MEETING

STATE OF CALIFORNIA

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

PENSION & HEALTH BENEFITS COMMITTEE

OPEN SESSION

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

FECKNER AUDITORIUM

LINCOLN PLAZA NORTH

400 P STREET

SACRAMENTO, CALIFORNIA

TUESDAY, SEPTEMBER 19, 2023

10:46 A.M.

JAMES F. PETERS, CSR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

APPEARANCES

COMMITTEE MEMBERS:

Ramón Rubalcava, Chairperson

Jose Luis Pacheco, Vice Chairperson

Malia Cohen(Remote)

David Miller

Eraina Ortega

Kevin Palkki

Theresa Taylor

Yvonne Walker

Mullissa Willette

BOARD MEMBERS:

Fiona Ma, represented by Patrick Henning

Lisa Middleton

STAFF:

Marcie Frost, Chief Executive Officer

Matt Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

John Myers, Chief, Office of Public Affairs

APPEARANCES CONTINUED

ALSO:

Tim Behrens, California State Retirees

Peter Lee, Strategic Consultant, Stanford University

William Stuart(Remote)

Larry Woodson, California State Retirees

INDEX

		PAGE
1.	Call to Order and Roll Call	1
2.	Executive Report – Don Moulds, Kim Malm	2
3.	Action Consent Items – Don Moulds	17
	a. Approval of the June 21, 2023, Pension & Health Benefits Committee Meeting Minutes	
	b. Approval of the September 19, 2023, Pension & Health Benefits Committee Meeting Timed Agenda	
4.	Information Consent Items – Don Moulds	18
	a. Annual Calendar Review	
	b. Draft Agenda for the November 14, 2023, Pension & Health Benefits Committee Meeting	
5.	Information Agenda Items	
	a. Overview of Preferred Provider Organization (PPO) Solicitation – Don Moulds, Peter Lee	18
	b. Engaging Audiences Through Proactive Policy Communications – Brad Pacheco, John Myers	72
	c. Summary of Committee Direction – Don Moulds, Kim Malm	92
	d. Public Comment	93
6.	Adjournment of Meeting	98
Reporter's Certificate		99

PROCEEDINGS

CHAIRPERSON RUBALCAVA: I'm calling the Pension and Health Benefits Committee to order.

Sorry about that. Good morning, everybody. We're calling -- I am calling the Pension and Health Benefits Committee to order.

And first order of business is roll call, please.

BOARD CLERK TRAN: Ramón Rubalcava?

CHAIRPERSON RUBALCAVA: Present.

BOARD CLERK TRAN: Jose Luis Pacheco?

VICE CHAIRPERSON PACHECO: Present.

BOARD CLERK TRAN: Controller Malia Cohen?

COMMITTEE MEMBER COHEN: Present.

BOARD CLERK TRAN: David Miller?

COMMITTEE MEMBER MILLER: Here.

BOARD CLERK TRAN: Eraina Ortega?

COMMITTEE MEMBER ORTEGA: Here.

BOARD CLERK TRAN: Kevin Palkki?

COMMITTEE MEMBER PALKKI: Good morning.

BOARD CLERK TRAN: Theresa Taylor?

COMMITTEE MEMBER TAYLOR: Here.

BOARD CLERK TRAN: Yvonne Walker?

COMMITTEE MEMBER WALKER: Here.

BOARD CLERK TRAN: Mullissa Willette?

COMMITTEE MEMBER WILLETTE: Here.

CHAIRPERSON RUBALCAVA: Thank you, Tuan.

And now we have to go into closed session, so we will see you shortly, I suppose.

Thank you for your understanding and patience.

(Off record: 10:47 a.m.)

(Thereupon the meeting recessed into closed session.)

(Thereupon the meeting reconvened open session.)

(On record: 12:10 p.m.)

CHAIRPERSON RUBALCAVA: We're going to call the open -- thank you. Welcome, everybody.

COMMITTEE MEMBER TAYLOR: Ramón, your microphone.

CHAIRPERSON RUBALCAVA: Thank you. Good afternoon. Thank you for your patience while we did some business.

So now we -- back to the public session and -- of the Pension and Health Benefits Committee. And the first -- the next item is Executive report from Don Moulds and Kim.

DEPUTY EXECUTIVE OFFICER MALM: Good morning -- or good afternoon -- sorry, Pension and Health Benefits Committee.

CHAIRPERSON RUBALCAVA: Good afternoon.

DEPUTY EXECUTIVE OFFICER MALM: Kim Malm, CalPERS team member.

I wanted to give you an update today on the PBI breach statistics, an update on our retiree warrants project, yesterday's day one health open enrollment calls to our call center, and the next CalPERS Benefit Education Event.

On September 6th an email notification was sent to approximately 520,000 retirees reminding them that they have until September 30th to register for the two years Experian credit monitoring. These are the retiree emails that we have on file out of the 769,000 members that were impacted. After September 30th, as a reminder, these codes will expire. With that reminder email, we received over 13,000 emails to our CalPERS PBI mailbox just in the last two weeks. The majority of the emails were retirees requesting their activation codes. Over 7,000 of those emails came in on the very first day.

Knowing we needed to respond to these emails as quickly as possible, we reached out to Senior Leadership Council, which are the division chiefs here at CalPERS, and asked them for their assistance, theirs and their leaderships. We had over 100 leaders raise their hands, including division chiefs, SSM IIIs, and SSM IIs, and information officers in Public Affairs that jumped in that day and helped us with the mailbox. They answered over 3,000 emails that very first day. It was truly one team.

I'm so thankful for all of their help.

Again, since most of the questions were requesting their personal activation code by Friday, that next day, IT developed a script to send to -- send the personal activation codes to those remaining in the mailbox requesting their codes. Also, on Friday, IT loaded all of the personal activation codes in the retiree's myCalPERS account, which then pushed an email notifying them that their account has -- had been updated, so that they could get their code in their MSS account.

By late Friday, we are able to say thank you to the large team for helping us. And the smaller team of CSS leadership, seven of us, have been able to manage the mailbox since that date. Since June, we've answered a total of 16,500 emails from members in that mail box, again 13,000 of those 16,000 just in the last two weeks.

Our CalPERS Call Center has received 6,800 calls with an approximate wait time of six minutes and our regional offices have received about 370 visit -- or questions during visits. Experian has received almost 60,000 calls with a hold time of two minutes. Call wait times increased at the beginning of August when PBI sent letters to their members that were impacted by the breach.

When the call wait times increased, we asked -- added an additional 25 Call Center agents again with

Experian like we did at the beginning of July to reduce the wait times for our members. Most importantly, we've had a total of almost 183,000 retirees register for the credit monitoring, which is around 24 percent. As a reminder, the average credit monitoring sign-ups when a Social Security number is involved is four to six percent per Experian. So really proud of the 24 percent so far that we've received from our retirees.

Last time I updated you in July, which was two months ago, an additional 56,000 retirees have registered for the credit monitoring. It's been reported that more than 1,000 organizations and 60 million people have been impacted and this number is still increasing. During October, cybersecurity awareness month, Public Affairs will include information in our retiree and active member newsletters regarding consumer protection tips.

Moving on to retiree warrants. We've been working with our internal Information Technology team to identify solutions which would provide retirees access to their remittance advice information. Remittance advices contain the deduction information when a person's payment is automatically deposited into the retiree's financial institution.

During the pandemic, the paper printing of the remittance advice was suspended due to a number of reasons

as Controller Yee explained at the July 22nd -- or sorry, 2022 Board off-site. Those reasons included supply chain issues with the type of paper the advice was printed on and sustainability reasons. At our January Stakeholder Forum, a number of retirees asked about these advices. And since that time, we've been identifying solutions that would give access to this information from CalPERS.

We are pleased to be able to offer two new options to our retirees coming soon. The first is in addition to our current interactive voice response, or phone system, our 1(888) CalPERS number, which will allow members to check their warrant amount, including details like itemized gross amounts and deductions. This new functionality incorporates a secure authentication method ensuring the protection of their personal information. But once authenticated, members can navigate the phone menu to access information about their retirement check. This functionally will be available in early October.

In addition, an app is being developed that will push an email or text to the retired member's monthly -- to them monthly and will allow them to see their warrant information within myCalPERS as -- at a click of a button. This new functionality incorporates a secure authentication method, again that requires members to input their myCalPERS log-in and password along with a

code for multi-factor authentication, ensuring again protection of their personal information. Once authenticated, members can immediately see their retirement check details and scroll down for previous month's warrants. This functionality will begin in January.

We believe these new options will provide greater convenience for our members in a secure environment. I shared this information during the retiree stakeholder in August. I appreciate the support, ideas, and the patience of our retiree stakeholder groups.

Moving on to the first day of health open enrollment calls to our call center. We received around 7,500 calls yesterday with about a 15-minute hold time. As a reminder, we are staffed for about 3,000 calls.

This, along with the PBI breach calls for the final days is taxing our CalPERS call center. All call center managers are answering calls along with the QA team in addition to the regular call center agents. I want -- just to thank them for hanging in there, doing their very best job, and helping our members.

I'll conclude my comments with -- that our next CalPERS Benefit Education Events, or CBEE, will be virtually and held December 5th and 6th. We've averaged just 3,200 attendees for each of our virtual CBEEs. As a

reminder, we host two virtual CBEEs per fiscal year, and thre in personal -- three in-person CBEEs.

That concludes my remarks and I can turn it over to Don Moulds.

CHAIRPERSON RUBALCAVA: Thank you, Malm -- Ms. Malm. Before we continue, Mr. Pacheco had a question.

DEPUTY EXECUTIVE OFFICER MALM: Um-hmm.

VICE CHAIRPERSON PACHECO: Yes. Thank you, Ms. Malm, for your elegant report here. I'd like to go back to the remittance question. So you've mentioned that there is now some new functionality with respect to the -- to the voice, or as you were saying, voice or text. Can you explain that and just elaborate on that, if you can, a little bit.

DEPUTY EXECUTIVE OFFICER MALM: So they will -- starting October is when the phone, the IVR system, will be up and running. And so a member could -- a retiree could call our 1(800) CalPERS number -- the 1(888) CalPERS number.

VICE CHAIRPERSON PACHECO: So they --

DEPUTY EXECUTIVE OFFICER MALM: And they would then say push one to hear your remittance advice. And then they would go -- they would have to authenticate with like their CalPERS ID number or -- and then a birth date or other things.

VICE CHAIRPERSON PACHECO: Right.

DEPUTY EXECUTIVE OFFICER MALM: And then once they authenticate, then they can go through and listen to your check amount was this amount, which included this amount in IRMA and this amount in pay, and then hear your deductions. If you want to hear deductions, press this number. Your deductions were this, this, and this. And it would then give them their net amount.

VICE CHAIRPERSON PACHECO: And that would give them their net amount.

DEPUTY EXECUTIVE OFFICER MALM: Um-hmm.

VICE CHAIRPERSON PACHECO: And this functionality would work on any phone? It wouldn't be just an iPhone or a smartphone, right?

DEPUTY EXECUTIVE OFFICER MALM: It would work on anything that's not a rotary.

VICE CHAIRPERSON PACHECO: Not a rotary.

(Laughter).

VICE CHAIRPERSON PACHECO: Well, hopefully those were gone -- long gone by now, but yeah, you never know. You never know.

DEPUTY EXECUTIVE OFFICER MALM: You never know.

VICE CHAIRPERSON PACHECO: Also, the other question, on the January, the application --

DEPUTY EXECUTIVE OFFICER MALM: Um-hmm. Um-hmm.

VICE CHAIRPERSON PACHECO: -- the app. Now, is that a web app or is that a mobile app, the --

DEPUTY EXECUTIVE OFFICER MALM: It's going to be used on any modality. They can use it on their web or they can use it on their phone. They'll get an email or a text push and they can click on the link and then validate who they are. And then they can see -- they have to put in their -- it's -- it will be behind myCalPERS. It will be behind the pin.

VICE CHAIRPERSON PACHECO: Okay. Yes.

DEPUTY EXECUTIVE OFFICER MALM: So they log in to their myCalPERS account basically. But right now, when you log into myCalPERS account, I know this because I tried it, there's eight different clicks to get to the actual warrant information. This will be -- the warrant will come directly up in front.

VICE CHAIRPERSON PACHECO: So it will be like a one-time click, not --

DEPUTY EXECUTIVE OFFICER MALM: Yeah. They register -- or they log in and it will pop up for them.

VICE CHAIRPERSON PACHECO: On, wonderful. That is -- that is awesome then, in terms of all -- and this -- again, that functionality will be in January.

DEPUTY EXECUTIVE OFFICER MALM: Correct.

VICE CHAIRPERSON PACHECO: The IF --

DEPUTY EXECUTIVE OFFICER MALM: IVR.

VICE CHAIRPERSON PACHECO: IVR.

DEPUTY EXECUTIVE OFFICER MALM: Interactive Voice Response will be in October.

VICE CHAIRPERSON PACHECO: Interactive Voice Response --

DEPUTY EXECUTIVE OFFICER MALM: Um-hmm.

VICE CHAIRPERSON PACHECO: -- will be in October. And so those will happen.

And then the last question is are we still doing the remittance papers for persons that are over 80 or 85? Is that still an option?

DEPUTY EXECUTIVE OFFICER MALM: We started in July sending print -- printed warrants to those that are 80 and above that had called in during that three-year period asking for a warrant. So if they had reached out and said that they needed a printed warrant, then they are part of this smaller group that's getting a warrant from State Controller's Office.

VICE CHAIRPERSON PACHECO: And that's on a monthly --

DEPUTY EXECUTIVE OFFICER MALM: Um-hmm.

VICE CHAIRPERSON PACHECO: -- quarterly basis?

DEPUTY EXECUTIVE OFFICER MALM: A monthly basis.

VICE CHAIRPERSON PACHECO: Monthly basis.

DEPUTY EXECUTIVE OFFICER MALM: Um-hmm.

VICE CHAIRPERSON PACHECO: Okay. Very good then. Thank you very much.

DEPUTY EXECUTIVE OFFICER MALM: Thank you.

CHAIRPERSON RUBALCAVA: Thank you, Mr. Pacheco.

Kevin Palkki, please.

COMMITTEE MEMBER PALKKI: Thank you. I just want to again say thank you to the team for the work that you're doing with the PBI issue. I know I've only spoken to the stakeholders that I've spoken to, so I can only speak on their behalf, but I've only heard positive things from what CalPERS has done as far as the response to that issue. So I just want to share my thanks with Marcie, Kim, your team, everybody that's been involved to sort of minimize that issue as best as possible. So thank you.

DEPUTY EXECUTIVE OFFICER MALM: Thank you so much. It's been a village.

CHAIRPERSON RUBALCAVA: Thank you, Mr. Palkki.

Now, we'll go to Mr. Moulds.

CHIEF HEALTH DIRECTOR MOULDS: Great. Good afternoon. I want to begin with a handful of federally related updates.

First, over the last week, we sent letters to Congress, the Federal Trade Commission, and Attorney General Merrick Garland supporting legislation to curb

drug patent abuse and to establish more concrete standards for reviewing health care related mergers and acquisitions. As you know, high drug prices and lack of competition between hospitals and medical groups are both key drivers of our premium costs. Federal action is critical to addressing both. So whenever Congress or the Administration start having discussions about either, we think it's really important that we weigh in.

Second is an update on the Medicare Drug Price Negotiation Program, which, as you know, is part of the Inflation Reduction Act. In late August, the Biden administration announced the first 10 drugs they have selected for those negotiations. An internal analysis we've conducted shows good overlap between their list of drugs that will be in the first cohort and our Medicare drug spend list. Specifically, we anticipate at least half of the drugs that were chosen by CMS are also exceptionally high spend drugs for CalPERS.

There's still a long way to go on this. You're probably aware that several drug manufacturers are suing CMS over price negotiations. And CMS still has actually to negotiate lower prices for those drugs. New prices also won't take effect until January of 2026, but still we're on an issue where little progress has been made. This is actually real progress.

Last on the federal front, we're closing in on a contract with a federal consultant who will advise us on our health engagement with the administration in Congress. We'll let you know when that happens, but it should be very soon.

The next item for you. At our November Health Committee meeting, we're planning to present plans for a formal structure for engaging external experts on critical health care issues both thousand and in the future. The goal of that work will be to ensure that our health program and initiatives are well-informed, future-oriented, and aligned with our strategic plan. CalPERS has long sought and benefited from the insights of external subject matter experts on issues related to health benefits and policy. Years ago, Alain Enthoven, now Professor Emeritus at Stanford University, but back in the day, Chair of the CalPERS Health Policy Forum, used ideas that were cultivated through our Advisory Council to advance managed competition, the set of principles upon which the Clinton Health Plan was based, and principles that underlie our modeling for our own competition analysis interestingly.

Nevertheless, while we routinely engage some of the best health care minds of the country at CalPERS, much of that engagement is for very specific problem solving.

By contrast, the idea here is to have an ongoing series of forward-looking discussions on current and emerging health policy issues, and their implications for CalPERS. The goal would be to ensure that our thinking is not just driven by our immediate needs but rooted in strategic, future-oriented thinking with fresh and diverse perspectives. In November, we will be talking with you about the structure of this effort, its initial focus, Board engagement, and incorporating stakeholder feedback.

Next, I'd like to remind the Committee, our stakeholders, and members that open enrollment started yesterday - Ms. Malm, I think, probably pretty directly pointed that out - and runs four weeks through October 13th. We encourage members to explore their health plan options and shop plans. Over the last three years, we've added more HMO and EPO plan options, expanding choice for our members, including into rural areas of -- in Northern California. We encourage members to take advantage of the open enrollment tools and resources available so they can make informed decisions.

And last, Mr. Chair, I'd like to take a moment of personal privilege, if I may?

CHAIRPERSON RUBALCAVA: Please.

CHIEF HEALTH DIRECTOR MOULDS: Thanks. So I'd like to thank Larry Woodson, who is retiring as the Chair

of the Health Benefits Committee for the California State Retirees. This is Larry's last PHBC meeting in that role. And I can't let it pass without acknowledging him publicly. Larry has been CSR Chair for my entire tenure at CalPERS. And in my mind, you could not have a better advocate for retirees. Larry does all of his homework. He reads everything. He's a thoughtful consumer of news and analysis and he thinks for himself. Larry is also a Passionate advocate for better health care for retirees and for a better health care system in this country. I'll add that Larry keeps me and my team on our toes at all times and we will miss working with him. He is tenacious and I think everyone on my team feels like Larry makes us better at what we do. So I wanted to say thank you.

(Applause).

CHIEF HEALTH DIRECTOR MOULDS: And we know that we'll still see you around here, but good luck in whatever version of retirement this is --

(Laughter).

CHIEF HEALTH DIRECTOR MOULDS: -- and thanks for everything.

LARRY WOODSON: I'm not through yet. I'm going to give public comment later.

(Laughter).

CHIEF HEALTH DIRECTOR MOULDS: We know.

CHAIRPERSON RUBALCAVA: I have you on the list.

CHIEF HEALTH DIRECTOR MOULDS: That concludes my remarks.

CHAIRPERSON RUBALCAVA: Thank you, Mr. Moulds.

Okay. Next item is the action -- what do we have? Information items. No, no. I'm sorry, action consent items. Go ahead.

VICE CHAIRPERSON PACHECO: I'll motion.

CHAIRPERSON RUBALCAVA: Motion by Mr. Pacheco.

COMMITTEE MEMBER MILLER: (Hand raised).

CHAIRPERSON RUBALCAVA: Second by Mr. Miller.

Do we need to vote?

VICE CHAIRPERSON PACHECO: Yes.

CHAIRPERSON RUBALCAVA: Yes. So we'll call for a vote then.

BOARD CLERK TRAN: Jose Luis Pacheco?

VICE CHAIRPERSON PACHECO: Aye.

BOARD CLERK TRAN: Controller Cohen?

COMMITTEE MEMBER COHEN: Aye.

BOARD CLERK TRAN: David Miller?

COMMITTEE MEMBER MILLER: Aye.

BOARD CLERK TRAN: Eraina Ortega?

COMMITTEE MEMBER ORTEGA: Aye.

BOARD CLERK TRAN: Kevin Palkki?

COMMITTEE MEMBER PALKKI: Aye.

BOARD CLERK TRAN: Theresa Taylor?
COMMITTEE MEMBER TAYLOR: Aye.
BOARD CLERK TRAN: Yvonne Walker?
COMMITTEE MEMBER WALKER: Aye.
BOARD CLERK TRAN: Mullissa Willette?
COMMITTEE MEMBER WILLETTE: Yes.
CHAIRPERSON RUBALCAVA: Thank you.
So now we go into the information consent items.
Nothing was pulled, so we're going to move on to the informational agenda items. I think we'll get started with the first item, which is the PPO solicitation.
COMMITTEE MEMBER TAYLOR: May I make a suggestion?
CHAIRPERSON RUBALCAVA: Please.
COMMITTEE MEMBER TAYLOR: It's 12:29. This is a real meaty subject and it's itemized for a while --
THE COURT REPORTER: Your microphone.
COMMITTEE MEMBER TAYLOR: Oh, I do have it -- I don't have it on.
CHAIRPERSON RUBALCAVA: Here. Hold on. Go ahead.
COMMITTEE MEMBER TAYLOR: This is -- 5a is agendize for 83 minutes, so it's 12:29, I think we should stop here.
CHAIRPERSON RUBALCAVA: I think you speak wise.

So I will have to do this to the public again, but we're going to take another break and we will reconvene -- what time do we have to go?

COMMITTEE MEMBER TAYLOR: We're serving eye cream, guys. So it's going to be a little bit longer. Is it 2 o'clock? I think it's 2 o'clock, isn't it?

CHIEF EXECUTIVE OFFICER FROST: Two o'clock.

CHAIRPERSON RUBALCAVA: And we want to give time for lunch for people.

COMMITTEE MEMBER TAYLOR: Well, 12:30 is it, guys.

CHAIRPERSON RUBALCAVA: So we'll reconvene at 2:20.

COMMITTEE MEMBER TAYLOR: Okay.

CHAIRPERSON RUBALCAVA: Thank you, everybody for your understanding and patience.

(Off record: 12:30 p.m.)

(Thereupon a lunch break was taken.)

AFTERNOON SESSION

(On record: 2:20 p.m.)

CHAIRPERSON RUBALCAVA: Good afternoon, everybody. Appreciate the long break here.

So now we're going to resume the open session of the Pension and Health Benefits Committee. And we dropped off at the information --

COMMITTEE MEMBER TAYLOR: Pull the mic closer.

CHAIRPERSON RUBALCAVA: Sorry about that.

Okay. Now, Mr. Don Moulds, if you would please continue with the information agenda items, 5a.

CHIEF HEALTH DIRECTOR MOULDS: Great.

CHAIRPERSON RUBALCAVA: Thank you.

CHIEF HEALTH DIRECTOR MOULDS: Sorry.

COMMITTEE MEMBER WALKER: You're not on.

CHIEF HEALTH DIRECTOR MOULDS: Sorry. I managed to misplace my glasses between the first part of the session and now. So apologies, if they're --

CHAIRPERSON RUBALCAVA: It's all that ice cream.

CHIEF HEALTH DIRECTOR MOULDS: It's all the ice cream. Exactly. The sugar rush.

So good afternoon, Mr. Chair and members. Don Moulds. We're here today to present an overview of the PPO solicitation. So I cannot stress enough how important the PPO solicitation is to the Health Program and more

importantly to the 400,000 CalPERS members who rely on one of our PPO products for their health care. Our PPO plans trail our HMO offerings when it comes to both quality and value. And as you know well, the Basic PPO plans have presented financial challenges for the health program since 2021.

(Thereupon a slide presentation).

CHIEF HEALTH DIRECTOR MOULDS: At a very high level, our goal in the PPO solicitation is to incorporate some of the best aspects of our HMOs, care coordination and a population health focus in particular, into our contract with our next PPO, while preserving the broader access choices available through PPOs that are important for a significant portion of the CalPERS membership.

We've been working on the PPO solicitation for about a year now, and the plan is to release it for bid by the end of the month. The expectation is that the solicitation will yield multiple structured bids that will include key information that we will use to make recommendations to you all about both the structure of the next PPO and the next contracted entity or entities.

