


California Public Employees' Retirement System

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

February 13, 2018



The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, February 13, 2018, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:32 a.m. with the following members present:

Priya Mathur, Chair
Steve Juarez for John Chiang
Rob Feckner
Richard Gillihan
Henry Jones
David Miller
Bill Slaton
Theresa Taylor
Alan LoFaso for Betty Yee

Other Board Members Present:

Dana Hollinger
Margaret Brown
Ramon Rubalcava

Priya Mathur, Chair, PHBC, took a point of personal privilege to express her gratitude of serving as the Chair of the PHBC.

Agenda Item 2 – Election of the Pension and Health Benefits Committee Chair and Vice Chair

Rob Feckner was elected Chair, and Theresa Taylor was elected Vice Chair, of the PHBC.

Agenda Item 3 – Executive Report(s)

Donna Lum, Deputy Executive Officer, Customer Services and Support, provided information on the upcoming California Public Employees' Retirement System (CalPERS) Benefit Education Events; and, enhancements of employer and member services.

Liana Bailey-Crimmins, Chief Health Director, Health Policy and Benefits Branch, provided information on the following items: the Dependent Eligibility Verification Project; Affordable Care Act taxes impacting CalPERS; and, the current influenza epidemic.

Agenda Item 4 – Consent Items

The Committee accepted the following Action Consent Items:

- 4a. Approval of the December 19, 2017, Pension and Health Benefits Committee Meeting Minutes
- 4b. Member Request for Additional Form of Retirement Option 4

Priya Mathur moved staff's recommendation to deny member's request for a new form of retirement Option Settlement 4. The motion was seconded and carried.

Agenda Item 5 – Consent Items

The Committee accepted the following Information Consent Items:

- 5a. Annual Calendar Review
- 5b. Draft Agenda for the March 20, 2018, Pension and Health Benefits Committee Meeting
- 5c. Health Open Enrollment Results

Agenda Item 6 – Proposed Regulation for Definition of Full-Time Employment

Renee Ostrander, Chief, Employer Account Management Division, provided information on the proposed regulation that would clarify the CalPERS interpretation of what is considered "full-time" employment for purposes of determining CalPERS membership eligibility, reporting overtime positions, and determining compensation earnable and pensionable compensation.

Henry Jones moved staff's recommendation to pursue the proposed regulation defining full-time employment. (Attached) The motion was seconded and carried.

Agenda Item 7 – Public Agency Recruitment and Retention for the Health Benefits Program

As an information item, Rob Jarzombek, Chief, Health Account Management Division, provided an annual update on the marketing and retention strategies for Public Agencies and School Employers. For the period of February 19, 2017, to the present, there has been an overall net increase of 5,897 total covered lives added to the program.

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

As an information item, Kathy Donneson, Chief, Health Plan Administration Division, and Dr. Laura Clapper, Anthem Blue Cross, presented a revised Value Based Insurance Design (VBID) proposal for the self-funded Preferred Provider Organization Basic PERS Select plan; and, the most recent proposal for changes to the PERS Choice and PERSCare plan designs based on previous feedback.

The following people spoke on this item:

- Tim Behrens, California State Retirees
- Stephanie Hueg, California State Retirees
- Al Darby, Retired Public Employees' Association

Agenda Item 9 – OptumRx Program Administration

As an information item, Ms. Bailey-Crimmins provided a brief update on OptumRx' member improvements that have been established and proposed strategies moving forward.

The following people spoke on this item:

- James Anderson, Retired Public Employees' Association
- Donna Snodgrass, Retired Public Employees' Association

Agenda Item 10 – Pharmacy Pricing Strategies

As an information item, Ms. Donneson provided information concerning potential pharmacy pricing strategies for plan year 2019 and beyond, to address rising prescription drug costs while maintaining quality and member choice. The CalPERS team will lead the effort to lower and/or stabilize CalPERS prescription drug costs by working with Pharmacy Benefit Manager, Health Plans, and Stakeholders on the 2018 strategies and continue to plan on how best to execute future strategies and seek solutions.

Agenda Item 11 – Summary of Committee Direction

Ms. Bailey-Crimmins provided a summary of the Committee direction from the February 13, 2018, meeting. The Committee directed staff as follows:

- Provide the Committee research relating to high deductible/low cost plans and its potential impact to active and retiree populations.
- Evaluate the impact to active and retirees when sponsoring agencies leave the CalPERS health program.
- Provide more in-depth analysis on savings and alternatives regarding the VBID proposal.

Agenda Item 12 – Public Comment

There was no public comment.

The meeting was adjourned at 11:55 a.m.

The next meeting of the PHBC is scheduled for March 20, 2018, in Sacramento, California.

Attachment

Prepared by: Jennifer Jimenez
Committee Secretary

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