

---



---

**California Public Employees' Retirement System**

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

**June 14, 2016**

---



---

The Pension and Health Benefits Committee met in Open Session on Tuesday, June 14, 2016, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:46 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  
Alan LoFaso for Betty Yee

Excused:  
Teresa Taylor

Other Board Members Present:  
JJ Jelincic  
Ron Lind  
Bill Slaton

**Agenda Item 2 – Executive Report(s)**

Donna Lum, Deputy Executive Officer (DEO), Customer Support Services, provided an update on the on-line health plan statement, open enrollment, and the California Public Employees' Retirement System (CalPERS) Benefit Education Event.

Doug McKeever, DEO, Benefit Programs Policy and Planning, announced the appointment of Sheri Little, the new Chief for Health Policy Research Division. Mr. McKeever also announced the launch of the procurement process for the Health Care Decision Support System.

**Agenda Item 3 – Consent Items**

The Committee accepted the following Action Consent Item:

3a. Approval of the May 17, 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 September 20, 2016, Pension and Health Benefits Committee Meeting
- 4c. Federal Health Care Policy Representative Update
- 4d. Federal Retirement Policy Representative Update
- 4e. 2017 Association Plan Rates (Attachment 1)

#### **Agenda Item 5 – Approval of the 2017 Health Maintenance Organization Plan Rates**

Mr. McKeever and Kathy Donneson, Chief, Health Plan Administration Division, presented the final 2017 Health Maintenance Organization (HMO) premiums for Anthem Blue Cross, Blue Shield of California, Health Net, Kaiser Permanente, Sharp Health Plan, and UnitedHealthcare basic HMO plans and Kaiser and United Medicare Advantage plans single-party rates, as well as, the basic and Medicare rates for the contracting agencies.

Michael Bilbrey moved staff's recommendation to approve the proposed 2017 HMO rates for Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Permanente, Sharp Health Plan, and UnitedHealthcare and Medicare Advantage rates for Kaiser Permanente and UnitedHealthcare, as shown in Attachment 2. The motion was seconded and carried.

#### **Agenda Item 6 – Approval of the 2017 Preferred Provider Organization Plan Rates**

Ms. Donneson, presented the final 2017 Anthem Exclusive Provider Organization basic plan premiums and the final 2017 PERS Choice, PERS Select, and PERSCare basic and Supplement to Medicare plan premiums, including both State and contracting agencies. Ms. Donneson also presented the following benefit changes: continue the Castlight on-line health care pricing transparency tool for the CalPERS basic Preferred Provider Organization (PPO) plans and, continue the Welvie on-line tool for the PPO plans.

Michael Bilbrey moved staff's recommendation to approve the proposed 2017 rates for the Anthem Exclusive Provider Organization, PERS Choice, PERS Select, and PERSCare Preferred Provider Organization health plans, as shown in Attachment 3. The motion was seconded and carried.

#### **Agenda Item 7a – Senate Bill 1010 (Hernandez): Prescription Drug Cost Transparency**

Mary Anne Ashley, Chief, Legislative Affairs Division, provided a brief overview of some of the provisions that were included in Senate Bill (SB) 1010. If enacted, SB 1010 could provide CalPERS with additional information and provide more transparency in drug costs, and the resultant impact on health care premiums and affordability.

Rob Feckner moved staff's recommendation to adopt a **Support** position on SB 1010 because it would provide greater transparency in prescription drug costs so purchasers can understand its impact on health care affordability and premiums.

The following people spoke on this item:

- Beth Capell, Health Access California
- Sara Flocks, California Labor Federation
- Teresa Stark, Kaiser Permanente

### **Agenda Item 8 – State Annuitant Contribution Formula**

As an information item, Ms. Donneson presented the State annuitant contribution amounts for the 2017 rates (Attachment 4). Government Code 22871 sets forth that the employer contribution for health benefits for State employees and annuitants shall be based on the principle of a weighted average of the premiums of the four largest health benefit plans. The four largest health benefit plans for 2017 are Kaiser Permanente, Blue Shield Access+, UnitedHealthcare, and the PERS Choice Preferred Provider Organization.

### **Agenda Item 9 – Long-Term Care Third-Party Administrator Procurement Strategy**

As an information item, Ms. Donneson provided an update on the solicitation strategy, structure and process for the Long-Term Care Program. The solicitation and competitive negotiation approach is consistent with Government Code Section 21663 and Public Contract Code section 6611.

### **Agenda Item 10 – Drug Price Relief Act**

As an information item, Karen Páleš and Dr. Richard Sun, CalPERS Staff, provided an overview of the California Drug Price Relief Act (Act), currently on the November 2016 ballot. If approved the Act would prohibit California state entities from paying more for a prescription drug than the lowest price paid for the same drug by the United States Department of Veterans Affairs. Staff discussed the possible positive and negative impacts, to CalPERS and its members, if the Act is approved by voters.

The following people spoke on this item:

Megan Gamble, Californians Against the Misleading Rx Measure  
Rand Martin, AIDS Healthcare Foundation

### **Agenda Item 11 – Financial Literacy Update**

As an information item, Ms. Lum discussed staff's plans to enhance the education that is offered to CalPERS members related to financial literacy, and retirement security. Increasing CalPERS members' knowledge of their retirement benefits and access to financial education materials is to provide them the opportunity to plan for their own secure retirement based on their individual needs.

### **Agenda Item 12 – The California Public Employees' Pension Reform Act – An Update Since Implementation**

As an information item, Mr. McKeever and Alan Milligan, Chief Actuary, provided an update of the activities that have occurred since the passage of Assembly Bill 340; the current environment, including some statistical data and the path forward for the remaining implementation activities.

### **Agenda Item 13 – Summary of Committee Direction**

There was no direction from the Committee.

### **Agenda Item 14 – Public Comment**

The Committee received public comment from Tim Behrens, California State Retirees, regarding the Pharmacy Benefit Manager solicitation.

The meeting was adjourned at 12:10 pm.

The next meeting of the Pension and Health Benefits Committee is scheduled for September 20, 2016, in Sacramento, California.

Attachments

---

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