One of the first things we did when we started working on the solicitation was to engage Peter Lee, who is with me today. As you know, Peter was the founding Executive Director of Covered California overseeing all

aspects of the largest state-run individual marketplace in the nation since its inception in 2011. Under his leadership, Covered California has created a competitive marketplace that has held premium increases in check, expanded coverage, has given consumers tools to make better choices, and created a platform to address health costs and quality. Covered California is regarded nationally as unequivocally the best Obamacare marketplace in the country and Peter's leadership is one of the main reasons why.

I've known and worked with Peter for what is now becoming a very long time. He was instrumental in establishing the collaboration CalPERS has with Covered California and the Department of Health Care Services. May of the key parts of that collaboration, including alignment on the public health and equity focused measures that are now in our HMO contract, were a product of Peter's vision and that of his team, including his Medical Director at California Dr. Alice Chen. Peter and I also served together in the Obama administration. During that time, Peter helped establish the Center for Medicare and Medicaid Innovation. He was also Director of delivery system reform efforts for all of the delivery system reform efforts for Secretary Sebelius, including coordinating the preparation of the National Quality

Strategy.

Before joining the Obama administration, Peter was CEO of the Pacific Business Group on Health, assisting large employers and CalPERS with purchasing and policy initiatives. He also spent time as the Executive Director of the Center for Health Care Rights, a Los Angeles based consumer advocacy organization, and Director of Program for the Washington based National AIDS Network.

One of the first things that Peter did when we brought him on to help lead the PPO solicitation was to pull out his very comprehensive Rolodex and arrange conversations with many of the most innovative large purchasers of health care in America. Through that process, we learned from large companies like Boeing, from numerous innovative --

(Glasses brought Dr. Don Moulds).

CHIEF HEALTH DIRECTOR MOULDS: Thank you very much. Wow.

PETER LEE: You were doing great, Don.

CHIEF HEALTH DIRECTOR MOULDS: Yeah. We'll see.

(Laughter).

CHIEF HEALTH DIRECTOR MOULDS: -- numerous innovative union trust funds, and from exceptional state purchasers like Washington State. We're grateful for how Peter has approached his work and his new role as

strategic consultant at CalPERS. He's brought the same tenacity and vision that he applied -- has applied tackling each of his prior roles and his unique perspective on the challenges we face with the PPO in particular.

With that, I'm going to turn it over to Peter who's going to walk us through key aspects of the solicitation. Rob, Julia, and I will join him when he's done to answer questions that you might have.

All yours.

CHAIRPERSON RUBALCAVA: Welcome, Peter. Please proceed.

PETER LEE: Tank you very much.

--o0o--

PETER LEE: And first, thanks, Don, for the introduction and really for the opportunity to work with this team. It's -- I have a very long history with CalPERS. I'm now a CalPERS member. In about two months, I'll be a Medicare CalPERS member, but it goes back over 20 years. As Don noted, I was the CEO of the Pacific Business Group on Health, now the Purchaser Business Group on Health. I worked closely with Allen Feezor, who was the Don Moulds of his day, and then with Jarvio Grevious, and at all points with the CalPERS Board, which I talked to often back many years ago.

I want you to know why it's a pleasure to do this work. CalPERS is a national leader. It is both thoughtful about how it serves the 1.5 million people, which is a very big deal, but also thoughtful about recognizing the role and responsibility of being a public purchaser, thinking about the broader public good. So the ability to have ripple effects beyond just the 1.5 million is exciting. It's also exciting to work with a great team.

So I know many of you by reputation. A few of you, I know from working with -- Eraina with CalHR. You might know that we had a lot of staffing issues to go from 0 to 1,500 very quickly. I worked closely with the offices of both the State Treasurer and the Controller. And I do need to note I worked in particularly closely with Yvonne Walker. Yvonne was leading SEIU 1000 and really we were working shoulder to shoulder in California, not just making a marketplace work, but staffing up in DHCS, staffing up in our organization. Yvonne, it was a pleasure working with you then. It's a pleasure to work with you in this new role, so great to see you.

I've worked, as Don noted, with some of the team here. Some I've worked with at Covered California, like Dr. Logan. Don, I've worked with in the administration. I also had a chance to work with Michael Cohen when he was

with the Department of Finance. You've got a really, really good team. And I've heard you appreciate them many times, which is a good thing to do as a Board. It's appreciated by the team.

I'll note that I'm not going to talk about it much, but the Affordable Care Act nationally had a rocky start. You may remember healthcare.gov and all that stuff. California's success in implementing the Affordable Care Act is a key part of why it was not repealed and replaced. The success of enrolling what are now one-third of Californians in the Medi-Cal program, the success of implementing the marketplace effectively gave the nation an example of what an effective marketplace could and should look like. But for that example, the politics could have been very, very different.

It's a reminder to me of the role that CalPERS can and seeks to play, playing a role not just here in California, but nationally, being an example of what a cutting edge leading public purchaser can be. And as Don noted speaking earlier about Alain Enthoven a marketplace is what CalPERS has, a marketplace is what Covered California has, building on what CalPERS has. Having the members be the drivers of choice, having the members given the tools to make the best choice possible and have competition drive lower cost and us overseeing those plans

to make sure it's high quality.

So it's a great place for this organization to be, because the biggest challenge in health care today to my mind aren't covering the rest of the uninsured, a huge challenge. It's making sure that those that have coverage have coverage that truly works for them. And CalPERS has been model of how to do that I think for its members and for the nation.

So I'm going to go through some slides. Don provided a really good context for the solicitation, but I want to start --

--o0o--

PETER LEE: -- with some of the basic background that I know you know, but I need to speak it so I remember it and also to give some framing, both on enrollment and the costs of the PPO program, in particular to our members and to employers.

So as you know, about two-thirds of CalPERS members are enrolled in HMOs. Those HMOs are either fully ensured or flex funded. Either way, it means the health plans bear the risk. For the fully funded, they bear the risk good and bad, flex funded, they basically bear the downside and CalPERS gets the upside. But it's very important thing that those HMOs are not just integrated and higher quality, which they are, they are totally

financial aligned with CalPERS. If they have higher costs, they don't want to have higher costs, because they will price members to choose other HMOs. So by being fully insured in a competitive market, which CalPERS is, means they have an incentive to not just jack up the prices. Okay.

On the quality front, CalPERS has partnered with Covered California and DHCS. And I just need to note it's been an incredible partnership with Dr. Logan, with Dr. Chen, you heard about, that framed what is now the core incentive for the CalPERS HMOs. If they are doing substandard quality, they're going to be writing very, very big checks. And you think about those three purchasers, public purchasers, CalPERS, Covered California, and DHCS for Medi-Cal represent 42 percent of all Californians, 42 percent.

Aligned activity is good just not only for the 1.5 million people in CalPERS, but for changing the marketplace, which is an important thing that I think PERS has always been conscious of.

So, now let's talk about the other third of the CalPERS members that are in the PPOs. Now, most of them are in the Basic program, but about a third are in the Medicare supplement program. Historically, throughout its history, the PPO has been self-funded, which means PERS is

the funder. And that means two things, first that CalPERS is responsible for the volatility of health care costs, the ups and downs. It means we fund that. And I'll use the "we", because I've now been around a little while here at CalPERS, so -- the other thing it means is CalPERS pays the PPO what's called an administrative service fee. It's about, you know, 20, 25 bucks something like that. That's five percent of the total spend.

We care about the total fund. Historically, this health plans that we pay care about their five percent service fee. It isn't generally aligned. So I want to also frame a little bit of how CalPERS is not your average large employer or purchaser. Nationally, most large employers, public and private, do not offer nearly the range of choice that CalPERS does. And in some ways, in what is purchased and what is put before the CalPERS members, you, we are very different than the average large employer, and very different in what I think are very good ways and ways that you should be really proud of.

So broad choice. CalPERS offers a marketplace. It offers HMO and PPO options, and within those different options structurally, and within each of those multiple plans to meet the standard benefit needs. Now, nationally, only 43 percent of large firms -- I should say the flip side, 43 percent of large firms and 75 percent of

all private firms offer one plan choice nationally. Okay. So offering choice is a big deal. Among those large employers that offer choice, only 15 percent offer HMOs. Now, we live in California, the land of HMOs, but the idea that 85 percent of Americans that have employer-based coverage cannot pick an HMO when you think of our reality and what we know about the difference in care of an HMO and a PPO, that's a bad sign for most people that have employer coverage. Sixty-five percent offer PPOs and almost 60 percent offer high deductible health plans. That's not a path that CalPERS has chosen to go down. The problems of underinsurance are reinforced by high deductible health plans, especially for lower income workers.

So where do people actually enroll in that average large employer? Well, about 60 percent enroll in PPOs or point of service plans, which are basically PPOs in drag. It's called that instead of an HMO, but basically a closed network. It's a PPO. So 60 percent are in PPOs. Remember, PERS flip side, 70 percent in HMOs. Twenty-nine percent are in high deductible plans. Twelve percent are in HMOs That is a very different picture than the pie chart that we have before us and the enrollment in PERS.

So we at PERS have focused on and ended up with

a lot of people in HMOs because of a commitment to having members get exceptional care. When we look at funding, fully insured versus self insured -- remember, fully insured means the health plan is on the stick for the ups and downs. And remember, at PERS about 70 percent of people who are fully insured are flex funded. For the average large employer in America, 82 percent are in self-funded arrangements, which means the incentives of that health plan not to care about costs. It's to care about that 25, 30 dollars they get on administrative service fee. That's part of the context that framed our solicitation is to build on what CalPERS has done right and make it better, not to follow what other large employers are doing, which is probably the wrong direction.

So on the premium and cost front, it's important to note that PERS PPOs are more expensive than the HMOs. And the HMOs, as Don noted, it's very clear that you're likely to get the right care at the right time, to have better quality is more likely to happen in an HMO than in a PPO. The data is phenomenally clear. And amongst our HMOs, there's a spread. Kaiser exceeds most of the other HMOs. It's an integrated system. Your likelihood of dying of heart disease in Kaiser are far lower than any other health plans. You're likelihood of dying of heart

disease in a PPO higher than the HMOs. This is national. It's the absence of integration. This solicitation is trying to push integration and care coordination into the PPO environment.

So the other element about price difference is historically sicker people choose PPOs. That's been the case in CalPERS. It was the case in a big way at Covered California and still is. In Covered California, about 25 percent of our enrollment are in PPOs. Sicker people want to have more choice, often to their not benefit, but there is in Covered California about a billion dollars in risk transfer money that goes from the plans that enroll healthier people, like Kaiser, to the couple PPOs.

I know that PERS has been looking at this issue and has stepped to the path to start doing some risk adjustment. Even after that risk adjustment is done, the PPOs in PERS will be more expensive than the HMOs. It's going to be more expensive both on the premium and more expensive for what the members pay out of pocket. So that's some of the context.

So now, I'm going to jump over one slide and I'm going to jump to slide six --

--o0o--

PETER LEE: -- so that you have pieces of paper and made notes on them, I don't want to throw you off,

because I want to start by talking about the structure of the solicitation, and then I'm going to go back and talk about some of the financial goals. So CalPERS will be structuring multiple bids around a range of options to determine how to get the best value looking at cost, quality, and equity. And I'm going to keep on coming back to the -- sort of the model that PERS looks at in terms of cost, quality, and equity. Along with affordability, these are core for both PERS, its employers, and its members.

The solicitation is going to cover services provided to Basic members, both those who are employed and early retirees, for members who are out of state, and for members seeking Medicare supplement coverage. All of them are part -- going to be served as part of the solicitation. In seeking different flavors of bids, this is very similar to what CalPERS did just a year and a half go with its HMO solicitation, where that process using -- seeking multiple flavors of bids was key to determining the best arrangements possible that PERS then entered into for its members and its employers.

In the context of the PPO solicitation, we're seeking multiple bids and approaches for two reasons. First, CalPERS wants to be sure that whatever arrangement we end up with aligns the financial interests of the

health plan and potentially a separate population health vendor that you'll hear more about with the financial interests of CalPERS and of its members. We want the folks that we end up contracting with to care about our bottom line. Okay. And this is going to be central, so all the elements in the structure look at how to maximize that alignment. So financial terms.

