

California Public Employees' Retirement System

Board of Administration Pension and Health Benefits Committee Draft Meeting Minutes

March 14, 2023

The Pension & Health Benefits Committee (PHBC) met in Open Session on Tuesday, March 14, 2023, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:30 a.m. with the following members present:

Ramon Rubalcava, Chair
Jose Luis Pacheco, Vice Chair
Lynn Paquin for Malia Cohen
David Miller
Nicole Griffith for Eraina Ortega
Kevin Palkki
Yvonne Walker
Mullissa Willette

Other Board Members Present:
Frank Ruffino for Fiona Ma
Lisa Middleton

Agenda Item 2 – Election of the PHBC Chair and Vice Chair

On **MOTION** by Jose Luis Pacheco and **SECONDED** and **CARRIED**, the Committee elected Ramon Rubalcava as Chair of the PHBC.

On **MOTION** by Mullissa Willette and **SECONDED** and **CARRIED**, the Committee elected Jose Luis Pacheco as the Vice Chair of the PHBC.

At this time, the Open Session recessed and convened Closed Session. Open Session reconvened at 1:01 p.m.

Agenda Item 3 – Executive Report(s)

Kimberlee Pulido, Chief, Retirement Benefit Services Division (RBSD), congratulated Mr. Rubalcava and Mr. Pacheco on their new Board positions, as well as shared updates on behalf of CSS including retirement trends and benefit education event highlights.

Don Moulds, Chief Health Director, Health Policy & Benefits Branch (HPBB), also congratulated Mr. Rubalcava and Mr. Pacheco on their new Board positions, as well as announced September 18 through October 13 as this year's open enrollment period. He also shared information regarding a letter recently sent to CMS in support of their risk adjustment methodology efforts, and concerns with Walgreens providing access to Mifepristone.

Agenda Item 4 – Action Consent Items

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

- 4a. Approval of the November 15, 2022, PHBC Meeting Minutes
- 4b. Approval of the March 14, 2023, PHBC Meeting Timed Agenda

Agenda Item 5 – Information Consent Items

The Committee accepted the following Information Consent Items:

- 5a. Annual Calendar Review
- 5b. Draft Agenda for the April 18, 2023, PHBC Meeting
- 5c. Health Open Enrollment Results

Agenda Item 6a – Proposed Revisions to the Public Employees’ Medical and Hospital Care Act (PEMHCA) Regulations: Definition of Parent-Child Relationships

Yesenia Croft, Division Chief, Health Account Management Division (HAMD), presented the proposed regulatory action which will remove ambiguity from determining Parent-Child Relationships (PCR) dependent eligibility by implementing clear enrollment eligibility criteria and required primary and secondary supporting documentation needed to establish a PCR relationship for California Public Employees' Retirement System (CalPERS) health plan subscribers. The change will streamline the enrollment processes for State and contracting agency members and employers. CalPERS initially published the proposed changes to California Code of Regulations (CCR) Section 599.500, subdivision (o) for public review on June 3, 2022. CalPERS amended the proposed regulation text (Attachment 1) in response to the public comments received. CalPERS held an additional 15-day comment period from November 7, 2022, through November 22, 2022. CalPERS received two comments during this period but made no additional modifications to the proposed regulations.

On **MOTION** by Jose Luis Pacheco and **SECONDED** and **CARRIED**, the Committee voted to approve staff’s recommendation to submit the final rule making file to the Office of Administrative Law (OAL) to amend Section 599.500, subdivision (o) of the PEMHCA Regulations to clarify a dependent’s eligibility in a PCR.

Agenda Item 6b – Pharmacy Benefits Manager Contract

Mr. Moulds and Rob Jarzombek, Chief, Health Plan Research & Administration (HPRA), gave a presentation regarding maintaining an existing contract to administer pharmacy benefits with OptumRx that will end December 31, 2024. This item requests the Board to approve extending the Pharmacy Benefit Manager (PBM) contract with OptumRx for one additional year to run through December 31, 2025 and discusses the benefits and risks of such action.

On **MOTION** by Jose Luis Pacheco and **SECONDED** and **CARRIED**, the Committee voted to approve negotiating an extension of the Pharmacy Benefit Manager contract with OptumRx for one additional year to run January 1, 2025, through December 31, 2025:

Agenda Item 6c – Health Maintenance Organization Solicitation Intent to Award

Mr. Moulds and Mr. Jarzombek provided the PHBC with an update on the 2024-28 Health Maintenance Organization (HMO) Health Plan solicitation with recommendations from team members at the meeting.

On **MOTION** by Jose Luis Pacheco and **SECONDED** and **CARRIED**, the Committee voted to approve staff's recommendation of the HMO Solicitation Intent to Award, as described in the presentation, to include the following carriers in the 2024-28 HMO product offerings: Anthem, Blue Shield, Health Net, Kaiser Permanente, Sharp, UnitedHealthcare (UHC), and Western Health Advantage.

The following person spoke on this item:
Karen Fassler, Yuba County

Agenda Item 6d – Health Benefit Design Proposals for 2024 Plan Year

Mr. Jarzombek and Julia Logan, Chief Clinical Director, Clinical Policy & Programs Division (CPPD), provided a summary of the proposed benefit design changes for the 2024 plan year, which include adding additional supplemental benefits to Anthem's Medicare Advantage health plan and adjusting UHC's Medicare Advantage's Emergency Department copay.

On **MOTION** by David Miller and **SECONDED** and **CARRIED**, the Committee voted to approve the following health plan proposals for the 2024 plan year:

1. For Anthem Blue Cross benefit changes for its Medicare Advantage plan:
 - a. Coverage for Personal Emergency Response System (PERS) devices.
 - b. Coverage for in-home support services.
2. Adjust UHC Medicare Advantage Edge Emergency Department copay to \$50.

Agenda Item 7a – Update on Retiree Cost-of-Living Adjustment

As an information item, Ms. Pulido provided the annual rate of inflation as measured by the percentage change in the Consumer Price Index (CPI-U) which was 8% through the 12 months ending December 2022. The impact of the 8% inflation for the Cost-of-Living-Adjustment (COLA) is reflected in provided charts by COLA provision and year of retirement.

Agenda Item 7b – Summary of Committee Direction

Mr. Moulds provided a summary of the Committee direction from the March 14, 2023, meeting. The Committee directed staff as follows:

- Make sure to communicate with members regarding Walgreens alternative options.
- Address healthcare access at a future education session or Board meeting and continue to look into getting more access in rural counties.

Agenda Item 7c – Public Comment

The Committee received Public Comment from Tim Behrens, California State Retirees, showing appreciation for this year's COLA, great customer service received while in Fresno, and his recent positive OptumRx experience; and Larry Woodson, California State Retirees, who spoke on ACO Reach, and the CMS proposal pay amount for MA plans.

The meeting was adjourned at 2:20 p.m.

The next meeting of the PHBC is scheduled for May 2023, in Sacramento, California.

Prepared by: Jenna Hayes
Committee Secretary

Don Moulds
Chief Health Director
Health Policy & Benefits Branch