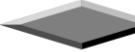


CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

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

October 20, 2015



The Pension & Health Benefits Committee met in Open Session on Tuesday, October 20, 2015, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:01 a.m. with the following members present:

Priya Mathur, Chair
Michael Bilbrey, Vice Chair
Grant Boyken for John Chiang
Rob Feckner
Richard Gillihan
JJ Jelincic
Henry Jones
Theresa Taylor
Alan LoFaso for Betty Yee

Other Board Members Present:
Bill Slaton

AGENDA ITEM 2 – EXECUTIVE REPORT(S)

Doug McKeever, Deputy Executive Officer (DEO), Benefit Programs Policy and Planning, highlighted his initial priorities, as well as, his efforts moving forward as the new DEO. Mr. McKeever provided a brief update on the parent-child relationship regulations; the Affordable Care Act Excise Tax; and, recent activity in regards to biosimilars.

ITEM 3 – CONSENT ITEMS

The Committee accepted the following Action Consent Item:

3a. Approval of the August 18, 2015, Pension & 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 November 17, 2015, Pension & Health Benefits Committee meeting
- 4d. Federal Retirement Policy Representative Update
- 4e. California Employers' Retiree Benefit Trust Update
- 4f. Supplemental Income Plans Program Update

Item 4c, Federal Health Care Policy Representative Update, was removed from the consent items to be discussed at the end of the Agenda.

AGENDA ITEM 5 – RETIREMENT OPTIONS SIMPLIFICATION

Donna Lum, Deputy Executive Officer, Customer Services and Support, and Anthony Suine, Chief, Benefit Services Division, provided staff's recommendation on condensing the current retirement payment options from 13 to 5. Mr. Suine discussed the analysis staff performed since the February 2015 meeting, to determine if further simplification was appropriate. Ms. Lum highlighted the benefits and impacts to our members.

Grant Boyken moved staff's recommendation to approve condensing the number of retirement payment options from 13 to 5. The motion was seconded.

Rob Feckner requested to amend the motion to include Options 2 and 3, making a total of 7 available options. Once legislation is drafted and considered, a final decision will be made on including Options 2 and 3. Mr. Boyken accepted the amendment. The motion carried.

Jai Sookprasert, California School Employees Association, spoke on this item.

AGENDA ITEM 6 – ENTERPRISE RISK REPORTS – PENSION & HEALTH BENEFITS COMMITTEE

As an information item, Cheryl Eason, Chief Financial Officer, Ms. Lum and Mr. McKeever discussed the new committee-specific risk dashboards. The objective of the new dashboard presentations is to obtain the input and perspectives of the committees that oversee the programs responsible for the first line of defense on those risks.

AGENDA ITEM 7 – DEPENDENT ELIGIBILITY VERIFICATION PROJECT CLOSEOUT

As an information item, Jan Falzarano, Acting Chief, Health Policy Research Division, presented the results from the Dependent Eligibility Project's Amnesty Phase; the five State cycles of the Verification Phase; the four verification cycles for public agencies and schools; and, identified project outcomes.

At this time, Richard Costigan joined the meeting.

AGENDA ITEM 8 – LONG-TERM CARE PROGRAM SEMI-ANNUAL UPDATE

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, and Tyrone Espinoza, CalPERS Staff, provided an overview of the Long-Term Care Program trends comparing the years 2012, 2013, 2014, and the January 1 to June 30 period for 2015. The trends are used to provide comparative information related to program performance and sustainability efforts.

At this time, Dana Hollinger joined the meeting.

AGENDA ITEM 9 – LONG-TERM CARE PROGRAM EXPANDED ELIGIBILITY

As an information item, Ms. Donneson and Mr. Espinoza, presented information on expanding eligibility for the CalPERS Long-Term Care Program to all classed of persons eligible under 26 Internal Revenue Code Section 7702B(f)(2) "Treatment of Qualified Long Term Care Insurance."

AGENDA ITEM 10 – PHARMACY BENEFIT MANAGER PROCUREMENT STRATEGY

As an information item, Ms. Donneson provided an update on the Pharmacy Benefit Manager (PBM) solicitation, including the evaluation approach and schedule. The expected outcomes for the solicitation include identification of top competitive PBM submissions, successful negotiations of a contract, and firms' commitment to an implementation plan.

AGENDA ITEM 4c - FEDERAL HEALTH CARE POLICY REPRESENTATIVE UPDATE

Mr. McKeever provided information on the Federal Health Policy Report for CalPERS.

AGENDA ITEM 11 – SUMMARY OF COMMITTEE DIRECTION

Mr. McKeever provided a summary of the Committee direction from the October 20, 2015 meeting. The Committee directed staff as follows:

- Agenda Item 5 – The Committee directed staff to include seven options in the motion to provide time for additional stakeholder discussions. Staff will bring back a legislative package with a final decision in February 2016.
- Agenda Item 6 – The Committee directed staff to include language in future items regarding mitigation efforts and align the item with upcoming items on the Committee calendar.
- Agenda Item 8 – The Committee directed staff to provide an update on marketing effectiveness in December 2015.
- Agenda Item 9 – The Committee directed staff to move forward with expanding eligibility for the Long-Term Care Program.

AGENDA ITEM 12 – PUBLIC COMMENT

The Committee received public comment from Larry Woodson regarding United HealthCare; Chris Little regarding Regional Pricing and flexible health plans; and, George Linn regarding generic drug use.

The meeting was adjourned at 9:53 a.m.

The next meeting of the Pension & Health Benefits Committee is scheduled for November 17, 2015, in Sacramento, California.

DOUG P. McKEEVER
Deputy Executive Officer
Benefit Programs Policy and Planning