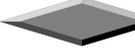



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

May 14, 2013



The Pension and Health Benefits Committee met on Tuesday, May 14, 2013, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 10:10 a.m. with the following members present:

Priya Mathur, Chair via telephone
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)

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, gave a brief update on the new HMO plans and outgoing communication to the Long-Term Care Program members.

AGENDA ITEM 3 – CONSENT ITEMS

The Committee accepted the following Action Consent Items:

3a. Approval of the April 16, 2013, Pension and Health Benefits Committee Meeting Minutes

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur YES

Michael Bilbrey	YES
Howard Schwartz for Julie Chapman	YES
Ruth Holton-Hodson for John Chiang	YES
Rob Feckner	YES
JJ Jelincic	YES
Henry Jones	YES
Grant Boyken for Bill Lockyer	YES

Final vote was 8 YES. The motion **PASSED**.

AGENDA ITEM 4 – CONSENT ITEMS

The Committee accepted the following Information Consent Items:

- 4a. Annual Calendar Review
- 4b. Draft Agenda for June 18, 2013, Pension and Health Benefits Committee Meeting

AGENDA ITEM 6 – PROPOSED REGULATIONS TO IMPLEMENT PEPRA

Donna Lum, Deputy Executive Officer, Customer Services and Support, and Renee Ostrander, Customer Account Services Division, presented proposed regulations to be added to the California Code of Regulations (CCR). These regulations establish the CalPERS implementation and interpretation of certain provisions within Assembly Bill (AB) 340.

On **MOTION** by Michael Bilbrey, **SECONDED**, the Committee recommended the Board approve the proposed regulations and the initiation of the rulemaking process to add subdivision (b) to section 579.2 and add sections 579.3, 579.21, 579.22, and 579.25 to Chapter 2 of Division 1 of Title 2 of the CCR (Attachment 1).

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur	YES
Michael Bilbrey	YES
Howard Schwartz for Julie Chapman	YES
Ruth Holton-Hodson for John Chiang	YES
Rob Feckner	YES
JJ Jelincic	YES
Henry Jones	YES
Grant Boyken for Bill Lockyer	YES

Final vote was 8 YES. The motion **PASSED**.

AGENDA ITEM 7a – SENATE BILL 189 (MONNING) – HEALTH CARE COVERAGE: WELLNESS PROGRAMS

Danny Brown, Chief, Office of Governmental Affairs, presented staff's recommendation regarding Senate Bill (SB) 189. SB 189 would prohibit certain types of wellness programs

by only allowing voluntary participation based wellness programs that provide financial incentive and rewards designed to reduce costs to enrollees.

On **MOTION** by Ruth Holton-Hodson, **SECONDED**, the Committee recommended the Board adopt no position on SB 189.

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur	YES
Michael Bilbrey	YES
Howard Schwartz for Julie Chapman	YES
Ruth Holton-Hodson for John Chiang	YES
Rob Feckner	YES
JJ Jelincic	YES
Henry Jones	YES
Grant Boyken for Bill Lockyer	YES

Final vote was 8 YES. The motion **PASSED**.

AGENDA ITEM 5 – PUBLIC HEARING AND PROPOSED AMENDED REGULATIONS TO IMPLEMENT PEPRA

Donna Lum, Deputy Executive Officer, Customer Services and Support, and Renee Ostrander, Customer Account Services Division, presented proposed amended regulations previously approved by the Committee in February 2013.

At this time, 10: 36 a.m., the Public Hearing for the Proposed Amended Regulations to Implement PEPRA (579, 579.1, 579.2, 579.4, 579.24), was convened.

There were no requests to speak.

The Public Hearing was adjourned at 10:40 a.m.

On **MOTION** by Henry Jones, **SECONDED**, the Committee recommended the Board approve staff's recommendation to approve the modified regulatory action to add regulatory sections 579, 579.1, 579.2, 579.4 and 579.24 to the CCR for posting for an additional 15-day comment period (Attachment 2).

