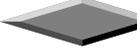



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

December 17, 2013



The Pension and Health Benefits Committee met on Tuesday, December 17, 2013, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 12:32 p.m. with the following members present:

Priya Mathur, Chair
George Diehr, Vice Chair
Michael Bilbrey
Ralph Cobb 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
Ron Lind
Bill Slaton

AGENDA ITEM 2 – EXECUTIVE REPORT(S)

Ann Boynton, Deputy Executive Officer, Benefit Programs Policy and Planning, provided an update on the Dependent Eligibility Project.

AGENDA ITEM 3 – CONSENT ITEMS

The Committee accepted the following Action Consent Items:

3a. Approval of the November 19, 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 February 19, 2014, Pension and Health Benefits Committee Meeting

AGENDA ITEM 5 – STATE LEGISLATIVE PROPOSAL: POLICY AND TECHNICAL MANEDMENTS TO THE PUBLIC EMPLOYEES’ RETIREMENT LAW

Danny Brown, Chief, Office of Governmental Affairs, provided staff’s recommendation to sponsor legislation to make several changes to various provisions of the Public Employees’ Retirement Law. These changes were identified by staff as necessary for the maintenance and good governance of the California Public Employees’ Retirement System (CalPERS) and to ensure that its statutes are clear.

On **MOTION** by George Diehr, **SECONDED** and **CARRIED**, the Committee recommended the Board sponsor legislation to make the minor policy and technical changes to sections of the Government Code administered by CalPERS as outlined in the Agenda Item.

AGENDA ITEM 8 – CONSIDERATION IN GENERIC STEP THERAPY PROGRAMS

As an information item, David Cowling, Chief, Center for Innovation and Kathleen Fairman, Pharmacy Benefit Management Institute, presented an overview of pharmacy expenditures and step therapy programs that have been widely implemented throughout the US. Ms. Fairman discussed the economic value and clinical outcomes of these programs.

AGENDA ITEM 6 – 2014 PHARMACY MANAGEMENT CHANGES

As an information item, Kathy Donneson, Chief, Health Plan Administration Division (HPAD) and Melissa Mantong, HPAD presented information on CVS Caremark’s utilization management edits that will take place in 2014 for CalPERS members enrolled in Medicare Part D Prescription Drug Plan Employer Group Waiver Plans.

AGENDA ITEM 7 – SPECIALTY DRUG COST MANAGEMENT

As an information item, Kathy Donneson, Chief, Health Plan Administration Division and Doug McKeever, Chief, Health Policy Research Division, provided an overview on cost mitigation strategies for 2015 for health plans whose pharmacy benefit is management by CVS Caremark, in an effort to encourage appropriate use of less expensive drug therapies. The review will include an analysis of current industry practice for specialty drug benefits, as well as, solicitation of constituent feedback in order to provide an informed set of options for the Pension and Health Benefits Committee.

Neal Johnson, Service Employees’ International Union, Local 1000, spoke on this item.

AGENDA ITEM 9 – REVISED REGIONS FOR HEALTH BENEFITS FOR PUBLIC AGENCIES AND SCHOOLS

As an information item, Doug McKeever, Chief, Health Policy Research Division, provided information on staff's analysis of county relative healthcare costs to determine if the number of public agency pricing regions, or their composition, should change. Staff will present findings and recommendations from this analysis in February 2014.

AGENDA ITEM 10 – IMPLEMENTATION OF IRS GOVERNMENTAL PLAN GUIDANCE

As an information item, Donna Lum, Deputy Executive Officer, Customer Services and Support, provided an update on the Internal Revenue Service guidance regarding the definition of a governmental plan under section 414(d) of the Internal Revenue Code and staff's incorporation of this guidance into CalPERS existing review process for new applications from agencies seeking to participate in the CalPERS plan.

Myrna Castrejon, California Charter Schools Association, spoke on this item.

AGENDA ITEM 11 – PUBLIC COMMENT

There was no public comment.

The meeting was adjourned at 2:00 p.m.

The next meeting of the Pension and Health Benefits Committee is scheduled for February 19, 2014, in Sacramento, California.

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning