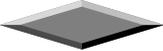


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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

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

**August 20, 2013**

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The Pension and Health Benefits Committee met on Tuesday, August 20, 2013, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:30 a.m. with the following members present:

Priya Mathur, Chair  
George Diehr, Vice Chair  
Ralph Cobb for Julie Chapman  
Ruth Holton-Hodson for John Chiang  
Rob Feckner  
JJ Jelincic  
Henry Jones  
Grant Boyken for Bill Lockyer

Excused:  
Michael Bilbrey

Other Board Members Present:  
Ron Lind  
Bill Slaton

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

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, gave a brief update on 2014 health plan implementation and open enrollment, as well as, the Dependent Eligibility Verification Project.

**AGENDA ITEM 3 – CONSENT ITEMS**

The Committee accepted the following Action Consent Items:

3a. Approval of the June 18, 2013, Pension and Health Benefits Committee Meeting Minutes

Priya Mathur ABSTAINED.

## **AGENDA ITEM 4 – CONSENT ITEMS**

The Committee accepted the following Information Consent Items:

- 4a. Annual Calendar Review
- 4b. Draft Agenda for September 17, 2013, Pension and Health Benefits Committee Meeting

The September 17, 2013, Pension and Health Benefits Committee was cancelled.

## **AGENDA ITEM 5a – ASSEMBLY BILL 916 (QUIRK-SILVA) – HEALTH CARE COVERAGE: FERTILITY PRESERVATION**

Danny Brown, Chief, Office of Governmental Affairs, presented a brief overview of Assembly Bill (AB) 916.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt an Oppose Unless Amended position on AB 916 because provisions of this bill would restrict the California Public Employees' Retirement System (CalPERS) Board's authority to establish benefit plan designs that are negotiated on behalf of our members.

## **AGENDA ITEM 5b – ASSEMBLY BILL 1144 (HALL) – POSTEMPLOYMENT HEALTH BENEFITS: CITY OF CARSON**

Danny Brown, Chief, Office of Governmental Affairs, presented a brief overview of AB 1144.

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a Neutral position on AB 1144 because the bill provides the City of Carson with the flexibility to address its post-retirement health benefits, which are the result of collective bargaining, and does not have an impact on the administration of the Public Employee' Medical and Hospital Care Act (PEMHCA).

## **AGENDA ITEM 5c – ASSEMBLY BILL 1346 (PAN) – POSTEMPLOYMENT HEALTH BENEFITS: SACRAMENTO METROPOLITAN FIRE DISTRICT**

Danny Brown, Chief, Office of Governmental Affairs, presented a brief overview of AB 1346.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a Neutral position on AB 1346 because the bill provides the Sacramento Metropolitan Fire District with the flexibility to address its post-retirement health benefits, which are the result of collective bargaining and do not have an impact on the administration of PEMHCA.

**AGENDA ITEM 5d – SENATE BILL 277 (BEALL) – STATE PEACE OFFICERS’ AND FIREFIGHTERS’ DEFINED CONTRIBUTION PLAN: CLOSURE**

Danny Brown, Chief, Office of Governmental Affairs, presented a brief overview of Senate Bill (SB) 277.

On **MOTION** by JJ Jelincic, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a Neutral position on SB 277 because the bill proposes policy changes that if signed into law would reflect agreement between labor, as the bill’s sponsor, and management, assuming the Legislature passed the bill and the Governor signs the bill.

**AGENDA ITEM 5e – SENATE BILL 598 (HILL) – PRESCRIPTION DRUGS: BIOSIMILAR PRODUCTS**

Danny Brown, Chief, Office of Governmental Affairs, presented a brief overview of SB 598.

On **MOTION** by George Diehr, **SECONDED**, the Committee recommended the Board adopt an Oppose, Unless Amended position on SB 598. The bill should be amended to remove the language requiring physician notification.

The Chair requested a roll call vote.

A roll call vote was taken:

Priya Mathur	YES
George Diehr	YES
Ralph Cobb for Julie Chapman	ABSTAIN
Ruth Holton-Hodson for John Chiang	NO
Rob Feckner	YES
JJ Jelincic	NO
Henry Jones	YES
Grant Boyken for Bill Lockyer	NO

Final vote was 4 YES, 3 NO, 1 ABSTAIN. The motion **PASSED**.

The following people spoke on this item:

- Cindy Laubacher, Express Scripts
- Tom Bone, Platinum Advisors
- Peter Kellison, Walgreens
- Brynna Clark, Generic Pharmaceutical Association
- Christy Bouma, Genentech
- Shane Gusman, California Teamsters Public Affairs Council and the United Food and Commercial Workers
- Donne Brownsey, Teva Pharmaceuticals

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

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

On **MOTION** by Ruth Holton-Hodson, **SECONDED** and **CARRIED**, the Committee recommended the Board adopt a Support position on SB 746.

