

California Public Employees' Retirement System

Board of Administration Pension and Health Benefits Committee Meeting Minutes

June 19, 2018

The Pension and Health Benefits Committee (PHBC) met in Open Session on Tuesday, June 19, 2018, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 1:00 p.m. with the following members present:

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

Other Board Members Present:

Margaret Brown
Dana Hollinger
Ramon Rubalcava

Agenda Item 2 – Approval of the June 19, 2018, Pension and Health Benefits Committee Timed Agenda

On **MOTION** by Theresa Taylor, the Committee recommended to approve the June 19, 2018, Pension and Health Benefits Committee Timed Agenda. The **MOTION** was **SECONDED** and **CARRIED**.

Agenda Item 3 – Executive Report(s)

Donna Lum, Deputy Executive Officer, Customer Services and Support, provided information on the California Public Employees' Retirement System (CalPERS) Benefit Education Event recently hosted in Riverside; and, recent activities related to customer satisfaction, and opportunities to engage with members and employers.

Liana Bailey-Crimmins, Chief Health Director, Health Policy and Benefits Branch, provided information on the following: upcoming health benefit program workshops; possible on-site open enrollment fairs; and, highlights of the Pension and Health Benefits Committee meeting.

Agenda Item 4 – Consent Items

The Committee accepted the following Action Consent Items:

4a. Approval of the May 15, 2018, Pension and Health Benefits Committee Meeting Minutes

Agenda Item 5 – Consent Items

The Committee accepted the following Information Consent Items:

5a. Annual Calendar Review

- 5b. Draft Agenda for the September 25, 2018, Pension and Health Benefits Committee Meeting
- 5c. 2019 Association Plan Rates (Attachment 1)

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

Renee Ostrander, Chief, Employer Account Management Division, presented the proposed regulation defining Full-Time Employment. The proposed regulation 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.

On **MOTION** by Priya Mathur, the Committee recommended to approve the final proposed regulation defining Full-Time Employment (Attachment 2). With Board of Administration approval, team members will submit the final rulemaking package to the Office of Administrative Law for adoption. The **MOTION** was **SECONDED** and **CARRIED**.

Agenda Item 7 – Reference Pricing Pharmaceuticals by Therapeutic Class

Kathy Donneson, Chief, Health Plan Administration Division, and Dr. Richard Sun, CalPERS team member, presented information concerning a reference pricing proposal for medications covered under the Pharmacy benefits for Basic health plans serviced by OptumRx for plan year 2019 and beyond to address rising prescription drug costs while maintaining quality and choice for our members.

On **MOTION** by Priya Mathur, the Committee recommended to approve the Reference Pricing Pharmaceuticals by Therapeutic Class (Reference Pricing) program for Basic health plans serviced by a vendor or vendors chosen by staff, beginning plan year 2019. The **MOTION** was **SECONDED** and **CARRIED**.

Agenda Item 8a – Approval of the 2019 Health Maintenance Organization Plan Rates

Shari Little, Chief, Health Policy Research Division, presented the proposed 2019 Health Maintenance Organization (HMO) premium rates.

On **MOTION** by Priya Mathur, the Committee recommended to approve the proposed 2019 HMO premium rates for Anthem Blue Cross, Blue Shield of California, Health Net of California, Kaiser Permanente, Sharp Health Plan, UnitedHealthcare, and Western Health Advantage; and the Medicare Advantage rates for Anthem Blue Cross, Kaiser Permanente and UnitedHealthcare, as shown in Attachment 3. The **MOTION** was **SECONDED** and **CARRIED**.

Henry Jones **ABSTAINED**.

The following people spoke on this item:

- Larry Woodson, California State Retirees
- Al Darby, Retired Public Employees Association

Agenda Item 8b – Approval of the 2019 Preferred Provider Organization Plan Rates

Ms. Little presented the proposed 2019 Preferred Provider Organization (PPO) premium rates.

On **MOTION** by Theresa Taylor, the Committee recommended to approve the use of \$35-50 million of excess reserves to buy-down the proposed PERSCare Basic plan premium for 2019 (Option 2). The **MOTION** was **SECONDED** and **CARRIED**.

On **MOTION** by Theresa Taylor, the Committee recommended to approve the proposed 2019 PPO rates for Anthem Exclusive Provider Organization, PERS Choice, PERS Select, and PERSCare, as shown in Attachment 4. The **MOTION** was **SECONDED** and **CARRIED**.

David Miller and Henry Jones **ABSTAINED**.

The following people spoke on this item:

Larry Woodson, California State Retirees
Al Darby, Retired Public Employees Association
Stephanie Hueg, California State Retirees

Agenda Item 9 – State Annuitant Contribution Formulas

Ms. Little provided the State Annuitant Contribution amounts, based on the proposed 2019 premium rates. Attachment 5

Agenda Item 10 – Summary of Committee Direction

Ms. Bailey-Crimmins provided a summary of the Committee direction from the June 19, 2018, meeting. The Committee directed staff as follows:

- Continue to research and implement ways of providing more transparency to our Stakeholders on important decisions made by the PHBC.
- Provide an analysis regarding the increase in health plan contracts and how that impacts competition and CalPERS members.

Agenda Item 11 – Public Comment

There was no public comment.

The meeting was adjourned at 2:27 p.m.

The next meeting of the PHBC is scheduled for September 25, 2018, in Sacramento, California.

Prepared by: Jennifer Jimenez
Committee Secretary

Attachments

Liana Bailey-Crimmins

Chief Health Director
Health Policy and Benefits Branch