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**California Public Employees' Retirement System**

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

**December 19, 2017**

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The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, December 19, 2017, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:03 a.m. with the following members present:

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

Other Board Members Present:

JJ Jelincic  
Bill Slaton

Priya Mathur, Chair, PHBC, took a point of personal privilege to thank Michael Bilbrey for his work and compassion while serving on the PHBC.

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

Donna Lum, Deputy Executive Officer, Customer Services and Support, provided information on members impacted by the Southern California fires, the annual 1099 tax form process, and the upcoming 2018 California Public Employees' Retirement System (CalPERS) Benefit Education Events.

Liana Bailey-Crimmins, Chief Health Director, Health Policy and Benefits Branch, provided information on the Affordable Care Act delay and suspension bills that may impact CalPERS, recognition of the CalPERS Health Program, and the launch of the 2018 CalPERS health plan survey.

**Agenda Item 3 – Consent Items**

The Committee accepted the following Action Consent Items:

3a. Approval of the November 14, 2017, 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 February 13, 2018, Pension and Health Benefits Committee Meeting
- 4c. Federal Health Care Policy Representative Update
- 4d. Federal Retirement Policy Representative Update

#### **Agenda Item 5 – Final Proposed Amended Regulation for Normal Retirement Age**

Jan Falzarano, Chief, Retirement Research and Planning Division, provided information on the final proposed amendments to California Code of Regulations (CCR) section 586.1 defining Normal Retirement Age.

Richard Gillihan moved staff's recommendation to approve the final proposed amendments to CCR section 586.1 defining Normal Retirement Age (Attached). Upon approval, CalPERS will submit the final rulemaking package to the Office of Administrative Law for adoption. The motion was seconded and carried.

#### **Agenda Item 6 – Enterprise Performance Reporting – Update on Customer Services & Support Strategic Measures and Key Performance Indicators**

As an information item, Anthony Suine, Chief, Benefit Services Division, provided an update on several Customer Services and Support Strategic Measures and Key Performance Indicators that are part of CalPERS Enterprise Performance Reporting system. The Measures are aligned to the CalPERS 2017-22 Strategic Plan and allow staff to measure progress toward achieving their strategic goals and objectives.

#### **Agenda Item 7 – Prescription Drugs Utilization and Cost Trends**

As an information item, Dr. Melissa Mantong, CalPERS Team Member, presented claims data on drug cost covered under Pharmacy and Medical Benefits. The 2016 total drug costs paid under Pharmacy Benefits for all CalPERS plans were \$2,153.16 million and the 2016 total drug costs paid for Medical Benefits for all CalPERS plans were \$500.66 million.

#### **Agenda Item 8 – CalPERS PPO Basic Plans: Optimizing Health Care Benefits and Outcomes**

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, provided background on the self-funded Preferred Provider Organization (PPO) Basic plans optimization effort and the team's recommended design changes to three PPO Basic plans including changes to the PERS Select plan to introduce Value Based Insurance Design approaches, proposed changes to PERS Choice and PERSCare plans to continue offering choice to members.

The following people spoke on this item:

- Larry Woodson, California State Retirees
- Donna Snodgrass, Retired Public Employees Association
- Tim Behrens, California State Retirees

**Agenda Item 9 – Summary of Committee Direction**

Ms. Bailey-Crimmins provided a summary of the Committee direction from the December 19, 2017, meeting. The Committee directed staff as follows:

- Seek legislative opportunities that constrain prescription drug costs.
- Provide information on how the proposed Value Based Insurance Design impacts a typical member profile across the three plans, including possible deterrence to seeking care and long-term health outcomes.

**Agenda Item 10 – Public Comment**

There was no public comment.

The meeting was adjourned at 10:18 a.m.

The next meeting of the PHBC is scheduled for February 13, 2018, in Sacramento, California.

Attachment

Prepared by: Jennifer Jimenez  
Committee Secretary

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