January 1, 2013, between a health plan and a provider, including a provider of supplies, from containing any provision that prohibits, conditions, or in any way restricts the disclosure of claims data related to health care services provided to enrollees, insureds, or beneficiaries of any self-funded health coverage arrangement to a Centers for Medicare and Medicaid Services qualified entity.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a Support position on SB 1196 because it would provide greater transparency on health care cost and quality for our members.

At this time, Ruth Holton-Hodson represented John Chiang.

At this time, Ralph Cobb represented Julie Chapman.

## **AGENDA ITEM 7 – INTERVIEWS AND SELECTION OF LONG-TERM CARE PROGRAM THRID-PARTY ADMINISTRATOR**

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, presented information relative to the Long-Term Care Request for Proposal 2011-6269 process prior to the Proposer interviews.

CalPERS solicited proposals for a five year administrative services agreement beginning January 1, 2013, and ending December 31, 2017. The solicitation process resulted in three Proposers: CHCS Services, Long-Term Care Partners, and Univita.

The interviews were conducted in alphabetical order: CHCS Services, Long-Term Care Partners, and Univita. Each finalist made a timed 10-minute presentation to the Committee, followed by a timed 20-minute session to respond to questions posed by the Committee.

At this time, the Pension and Health Benefits Committee recessed for a fifteen minute break.

## **AGENDA ITEM 2 – EXECUTIVE REPORT(S)**

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, provided the Committee updates on the following items: the California Education Coalition for Health Care Reform Board's school pool concept; the Health Maintenance Organization/Preferred Provider Organization Request for Information; and, CVS Caremark service.

At this time Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, presented the final interview scores for Agenda Item 7 – Interviews and Selection of Long-Term Care Program Third-Party Administrator. The final interview scores were: CHCS Services – 128; LTC Partners – 214; and, Univita – 206.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Committee's interview scores as follows: CHCS Services interview score, 128; LTC Partners interview score, 214; and, Univita's interview score, 206.

Ms. Boynton presented the final combined scores for each finalist: CHCS Services, 625; Long-Term Care Partners, 722; and, Univita, 853. The Proposer with the highest total combined score was Univita.

On **MOTION** by Michael Bilbrey, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the selected finalist and direct staff to begin contract negotiations for RFP No. 2011-6269 with Univita, and in the event that staff, in its

discretion, concludes that negotiations are unsuccessful, shall begin contract negotiations with the next highest scoring Proposer.

Rob Feckner voted **NO**.

At this time, the Pension and Health Benefits Committee recessed for lunch and reconvened at 1:09 p.m.

At this time, Howard Schwartz represented Julie Chapman.

### **AGENDA ITEM 9 – LONG-TERM CARE PROGRAM SECOND QUARTER FINANCIAL REPORT**

As an information item, Kathy Donneson, Chief, Health Plan Administration Division and representatives from United Health Actuarial Services, provided information on the Long-Term Care Program second quarter actuarial valuation.

The following people spoke on this item:

Steve Kawai, Retiree

Dave Elder, Dave Elder Consulting

### **AGENDA ITEM 10 – WORKFLOW INVENTORY**

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support, provided information on the workload inventory since the launch of the my!CalPERS system. Ms. Lum covered the current processing gaps and processing gains while highlighting the amount of work staff is and will be engaged in to mitigate the impact of the gaps, reduce inventory, and eliminate backlog.

Neal Johnson, Service Employees International Union Local 1000, spoke on this item.

### **AGENDA ITEM 11 – PUBLIC COMMENT**

Neal Johnson, Service Employees International Union Local 1000, spoke regarding CalPERS Pharmacy Benefit Manager, CVS Caremark.

The meeting was adjourned at 2:35 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for May 15, 2012, in Sacramento, California.

---

ANN BOYNTON  
Deputy Executive Officer  
Benefit Programs Policy and Planning