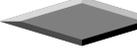



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

June 18, 2013



The Pension and Health Benefits Committee met on Tuesday, June 18, 2013, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 10:02 a.m. with the following members present:

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

Excused:
Priya Mathur, Chair

Other Board Members Present:
Ron Lind

AGENDA ITEM 2 – EXECUTIVE REPORT(S)

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, gave a brief update on the Long-Term Care Program five percent premium increase and the Dependent Eligibility Verification Project.

AGENDA ITEM 3 – CONSENT ITEMS

The Committee accepted the following Action Consent Items:

3a. Approval of the May 14, 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 August 20, 2013, Pension and Health Benefits Committee Meeting

AGENDA ITEM 5 – SENATE BILL 746 (LENO) – LARGE GROUP HEALTH PLAN MARKET: DATA DISCLOSURE

Danny Brown, Chief, Office of Governmental Affairs, presented a brief overview of Senate Bill 746.

By direction of the Chair, this item was deferred to the August 20, 2013 Pension & Health Benefits Committee Meeting.

The following people spoke on this item:

- Terry Brennan, Service Employees' International Union (SEIU)
- Cindy Striegel, Kaiser Permanente

AGENDA ITEM 6a – APPROVAL OF 2014 HEALTH MAINTENANCE ORGANIZATION PLANS BENEFITS AND RATES

Doug McKeever, Chief, Health Policy Research Division, presented the proposed 2014 Health Maintenance Organization premium rates and benefit changes.

On **MOTION** by Grant Boyken, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed 2014 Health Maintenance Organization premium rates for Anthem Blue Cross, Blue Shield of California, Health Net, Kaiser Permanente, Sharp and United Healthcare (Attachment 1), inclusive of the benefit changes outlined in the agenda item.

The following people spoke on this item:

- Joanne Hollender, Retired Public Employees' Association (RPEA)
- Randy Cheek, SEIU, Local 1000
- Neal Johnson, SEIU, Local 1000

AGENDA ITEM 6b – APPROVAL OF 2014 PREFERRED PROVIDER ORGANIZATION PLANS RATES

Doug McKeever, Chief, Health Policy Research Division, presented the proposed 2014 Preferred Provider Organization premium rates and benefit changes.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed 2014 Preferred Provider Organization rates for PERS Select, PERSCare, and PERS Choice (Attachment 2), inclusive of the benefit changes outlined in the agenda item.

Joanne Hollender, RPEA, spoke on this item.

AGENDA ITEM 6c – APPROVAL OF 2014 ASSOCIATION PLANS RATES

Doug McKeever, Chief, Health Policy Research Division, presented the proposed 2014 Association plan premium rates.

On **MOTION** by Rob Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve the proposed 2014 rates for the California Association of Highway Patrolmen (CAHP) Health Benefits Trust, the California Correctional Peace Officers Association (CCPOA) Benefit Trust Fund, and the Peace Officers Research Association of California (PORAC) Insurance and Benefits Trust (Attachment 3).

AGENDA ITEM 7 – HIPS AND KNEES REFERENCE BASED PRICING EVALUATION

As an information item, David Cowling, Chief, Center for Innovation with Jamie Robinson and Timothy Brown, Berkeley Center for Health Technology, University of California, Berkeley (UCB), provided a presentation on the impact of the California Public Employees' Retirement System (CalPERS) and Anthem Blue Cross of California reference pricing program for total joint replacement of the knee or hip. Researchers from UCB analyzed de-identified data from Anthem's CalPERS and non-CalPERS enrollees. The analysis estimates that the cumulative savings to CalPERS from the program are \$5.5 million over the two calendar years from January 2011 through December 2012.

At this time, Bill Slaton joined the meeting.

AGENDA ITEM 8 – SUPPLEMENTAL INCOME PLANS NEW INVESTMENT FUND LINE-UP FEES AND COMMUNICATION TRANSITION PLAN

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support and Karen DeFrank, Chief, Customer Account Services Division, presented information on the Supplemental Income Plans fees changes and communication efforts that will be conducted to ensure CalPERS employers and participants are informed of upcoming changes in the fund line-up.

AGENDA ITEM 9 – PEPRA IMPLEMENTATION UPDATE – PROPOSED PENSIONABLE COMPENSATION REGULATIONS

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support, provided an overview of the PEPRA implementation efforts. Ms. Lum discussed proposed PEPRA regulations, legislation and communication efforts to CalPERS stakeholders.

AGENDA ITEM 10 – STATE ANNUITANT CONTRIBUTION FORMULA

As an information item, Doug McKeever, Chief, Health Policy Research Division, presented the State annuitant Contribution amounts, based on proposed 2014 premium rates, as shown in Attachment 4. Per Government Code Section 22871, the state employer contribution for State Annuitants for health benefits is calculated based on a weighted average of the premiums of the four largest health benefit plans measured by enrollments of state active and retired members in the Basic plans.

AGENDA ITEM 11 – SELF-FUNDED HEALTH PLANS 2012 4TH QUARTER REPORT

As an information item, Gary McCollum, Actuarial Office, presented the fourth quarter financial report for the self-funded Preferred Provider Organization (PPO) health plans. The overall financial position of the self-funded PPO plans remains stable. 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 12 – PUBLIC COMMENT

The Committee received Public Comment from Neal Johnson, SEIU, Local 1000, regarding the implications of PEPRRA on CalPERS members currently in the Tier 2 Retirement Plan.

The meeting was adjourned at 12:01 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for August 20, 2013, in Sacramento, California.

Attachments

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning