

VIDEOCONFERENCE MEETING
STATE OF CALIFORNIA
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
PENSION & HEALTH BENEFITS COMMITTEE
OPEN SESSION

ZOOM PLATFORM

TUESDAY, SEPTEMBER 14, 2021

1:16 P.M.

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

APPEARANCES

COMMITTEE MEMBERS:

Rob Feckner, Chairperson

Ramon Rubalcava, Vice Chairperson

Margaret Brown

Henry Jones

David Miller

Eraina Ortega

Theresa Taylor

Betty Yee, represented by Ms. Karen Greene-Ross

BOARD MEMBERS:

Fiona Ma, represented by Mr. Frank Ruffino

Lisa Middleton

STAFF:

Marcie Frost, Chief Executive Officer

Matt Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

Anthony Suine, Deputy Executive Officer

David Cowling, Assistant Chief, Health Plan Research and Administration Division

Kelly Fox, Chief, Stakeholder Relations

Pam Hopper, Committee Secretary

Renee Ostrander, Chief, Employer Account Management Division

APPEARANCES CONTINUED

ALSO PRESENT:

Wisam Altowaiji

J.J. Jelincic

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PROCEEDINGS

1
2 CHAIRPERSON FECKNER: Everyone, we'd like to call
3 the Pension and Health Benefits Committee meeting to
4 order. And the first order of business will be to call
5 the roll please, ms. Hopper.

6 COMMITTEE SECRETARY HOPPER: Rob Feckner?

7 CHAIRPERSON FECKNER: Good afternoon.

8 COMMITTEE SECRETARY HOPPER: Margaret Brown?

9 COMMITTEE MEMBER BROWN: Hello.

10 COMMITTEE SECRETARY HOPPER: Henry Jones?

11 COMMITTEE MEMBER JONES: Here.

12 COMMITTEE SECRETARY HOPPER: David Miller?

13 COMMITTEE MEMBER MILLER: Here.

14 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

15 COMMITTEE MEMBER ORTEGA: Here.

16 COMMITTEE SECRETARY HOPPER: Ramon Rubalcava?

17 VICE CHAIRPERSON RUBALCAVA: Here.

18 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

19 COMMITTEE MEMBER TAYLOR: Here.

20 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

21 CHAIRPERSON FECKNER: Excused.

22 COMMITTEE SECRETARY HOPPER: Karen Greene-Ross
23 for Betty Yee?

24 ACTING COMMITTEE MEMBER GREENE-ROSS: Here.

25 COMMITTEE SECRETARY HOPPER: Mr. Chair, I have

1 all in attendance with the exception of Shawnda Westly
2 being excused.

3 CHAIRPERSON FECKNER: Very good. Thank you.
4 Before I move us into closed session. I see a request
5 from Ms. Brown to pull Item 4d and 4f. I don't have a 4d
6 and 4f on my agenda. Am I reading something incorrectly?

7 COMMITTEE SECRETARY HOPPER: Mr. Chair, there is
8 no 4d or 4f on Pension and Health Benefits.

9 CHAIRPERSON FECKNER: I didn't think so.

10 Want to try another committee, Ms. Brown?

11 COMMITTEE SECRETARY HOPPER: You're muted, Ms.
12 Brown.

13 COMMITTEE MEMBER BROWN: I said I think it's
14 going to be Finance and Admin. We're just running behind.
15 So thank you.

16 CHAIRPERSON FECKNER: All right. So we're now
17 going to recess into closed session for items one through
18 three on the Board closed -- on the Committee closed
19 session agenda. At this time, the Board members will exit
20 this open session meeting and connect to the closed
21 session meeting.

22 For the members of the public watching on the
23 livestream, the open session of Pension and Health Benefit
24 Committee meeting will reconvene following closed session.
25 We'll be back before too long. We thank you, but let's

1 move to closed session now, Committee members.

2 (Off record: 1:19 p.m.)

3 (Thereupon the meeting recessed
4 into closed session.)

5 (Thereupon the meeting reconvened
6 open session.)

7 (On record: 1:53 p.m.)

