


California Public Employees' Retirement System

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

June 20, 2017



The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, June 20, 2017, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 1:48 p.m. with the following members present:

Priya Mathur, Chair
Michael Bilbrey, Vice Chair
Jeree Glasser-Hedrick for John Chiang
Rob Feckner
Richard Gillihan
Dana Hollinger
Henry Jones
Teresa Taylor
Alan LoFaso for Betty Yee

Other Board Members Present:

JJ Jelincic
Ron Lind
Bill Slaton

Agenda Item 2 – Executive Report(s)

Donna Lum, Deputy Executive Officer, Customer Services and Support, provided information on recent enhancements to myCalPERS. The new enhancements debuted on June 19th. Some of the enhancements include the account summary being added to the home page and added pathways to retirement contribution, service credit and the retirement estimate calculator. Quick links were also added to areas, such as, beneficiary information, contact information and scheduling appointments.

Ms. Lum also provided an update on the CalPERS Benefit Education Event's (CBEE). CalPERS hosted an event on May 19th and 20th in Eureka with more than 430 attendees. The next event is scheduled for July 21st and 22nd in Santa Clara, California.

Liana Bailey-Crimmins, Chief Health Director, Health Policy Benefits Branch, highlighted significant accomplishments that the health program has made during the 2018 rate development process. The accomplishments fall into four categories; strong rate negotiations, innovation benefit design, responsible contract management; and, collaborative partnerships, internally and externally.

Ms. Bailey-Crimmins took a point of personal privilege to recognize CalPERS rate development team and their hard work.

Agenda Item 3 – Consent Items

The Committee accepted the following Action Consent Items:

3a. Approval of the May 16, 2017, Pension and Health Benefits Committee Meeting Minutes with a minor correction.

Agenda Item 4 – Consent Items

The Committee accepted the following Information Consent Items:

4a. Annual Calendar Review

4b. Draft Agenda for the August 15, 2017, Pension and Health Benefits Committee Meeting

4c. 2018 Association Plan Rates (Attachment 1)

Agenda Item 8 – Federal Health Care Policy Representative Update

Brad Pacheco, Deputy Executive Officer, Communications and Stakeholder Relations, introduced Yvette Fontenot and Chris Jennings, our Federal Health Care Policy Representatives participating via telephone, to discuss recent developments on issues of interest to CalPERS and related activities.

Agenda Item 9 – Federal Retirement Policy Representative Update

Mr. Pacheco introduced Tom Lussier and Tony Roda, our Federal Retirement Policy Representatives participating via telephone, to discuss recent developments on issues of interest to CalPERS and related activities.

Agenda Item 6 – Approval of the 2018 Medical and Pharmacy Benefits for Preferred Provider Organization Health Plans

Kathy Donneson, Chief, Health Plan Administration Division, presented medical benefit and pharmacy benefit changes for the self-funded Preferred Provider Organization (PPO) plans for plan year 2018.

On motion by Henry Jones, the Committee recommended the Board approve the proposed self-funded PPO plans medical and pharmacy benefit changes for the 2018 plan year. The detailed benefit changes can be found in the June 20, 2017, Pension and Health Benefits Committee materials. The motion was seconded and carried.

Agenda Item 5a – Approval of the 2018 Health Maintenance Organization Plan Rates

Shari Little, Chief, Health Policy Research Division, presented the proposed 2018 Health Maintenance Organization (HMO) health plan risk adjusted premium rates.

On motion by Henry Jones, the Committee recommended the Board approve the proposed 2018 HMO risk adjusted premium rates for Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Permanente, Sharp Health Plan, United Healthcare and Western Health Advantage; and, the Medicare Advantage rate for Kaiser Permanente, United Healthcare and Anthem HMO Traditional, as shown in Attachment 2. The motion was seconded and carried.

Agenda Item 5b – Approval of the 2018 Preferred Provider Organization Plan Rates

Ms. Little, presented the proposed 2018 PPO health plan risk adjusted premium rates.

On motion by Teresa Taylor, the Committee recommended the Board approve the proposed 2018 PPO risk adjusted premium rates for Anthem Exclusive Provider Organization, PERS

Choice, PERS Select and PERSCare, as shown in Attachment 3. The motion was seconded and carried.

Agenda Item 7 – Long-Term Care Contract Award

Ms. Donneson and Victoria Eberle, CalPERS team member, presented information regarding the Solicitation No. 2016-8180 Long-Term Care (LTC) third-party administrator solicitation evaluation results. CalPERS solicited proposals for a 5-year agreement beginning January 1, 2018 and ending December 31, 2022. The Solicitation process resulted in two finalists: Capgemini and Long-Term Care Group, Inc.

On motion by Henry Jones, after considering cumulative results for all bidders that participated in Solicitation No. 2016-8180, and from such results, the Committee recommended the Board select the Long-Term Care Group, Inc., whose submission response best demonstrated the ability to offer LTC third-party administrative services in terms of customer service, pricing, and ability to fulfill contractual terms and conditions for calendar years 2018 to 2022. The motion was seconded and carried.

Agenda Item 10 – State Annuitant Contribution Formula

As an information item, Ms. Little presented the 2018 state annuitant contribution amounts based on proposed 2018 premium rates. For 2018, Kaiser Permanente, Blue Shield Access+ HMO, PERS Choice and United HealthCare HMO are the four largest health plans. Then 2018 state annuitant contribution amounts are shown in Attachment 4.

Agenda Item 11 – Update on Transition Care Program Pilot

As an information item, Ms. Donneson provided a summary of the 2014-16 pilot project by CalPERS team members that attempted to reduce the rate of hospital readmissions for elderly people in the greater Sacramento area, who held a CalPERS LTC policy and who had health coverage through a CalPERS self-funded PPO health plan. Although enrollment in the program was lower than expected, lessons were learned for future similar programs.

Agenda Item 12 – Spousal Surcharge for Contracting Agency Member Health Benefit Contributions

As an information item, Ms. Donneson updated the Committee on the possibility of allowing contracting agencies to add a spousal surcharge to contracting agency member health benefit contributions. The surcharge would apply to contracting agency members who have enrolled their spouses in the members' CalPERS health coverage, but the spouses have access to health benefit coverage through their own employers. After further research from staff, it was concluded that administering a spousal surcharge for contracting agencies is not permissible under the Public Employees' Medical and Hospital Care Act.

Agenda Item 13 – Summary of Committee Direction

Ms. Bailey-Crimmins provided a summary of the Committee direction from the June 20, 2017, meeting. The Committee directed staff as follows:

- Provide an update to the Committee on the Silver Sneakers program one year from now.
- Provide the CalPERS estimated 85/80 and 80/80 state active contribution amounts, which is included in Attachment 4.

Agenda Item 14 – Public Comment

There was no public comment.

The meeting was adjourned at 3:37 p.m.

The next meeting of the PHBC is scheduled for August 15, 2017, in Sacramento, California.

Prepared by: Jennifer Jimenez
Committee Secretary

Attachments

Liana Bailey-Crimmins
Chief Health Director
Health Policy Benefits Branch