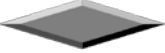



California Public Employees' Retirement System

**Board of Administration
Pension and Health Benefits Committee
Meeting Minutes**

May 17, 2016



The Pension and Health Benefits Committee met in Open Session on Tuesday, May 17, 2016, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 10:50 a.m. with the following members present:

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

Other Board Members Present:

JJ Jelincic
Ron Lind
Bill Slaton

Agenda Item 2 – Executive Report(s)

Doug McKeever, Deputy Executive Officer (DEO), Benefit Programs Policy and Planning, provided information on the annual member statement; a new annual report for the health care system for the California Public Employees' Retirement System (CalPERS); and, recent activities in the area of pharmacy.

Agenda Item 3 – Consent Items

The Committee accepted the following Action Consent Item:

- 3a. Approval of the March 15, 2016, 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 the June 14, 2016, Pension and Health Benefits Committee Meeting
- 4c. Federal Health Care Policy Representative Update
- 4d. Federal Retirement Policy Representative Update

Agenda Item 5 – Preliminary 2017 Health Plan Rates

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, presented the preliminary unadjusted and risk adjusted health plan rates for 2017. The final rates will be presented and approved at the June 2016 meeting.

The following people spoke on this item:

Kent McKinney, CalPERS member

Joanne Hollender, Retired Public Employees' Association

Agenda Item 6 – Health Care Cost Trends

As an information item, Ms. Donneson provided a report on cost and utilization information for the health plan enrollment and four years of cost and use trends for ten key categories. The report provides trends and measures for fiscal years 2014-15, 2013-14, 2012-13 and 2011-12.

Agenda Item 7 – Customer Services and Support Performance Update

As an information item, Donna Lum, DEO, Customer Services and Support provided an update on the CalPERS Benefit Education Events. In addition Anthony Suine, Chief, Benefit Services Division, gave a brief overview of the current state of the customer experience and initiatives that are being undertaken to improve customer service.

Agenda Item 8 – Assembly Bill 1878 (Jones-Sawyer) – Retired School Member Death Benefits

Mary Anne Ashley, Chief, Legislative Affairs Division, presented Assembly Bill (AB) 1878. The bill would increase the current law requirement of \$2000 to not less than \$5000 for a designated beneficiary of a retired school member, and authorizes the CalPERS Board of Administration to adjust the death benefit amount based on changes in the All Urban California Consumer Price Index.

Grant Boyken moved staff's recommendation to adopt a **Neutral, if Amended** position on AB 1878 to include state miscellaneous plan members and identify an appropriate source of funding. The motion was seconded and carried.

Katie Hagen abstained.

Ivan Carrillo, California Federation of Teachers, spoke on this item.

Agenda Item 9 – Assembly Bill 2028 (Cooper) – Restoration of Credit for Service and Compensation Earnable

Ms. Ashley presented AB 2028. This bill requires credit for service and compensation earnable for a wrongfully terminated school member or local safety member, to include the amount of service that would have been credited and the compensation earnable reported as though the member had not been wrongfully terminated. It also requires employers to notify CalPERS within five days of the date of a final decision ordering that an employee be reinstated after he or she had been wrongfully terminated.

Henry Jones moved staff's recommendation to adopt a Support, if Amended position on AB 2028 to apply the bill to all active CalPERS school and local agency members, consistent with the treatment of all retired CalPERS members reinstated to active service following an involuntary termination as provided under existing law. The motion was seconded and carried.

Katie Hagen abstained.

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

Agenda Item 10 – Pharmacy Benefit Manager Contract Award

Ms. Donneson provided information to the Committee regarding the 2015-7755 Pharmacy Benefit Manager (PBM) Solicitation evaluation results. CalPERS solicited proposals for a 5-year agreement beginning January 1, 2017, and ending December 31, 2021. The solicitation process resulted in three finalists: CVS Health, Express Scripts, Inc., and OptumRx.

Michael Bilbrey moved staff's recommendation that after consideration of the cumulative results for all Firms that participated in Solicitation No. 2015-7755, and from such results, select OptumRx whose submission response best demonstrates the ability to offer PBM services in terms of customer service, pricing, and ability to fulfill contractual terms and conditions for calendar years 2017-2021. The motion was seconded and carried.

Diane Galo, CVS Health, spoke on this item.

Agenda Item 11 – Summary of Committee Direction

There was no direction from the Committee.

Agenda Item 12 – Public Comment

There was no public comment.

The meeting was adjourned at 12:10 pm.

The next meeting of the Pension and Health Benefits Committee is scheduled for June 14, 2016, in Sacramento, California.

Doug P. McKeever
Deputy Executive Officer
Benefit Programs Policy and Planning