

California Public Employees' Retirement System

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

November 17, 2020

The Pension & Health Benefits Committee (PHBC) met in Open Session via teleconference on November 17, 2020.

The meeting was called to order at 9:32 a.m. with the following members present:

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

Other Board Members Present:
Frank Ruffino for Fiona Ma
Lisa Middleton
Stacie Olivares
Jason Perez

Agenda Item 2 – Approval of the November 17, 2020, PHBC Timed Agenda

On **MOTION** by David Miller and **SECONDED**, the Committee recommended to approve the November 17, 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 | | | |
| Shawnda Westly | X | | |
| Karen Greene-Ross for Betty Yee | X | | |

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 addition of positions and workload redirection to help assist with an

increase in call volumes and wait times; slight increase in recent retirements; increase in member self-service utilization; first year adding 1099s online and the option for retirees to opt out of paper mailing; number of registrants tripled for the soon to be held California Public Employees' Retirement System (CalPERS) Benefit Education Week and used member feedback to make improvements; and a story about a struggling member receiving help getting benefits and direct deposit in the Philippines.

Don Moulds, Chief Health Director, Health Policy and Benefits Branch (HPBB), discussed the health benefits annual report for 2019, the kick off for the 2021 health plan member survey on January 11th, 2021, and the appointment of Marta Green to the Board of Directors of the Public Sector HealthCare Roundtable as well as represented CalPERS members in congressional briefings to support a federal prohibition on surprise balanced billing.

Dr. Julia Logan, Chief Medical Officer, Clinical Policy and Programs Section (CPPS), also provided a brief update on COVID-19, treatment, vaccines, and how our health plans are working to serve our members during the pandemic.

Agenda Item 4 – Action Consent Items

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

- 4a. Approval of the September 15, 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 | | | |
| Shawnda Westly | X | | |
| Karen Greene-Ross for Betty Yee | X | | |

The final vote was 7 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 March 16, 2021, PHBC Meeting
- 5c. CalPERS Health Benefits Program Annual Report for Plan Year 2019

Agenda Item 6a – Approval of New Health Plans, Benefit Designs, and Service Area Changes

Marta Green, Chief, Health Plan Research & Administration Division (HPRA), presented a summary of the proposed 2022 new health plans, coverage area changes, and benefit design changes.

On **MOTION** by Ramon Rubalcava and **SECONDED**, the Committee voted to approve the proposed 2022 new health plans, coverage area changes, and benefit design changes.

| 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 | | | |
| Shawnda Westly | X | | |
| Karen Greene-Ross for Betty Yee | X | | |

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

The following people spoke on this item:

- Tim Behrens, California State Retirees
- J.J. Jelincic, Retired Public Employees Association
- Larry Woodson, California State Retirees

Agenda Item 6b – Risk Mitigation Strategies: Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO)

Ms. Green, Chief, HPRA, presented a summary of recommendations regarding how to mitigate risk in the CalPERS HMO and PPO health plans. The proposed risk mitigation strategies do not apply to Medicare and Association health benefit plans.

On **MOTION** by Ramon Rubalcava and **SECONDED**, the Committee voted to adopt portfolio rating approach for the Basic health plan portfolio using the Milliman Advanced Risk Adjusters (MARA) prospective risk scoring tool with a two-year phase in as presented at the November meeting. This rating approach includes replacing the current PERS Basic PPO Plans with the proposed PERS Platinum and PERS Gold plans; benefit design changes will be considered next November as part of year two of a two-year phase in.

| 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 | | | |

| | | | |
|---------------------------------|---|--|--|
| Shawnda Westly | X | | |
| Karen Greene-Ross for Betty Yee | X | | |

The final vote was 6 yes, 1 no. The motion **CARRIED**.

The following people spoke on this item:

- Joanne Hollender, Retired Public Employees Association
- Tim Behrens, California State Retirees
- Nicole Casey, Town of Truckee
- Larry Woodson, California State Retirees
- J.J. Jelincic, Retired Public Employees Association
- Terry Brennand, Service Employees International Union

Agenda Item 6c – Minimum Standards for Health Benefit Plans – Amendment of Regulations

Ms. Green, Chief, HPRA, presented a summary of two proposed amendments to regulations: the first to update the risk adjustment sections to remove outdated procedural language that describes the previous risk adjustment process and second to delete outdated language that is inconsistent with current actuarial reserve processes.

On **MOTION** by David Miller and **SECONDED**, the Committee voted to approve the recommendation to pursue proposed amendments to existing regulations regarding the minimum standards for CalPERS health benefit plans.

| 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 | | | |
| Shawnda Westly | X | | |
| Karen Greene-Ross for Betty Yee | X | | |

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

Agenda Item 6d – Long-Term Care Optional Benefit Design and Premium Changes

Don Moulds, Chief Health Director, HPBB, presented a summary regarding adopting a rate increase for all CalPERS LTC Program policy holders of 52% no earlier than July 2021 and up to 25% no sooner than July 2022, as well as asking to approve several benefit design modifications that could be made available to LTC Program policyholders in lieu of a rate increase. Choosing one or more of those benefit design changes would be optional for policyholders.

On **MOTION** by Ramon Rubalcava and **SECONDED**, the Committee voted to 1. approve adoption of a rate increase of 52% in Year 1 and 25% in Year 2 for all CalPERS Long-Term Care Program policy holders effective July 2021, and 2. Authorize recommended benefit design

modifications that could be made available to Long-Term Care Program policyholders in lieu of a rate increase. If offered, choosing one or more of those benefit design changes would be optional for policyholders

| 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 | | | |
| Shawnda Westly | X | | |
| Karen Greene-Ross for Betty Yee | X | | |

The final vote was 6 yes, 1 abstain, 0 no. The motion **CARRIED**.

The following people spoke on this item:

- Tim Behrens, California State Retirees
- Larry Woodson, California State Retirees
- J.J. Jelincic, Retired Public Employees Association

Agenda Item 7a – Summary of Committee Direction

Mr. Moulds provided a summary of the Committee direction from the November 17, 2020, meeting. The Committee directed staff as follows:

- Provide the Board with specific numbers and locations of members in the PPO plan.
- Provide the Board with an exact timeline for rate increase benefit mitigation options – was it in advance of the rate increase or at the same time.

The meeting was adjourned at 12:34 p.m.

The next meeting of the PHBC is scheduled for March 16, 2021, in Sacramento, California.

Prepared by: Jenna Hayes
Committee Secretary

Don Moulds
Chief Health Director
Health Policy & Benefits Branch