The second thing we're doing is that there's a bunch of functions that we seek in the solicitation. Our members will be served by a health plan and potentially a public health -- excuse me, population health management vendor. But there's not a single skill set here. And we want to get the best mix of skills. Now, CalPERS would prefer to have a single health plan. We'd prefer to have one entity we work with, but we didn't want to preclude the possibility that we'd have a health plan that's really good at contracting with doctors and hospitals, but not so good at population health to have the best possible mix of services for the CalPERS members.

So when we talk about mixing and matching, I want to talk about four different competencies, that really encompass the major elements of the solicitation. The first thing we're going to be looking at is the network, the payment terms, the authorization processes of the doctors, the behavioral health specialists, the clinics,

the doctors that are part of the network, that the -- each of the plans will bring forward. We're going to look at who those clinicians are. We're going to look at who they propose to be in network. We're going to look at how and how much those clinicians and providers are paid and how the plan manages authorizations, payments. The blocking and tackling of paying doctors' offices on time and correctly. That's a big job.

But we're also going to be looking as much at how members that need help get help when they need it. We'll talk a lot about population health navigation to help members make the best choices around treatments, support for people that have very complex needs. That's not just an issue about who you contract with. It's helping people in great need.

Third, we'll be looking at the potential of adding supplemental virtual primary care and behavioral health services. And I'm going to come back and talk more about it, but we know that primary care and behavioral health are core capacities of any network, but also we're concerned that we might need more and might need to buy extra capacity. We want the solicitation to look at that capacity.

And finally, we want to consider does a plan offer a better way financially and quality to manage the

pharmacy services then using the carve-out that we currently do with OptumRx. So we'll be looking at each of those options. Each of those are different competencies. Saying we're going to go with a plan only would mean we might get them good at something, but not so good at others, so that's why we're structuring this in what is somewhat complex, but it's to make sure we get the best mix.

Each of those areas have independent competencies. Each one is important, but also each one is totally interrelated with the others. You can't talk about the network without how they relate with population health. You can't -- and so we'll be looking at how the folks that respond to the solicitation talk about how they play well with others, how they share data effectively, how they have a history of working with -- not just with providers, but with population health vendors. So this is going to be a key element for us in assessing that mix and match.

So with that framing of why we aren't just picking one, I'm going to walk through the four elements that are outline on this slide.

The first is we'll be soliciting a comprehensive bid to do everything, network, population health management, navigation, on a fully insured basis. So

you'll hear me repeating some of the things tracking back to financial alignment and the services. We'll also be doing -- seeking two distinct bids on a self-insured basis, one, just like the fully insured, do everything, the networks, but also the population health. Also, bring on the options for the virtual supplemental services. Do it all on a self-funded basis.

But we're also going to require the self-funded plans to bid on only doing the network and provider management, which means if you've got a really good deal with the hospitals, the doctors, and you can pay them well, do good authorizations, we may take you, but say, you know, your population health service ain't so great. We're going with this vendor over here that can knock that bull out of the park and you've got to work with them. So we're going to be soliciting on a self-funded basis, the networks. We will be requiring all the plans that want to bid to bid on those three health plan options, fully funded for everything, self-funded for everything, for self-funded just for your network.

Third element. We're going to be seeking from a population health management navigation firms that are best in class nationally to provide services in close coordination with the health plan, if we choose one. And we're going to be selecting them to make sure they not

only do a good job, but they can work well with whoever we select on the network side.

Now, I want to note these services, the population health management services, are primarily for the Basic members. Our Medicare members have related services that are provided through the Medicare program and I do want to remind you that if you're in the Medicare Supplement Program, your network is the network of all physicians that take Medicare fee-for-service. So the network issues are different for the Medicare Supplement Program, but the others are specific to Basic.

So CalPERS will also be seeking, both as part of the comprehensive health plan bids and from the population health firms what I mentioned is this supplemental primary care and behavioral health services. This doesn't mean we don't expect the core network to have primary care docs that do virtual services as well as in person. You know, post-COVID, services can happen over the phone, you know, on Zoom, in the office. That's a core expectation. But do we need something to supplemental those services? We'll be looking a that through this solicitation.

Now, the fourth element we'll be looking at is seeking from the plans' proposals to bid based on the pharmacy being carved out, as is currently the case, or carved in. There are advantages and disadvantages with

both. There's some advantages with having better integration between your pharmacy formularies and your clinicians that may be used to them. We have a very good arrangement with OptumRx. We benchmark it regularly. It's a really strong relationship, but we think it's important to kick the tires and we're doing that with this opportunity.

So with that, I want go back to slide five --

--o0o--

PETER LEE: -- and talk about some of the financial structures that are key to the solicitation. One of the primary goals of the solicitation is to align the goals of the providers, clinicians, and vendors with those of CalPERS on cost, on quality, on equity. You'll see that again and again in the solicitation. CalPERS has gone a long -- a long way to aligning its goals with those of the contracted HMOs already. We've done that for the 70 percent. Historically, we've not done it so much on the PPO side, nor have virtually any large employers nationally. We are pushing the envelope to that in a big way with the solicitation.

First, we're going to be seeking that bid for a fully insured proposal to do all of these functions and we'll see what happens with that. You know I'll note, it's a -- it's going to be a stretch. There's reason

self-insured is a little less expensive, but it's something we want plans to step up for and see if they can do. You know that on the HMO side, we recently launched the program to focus on quality and equity with the financial incentive on the HMO side that can grow to four percent of premium. Four percent is a lot. We want to mirror that level of intensity of interest on the PPO side of the house.

So how are we looking at that alignment? First, the solicitation seeks to align our health plan and population health management vendors with total cost of care. We're going to solicit a fully insured bid. That's about total cost of care, just like we do on the HMO side, but for the self-insured proposals and for the potential population health management vendors, we will seek that they include substantial guarantees related to total cost of care and quality. And when I say guarantees, again, we will be paying these vendors an administrative service fee. You know, let's call it $30, call it $20.

In the solicitation, we are seeking from those who will response, they're putting 75 percent of their administrative services fees at risk, which means if costs rise above what they should, they could end up paying PERS three-quarters of their fees. That is enough to get their attention. Seventy-five percent sounds big. It is big.

And I want to remind you again, the self-insured model, PERS is responsible for the cost. The buck stops with CalPERS. You know that if your administrative service fee is, you know, 25, 30 dollars and the premiums are 700 or 800 dollars, a few percent on premium hits PERS in a very big way. Most employers that contract on an administrative service fee basis put a very small portion of those fees at risk, and usually for administrative issues. We want to turn that upside down, put a lot at risk and have it tied to something we care about and we want those plans to care about, total cost of care, quality, and equity.

Second, we want the health plan we contract with to work with CalPERS to move provider payments towards value and away from make more money by doing more. Central to the PPO environment is it's generally historically been fee-for-service, which means fee-for-service you do more, you get paid more. Whether you're a hospital, a doctor, your incentive is to churn. We want whoever we contract with to join CalPERS in doing the work we've been focusing on to promote advanced primary care. That's anchored in the recognition that better health is supported by better primary care.

Historically, primary care has been underpaid, unrewarded, and we have also sorts of clinicians that are

doing surgical specialties that are making a lot of money, and they're doing a number of procedures that are great and a number of procedures they probably should not be doing. We don't believe in gatekeepers. We do believe in having primary care clinicians doing their job to help their patients get the right care at the right time.

We'll also be looking at how to support members stay healthy. One of the things we at PERS have a huge incentive to have members stay healthy. People stay as public employees for a long time. A lot of employers say, oh, I've got turnover every two or three years. Why would I invest in someone being healthy 20 years from now? CalPERS recognizes that keeping people health over the long term is the right thing to do ethically and the right thing to do financially. We will be looking at how to reward our plans and how our plans reward providers for keeping the populations they serve healthy.

We also, in this solicitation, want to address the volatility uncertainty to CalPERS and to its members. As you know all too well, the last few years have been tough in the PPO environment relative to costs. We want to address that volatility directly. Now, in the last few years, we've seen in the CalPERS PPO costs that increased over everyone's base projections in the COVID years. And this is not just a CalPERS issue. I want to be clear.

Across the industry, clinicians, experts, actuaries didn't get it right about what the rebounds would be after COVID. But when you price things and get it wrong, it can be hard to fix. CalPERS has sought to fix that by having a surcharge added in the 2023 premiums. It turned out that wasn't enough. It's added to replenish the reserves that as a self-funded entity you've got to have. You need to be sitting on literally hundreds of millions of dollars if you're self-funded.

Currently, the load for rebuilding the Health Care Fund is about between four and five percent on PPO premiums. That puts more pressure on our ability to ensure we continue to have PPO programs over the long term. That's why we need to get aligned with looking at volatility options and options from our plans that we've invited to bring forward - yeah, so they're self-funded - tell us what you can do around stop loss, and I'm happy to talk about these later when I go though, or gain sharing, or two-sided risk, or other mechanisms. We want whoever we contract with to partner with CalPERS to have us not be on a financial roller coaster. So that's some of the other elements of the bid.

Okay. From the financial broad terms, I want to go now to talking about something that you've framed for staff and they've interacted with you a lot on,

exceptional health care.

--o0o--

PETER LEE: CalPERS is committed to providing to the members of CalPERS exceptional health care. The Board's framed this in four categories that you're pretty familiar with. And I am -- from a prior work, it's a relatively simple model. It starts with quality. You want to ensure that all CalPERS members receive high quality care. You want to assure they have access. They get the care they need when they need it. Insure that the care we provide is affordable to both CalPERS and its members, and that it's equitable.

Now, I'm not going to walk through how this solicitation addresses each of those four components of exceptional health care. So let's tart with quality.

--o0o--

PETER LEE: And the solicitation is addressing the demand on our bidders that respond, whether they're a health plan or a population health management vendor, to address quality in a number of ways. The first way is this very central focus on the importance of population health, member navigation, support for those with most complex conditions.

In a moment, I'm going to remind you of what Dr. Logan spoke to you about, I think, a year ago about the

population health pyramid et cetera, but having a good network is not enough. So having a focus on population health is central to this solicitation.

Part of that focus is reflected in soliciting bids from both health plans and best-in-class population health navigation vendors. Again, a plan that comes forward, and I'll put in quotes, just has a good network, we wouldn't want them. We want a good network and exceptional population health services.

Historically, health plans have not necessarily been great at this. If they're great, hallelujah. We'll go with a single entity. If it's not, we're going to be able to pick a plan for its network and a population health management vendor for doing those services as well.

In the solicitation, CalPERS will continue its commitment to supporting effective primary care. Its foundational for good quality care. That will include requiring the selected plan to effectively foster enrollment in and support payments to advance primary care.

Now, CalPERS will be getting from the plans how they plan to move payments from pure quantity to value. This is central to what HMOs do. PPOs do it some. We think PPOs can and should do it more, and we want to see that in this solicitation.

We want to see how coordination and integration supported through payments. And CalPERS is going to build on what's already been adopted on the HMO side of the house to have quality measures, aligned with those in Medi-Cal and Covered California, be, a core part of incentives and part of the -- what they need to guarantee and will be financially on the stick for.

So let me talk briefly about population health.

--o0o--

PETER LEE: And I -- this is where if I need to, I'll call a friend and Dr. Logan will come up, but she'll come up in a moment. I know she spoke to you about the PPO strategic alignment effort. And in her presentation, Dr. Logan discussed the role and potential effective of population health management.

I want to bring back to your minds the pyramid she showed to you. At the bottom of the pyramid is the vast majority of CalPERS members. These are folks that are pretty healthy. No major health conditions. They cost very little of the health care spend. They don't need much. Maybe they need to find a primary care doc.

Move up the pyramid, moving up, you have people with chronic conditions. There are a lot of CalPERS member with chronic conditions with diabetes, with heart disease, behavioral health conditions many cases those

conditions are being well and effectively managed. They cost more than people that have no conditions, but they are not in drastic need of urgent and expensive care. They're being well managed.

