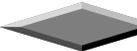


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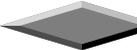
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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

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

**June 12, 2012**

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The Pension and Health Benefits Committee met on Tuesday, June 12, 2012, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 11:05 a.m. with the following members present:

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

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

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, provided information on the Let's Get Healthy California Task Force established by the Governor and an update on Pension Reform.

**AGENDA ITEM 3 – CONSENT ITEMS**

The Committee accepted the following Action Consent Items:

- 3a. Approval of the May 15, 2012, Pension and Health Benefits Committee Meeting Minutes
- 3b. 2011 State Industrial Disability Cost Report

**AGENDA ITEM 4 – CONSENT ITEMS**

The Committee accepted the following Information Consent Items:

- 4a. Annual Calendar Review
- 4b. Draft Agenda for August 14, 2012, Pension and Health Benefits Committee Meeting
- 4c. Self-Funded Health Plans 2011 4<sup>th</sup> Quarter Financial Report

## **AGENDA ITEM 5a – ASSEMBLY BILL 1819 (AMMIANO) – CHARTER SCHOOL PARTICIPATION IN CALPERS**

Danny Brown, Chief, Office of Governmental Affairs, provided information on Assembly Bill (AB) 1819 (Ammiano). AB 1819 requires charter schools to provide retirement benefits to their eligible employees under the California Public Employees' Retirement System and the California State Teachers' Retirement System.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a position of **Oppose, Unless Amended** to (1) ensure that CalPERS current and future tax-qualified and governmental plan status under federal law is protected; and (2), clarify the reporting relationship and process for enrolling eligible charter schools and their employees in the CalPERS Plan.

## **AGENDA ITEM 5b – SENATE BILL 1195 (PRICE) – PHARMACY BENEFIT AUDIT PROCEDURES**

This item was removed from the Agenda.

## **AGENDA ITEM 5c – SENATE BILL 1285 (HERNANDEZ) – HOSPITAL EMERGENCY SERVICES AND CARE**

Danny Brown, Chief, Office of Governmental Affairs, provided information on Senate Bill (SB)1285 (Hernandez). SB 1285 would require hospitals with an out-of-network emergency utilization rate of greater than 50 percent to adjust charges for out-of-network emergency care so that the expected reimbursement does not exceed the greater of the amount the hospital could reasonably expect Medicare to pay for the care, or a good faith and reasonable estimate of the actual cost of providing necessary pre-stabilization care.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a **Support, with Suggested Amendments** position to clarify that its provisions apply to health benefit plans offered by CalPERS.

## **AGENDA ITEM 6a – APPROVAL OF 2013 PROPOSED BENEFIT DESIGN MODIFICATION**

Doug McKeever, Chief, Health Policy Research Division, presented the 2013 proposed benefit design change.

On **MOTION** by JJ Jelincic, **SECONDED**, the Committee recommended the Board approve the 2013 proposed benefit design modification to convert CalPERS HMO and PPO Supplement to Medicare plans from the Medicare Part D Retiree Drug Subsidy program to Employer Group Waiver Plans and to include coverage for the sex reassignment surgery and related services for gender identification disorder.

The motion **FAILED**.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the 2013 proposed benefit design modification to convert CalPERS HMO and PPO Supplement to Medicare plans from the Medicare Part D Retiree Drug Subsidy program to Employer Group Waiver Plans.

#### **AGENDA ITEM 6b – APPROVAL OF 2013 HEALTH MAINTENANCE ORGANIZATION PLANS RATES**

Doug McKeever, Chief, Health Policy Research Division, presented the proposed 2013 Health Maintenance Organization rates for Kaiser Permanente and Blue Shield of California, with the benefit design change described in Agenda Item 6a.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the 2013 Health Maintenance Organization Plans Rates as shown in Attachment 1.

#### **AGENDA ITEM 6c – APPROVAL OF 2013 PREFERRED PROVIDER ORGANIZATION PLANS RATES**

Doug McKeever, Chief, Health Policy Research Division, presented the proposed 2013 Preferred Provider Organization rates with the benefit design change described in Agenda Item 6a.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the 2013 Preferred Provider Organization Plans Rates as shown in Attachment 2.

The following people spoke on this item:

Joann Hollender, Retired Public Employees' Association

Neal Johnson, SEIU, Local 1000

#### **AGENDA ITEM 6d – APPROVAL OF 2013 ASSOCIATION PLANS RATES**

Doug McKeever, Chief, Health Policy Research Division, presented the proposed 2013 rates for the California Association of Highway Patrolman Health Benefits Trust, the California Correctional Peace Officers' Association Benefit Trust Fund, and the Peace Officers' Research Association of California Insurance and Benefits Trust.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the 2013 Association Plans Rates as shown in Attachment 3.

#### **AGENDA ITEM 7 – REVIEW OF RISK POOLING AND RELATED BOARD POLICIES**

Alan Milligan, Chief Actuary, Actuarial Office, presented staff's report on pension risk pooling including all Board actuarial policies related to risk pooling, risk pooling practices, internal procedures and laws and regulations.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board amend Board Resolution No. 04-02-AESD regarding phasing-out the difference in employer's contribution rates upon joining the risk pooling structure; and, rescind Board Resolution No. 03-04-AESD regarding the criteria to establish the classification of optional benefits available in risk pools, as shown in Attachment 4.

#### **AGENDA ITEM 8 – STATE ANNUITANT CONTRIBUTION FORMULA**

As an information item, Doug McKeever, Chief, Health Policy Research Division, presented the State Annuitant Contribution amounts, based on the proposed 2013 premium rates. The contribution amounts are shown in Attachment 5.

#### **AGENDA ITEM 9 – URBAN INSTITUTE REPORT ON PREVENTABLE CHRONIC CONDITIONS**

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, and Dr. Richard Sun, Health Plan Administration Division, presented a report of potential savings through prevention of avoidable chronic illness among CalPERS State Active members using a limited data set from the CalPERS Health Care Decision Support System.

#### **AGENDA ITEM 10 – POTENTIALLY AVOIDABLE COMPLICATIONS ANALYSIS**

As an information item, Kathy Donneson, Chief, Health Plan Administration Division with Tom Moore and Sally Covington of Community Campaigns for Quality Care, presented a report of methods to achieve savings through reduction of Potentially Avoidable Complications among CalPERS members.

The following people spoke on this item:

Neal Johnson, SEIU, Local 1000  
Dennak Murphy, SEIU  
Stephanie Batey, SEIU, Local 1021

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

There was no public comment.

The meeting was adjourned at 12:59 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for August 14, 2012, in Sacramento, California.

Attachments

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ANN BOYNTON  
Deputy Executive Officer  
Benefit Programs Policy and Planning