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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

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

**March 19, 2013**

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The Pension and Health Benefits Committee met on Tuesday, March 19, 2013, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 1:34 p.m. with the following members present:

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

Other Board Members Present:

Ron Lind  
Bill Slaton

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

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, updated the Committee on the dependent eligibility verification project, the annual health plan member survey and the Long-Term Care Program rate increase communication efforts.

The Chair announced that Agenda Items 6, 11 and 12 would be deferred to the April Pension and Health Benefits Committee Meeting. In addition, Agenda Item 9 would be provided to the Committee via memorandum, with an additional update on the PEPRAs Implementation coming forward in April.

**AGENDA ITEM 3 – CONSENT ITEMS**

The Committee accepted the following Action Consent Items:

3a. Approval of the February 20, 2013, 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 April 16, 2013, Pension and Health Benefits Committee Meeting
- 4c. California Employers' Retiree Benefit Trust Update

## **AGENDA ITEM 5 – COMMITTEE GOVERNANCE – REVIEW PENSION & HEALTH BENEFITS COMMITTEE DELEGATION**

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, presented the proposed changes to the current Pension and Health Benefits Committee Delegation Resolution. Staff recommended deleting items (C) 1 and 2 with the understanding they would be added to the Finance and Administration Committees' delegation.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's proposed changes to the Pension and Health Benefits Committee Delegation at the April Board meeting. (Attachment 1)

## **AGENDA ITEM 7 – AMORTIZATION PERIODS AND SMOOTHING METHODS FOR RETIREMENT TRUST FUNDS (FIRST READING)**

Alan Milligan, Chief Actuary, presented the first reading on staff's proposed changes to CalPERS amortization and smoothing policies. The changes would modify the approach used by CalPERS to achieve smoothing and would shorten smoothing and amortization periods.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board approve, as a first reading, staff's recommendation to adopt 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 2)
- Board Resolution No. 05-02-AESD (Rev.) regarding smoothing employer contribution rates (Attachment 3)
- Board Resolution No. 95-05C (Rev.) regarding actuarial asset valuation method effective with the June 30, 2013, actuarial valuation (Attachment 4)

Rescind the following actuarial policy:

- Board Resolution No. 05-01-AESD (Rev.) regarding employer rate stabilization policy (Attachment 5)

Dan Pellissier, California Pension Reform, spoke on this item.

At this time, Tricia Wynne represented Bill Lockyer and Ruth Holton-Hodson represented John Chiang.

The Chair took a moment of personal privilege to recognize Tricia Wynne's retirement and acknowledge her valuable contributions as a representative of the Pension and Health Benefits Committee.

**AGENDA ITEM 8 – SELECTION OF THE PREFERRED PROVIDER ORGANIZATION THIRD-PARTY ADMINISTRATOR**

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, presented the cumulative results for the two final Proposers to the Preferred Provider Organization Request for Proposal No. 2012-6376; Anthem Blue Cross and Blue Shield of California.

On **MOTION** by Michael Bilbrey, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the Committee's recommendation to award the Intent to Award for the Preferred Provider Organization Request for Proposal No. 2012-6376 to Anthem Blue Cross as the successful bidder; and, in the event that negotiations are unsuccessful with the selected bidder, CalPERS may enter into negotiations with Blue Shield of California.

The following people spoke on this item:

Gary Collier

Tom McCaffrey, Blue Shield of California

**AGENDA ITEM 10 – UPDATE FROM CVS CAREMARK**

As an information item, Kathy Donneson, Chief, Health Plan Administration Division and representatives from CVS, Caremark, presented program activities of CVS Caremark, our Pharmacy Benefit Manager. The presentation included challenges and successes of the January 1, 2012 implementation and two proposals for the 2014 plan year.

**AGENDA ITEM 13 – PUBLIC COMMENT**

L. R. Roberts, California State Retirees, California State Employees Association Chapter 2, spoke regarding the dependent eligibility verification project.

The meeting was adjourned at 3:50 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for April 16, 2013, in Sacramento, California.

Attachments

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ANN BOYNTON  
Deputy Executive Officer  
Benefit Programs Policy and Planning