You get to the top of the pyramid, one percent of the PPO members account for 40 percent of the spend in the PPO program. I'm going to say that again, because it is -- it is -- and it's -- you know, I've lived this in a lot of settings from Obama administration, PBGH, Covered California. It's true every place. This is not something different for CalPERS. One percent, 40 percent of the spend. The top five percent of the members represent two-thirds of the spend, five percent of the population, two-third of the spend. And that is not just a spending issue. It's an issue these are the people that need the most help and support to get and stay well. These are the people with multiple chronic conditions. These are the people that need specialty care.

We want and expect population health management to address them well, which means for the bottom of the pyramid, keep healthy people healthy, support them in their navigation needs, help them get the best possible clinicians, ensure they have access to primary care, cancer screening. Bottom of the pyramid.

People with chronic illnesses, we should be

looking to make sure diabetics are effectively managed. We shouldn't be having amputations of CalPERS members who have diabetes. People with heart disease should be having their blood pressure under control. That's in the middle of the pyramid. For those with very complex conditions, we expect there to be targeted individualized support for those who need that support the most.

Now, in this solicitation, CalPERS is seeking the best possible support for its members, whether it's the health plan doing it all or separate population health vendor that would work in partnership. Under either of those scenarios, CalPERS members should not know the difference. For a CalPERS member, they should have someone that is there, a clinician to help them if they have a real complex condition and the label behind it shouldn't matter to them.

Under either scenario, the solicitation is asking for and requiring the bidders to say we want a dedicated team. We want the same people working on only CalPERS business and all CalPERS business. We want them to understand the California market, the California providers, and the people they're working with, a dedicated team. And we'll be having proposals that talk about the ratio of which sorts of clinicians and non-clinician members of that team.

We also expect that that support for the members is going to be evidence based, data driven, and personalized. CalPERS is really on the cutting edge. We have a data warehouse that we analyze all the time. We expect whoever we contract with to use that data to help and support members staying well and with the identified people that are in need of care and helping them get the right care at the right time.

Again, from the member's experience, if we have a health plan for the network and a population health vendor, they should know it. A vendor won't be something our members should seek. They're going to see help when they need it.

Let's go now and talk about access.

--o0o--

PETER LEE: So in terms of CalPERS expectation that all of its members have access to care when and where they need it, all of the bidders have to meet clear minimum standards to assure members have timely access if they need care. And let me be really clear on this that CalPERS uses the frameworks that's actually used by the State's regulator, Department of Managed Health Care, that there's minimum time and distance standards.

Now, I want to note this is one of the things that -- an area where CalPERS is different than other

large employers. Other large employers, not all, but some in California will say, you know, we don't want to go with this Department of Managed Health Care standard. We're self-insured. We are not going to be subject to State regulation. We're going to be regulated by the Department of Insurance. CalPERS organizationally says time and distance standards, which are a high bar for regulations nationally, are actually a good bar for our membership. So having time and distance, which means you must be within half an hour and a certain mileage, we will be doing geomapping against every network coming forward to make sure they meet those standards.

We want in this solicitation to have health plans provide networks that are very broad choice for those who want it. We also though want the solicitation to include plans bringing forward potential savings for those willing to have fewer potential providers to choose from. That will be in the options we're getting. We'll be bringing that back to the Board to talk more about it. I want to be clear if someone though opts for saying, you know, I'd like to save 30 percent on my premium and have fewer providers in, they will always have those Minimum standards of time and distance. They will always have access to specialists in every service needed. They will always be able to get to that example I heard earlier of

even if someone is not in the network, you've got that really rare thing, there's only one doc that does it, you can get to that dock.

But it also means that some people in the PPO are saying, you know, I don't really want to pay that much for everybody. I don't need every hospital. I'm in an urban area, give me 70 percent of the hospitals, I'm fine, and give me a 20 percent, 30 percent cut in what I pay.

We are also going to be looking at health plans and population vendors that describe how they're going to help members get to clinicians that do a better job. Now, I've done a lot of time mapping doctor, clinic, hospital quality, and cost. And the bad news I've got for you it's what we call a scattergram, which is more expensive doctors are as likely to be low quality as high quality. Low -- high expense, same thing. There's data out there to identify better doctors for particular treatments and conditions, better clinics. We want whoever we contract with to assist our members that want to use those tools to get to better clinicians based on quality and using resources efficiently.

And while most of the PPO members live in urban areas, we are also calling on everyone of those bidding on this program to say what are their strategies for improving access for those that live in rural and access

challenged areas. You know, I heard the discussion in Monterey. My experience working in Monterey goes back 35 years now. There's areas that are hard. I can tell you that in a lot of rural areas, there probably won't be any ability to have different networks. There aren't enough doctors at all. That's one of the reasons we're looking at supplemental virtual services. But we want the folks that are bidding on this solicitation to come forward with what are their ideas. We know rural areas are challenged. What are your strategies to address that challenge? We're putting forward things in the solicitation, supplemental services, making sure they make time and distance standards, but what can they bring to the table.

And on the access front, I do want to underscore that in soliciting bids for supplemental virtual services, and I said this again, but I'll say it again before for virtual and primary services, you'll see us say "supplemental". We expect every network to have virtual services today, robust virtual services. Now, I'll tell you for myself, it's been three years since I've seen my doctor in person. I've talked to him probably 12 times. I won't get into medical history issues, but it included impinged shoulder. He said lift it this way, lift it that way. I was going this is a physical exam. This is great. I didn't want to go in to see him. Having virtual visits

can be better, more cost effective. It's a core expectation. To assess the value of having supplemental services to build on the existing behavioral health and primary care is something we want to kick the tires on.

So as we look at that, a core feature of our looking at it though is how do those supplemental services integrate with the core networks? What's the data hand-off? What's the in-person hand-off? We'll be looking at that very closely.

And last but not least, I want to talk -- no excuse me. Is -- next is talking about affordability.

--o0o--

PETER LEE: And you know this, but affordability is an issue for both members and for the employers. For members, the solicitation will be looking at how health plans navigation support members to use higher value providers, to use those that do better quality at potentially lower cost, while continuing to offer broad choice. We're also going to look at how health plans can bring ideas to minimize out-of-pocket costs to CalPERS members. Look at them building on things like the referenced based pricing program that CalPERS has really been a national leader on.

For employers, the State, the Cal State University's public agency schools, the solicitation

outlines the performance standards again tied to total cost of care. That alignment we think is vital. It's missing in virtually every major self-funded PPO contract out there. We want the health plan or population health management vendor accountable for meeting trend targets, okay. CalPERS wants the vendors to care about CalPERS and its members bottom line as much as it cares about its bottom line. To do that, we're making it part of their bottom line. So we believe that aligning the financial interests of the plan and the vendors related to cost has to be married with our focus on quality and equity. So the last thing I'll note is talking about equity.

--o0o--

PETER LEE: CalPERS will be looking closely at how those respond to the solicitation, both health plans, population health management vendors to see how they can truly walk the talk of serving CalPERS incredibly diverse populations. The solicitation expects the bidders to speak of how they address racial disparities, how they'll serve the CalPERS members who are members of the LGBTQ community, how they will address equity issues related to geography.

Some of the specific ways the solicitation does that is requiring the collection of demographic data. If you don't know who people are, you can't measure and

improve. For health plans, we'll be requiring that they meet the NCQA Health Equity Accreditation Standard. And CalPERS, in line with what it's doing on the HMO front, will have quality measures. They will have major money at play that over time will be stratified by racial identifiers, so we can stratify those rewards, so it's building into the financial performance on quality looking at equity and who we serve.

So in closing, before I hand this back to Don and look forward to your questions, comments, discussion is I want to underscore where Don started of how important this solicitation is. Four hundred thousand CalPERS members. Now, I should have done my homework on this, but I'm pretty sure that 400,000 members is in the top 10 of all employers purchased in the state of California, just the PPO. We've got 70 percent over here on the HMO side of the house, but 400,000 people is a lot of people. It's a lot of people, many of whom have very complex care needs. It's a lot of people who are spending a lot of money. This solicitation will hopefully result in the selection of more than a TPA, more than a vendor, but what is likely to be a partner for years and years to come.

So we use the term "vendor", but what I know Don, Dr. Logan, Rob want is someone that we will be working with for years to come. This contract is I believe a

five-year term.

CHIEF HEALTH DIRECTOR MOULDS: (Nods head).

PETER LEE: Easily could be extended, if they are delivering on what they need to deliver on. So this isn't just a one-time issue. It's finding someone that is bringing to the table creativity, innovation, and commitment to both a quality, equity, and cost bottom line that we will change with over time, we'll be nimble with, and build on the good work that they bring and CalPERS history.

So with that, Don, I'll turn it back to you.

CHIEF HEALTH DIRECTOR MOULDS: Great. Thank you so much, Peter. Really appreciate the presentation and all the time that you've put into this.

--o0o--

CHIEF HEALTH DIRECTOR MOULDS: So I hope Peter's presentation gives you a good sense of both the challenges and the opportunities we see in this solicitation. And to sum things up, our goal here is to have the PPO further our strategic goals of high quality, equity access, and affordability, so that it better meets the needs of our members and our employers. All of the features Peter just talked about are designed with that purpose in mind. I'm not going to walk through this timeline. It's in your packets and you can use it as a reference, but Peter, and

Rob, and Julia, and I are here to answer any questions you might have.

CHAIRPERSON RUBALCAVA: Thank you so much, Don and Peter. We do have some questions here and I'll start with Trustee Pacheco.

VICE CHAIRPERSON PACHECO: First of all -- sorry. First of all, Peter and Don -- Peter, thank you very, very much for this extremely comprehensive analysis of the -- I think the first time we're doing it comprehensively with the PPO solicitation. I really find it really fascinating and also very novel in terms of how we're approaching this.

My first question is regarding the patient navigation aspect of this. As I understand -- my understanding is is that it would be able to take care -- from the notes, it will take care of the first line, the low level of risk of the individuals. We'll also be targeting more of the high intensity case management as well, because in many cases, my understanding is in my reading on this material is it's utilized a lot for chronic diseases, chronic conditions, cancer, and other things. If you can elaborate on that first question, I've got two more after that.

PETER LEE: Well, first, you sort of answered the question as you asked it, and the answer is yes is patient

navigation is at every level of the pyramid.

VICE CHAIRPERSON PACHECO: Okay.

PETER LEE: And we will be looking closely at -- there's different ways to organize it. We have not done a you must do it this way. We've said to the -- or will be saying to be released in -- before the end of the month a -- we'll be saying tell us how you organize and staff which clinicians and how they focus differently or similarly for people that say I just need to find dermatologist.

VICE CHAIRPERSON PACHECO: Um-hmm.

PETER LEE: And the answer might be, excuse me, have you talked to your primary care doc. You might not need a dermatologist, which are very high paid and like doing little procedures. No offense dermatologists. I just hope there aren't any on the Board. But it's -

(Laughter).

PETER LEE: So whichever the mix is is -- but it may be a different structure for the high need, high intensity people. And I want to go back to that one percent that have 40 percent of the spend may have a set of clinical oncologists on their team helping on care coordination. So that's part of what we're looking for how the bidders present, how they will structure, resource, and staff that range of functions. Does that

make sense?

VICE CHAIRPERSON PACHECO: Yeah. That makes sense. And it would be -- it would be cost effective. I mean, that's the whole process, I mean -- and if you can --

PETER LEE: Well, I'd say it should by cost effective.

VICE CHAIRPERSON PACHECO: That's the point.

PETER LEE: And -- but that's exactly the point is that we -- when we look at where there is the potential of bending the cost curve so to speak --

VICE CHAIRPERSON PACHECO: Um-hmm, exactly.

PETER LEE: -- some is who are in the networks and what you pay them, but as if not far more important is how you are helping people in the system get to the right people at the right time.

CHIEF HEALTH DIRECTOR MOULDS: I'll -- I'm -- just to add one other thing. There's been a lot of work done over the last decade to focus on that one percent of the population. And a lot of the approach that we've taken on the Medicare side with supplemental benefits, for example, are trying to get to some of that by recognizing that in some instances these are people who don't just need traditional medical services, they need other services like transportation, help post-discharge,

targeted home care. I have been one of -- the big shocks for me coming from a think tank to the job that I'm in now is how little uptake health plans have -- how little they've taken up in terms of these strategies. They know that it's an issue. They haven't worked through the financial models. We need to do a better job there.

