

**California Public Employees' Retirement System**

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

**September 15, 2020**

The Pension & Health Benefits Committee (PHBC) met in Open Session via teleconference on September 15, 2020.

The meeting was called to order at 8:04 a.m. with the following members present:

Rob Feckner, Chair  
Ramon Rubalcava, Vice Chair  
Margaret Brown  
Henry Jones  
David Miller  
Eraina Ortega  
Theresa Taylor  
Shawnda Westly  
Karen Greene-Ross for Betty Yee

Other Board Members Present:

Frank Ruffino for Fiona Ma  
Lisa Middleton  
Stacie Olivares  
Jason Perez

At this time, the Open Session recessed and convened Closed Session. Open Session reconvened at 8:47 a.m.

**Agenda Item 2 – Approval of the September 15, 2020, PHBC Timed Agenda**

On **MOTION** by Margaret Brown and **SECONDED**, the Committee recommended to approve the September 15, 2020, PHBC Timed Agenda. A roll call vote was taken.

Name	Yes	No	Abstain
Rob Feckner, Chair			
Ramon Rubalcava, Vice Chair	X		
Margaret Brown	X		
Henry Jones	X		
David Miller	X		
Eraina Ortega	X		
Theresa Taylor	X		
Shawnda Westly	X		
Karen Greene-Ross for Betty Yee			

The final vote was 7 yes, 0 no. The motion **CARRIED**.

### Agenda Item 3 – Executive Report(s)

Anthony Suine, Deputy Executive Officer, Customer Services and Support (CSS), highlighted the following items: the CSS team's dedication to customer service; the first virtual California Public Employees' Retirement System (CalPERS) Benefit Education; members impacted by wildfires and hurricanes; the hiring of retired annuitants to assist with pandemic relief; retirement trends; and, the annual member statements.

Don Moulds, Chief Health Director, Health Policy and Benefits Branch (HPBB), provided two brief updates on the data gathered from health plans to better understand COVID among members, and 2020 enrollment.

### Agenda Item 4 – Action Consent Items

On **MOTION** by Ramon Rubalcava and **SECONDED**, the Committee voted to accept the following Action Consent Item:

4a. Approval of the June 16, 2020, PHBC Meeting Minutes

A roll call vote was taken.

Name	Yes	No	Abstain
Rob Feckner, Chair			
Ramon Rubalcava, Vice Chair	X		
Margaret Brown	X		
Henry Jones	X		
David Miller	X		
Eraina Ortega	X		
Theresa Taylor	X		
Shawnda Westly	X		
Karen Greene-Ross for Betty Yee	X		

The final vote was 8 yes, 0 no. The motion **CARRIED**.

On **MOTION** by Margaret Brown and **SECONDED**, the Committee voted to accept the following Action Consent Item:

4b. Review of the Pension & Health Benefits Committee Delegation

A roll call vote was taken.

Name	Yes	No	Abstain
Rob Feckner, Chair			
Ramon Rubalcava, Vice Chair	X		
Margaret Brown	X		
Henry Jones	X		
David Miller	X		
Eraina Ortega	X		
Theresa Taylor	X		
Shawnda Westly	X		
Karen Greene-Ross for Betty Yee	X		

The final vote was 8 yes, 0 no. The motion **CARRIED**

### **Agenda Item 5 – Information Consent Items**

The Committee accepted the following Information Consent Items:

- 5a. Annual Calendar Review
- 5b. Draft Agenda for the November 17, 2020, PHBC Meeting

### **Agenda Item 6a – Conversion of the Pharmaceutical Benefit Manager Contract with OptumRx to an Acquisition Based Contract with Term Extension**

Don Moulds, Chief Health Director, HPBB, and Marta Green, Chief, Health Plan Research & Administration Division (HPRA), presented a summary of CalPERS existing five-year contract to administer pharmacy benefits with OptumRx and the conversion to a new acquisition-based contract.

On **MOTION** by Ramon Rubalcava and **SECONDED**, the Committee voted to approve the transition of CalPERS existing traditional spread and rebate-driven pharmacy benefit manager contract with OptumRx to a market-leading acquisition-based contract with a one-year contract extension, and an option for a second-year extension at CalPERS' discretion.

Name	Yes	No	Abstain
Rob Feckner, Chair			
Ramon Rubalcava, Vice Chair	X		
Margaret Brown	X		
Henry Jones	X		
David Miller	X		
Eraina Ortega	X		
Theresa Taylor	X		
Shawnda Westly	X		
Karen Greene-Ross for Betty Yee	X		

The final vote was 8 yes, 0 no. The motion **CARRIED**.

The following people spoke on this item:

- Tim Behrens, California State Retirees
- Larry Woodson, California State Retirees

### **Agenda Item 7a – Risk Mitigation Strategies: Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO)**

As an information item, Ms. Green, Chief, HPRA, provided the PHBC with information about CalPERS Risk Mitigation Strategies for the Basic HMO and PPO health plans. She presented options for managing risk within the HMO portfolio and the modeling for those options. In addition, the results from the Benefit Design Modeling phase of the PPO Health Plan Assessment Project were presented.

The following people spoke on this item:

- Devara Berger, Retired CalPERS Member
- Joanne Hollender, Retired Public Employees Association

Larry Woodson, California State Retirees  
J.J. Jelencic, Retired Public Employees Association

### **Agenda Item 7b – Long-Term Care Program Competitive Strategy**

As an information item, Mr. Moulds, Chief Health Director, (HPBB), provided an update on an annual experience study the Actuarial Office (ACTO) performed ensuring assumptions made regarding the pricing of Long-Term Care (LTC) products are still appropriate and in line with industry standards. ACTO brought to the September Finance and Administration Committee (FAC) a reduction of the LTC discount rate of 5.25% to 4%, which would significantly increase premiums without mitigating efforts. This agenda item presented the mitigating efforts for stabilization currently underway.

The following people spoke on this item:

Tim Behrens, California State Retirees  
Larry Woodson, California State Retirees

### **Agenda Item 7c – Summary of Committee Direction**

Mr. Moulds provided a summary of the Committee direction from the September 15, 2020, meeting. The Committee directed staff as follows:

- Share a list of chronic conditions used in performance measures with the board.
- Discuss chronic conditions among CalPERS members by type at a future PHBC meeting.
- Share plan enrollment figures and trends with stakeholders when explaining the new rating methodology.
- Provide pharmacy information targeted at fire victims on the CalPERS website.

### **Agenda Item 7d – Public Comment**

The Committee received Public Comment from Al Darby, President of Retired Public Employees Association, regarding drug acquisition.

The meeting was adjourned at 11:06 a.m.

The next meeting of the PHBC is scheduled for November 17, 2020, in Sacramento, California.

Prepared by: Jenna Hayes  
Committee Secretary

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Don Moulds  
Chief Health Director  
Health Policy & Benefits Branch