



## Pension & Health Benefits Committee

California Public Employees' Retirement System

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### Meeting Summary

April 17, 2013

The Pension & Health Benefits Committee met on April 16, 2013.

Agenda Item 5c was withdrawn from the Agenda and Items 5d and 8 were deferred to May.

The Committee tackled major issues yesterday and is recommending a number of action items to the Board today.

#### **I move the Board approve the Committee's recommendation regarding:**

- AGENDA ITEM 5a  
Adopt a **Support** position with clarifying technical amendments on Assembly Bill 410: Retention of Health Benefits After Reinstatement from Retirement.

#### **I move the Board approve the Committee's recommendation regarding:**

- AGENDA ITEM 5b  
Adopt a **Support** position on Assembly Bill 459: Food and Beverage Guidelines for State Concessions and Vending Operations.

#### **I move the Board approve the Committee's recommendation regarding:**

- AGENDA ITEM 6  
Approve the June 30, 2012, Judges' Retirement System (JRS) Actuarial Valuation Report and the corresponding 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 JRS.

#### **I move the Board approve the Committee's recommendation regarding:**

- AGENDA ITEM 7  
Approve the June 30, 2012, Judges' Retirement System (JRS) II Actuarial Valuation Report and the corresponding transmittal letter to the Governor and Legislature; and, adopt the employer contribution rate of 22.687 percent for the period of July 1, 2013, through June 30, 2014, for the JRS II.

**I move the Board approve the Committee's recommendation regarding:**

- AGENDA ITEM 9  
Amend existing actuarial smoothing and amortization policies to improve the soundness and sustainability of the system by:

Adopting amendments to the following existing actuarial policies as shown in the attachments:

- Board Resolution No. ACT-96-05E (Rev.) regarding amortization and smoothing policies (Attachment 1)
- Board Resolution No. 05-02-AESD (Rev.) regarding smoothing employer contribution rates (Attachment 2)
- Board Resolution No. 95-05C (Rev.) regarding the actuarial asset valuation method effective with the June 30, 2013 actuarial valuation (Attachment 3)

Rescinding the following actuarial policy:

- Board Resolution No. 05-01-AESD (Rev.) regarding the employer rate stabilization policy (Attachment 4)

These proposed changes will impact employer contribution rates for the State plans, School pool and public agencies starting with fiscal year 2015-16.

**I move the Board approve the Committee's recommendation regarding:**

- AGENDA ITEM 10  
Approve the CalPERS proposed 2013 Federal Health Care Policy Initiatives with amendments to clarify that the efforts not be limited to public programs under the *Waste, Fraud and Abuse* section of the Policy. (Attachment 5)

**I move the Board approve the Committee's recommendations regarding:**

- AGENDA ITEM 11  
Award a non-exclusive contract as a result of Request for Proposal No. 2012-6334 (the "RFP") to Blue Shield of California. Blue Shield of California is comprised of two health benefit plans, a fully insured plan and a self-funded plan. This contract award is at the discretion of the Board as authorized by Section VII.F.1 of the RFP, and subject to successful negotiations of terms and conditions satisfactory to CalPERS. Should negotiations with Blue Shield of California not be successful, the Board may, based on its exclusive discretion as authorized under Section VII.F.1 of the RFP, direct staff to negotiate with other Proposer(s) regarding proposals that meet the needs of the Board. Those plans will likewise be comprised of two health benefit plans, a fully insured plan and a self-funded plan.

Award a non-exclusive contract as a result of Request for Proposal No. 2012-6334 (the “RFP”) to Anthem Blue Cross. Anthem Blue Cross is comprised of two health benefit plans, a fully insured plan and a self-funded plan. This contract award is at the discretion of the Board as authorized by Section VII.F.1 of the RFP, and subject to successful negotiations of terms and conditions satisfactory to CalPERS. Should negotiations with Anthem Blue Cross not be successful, the Board may, based on its exclusive discretion as authorized under Section VII.F.1 of the RFP, direct staff to negotiate with other Proposer(s) regarding proposals that meet the needs of the Board. Those plans will likewise be comprised of two health benefit plans, a fully insured plan and a self-funded plan.

Award a non-exclusive contract as a result of Request for Proposal No. 2012-6334 (the “RFP”) to UnitedHealthcare Services, Inc. UnitedHealthcare Services, Inc. is comprised of two health benefit plans, a fully insured plan and a self-funded plan. This contract award is at the discretion of the Board as authorized by Section VII.F.1 of the RFP, and subject to successful negotiations of terms and conditions satisfactory to CalPERS. Should negotiations with UnitedHealthcare Services, Inc. not be successful, the Board may, based on its exclusive discretion as authorized under Section VII.F.1 of the RFP, direct staff to negotiate with other Proposer(s) regarding proposals that meet the needs of the Board. Those plans will likewise be comprised of two health benefit plans, a fully insured plan and a self-funded plan.

Award a non-exclusive contract as a result of Request for Proposal No. 2012-6334 (the “RFP”) to Sharp Health Plan. Sharp Health Plan is comprised of two health benefit plans, a fully insured plan and a self-funded plan. This contract award is at the discretion of the Board as authorized by Section VII.F.1 of the RFP, and subject to successful negotiations of terms and conditions satisfactory to CalPERS. Should negotiations with Sharp Health Plan not be successful, the Board may, based on its exclusive discretion as authorized under Section VII.F.1 of the RFP, direct staff to negotiate with other Proposer(s) regarding proposals that meet the needs of the Board. Those plans will likewise be comprised of two health benefit plans, a fully insured plan and a self-funded plan.

**The Committee received reports on the following topics:**

- Staff presented information regarding implementation activities for PEPRA, CalPERS Supplemental Income Plans and the PSR Transition.
- The Committee also received a quarterly report on our Self-Funded Health Plans.

- The Committee received Public Comment from George Linn regarding member Health Benefit payment discrepancies and Randy Cheek regarding the amortization smoothing methods for the Retirement Trust Funds.

**At this time I would like to share some highlights of what to expect at the May Pension & Health Benefits Committee meeting:**

- The Committee will conduct a Public Hearing regarding PEPRA proposed regulations and review legislative items.
- Staff will also provide information on PEPRA implementation and Customer Services and Support.

The next meeting of the Pension & Health Benefits Committee is scheduled for May 14, 2013, in Sacramento, California.