I think there's a huge opportunity there and it's -- if we're going to make progress on spend and on quality, that's going to be one of the major places that we're going to need to be focusing. And that will be one of the things that we're looking for, either again in a health plan or a population health vendor that will be working with a health plan.

VICE CHAIRPERSON PACHECO: Perfect.

CHIEF CLINICAL DIRECTOR LOGAN: And if I can just give an example about -- so I think it's really important what Peter was talking about the pyramid, because you do have people, you know, that -- who still are at the lower end of the pyramid but need care navigation services. Say you're a healthy person but you have a colonoscopy and you have a positive result, and so you would need that care navigation to get to the right colorectal surgeon for example. So those care navigation services have been throughout the pyramid.

At the very tippy top of the pyramid, like when

I -- as an example, when I was seeing patients in the hospital and rounding on patients in the hospital, we had patients who had multiple hospitalizations, where I had one gentleman who had 36 hospitalizations in a year. And that wasn't -- I mean, that was on the higher end, but not completely out of the ordinary. And what that gentleman needed was what Don was talking about, the supplemental benefits, a caseworker, someone at the hospital, someone at the health plan to help navigate and help that gentleman through those hospitalizations and to decrease the amount of hospitalizations. So that care coordination and that navigation happens at every level and just so much more intensely at the top.

VICE CHAIRPERSON PACHECO: Thank you very much, Dr. Logan and Peter.

The next question is more regarding the financing, the stop-loss insurance. And, you know, it's my understanding that with stop-loss we're shifting the risk and the cost to -- I mean, we are basically -- we self fund it with our own money, but then at a certain point another insurance will take over. And I'm just wondering how we would -- how that would be structured and how we would scale in this solicitation?

CHIEF HEALTH DIRECTOR MOULDS: So we don't specify -- we don't specify in the solicitation exactly

how we're -- how we would structure it. We know that there are sort of conventional structures to stop-loss. That would be something presumably that we would go into much more detail in competitive negotiations.

VICE CHAIRPERSON PACHECO: Okay.

CHIEF HEALTH DIRECTOR MOULDS: But at a base point -- at a baseline, we want to make sure that they have the -- we're interested in whether or not they have the capacity to do that. We're interested in their thoughts out of the -- out of the gate on what makes sense to CalPERS. Stop-loss does not insure you -- stop-loss tends to insure you for big risks not for little misses. But we would be having those refined discussions with a vendor that we're in negotiation with.

PETER LEE: But if I could and agreeing totally with that, and I don't want to get into a colloquium on stop-loss. Stop-loss is complex and it's either two forms usually, aggregate, which is if your total spend goes above something or what's called case specific. So you get stop-loss for a case that's over a million dollars. But the important thing of us asking the health plan or population health vendors to bring this is if they are the reinsurer, they care about minimizing costs.

VICE CHAIRPERSON PACHECO: Right.

PETER LEE: If we go -- if we pick a health plan,

then we go to some other entity, you know, at Lloyd's of London for stop-loss, then that entity we're working with on the care delivery says, I don't care. So the terms the stop-loss, we want to have an integral discussion with the health plans or population health vendors to say we want to be aligned with you and you aligned with us. Don't, you know, shuck it off on someone else's reinsurance. So exactly the terms, we're very open to, but we are not -- the thing we're most open to is alignment. We want them to bring to the table ways they're financially aligned. Not saying, oh, you can buy that from Lloyd's, so...

VICE CHAIRPERSON PACHECO: Yeah. No, that makes -- that makes a lot of sense in terms of trying to give them -- trying to be aligned with them financially.

The last question is more of a comment, but maybe an insight. So I read recently in the New England Journal of Medicine this -- the issue with respect to the recent affirmative action, the reduction -- the number of primary care physicians now going in, especially physicians that are of persons of color. It's really disturbing that many students aren't pursuing medicine and especially around primary care. I don't know if we can address it here or not, but it's something that in order for us to make sure that we provide primary care physicians for our 1.5 million members, we want to make sure that they also

are -- they're a reflection of our population, you know, because we are very, very diverse and -- a diverse population.

So in the solicitation or something like that, but I just wanted your input or your feedback on that, because it is something that is there and I think we need -- somehow, we need to figure out how to address that.

PETER LEE: I'm sure Dr. Logan probably wants to ping pong in. But first, one, thank you for showing off a little bit reading the New England Journal. Now, all the other Board members are saying, oh, God, I've to read the New England Journal before the next Board meeting.

But two things that I'd underscore about the data is very clear on. First, we do not have enough primary physicians. And people in medical school when they pick residencies, they are not lining up to pick primary care.

VICE CHAIRPERSON PACHECO: Right.

PETER LEE: An important element of the work that Dr. Logan has been a leader in this State around is advanced primary care is to over time shift how much we pay to pay primary care doctors more. So someone graduating from medical school of any race can say I see a useful career here and I don't have to go to radiology. I don't have to go to dermatology. I mean, for those of you

that don't know it, in medical school, my former partner was in medical school and he became a primary care doc. But they talked about the road of what you do when you get out of medical school. And the road is where do you get your loans repaid? Radiology, ophthalmology, anesthesiology, and dermatology, that's the road. Those four are paid at 2X of what primary care doctors are, not because they're providing 2X value. I mean, they probably provide a lot of great value, so -- but that's one.

The other point that you make I think is really important, and I think this issue for that I know we talk about about workforce issues, but also good care.

VICE CHAIRPERSON PACHECO: Um-hmm.

PETER LEE: Your likelihood of getting -- if you're an African American woman getting better care, you're likely to get better care if you have an African American clinician. You're -- and there's -- some of the medical schools in California are doing a great job of recruiting people to then stay in their communities. They have more Latino physicians working in Riverside, more in the Central Valley. And so I think that's one of the things that we'll certainly be looking what the networks are of the clinicians, their makeup, and how does that address care disparity issues. So it's the right question. Do we have an answer for it? There's a lot of

health care challenges that we need to be mindful of. That's a piece of them.

CHAIRPERSON RUBALCAVA: Thank you, Mr. Pacheco.

David Miller million, please. Trustee.

COMMITTEE MEMBER MILLER: Yeah. Just a little bit to kind of piggyback on Director Pacheco's question and your response. Clearly, there's this disparity in pay and to address those issues and also disparity in pay from provide to provider or employer to employer, geography area, and not just pay but other lifestyle factors that cause someone to choose whether to be, you know, in Blythe or to be in San Francisco, just as we face with trying to hire other hard-to-fill positions where talent has a choice of where to go.

But an even more root cause level, it seems to me that we've got a pretty dramatic artificial supply constraint when it comes to who gets to go to medical school and how we choose. And just as, you know, a lot of other higher learning institutions have artificially constrained a lot of people with talent and potential will never have those opportunities, because the way we have set things up. And the fact that we have to really reach out to the rest of the world to try to recruit medical professionals, not just physicians. And we've got a similar situation with nursing, where we're more or less

importing thousands and thousands, I mean, of nurses because there's that artificial constraint of the pipeline there as well.

And I think at the root cause level, we need to make those opportunities more available and we need to fix that pipeline, because it's not just a matter of shifting more of the work that's traditionally done by physicians to non-physicians. And there's a -- you know, a real role for that as well. But at some point, there are a lot of people with potential to be physicians who will never have that opportunity.

CHAIRPERSON RUBALCAVA: Thank you, Trustee Miller.

I don't see any more questions, so I'll proceed with my questions. First of all, thank you, Mr. Moulds -- Don Moulds and Peter Lee. I'm glad you're on the team and look forward to hearing more from Dr. Logan on some of these -- on this population health, which is something that I think we'll -- CalPERS will care to make the jump, because we have the database -- the data house. I forget the term we use. Yeah. Data. We have data.

And that's what's going to help us drive. So I would encourage all our members to make sure they fill out the demographic option that we have now for them, because that will help us move forward. And I think on the -- on

this whole solicitation program, it's going to help us get to utilize our size, and our data, and our in-house expertise, not only to make sure we bend the cost curve and be cost efficient, but also make sure the people have the information they need to make the right decision, so they get the high performance providers with the outcomes And I think that's one thing that we keep losing is when we look at cost is it's implicit in there that when you have high performance being lower cost, you also mean -- high value means you have good outcomes and that's what we want.

And so I'm going to -- and I also am very happy to hear the presentation from Peter Lee, because the whole thing about -- and Dr. Logan, how primary care is so key. So my question is I noticed on slide 8 we used the word -- you used the word, "advanced primary care". Can you please explain what is advanced primary care and how does it differ from what we offer right now through our programs?

PETER LEE: I'd like to call my friend Dr. Logan. (Laughter).

CHAIRPERSON RUBALCAVA: Thank you.

CHIEF CLINICAL DIRECTOR LOGAN: Yes. So advanced primary -- so, you know, we just had this discussion about how primary care providers are almost like a dying breed.

There aren't enough primary care providers in the state of California, especially in rural areas. What we are working on with advanced primary care is really focusing in on the team aspect of primary care. You know, one person cannot do it alone. It really does take a team. And so building on that concept that a primary care provider works with a patient, but so does the nurse, so does the behavioral health special. It's a much more integrated model than just a -- like a primary care doctor or primary care clinician treating one patient.

And what we're working on with the Integrated Health Associate -- Health Care Association and Pacific Business -- Purchaser Business Group on Health is an advanced primary care model where we can have an advanced primary care designation, so we can say this -- this practice is achieving high quality advanced primary care. They're doing well in hypertension measures, diabetes measures, the measures that we are focused in on with our health plans as well.

And then also around equity, we're making sure that they're achieving high quality in those equity sensitive measures. So it's a much more comprehensive view on just -- than just what we -- you know, regular old primary care.

CHAIRPERSON RUBALCAVA: Thank you, Dr. Logan.

CHIEF CLINICAL DIRECTOR LOGAN: Yeah.

CHAIRPERSON RUBALCAVA: Is your presentation -- any more presentation?

CHIEF HEALTH DIRECTOR MOULDS: No. I think if there are no questions, I think we're good on our end.

CHAIRPERSON RUBALCAVA: Okay. I do have on the phone public testimony -- public comment, so we could --

CHIEF HEALTH DIRECTOR MOULDS: Is that on this item or --

CHAIRPERSON RUBALCAVA: Yes, 5a.

CHIEF HEALTH DIRECTOR MOULDS: Okay.

CHAIRPERSON RUBALCAVA: So I don't know who handles that.

STAFF SERVICES MANAGER I FORRER: Yeah, Mr. Chair. We have William Stuart on the line.

CHAIRPERSON RUBALCAVA: Please proceed. You have three minutes.

WILLIAM STUART: Good morning, Mr. Chair, Board members. Are you able to hear me clearly?

CHAIRPERSON RUBALCAVA: Yes. Please continue.

WILLIAM STUART: Thank you. Hello. My name is. William Stuart. I am an out-of-state retiree. Thank you for this opportunity to provide comment and ask some questions related to this agenda item, specifically the strategic plan access to equitable, high quality,

affordable health care.

My focus for the next moment will be on the affordable health care aspect of your strategic plan. Since I retired three years ago and moved out of state, I have been offered only one health insurance plan option, that is the Anthem Blue Cross/Blue Shield Platinum PPO. I have not been offered the Blue Cross Gold PPO nor have I been offered any other type of plan such as an HMO.

My out-of-pocket expense for my PPO insurance premium was $333 a month last year. It has been $644 a month this year, and I do not know how much it's going to increase for next year. I wish to ask two questions. One, can I have a lower cost option for health care such as Anthem Blue Cross Gold PPO? And my second question, what is CalPERS doing to offer that plan to me and other out-of-state retirees like me?

That's the end of my questions. Thank you for your time.

CHAIRPERSON RUBALCAVA: Thank you, Mr. Stuart. That is a very good question how we -- what service we provide to out-of-state retirees. So I wasn't sure if you wanted to answer that.

CHIEF HEALTH DIRECTOR MOULDS: So as part of -- as part of the solicitation, we will also be looking at the out-of-state options. That will be part of the

conversation. We're aware of -- we're aware of the challenge. As part of the most recent contract with its union, CalHR has just created a stipend end for out-of-state workers to address exactly this challenge. It is hard -- it is harder out of state to offer the same caliber network and benefits, because we have far less control over the network. We -- our primary focus has been on California.

That having been said, we want to make sure that our out-of-state members have exceptional health care and affordable health care. So that will be front and center as part of this discussion with any would-be vendor. And we'll be getting back to you with that -- with more on that as we talk more about the solicitation as it progresses and then, of course, also as part of the 2025 rates development process.

CHAIRPERSON RUBALCAVA: Thank you, Don. And I appreciate William Stuart reaching out to us and hopefully we can be in touch with him as things develop.

Now, we are ready to move to the 5b, which is something I'm looking forward to, proactive policy communications, Brad and John Myers. Brad Pacheco.

And thank you, Don, and your team for an excellent presentation and the work you're doing. We look forward to the solicitation going out at the end of the

month. And we're very anxious to see what the reception is going to be and how we're going to roll it out.

Thank you.

(Thereupon a slide presentation).

CHAIRPERSON RUBALCAVA: No Brad, just John. Okay.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Yeah. Good afternoon, Mr. Chairman and members of the Committee. John Myers, CalPERS team member from the Office of Public Affairs. I will tell you my colleague, Brad Pacheco, sends his apologies. He was called away by a family matter out of state, so...

Thanks for the opportunity to do this. I appreciate your time. It's been a fascinating day for me sitting here in the Committee, because there's a nexus of a lot of what I want to talk to you about, so we'll kind of have that discussion.

At the July off-site, you will recall the presentation that outlined the results of our stakeholder perception survey, and the sentiment of our members and our key stakeholders on a number of areas. So today, we thought we would dig a little deeper and talk about how we are working to sharpen our communication efforts and better tell the CalPERS story. And I can tell you listening yesterday, today, and tomorrow, I'm sure there

is so much to tell, and so we want to talk about better ways to do that.

Because the work is so important, we've added these efforts to this year's business plan as a formal initiative, so that we can share our progress throughout the year. So presentation that I wanted to offer you this afternoon for a few moments is a snapshot, because the Committee in its role as the body that oversees strategic issues related to pension and health care, it's a good place to talk about it. But in short, I would tell you this. Our public affairs team is sharpening its focus to help educate and inform a number of key CalPERS audiences.

Let me take you to the first slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: These are projects that will -- actually, the next slide. Apologies.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: These are projects that will both bolster and expand our capacity to communicate to CalPERS members, employers, a variety of key stakeholders, and a wide swath of Californians about the work that we're doing to provide secure retirements and quality health care. Now as a way of setting the scene, I will tell you that I think we really are at a

pivotal moment in the challenge to engage with both our core audiences and all Californians about the importance of the pension fund's work. No doubt many of you have sensed this firsthand during your visits with organizations across the state that there is, I would call, a real thirst for information about what CalPERS is doing.

The real question I think is how will that thirst be quenched and what can we do, keep that metaphor going, to quench the thirst more consistently when it comes to tell the CalPERS story, the story of what we are doing and why we are doing it? These are the questions that I've been asking myself since having the opportunity to join the CalPERS team last summer.

Some of you will know that before my arrival, I spent a while as a journalist chronicling California government and public policy. That was either writing content or assigning and editing news content about public sector issues and public sector pensions. Unfortunately, I would tell you the ranks of those writers have thinned to historic lows in recent years. Let me show you another slide here.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: At regular intervals -- I think it's actually the next one.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS:

Apparently, I didn't number myself. Apologies.

At regular intervals, the Communications and Stakeholder Relations Branch has provided the Board with a snapshot of traditional media coverage of CalPERS. In the most recent fiscal year, our team tallied about 400 mentions of the pension fund across a variety of news organizations. But compare that to a decade earlier, you can see it there were four times as many mentions tallied.

In the most recent three fiscal years, we've seen the lowest citations measures. There are no doubt a variety of reasons for this. There are fewer journalists working at traditional news organizations, for example. But regardless, other than episodic moments, some kind of big news break-through, the CalPERS message isn't moving forward enough and it's not breaking through.

This next slide will show you --

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- in my prior roles in life, those numbers would have worried me about a sign about the health of the news industry or the drift away from talking about public policy. But as your Chief of Public Affairs, it tells me that the traditional ways of outreach are starting to show their age. They're

starting to fade a little bit. As the information age evolves, we have to also evolve. Many of you remember that the Board presentation -- at that Board presentation in July during the off-site meeting, you saw a similar story about this thirst for additional information from our many audiences.

On the next slide, we can talk about while the overall --

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- about while the overall sentiment about CalPERS remains positive, you saw data points that hinted at some unease among some stakeholder leaders, for example, about the security of retirement benefits or the overall direction of CalPERS. There were concerns that were raised too about health care costs, about what some perceive as the need for members to become more educated about retirement while they're still on the job. I'm happy to report that our partners in the Policy Research and Data Analytics Division have been helping us sift through some of that data, some that you asked them to do mentioned in the off-site regard to this positive and negative perception.

I know the analysis is going to make its way to all of you soon, but here again, we have found I think a genuine thirst for information about CalPERS or an urgent

need, I would say, for explanation and context about what CalPERS is doing or what the late Paul Harvey said on his old radio program, the rest of the story.

The next slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Concerns from employers included a desire for more consistent information about CalPERS's funded status, more information about contributions from both employers and employees. Some stakeholders need assurance that the fund is taking steps toward long-term stability. Other respondents indicated they want to know more about how CalPERS uses its voice in the discussion of how to balance health care costs and health care quality. We've talked a lot about that today.

And speaking of health care, there were a number of active members, you may remember this, who were not aware that CalPERS administers their health benefits. Active members, those currently on the job, are, I think, especially eager to learn more about health care.

Can we move to the next slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: I'm not always a glass half full kind of person. It turns I wasn't taught in journalism school --

(Laughter).

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- but I see these data points as a huge opportunity for our communications effort to tell the CalPERS story more often and across more --

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS:

-- traditional and digital platforms. Earlier this year, we began to reorganize some of the teams in the Office of Public Affairs with an eye toward a larger amount of what I'm calling proactive policy-driven content for the core audiences of CalPERS. While my presentation is focused on the two CalPERS business lines that are pertinent to this Committee, pensions and health care, our communications effort, of course, will also oversee projects designed to tell more about our investment strategy too. I think this is particularly important to our employer partners, since we know $0.56 of every $1 comes from investment earnings.

And the next slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: In short, we are aiming to more frequently and fully craft what I'd call unique communications content that can do the major things, that can educate, inform, and engage our core

audiences about the work we're doing and how it's in service to their current and their long-term benefits. And I would tell you, we're seeking new avenues too to communication what, in a sense, I would say is the tangible product that we make at CalPERS, which is a meaningful retirement. Let me offer a few snapshots of the kinds of story telling opportunities that I've seen just in the past few weeks and months.

On the next slide --

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- I wanted to tell you about this summer where we sent one of our public affairs writers to Eureka for one of the CalPERS Benefits Education Events. I'm starting to learn the terminology here, a CBEE. You talked about those earlier. It's not that those events are new. For years, the customer service team has hosted those gatherings. But there was a lot that I would argue that my team can learn from our members and our soon-to-be retirees by being there to collect their stories, to talk to them, to understand what they're looking for.

The photo you see on the screen was this great moment from Eureka, just after the woman in the screen, Susan Carns, who was a social worker in Humboldt County submitted her retirement application. It was at the event

she found out she could retire in just 60 days. And so she's got a little celebratory moment there with Kevin Harris who's a CalPERS Retirement Counselor.

We're going to find a lot more ways to cultivate ideas and stories from these events as a springboard, not only for encouraging folks to attend, that's the obvious, but also for fining out how we can serve our members, learning a lot more about what they need to know and how we can best communicate that information to them.

The next slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Meanwhile, we've been talking to the CalPERS actuarial team about their examination of the sweeping reform of California pension law - you talked about it this morning - PEPRA at the 10-year mark. I'm kind of a policy wonk. I had a really good time listening to the actuaries this morning. We know PEPRA has brought about major changes for members and employers. You heard a snapshot of that this morning. We should and we are going to expand our communication about those trends. It's the important part of the CalPERS story, and we're really eager to work closely with the Health Branch and the team you've heard from today to expand the awareness of their work and our work on health outcomes, quality of care, health equity.

Active and retired members I would argue a like need to know more about what CalPERS is doing when it comes to their health and how our size, right - we know. We're the nation's second largest purchaser of health care - gives us a powerful voice in short- and long-term health care trends.

On the next slide --

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- I want to focus for a moment too about the retirement story in broad strokes and significant details, things we really need to do. All of our members, led by our retirees, they want to know more about how we do what we do, how CalPERS is making the decisions needed to ensure long-term retirement security. That's going to be more consistent conversation about the benefits that CalPERS pays out. Last year, it amounted as you may know, to some $29 billion and the impact on that in California communities.

Let me share, if I can, just a few additional ideas that we've been working on to improve and how we will use our communication platforms and a little bit of the kind of content that I think will help us educate and inform a variety of audiences.

Next slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: We want to talk about new focus on new content for the page on our website called PERSpective, which you can see in the middle of the screen there. A few years ago, it became the digital home of what you know that started out as a print product. We're going to really lean in. We're going to expand our policy content there, look for new visual interaction ways of communicating about those policies. We also need to use social media to help us in that way.

A little further down the road is a significant, really significant overhaul of the look at -- and the behind-the-scenes function of our CalPERS website. We really need to ensure that our members have quick access to the content that matters. We are also taking a fresh look at our email efforts. I will tell you I believe email is probably one of the most powerful digital platforms we have. Let me give you an example. Our average open rate for our monthly emails to members is above 50 percent. That is higher than educational institutions, retail, even finance. It is really that foundation of strong engagement that will help us reach our members I think even more.

While we currently share information through monthly emails, I'd like to see us do even more to make

sure our members feel as though they are hearing from us. They're hearing from us fast. They're hearing from us first. And they are fully hearing -- fully, I should say, hearing when they need to know. And we are hard at work examining other ways to bring these important topics to CalPERS audiences, including a lot more visual, a lot more video, a lot more social media. I have to tell you I'm really lucky to work with a great team of communications professionals. They have really answered this challenge that I've asked them to take up on evolving and expanding. And that's a lot of what we are spending our time trying to get organized now thousand to do.

And one more slide.

--o0o--

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Let me conclude my remarks with a few thoughts about how we are working to bring -- to bridge, I should say, traditional outreach and communications with the really rapid changes in not only technology but also social norms. I view the Public Affairs effort somewhat as akin to remodeling a house. It's got a great strong foundation, but it needs these changes to accommodate a new generation of family members.

So we're going to continue to react and engage when we're called upon to inquiries about CalPERS'

operations. We do that regularly. Long before my arrival, the Public Affairs team had real success as a rapid response and comprehensive explanation source. But what we are doing now is trying to ensure that those are not one-time experiences. We really need to create some lasting conversations, I would argue, with our members, our employers, our entire family of stakeholders, as well as really honestly new conversations with California taxpayers who need to know what we are doing and why we are doing it.

I think our goal is to not only talk about the mechanics of CalPERS, but also the mission, the importance of retirement security, the choices for quality health care, and the belief that in more ways than one, CalPERS's focus, I would say, on investments that make a difference.

So it's a brief conversation with you today. Appreciate the opportunity to shed a little bit of light on this and I'd be happy to answer any questions, if you have them.

CHAIRPERSON RUBALCAVA: Thank you, John. Excellent. Very exciting projects we have in front of us. Any -- so we do have some questions and comments from our trustees. President Taylor first and followed by Mullissa Willette.

COMMITTEE MEMBER TAYLOR: John, thank you very

much. Really comprehensive presentation. So I always look at these and I guess I'm getting jaded, because we always want to up our game and do something new. And then it works for a minute and then it sort of peters off. And I know that we tried that with our union as well. But have you thought about TikToks like news TikToks?

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: I've heard that phrase before. It's usually from my 13-year old son.

COMMITTEE MEMBER TAYLOR: I know. I know.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: It's a different discussion.

(Laughter).

COMMITTEE MEMBER TAYLOR: We got young folks now though.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Yeah.

COMMITTEE MEMBER TAYLOR: We've got, what is it, 60 percent of our folks are PEPRA folks.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Well, and I think you're getting to the right place, which is like what are we looking at that's out there. Where are people? Where are the people? What are they engaged? How can we engage them? So I would tell you, yes, we'll look at it, but I want to look at it as part of a larger conversation. I mean, I really -- I think we have a -- as I said a moment ago, we have a great foundation to build

on. We just have to kind of keep trying things. And one of the things that's tough that I learned in my last life is sometimes you just -- it takes a while to kind of build that conversation. That conversation doesn't start over night. So you try something. You try a little bit more. You try -- you measure it. You figure out how to do it a little bit more. So I'm very aware of all of the platforms that I need to be thinking about. I probably won't go that --

COMMITTEE MEMBER TAYLOR: Podcasts.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Pardon me?

COMMITTEE MEMBER TAYLOR: Podcasts.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: I've had a little bit of experience in my life with those. Yes, we -- the answer is all of the above, Ms. Taylor.

COMMITTEE MEMBER TAYLOR: Okay.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: I just think that what I'm trying to do is figure out how I can get the team oriented for that kind of thing and then how we can be good at it --

COMMITTEE MEMBER TAYLOR: Sure.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- because I don't want to just take it and do it and then move on. I think that would -- you know, we could do a little bit of experimentation, but we want to know what we're doing

some.

COMMITTEE MEMBER TAYLOR: Well, yeah, because you sure want to -- you want to see the longevity, so it's -- so first you have to see it ramp up, right --

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Yeah.

COMMITTEE MEMBER TAYLOR: -- whatever platform you're using and then you hope to see it stay or continue to go up or whatever. What you don't want to see is, oh, this looked good for a while and now we're board.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Right. Yeah. Well, and I was going to say, if I may, we have to be patient.

COMMITTEE MEMBER TAYLOR: Yeah.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: You know, there's a little bit of Field of Dreams in this. If you build it, they will come. You have to have a little bit of time to kind of --

COMMITTEE MEMBER TAYLOR: Sure.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: -- put into it to build that audience. So I'm eager to get started.

COMMITTEE MEMBER TAYLOR: Yeah. Thank you.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Thank you.

CHAIRPERSON RUBALCAVA: Ms. Willette, please.

Thank you, Ms. -- President Taylor.

COMMITTEE MEMBER WILLETTE: Hi, John Myers.

(Laughter).

COMMITTEE MEMBER WILLETTE: Thank you so much for that presentation. I really appreciate it. I am super, super excited about this initiative and you at the helm of this ship. You have my resounding support to move forward in this way. I think -- I'm just a firm believer that we have to center the members and our -- the member's story around every single thing we do here at CalPERS.

So my only question is is you have a whole group of members here at this dais who are talking to people every day, talking to our members or being reached out to. You know some of us we go to work every day at our worksites with hundreds of our members. How do we support this initiative, how do we support the communications plan, and what can we do to ensure its success going forward?

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: It's a great question. And first of all, it's premised on the right thing, which is that you want to help support what we're doing. So thank you collectively to all of you on that.

I think first and foremost, we have to give you the right tools to kind of have those little touchpoint moments that you can have this conversation with these

audiences. I know we work with several of you on events that you do. And as I referenced, I mean we really get that feedback that like -- you get asked lots of questions. So we need to -- we need to work on a way that we can really tap into what you're hearing and talk to you more frequently.

COMMITTEE MEMBER WILLETTE: Yes, please.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: So come on over anytime you want, but we need to be more proactive to you, because you have busy schedules. And so let me -- let me take a good look at that, but I -- I because I think that you hear a lot of what we need to hear and you can offer us a lot of guidance in that way. And I think some of your fellow colleagues again that we've written some items and move forward on, we get great feedback. So we do need to have these conversations internally with you, so that we can externally do the job that we need to do. So we'll partner with you. I love that.

COMMITTEE MEMBER WILLETTE: Absolutely. We are for you. Call me.

(Laughter).

CHAIRPERSON RUBALCAVA: Thank you, Ms. Willette.

Ms. Middleton, please. Trustee.

BOARD MEMBER MIDDLETON: All right. John, thank you. And Mullissa, thank you. You asked the question I

was going to ask, so I'm not sure what to ask at this point. But one of the things that impressed me was you're trying to meet people where they are. And the population that we serve is -- gets their information from an incredible variety of sources and we've got to be able to master all of those sources to be effective.

I guess my follow-up question would be is there anything specifically that you need from the Board at this time?

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: I appreciate that and the answer is probably no. You've given me -- you've given me what I need, which is kind of like a little bit of a thumbs up to keep on working on it. I think that -- I didn't reference it in the other remarks, but I will say one of the most challenging parts of this is we are a multi-generational entity. We have people of all walks, of all generations, multiple generations. They have a comfort level with the digital world of communications that varies. We've got to be very mindful of that. A lot of our website work, I will tell you in part, I'm pretty obsessed with is things that actually work on a device that you hold in your hand. I think if you are trying to push, and squeeze, and move, and like you -- you've lost the opportunity to have the conversation right there.

BOARD MEMBER MIDDLETON: You lost me. That's for sure.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Yeah. So, no, I mean, I will come back and I will -- I will be nice and ask you all kinds of things, but you all have been great so far. And I think the direction we've gotten from the executive team and from the Board is what we need and now we've just got to get doing it.

BOARD MEMBER MIDDLETON: All right.

CHAIRPERSON RUBALCAVA: Thank you, Lisa.

I think -- thank you for your presentation. I think we're ready to move on to the summary of Committee direction. Thank you, John.

OFFICE OF PUBLIC AFFAIRS CHIEF MYERS: Thank you. I appreciate it.

Don and Kim, do we any? I don't think there's anything.

CHIEF HEALTH DIRECTOR MOULDS: I'm not sure -- yeah, Kim had to step away. I'm not sure I have direction. Perhaps indirectly to bring back an update on out-of-state retirees --

CHAIRPERSON RUBALCAVA: Yes.

CHIEF HEALTH DIRECTOR MOULDS: -- and options that come out of the PPO solicitation and the RFP process.

CHAIRPERSON RUBALCAVA: Thank you. Thank you,

Don. We look forward to reports on the PPO solicitation and, of course, rollout of this amazing new communication roadmap. Our members definitely need to understand that their retirement is secure and that we're striving to provide quality health care. Thank you.

So now we'll move on to public comment. I have two names here. Tim Behrens and Larry Woodson, please.

LARRY WOODSON: There we are. Good morning, Larry Woodson, California State Retirees. Thank you for the opportunity to comment. And first I'd like to thank Don Moulds for his kind words earlier. I worked with Don for two years now and I've -- he's been very approachable, responsive, and knowledgeable. And I don't have to tell you how fortunate you are to have him as your Health Director.

So today, I'm speaking once again on ACO REACH. First, I'm very happy to report that after both Houses of the California Legislature overwhelmingly passed Assembly Joint Resolution 4, which asks President Biden to immediately halt ACO REACH, it was enrolled and chaptered by the Secretary of State on September 14th. It's likely been sent out or will be soon. We hope that this strong move by our Legislature to protect thousands of retired Californians who are on traditional Medicare from being moved into plans managed by for-profit companies will spur

you, this Board, to do the same.

We had asked that the Board at the very least discuss opposing REACH at this meeting. It was not on the agenda and we're a little puzzled as to why. But after hearing objections from CSR, especially after hearing objections from us and other stakeholders for over a year and a half, we are also aware that several Board members would like to at least have the discussion in open session, but it's till not too late.

I've heard one member, you know, give the opinion that REACH was discussed thoroughly at the open -- at the January Board education day. And certainly it was discussed there, my three experts educating you two, three -- or four, three pro and one con. But that discussion was really presentations to you and questions from you and then a lot of public comment that was opposing it, so -- and then the meeting was adjourned. So there really has not been any discussion among Board members in any open session about how they view now ACO REACH and whether CalPERS should oppose it. And so we continue to urge you to have that discussion.

I handed out copies to each of you of a report that I did on the latest CMS approved ACOs, which demonstrates the ACOs failure to meet many of the basic CMS requirements and a lack of monitoring by CMS that

would allow such non-compliance. I sent that same document, of course, to you in July, but I felt it was worth sharing it a second time. It does contradict many of the assurances that Liz Fowler gave you in January.

In conclusion, that noncompliance when coupled with the fact that a significant number of the approved ACOs are private equity companies, some with no experience whatsoever managing Medicare and that our affected members are moved without prior notice or agreement into this highly experimental pilot, which threatens the continuing existing of traditional Medicare, we ask that you show respect enough for our concerns that you at least discuss and hopefully oppose REACH at the next available opportunity in an open session meeting.

Thank you.

CHAIRPERSON RUBALCAVA: Thank you, Larry.

Next, Mr. Tim.

TIM BEHRENS: Good afternoon. Tim Behrens, California State Retirees. Thank you, Chairman, and Committee members, Board members for listening. Just to kind of pile on top of what Larry has already said, I would like to bring up a couple of other issues that I don't think have been discussed at all regarding this ACO REACH, and that is what's the fiscal impact on CalPERS if this were implemented statewide in California? What would

it cost CalPERS? What would it cost the stakeholders?

I think you've already heard clearly from Larry that the private equity companies that are gobbling up this pilot plan are being offered a 30 percent profit. And I don't believe that you can offer a company 30 percent profit and ask them to continue the high quality of service that we get right now on Medicare. So I know many of you are not on Medicare. It's not on your radar, but we would like you to have an open discussion on the pros and cons as you have been taught by that team that came up here of four people and give us an opportunity to hear your thoughts on ACO REACH.

So let me change directions for a second. I'd like to talk about Delta Dental and the vision plan, both administrated by CalHR, which I don't think a lot of our members know. So I think if you're going to do some good publicity, as you were talking about a while ago, you might do a couple articles about Delta Dental and the vision plan, and who administrates it, and what phone numbers you can call during this open enrollment period, et cetera.

Delta Dental has not changed anything on behalf of us retirees in the last 30 years. And now there's a lawsuit by the California Dental Association against Delta Dental because the dentists had been -- had their income

reduced by as much as 30 percent. We have members all over the state that call us and tell us they didn't know when they went to the dentist, number one, that the dentist no longer had Delta Dental. They dropped it. There was nothing sent out to the members of that dentist team.

Number two, they go in. They have the work done. They come out and they're asked to pay for it out of pocket and then given a bill and told the member then you contact Delta Dental and you try to get your money back. In most cases, our members have not had success in getting a hundred percent of what was covered in the past back.

So I would urge you in your conversations in the health team to do a deep dive on REACH and do a deep dive on Delta Dental and the vision plan to see if we can't improve it and help our members out that have not heard this information yet. We're hearing it. It's coming out quickly. Maybe something could come out of CalPERS in our newsletter. Thank you. Have a good day.

CHAIRPERSON RUBALCAVA: Thank you. And I, too, want to join with my colleagues and the Board, and the Health care staff in thanking you, Larry, for all your years of service. You have brought very provocative questions. And you're very passionate of your research and what you believe in. We have -- we are attentive. We

may not always give you the answer you want, but we are attentive.

Thank you.

LARRY WOODSON: Thank you very much.

CHAIRPERSON RUBALCAVA: And thank you, Mr. Woodson also.

TIM BEHRENS: I'm not going away.

CHAIRPERSON RUBALCAVA: No, you're not.

(Laughter).

CHAIRPERSON RUBALCAVA: Thank you.

And do we have any more public comment?

BOARD CLERK ANDERSON: (Shakes head).

CHAIRPERSON RUBALCAVA: Okay. That concludes today's meeting and then we'll go into the Performance, Compensation and Talent Management Committee in how many minutes?

VICE CHAIRPERSON PACHECO: Ten minutes.

CHAIRPERSON RUBALCAVA: How many?

VICE CHAIRPERSON PACHECO: Ten minutes.

CHAIRPERSON RUBALCAVA: In ten minutes. Thank you, everybody.

(Thereupon California Public Employees' Retirement System, Pension and Health Benefits Committee open session meeting adjourned at 4:01 p.m.)

CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, Pension and Health Benefits Committee open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of September, 2023.

JAMES F. PETERS, CSR
Certified Shorthand Reporter
License No. 10063