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur	YES
Michael Bilbrey	YES
Howard Schwartz for Julie Chapman	YES
Ruth Holton-Hodson for John Chiang	YES
Rob Feckner	YES
JJ Jelincic	YES

Henry Jones YES
Grant Boyken for Bill Lockyer YES

Final vote was 8 YES. The motion **PASSED**.

**AGENDA ITEM 7b – SENATE BILL 598 (HILL) – PRESCRIPTION DRUGS:
BIOSIMILAR PRODUCTS**

Danny Brown, Chief, Office of Governmental Affairs, presented staff's recommendation regarding SB 598. SB 598 would impose unnecessary, burdensome, and potentially costly requirements on pharmacists when dispensing biosimilar drugs already approved as interchangeable with biologic drugs by the federal Food and Drug Administration.

On **MOTION** by Rob Feckner, **SECONDED**, the Committee recommended the Board adopt a neutral position on SB 598.

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur	ABSTAIN
Michael Bilbrey	YES
Howard Schwartz for Julie Chapman	ABSTAIN
Ruth Holton-Hodson for John Chiang	NO
Rob Feckner	YES
JJ Jelincic	YES
Henry Jones	YES
Grant Boyken for Bill Lockyer	NO

Final vote was 4 YES, 2 NO, 2 ABSTAIN. The motion **PASSED**.

The following people spoke on this item:

Tom Bone, CVS Caremark
Peter Kellison, Walgreens, Generic Pharmaceutical Association, California
Retailers Association
Barry Broad, Teamsters, the United Food and Commercial Workers, International
Association of Machinists, International Longshoremen and Warehouse Union,
Unite Here, Amalgamated Transit Union, Utility Workers of America,
International Federal of Professional and Technical Engineers
Cheyanne Cook, National Government Affairs for Boehringer Ingelheim
Christy Bouma, Genentech
Jim Gross, Johnson and Johnson, Merck, Genentech
Eve Bukowski, California Healthcare Institute
Matt Back, Amgen

AGENDA ITEM 8 – SUPPLEMENTAL INCOME PLANS PROPOSED FUND LINE-UP CHANGE

Donna Lum, Deputy Executive Officer, Customer Services and Support, and Karen DeFrank, Chief, Customer Account Services Division, presented staffs recommendation on the Supplemental Income Plans proposed investment fund line-up change.

On **MOTION** by Henry Jones, **SECONDED**, the Committee recommended the Board approve staff’s recommendation on the Supplemental Income Plan proposed investment fund line-up change.

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur	YES
Michael Bilbrey	YES
Howard Schwartz for Julie Chapman	YES
Ruth Holton-Hodson for John Chiang	YES
Rob Feckner	YES
JJ Jelincic	YES
Henry Jones	YES
Grant Boyken for Bill Lockyer	YES

Final vote was 8 YES. The motion **PASSED**.

AGENDA ITEM 9 – CUSTOMER SERVICES AND SUPPORT PERFORMANCE UPDATE

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support, provided the Committee with an update on Customer Services and Support (CSS) service delivery for the third quarter of Fiscal Year 2012-13. Ms. Lum highlighted areas in CSS Performance Metrics, Customer Contact Center technology and CSS operational efficiencies.

AGENDA ITEM 10 – 2012-2017 STRATEGIC PLAN, STRATEGIC MEASURES UPDATE

As an information item, Doug Hoffner, Deputy Executive Officer, Operations and Technology, and Donna Lum, Deputy Executive Officer, Customer Services and Support, presented information on the development of Strategic Measures for the CalPERS 2012-2017 Strategic Plan. Staff are proposing an initial set of Strategic Measures as part of a larger effort to support the use of enterprise-wide measurements to guide the organization.

AGENDA ITEM 11 – PUBLIC COMMENT

There was no public comment.

The meeting was adjourned at 12:09 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for June 18, 2013, in Sacramento, California.

Attachments

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning