


CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

August 14, 2012



The Pension and Health Benefits Committee met on Tuesday, August 14, 2012, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:31 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
Grant Boyken for Bill Lockyer

Other Board Members present:

Richard Costigan
Bill Slaton

AGENDA ITEM 2 – EXECUTIVE REPORT(S)

Donna Lum, Deputy Executive Officer, Customer Services and Support, provided information on the retirement planning fair that took place in Sacramento, on August 9th and 10th. Ms. Lum also mentioned the two upcoming fairs that are scheduled for August 17th and 18th, in Anaheim, and August 30th, in Santa Clara.

Ms. Lum also announced the retirement of Mary-Lynne Fischer and the appointment of Anthony Suine, Chief of Benefit Services Division, who will be taking over the roles of Ms. Fischer.

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, provided information on the Early Retiree Reinsurance Program audit that is set to

begin August 20, 2012, and the Health Maintenance Organization and Preferred Provider Organization Request for Proposals scheduled to be released this fall.

Ms. Boynton announced the appointment of the new Division Chief of the Center for Innovation, David Cowling, and the new staff within the Division.

AGENDA ITEM 3 – CONSENT ITEMS

The Committee accepted the following Action Consent Items:

3a. Approval of the June 12, 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 September 11, 2012, Pension and Health Benefits Committee Meeting

Item 4c was pulled from the Information Consent Items and moved to the end of the agenda.

Agenda Items 5 and 6 were removed from the Agenda.

AGENDA ITEM 7 – CALPERS OTHER POST-EMPLOYMENT BENEFIT ACTUARIAL ASSUMPTIONS MODEL

Alan Milligan, Chief Actuary, Actuarial Office, presented staff's report to eliminate specific values from the Other Post-Employment Benefit Actuarial (OPEB) Assumptions Model used by the California Employers' Retiree Benefit Trust (CERBT) employers to prepare their biennial OPEB valuation cost reports. Under the proposed OPEB Assumption model, CERBT employers would continue to be required to comply with Actuarial Standards of Practice and with Governmental Accounting Standards Board Statements 43, 45, and 57.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt the proposed Other Post-Employment Benefit Assumptions Model for cost reports dated after August 15, 2012.

AGENDA ITEM 8 – UPDATED PROPOSED REGULATIONS: OPTIONS FOR MEDICARE SUPPLEMENT PLANS

Doug McKeever, Chief, Health Policy Research Division, presented staff's report to pursue the attached updated proposed regulations to provide the Board flexibility implementing plans for Medicare eligible members. These regulations will help CalPERS reduce premium costs by leveraging opportunities to be part of a larger pool of enrollees and by reducing administrative costs associated with maintaining a supplemental equivalent for each basic plan option.

On **MOTION** by Michael Bilbrey, **SECONDED** and **CARRIED**, the Committee recommended the Board pursue the proposed regulations to provide the California Public Employees' Retirement System Board of Administration flexibility to offer Medicare supplement health plans from the same or different carriers that provide basic coverage, as shown in Attachment 1.

AGENDA ITEM 9 – my|CalPERS UPDATE

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support, presented an update highlighting some significant achievements and progress made during the first year since the launch of my|CalPERS.

Ms. Lum also reported on areas that the my|CalPERS system is already delivering a number of efficiencies such as: the majority of the Judges and Legislators System processes that were once manual, are now automated; employers previously submitted their payroll files on CDs, tapes, disks, and paper, and the process is now fully automated; information that once was pulled from multiple systems, is now all integrated into one system.

AGENDA ITEM 10 – ONLINE RETIREMENT ESTIMATE CALCULATOR AND SERVICE CREDIT COST ESTIMATOR

As an information item, Karen DeFrank, Chief, Customer Account Services Division, presented an update on the changes to two of the processing areas, retirement estimates and service credit purchase requests that will be implemented September 1, 2012 as online features that will be part of my|CalPERS.

The following person spoke on this item:

Donna Snodgrass, California State Employees Association, Retired Public Employees Association

AGENDA ITEM 11 – LONG-TERM CARE PROGRAM UPDATE

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, with Lane Kent, Dr. Richard Holland, and Ted Duley of Univita, presented a report providing program information of long-term care demographics, claims experience, member terminations, statistics on members in claim who recover, and the summary of changes that occurred as a result of the 2012 rate increases.

The following people spoke on this item:

Dave Elder, Dave Elder Consulting
Steve Kawai, RPEA Long-Term Care Committee

AGENDA ITEM 12 – PRELIMINARY ANALYSIS OF POTENTIAL SAVINGS TO CALPERS BY EVIDENCE-BASED PRESCRIPTION DRUG SUBSTITUTIONS

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, with Dr. Michael Fischer of the National Resource Center for Academic Detailing, and, Dr. Ramon Castellblanch of San Francisco State University, presented a preliminary report of potential savings through evidence-based prescription drug substitutions.

AGENDA ITEM 13 – WELLNESS AND DISEASE MANAGEMENT UPDATE

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, with Dr. Michael-Anne Brown and Tom McCaffrey of Blue Shield of California, Dr. Belman and Robert Honaker of Anthem Blue Cross, and, Dr. Joel Hyatt and Cindy Striegel from Kaiser Permanente, presented reports on their specific programs that will help to improve and enhance the CalPERS health program.

AGENDA ITEM 4C – SELF FUNDED HEALTH PLANS 2012 1ST QUARTER FINANCIAL REPORT

As an information item, Gary McCollum, Senior Life Actuary, Actuarial Office, presented a report on the overall financial position of the Self-Funded Preferred Provider Organization health plans. The ongoing financial results for the program assets are positive, providing assurance that the rates approved by the Board for the 2012 plan year were sufficient to fund benefits and to maintain adequate reserves.

AGENDA ITEM 14 – PUBLIC COMMENT

There was no public comment.

The meeting was adjourned at 1:29 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for September 11, 2012, in Sacramento, California.

Attachment

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning