


California Public Employees' Retirement System

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

August 15, 2017



The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, August 15, 2017, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:00 a.m. with the following members present:

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

Excused:
Rob Feckner
Teresa Taylor

Other Board Members Present:
JJ Jelincic
Ron Lind
Bill Slaton

Agenda Item 2 – Executive Report(s)

Liana Bailey-Crimmins, Chief Health Director, Health Policy and Benefits Branch, updated the Committee on the following topics: the 2018 health open enrollment period; the California Public Employees' Retirement System (CalPERS) Health Beliefs; pharmacy copay charges recently discussed in the media; and, the upcoming health care summit that will be held on September 12, 2017 in Sacramento.

Agenda Item 3 – Consent Items

The Committee accepted the following Action Consent Items:

3a. Approval of the June 20, 2017, Pension and Health Benefits Committee Meeting Minutes with amendments.

Agenda Item 4 – Consent Items

The Committee accepted the following Information Consent Items:

4a. Annual Calendar Review
4b. Draft Agenda for the September 19, 2017, Pension and Health Benefits Committee Meeting

- 4c. Federal Health Care Policy Representative Update
- 4d. Federal Retirement Policy Representative Update

Agenda Item 5 – Final Proposed Regulation for Pensionable Compensation under PEPRA

Renee Ostrander, Chief, Employer Account Management Division, presented the final proposed regulations for pensionable compensation under the Public Employees' Pension Reform Act (PEPRA) of 2013. The regulation is intended to clarify the CalPERS interpretation of what is considered pensionable compensation for "new members" hired on or after January 1, 2013, and promote uniform compliance amongst all covered employers.

On motion by Richard Gillihan and seconded, the Committee recommended the Board of Administration (Board) approve the final proposed regulation defining pensionable compensation under PEPRA (Attachment 1). With Board approval staff will submit the final rulemaking package to the Office of Administrative Law for adoption. The motion carried.

Agenda Item 6 – Proposed Amended Regulation for Normal Retirement Age

Kelli Aoki, CalPERS Team Member, presented proposed amendments that would help ensure continued compliance with current Internal Revenue Service guidance regarding in-service distributions and facilitate administration of working after retirement and partial service retirement programs.

On motion by Henry Jones and seconded, the Committee recommended the Board approve staff's recommendation to pursue amendments to the California Code of Regulations section 586.1 defining Normal Retirement Age (Attachment 2). The motion carried.

Agenda Item 7 – Empowering CalPERS Members with a Health Care Price Shopping Tool: Promise and Reality

As an information item, David Cowling, Chief, Center for Innovation and Dr. Ateev Mehrotra, Harvard Medical School provided an update on the evaluation done in collaboration with CalPERS and Anthem to understand the impact of providing a price transparency tool to CalPERS members. Anthem contracted with Castlight in 2014 to provide the price transparency tool to its CalPERS Preferred Provider Organization members.

Donna Snodgrass, Retired Public Employees' Association, spoke on this item.

Agenda Item 8 – Risk Adjustment of CalPERS' Health Plan Rates – History and Experience

As an information item, Kathy Donneson, Chief, Health Plan Administration, Gary McCollum, CalPERS Team Member and Bob Cosway, Milliman, provided an overview of the sequence of events between 2012 and the present leading to risk adjustment of the CalPERS health plan rates, including, the methodology for plan years 2014-2018.

Agenda Item 9 – Summary of Committee Direction

Ms. Bailey-Crimmins provided a summary of the Committee direction from the August 15, 2017, meeting. The Committee directed staff as follows:

- Include a statement to the June 20, 2017, PHBC meeting minutes, under Agenda Item 12, that administering a spousal surcharge for contracting agencies is not permissible under the Public Employees' Medical and Hospital Care Act.
- Present a demonstration of the Castlight tool at a future PHBC meeting.

Agenda Item 10 – Public Comment

The Committee received public comment from Larry Woodson, California State Retirees, regarding the elimination of mailing paper copies of retiree’s direct deposit slips.

The meeting was adjourned at 10:41 a.m.

The next meeting of the PHBC is scheduled for September 19, 2017, in Sacramento, California.

Prepared by: Jennifer Jimenez
Committee Secretary

Attachments

Liana Bailey-Crimmins
Chief Health Director
Health Policy and Benefits Branch