Grant Boyken voted NO.

The following people spoke on this item:

Trish Suzuki, Teamsters Local Union number 856

Beth Capell, UFCW, Teamsters State Council, UNITE HERE, AFSCME, Health Access California, California Pan-Ethnic Health Network

Ian Lewis, Hotel and Food Service Workers Union, UNITE HERE

Mark Klein, Service Employees' International Union (SEIU) Local 721

Larry Bradshaw, SEIU Local 1021

Chris Daly, SEIU Local 1021

Roxanne Sanchez, SEIU Local 1021

## **AGENDA ITEM 6 – PROPOSED REGULATIONS TO IMPLEMENT PEPRA**

Donna Lum, Deputy Executive Officer, Customer Services and Support, and Renee Ostrander, Customer Account Services Division, provided the Committee with an update on the Public Employees' Pension Reform Act (PEPRA) implementation efforts and presented the final proposed regulations for submission to the Office of Administrative Law (OAL).

On **MOTION** by Henry Jones, **SECONDED** and **CARRIED**, the Committee recommended the Board approve regulatory action to be submitted to OAL for its final review and addition to the California Code of Regulations if approved. (Attachment 1).

## **AGENDA ITEM 7 – CUSTOMER SERVICES AND SUPPORT PERFORMANCE UPDATE**

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support, provided an update on the Customer Services and Support Performance Dashboard, which measures staff processing levels and customer satisfaction throughout the fiscal year.

## **AGENDA ITEM 8 – HEALTH BENEFIT EXCHANGE – COVERED CALIFORNIA: IMPACT TO CALIFORNIA MARKETPLACE**

As an information item, Ken Wood, Covered California, presented information on Covered California, its health plan options, expected membership for both individual and small groups, enrollment strategies and efforts, participating providers, size of network options, costs of the various plans, and benefit designs.

At this time, Richard Costigan joined the meeting.

At this time, a fifteen minute break was taken.

### **AGENDA ITEM 9 – THE IMPACT OF CALPERS LONG-TERM CARE PROGRAM ON END-OF-LIFE MEDICAL CARE COSTS**

As an information item, Dr. Stephen Holland, Univita Health, Inc., presented findings from a research study that examined the impact of the long-term care insurance program on the end-of-life medical care utilization and costs. Researchers from Univita Health and the University of Minnesota, analyzed data from long-term care claimants and health claims from CalPERS self-funded preferred provider organization. Claimants using long-term care benefits had 13.8 percent lower total medical costs at the end-of-life than those that did not use long-term care benefits. Additionally, claimants using long-term care benefits had significantly lower pharmacy, inpatient admission and outpatient visit costs.

### **AGENDA ITEM 10 – LONG-TERM CARE SEMI-ANNUAL UPDATE**

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, provided an update on the CalPERS Long-Term Care Program, including the 2013 rate increase, the ongoing Stabilization and Open Application Period Project and program statistics as of June 30, 2013.

Tim Barrons, California State Retirees, spoke on this item.

### **AGENDA ITEM 11 – HOSPITAL PRICING ANALYSIS**

As an information item, James Debenedetti, Health Policy Research Division, and Erik Taylor, Taylor Feldman Group, presented information on whether CalPERS members use higher priced hospitals. Based on the analysis of the 2011-2012 admission experience in five large markets, CalPERS members did not systematically utilized higher priced hospitals. Members were most often admitted to the same top volume hospitals as other commercial patients and the high volume hospitals' prices were varied and ranged above and below market averages.

### **AGENDA ITEM 12 – DEPENDENT ELIGIBILITY VERIFICATION AMNESTY PERIOD UPDATE**

As an information item, Jan Falzarano, Health Policy Research Division, presented a summary of amnesty results, including the number of ineligible dependents removed, estimated cost avoidance, and estimated savings resulting from disenrollment of these dependents. The Amnesty Phase concluded on June 30, 2013.

The following people spoke on this item:

Debb Jechens, California School Employees Association  
Neal Johnson, SEIU Local 1000

### **AGENDA ITEM 13 – PUBLIC COMMENT**

The Committee received Public Comment from Neal Johnson, SEIU, Local 1000, regarding the transition of members from Tier 2 to Tier 1 Retirement Plans.

The meeting was adjourned at 12:16 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for October 15, 2013, in Sacramento, California.

Attachment

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ANN BOYNTON  
Deputy Executive Officer  
Benefit Programs Policy and Planning