


California Public Employees' Retirement System

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

September 20, 2016



The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, September 20, 2016, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:00 a.m. with the following members present:

Priya Mathur, Chair
Michael Bilbrey, Vice Chair
Eric Lawyer 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:
Ron Lind
Bill Slaton

Agenda Item 2 – Executive Report(s)

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

Doug McKeever, DEO, Benefit Programs Policy and Planning, provided information on the following: OptumRx implementation; Long-Term Care solicitation; Public Employees' Pension Reform Act; and, the annual report that is submitted to the Legislature on the state of health care for the CalPERS Health Benefits Program.

Agenda Item 3 – Consent Items

The Committee accepted the following Action Consent Item:

3a. Approval of the June 14, 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 November 15, 2016, PHBC Meeting
- 4c. Risk Adjustment Report to the Legislature

Agenda Item 5 – Proposed Regulations: Clarification of Combination Enrollments

Shari Little, Chief, Health Policy Research Division, presented proposed regulations that would clarify the rules under which members in a combination enrollment enroll in a health plan and when they may enroll in health plans offered by one or more different carriers (Attachment 1).

Michael Bilbrey moved staff's recommendation to approve the proposed regulations to clarify the rules regarding family enrollments where some family members may enroll only in basic plans and other members may enroll only in Medicare or supplemental plans, otherwise known as "combination enrollments". The motion was seconded and carried.

Agenda Item 7 – Federal Retirement Policy Representative Update

As an information item, Tony Roda, Williams and Jensen and Tom Lussier, The Lussier Group, Inc., provided an update to the Committee via telephone regarding recent developments on issues of interest to CalPERS in relation to federal retirement policy.

Agenda Item 8 – Risk Profile Review

As an information item, Mr. McKeever and Ms. Lum presented the revised enterprise risk management framework and the enterprise risks delegated to the PHBC. Staff requested input and perspectives on the risks from the Committee. The final risk profiles will be included in the risk dashboard that will be presented at the November 2016 Risk and Audit Committee Meeting.

Agenda Item 6 – Federal Health Care Policy Representative Update

As an information item, Chris Jennings, Jennings Policy Strategies, and Yvette Fontenot, Avenue Solutions, provided an update to the Committee via telephone regarding the recent developments on issues of interest to CalPERS in relation to federal health care policy.

Agenda Item 9 – Exploring Opportunities in Value-Based Insurance Design

As an information item, Ms. Little, provided an overview of staff's current efforts to explore a variety of emerging Value-Based Insurance Design strategies to determine potential benefits and risks for CalPERS health plan members.

Agenda Item 10 – Prescription Drug Utilization and Cost Trends

As an information item, Kathy Donneson, Chief, Health Plan Administration Division and Melissa Mantong, CalPERS staff, presented a report that evaluates outpatient drug utilization and cost trends for all CalPERS health plans. For this agenda item utilization and cost data were analyzed separately for prescription drugs versus medical pharmacy drugs.

Agenda Item 11 – Long-Term Care Program Semi-Annual Update

As an information item, Ms. Donneson and Tyrone Espinoza, CalPERS staff, provided an update on the CalPERS Long-Term Care Program. The LTC Program trends between 2013 and June 30, 2016, provided comparative information related to program performance and sustainability efforts.

Agenda Item 12 – Summary of Committee Direction

Mr. McKeever provided a summary of the Committee direction from the September 20, 2016, meeting. The Committee directed staff as follows:

- Work with the new Administration immediately following the election to establish a working relationship.
- Make a title revision and add more description to the Health Care risk drivers.
- Invite an employer to discuss their value-based insurance design to the December meeting and continue to move forward on value-based insurance design strategies.

Agenda Item 13 – Public Comment

The Committee received public comment from Robert Thacker, CalPERS, regarding health plan requirements for place of services.

The meeting was adjourned at 9:57 am.

The next meeting of the Pension and Health Benefits Committee is scheduled for November 15, 2016, in Sacramento, California.

Attachment

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