8 CHAIRPERSON FECKNER: Welcome back to the open
9 session everyone. Have we all made it yet? Not quite.
10 We'll give everybody a minute or two.

11 It looks like I think we're good now. So let's
12 move on to the open session. Item 2, approval of the
13 timed meeting agenda. What's the pleasure of the
14 Committee?

15 COMMITTEE MEMBER MILLER: Move approval.

16 COMMITTEE MEMBER BROWN: Move approval.

17 COMMITTEE MEMBER MILLER: Second.

18 CHAIRPERSON FECKNER: Moved by Miller, seconded
19 by?

20 COMMITTEE MEMBER BROWN: Brown.

21 CHAIRPERSON FECKNER: Brown.

22 Any discussion on the motion?

23 Seeing none.

24 Ms. Hopper, please.

25 COMMITTEE SECRETARY HOPPER: Margaret Brown?

1 COMMITTEE MEMBER BROWN: Aye.

2 COMMITTEE SECRETARY HOPPER: Henry Jones?

3 COMMITTEE MEMBER JONES: Aye.

4 COMMITTEE SECRETARY HOPPER: David Miller?

5 COMMITTEE MEMBER MILLER: Aye.

6 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

7 COMMITTEE MEMBER ORTEGA: Aye.

8 COMMITTEE SECRETARY HOPPER: Ramon Rubalcava?

9 VICE CHAIRPERSON RUBALCAVA: Aye.

10 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

11 COMMITTEE MEMBER TAYLOR: Aye.

12 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

13 COMMITTEE MEMBER WESTLY: Aye.

14 COMMITTEE SECRETARY HOPPER: Karen Greene-Ross
15 for Betty Yee?

16 ACTING COMMITTEE MEMBER GREENE-ROSS: Aye

17 COMMITTEE SECRETARY HOPPER: Mr. Chair, I have
18 all ayes, motion being made by David Miller, second by
19 Margaret Brown for Agenda Item 2, approval of the
20 September 14, 2021 Pension and Health Benefits timed
21 agenda.

22 CHAIRPERSON FECKNER: Thank you.

23 Brings us to Item 3, Executive Report. Mr.
24 Moulds.

25 CHIEF HEALTH DIRECTOR MOULDS: Great. Good

1 morning, Mr. Chair and Vice Chair, members of the
2 Committee. Done Moulds, Chief Health Director.

3 For my remarks today, I wanted to remind the
4 Committee and our members that open enrollment starts next
5 Monday, September 20th and runs through October 15th.
6 This is the annual time of year our members can enroll in
7 and make changes to their health plans and add or remove
8 dependents. To help members explore their choices, health
9 plan statements are now available in myCalPERS and in the
10 mail for members who have requested that. We have updated
11 the website with a wealth of open enrollment information,
12 including the health benefits summary, each plan's
13 evidence of coverage documents, the plan changes taking
14 effect in 2022, and the required forms to make a plan
15 change.

16 I want to highlight for our members the addition
17 of lower cost HMO options in many areas, as well as
18 expanded Medicare Advantage plans that will be available
19 next year. I encourage members to visit our website and
20 log in to their myCalPERS account to view their health
21 plan options and other important open enrollment
22 information. A lot of communication planned for members
23 and employers over the course of the next month.

24 That includes -- concludes my remarks and I'm
25 happy to take any questions.

1 CHAIRPERSON FECKNER: Thank you.

2 Seeing no requests to speak, I'll do Mr. Suine.

3 DEPUTY EXECUTIVE OFFICER SUINE: Thank you, Mr.
4 Chair. Good afternoon, members of the Committee. Anthony
5 Suine, CalPERS team member. It's great to be with you
6 again to share some important points about our Customer
7 Service and Support Branch's trends and accomplishments.

8 As I've mentioned before, while our regional
9 offices remain closed across the state, we have been able
10 to successfully deliver services to our members through
11 virtual appointments and education. And since the start
12 of the pandemic, our member counseling appointments have
13 been conducted primarily via the phone and our members
14 were quick to adapt and steadily utilize that new channel
15 with over 5,000 appointments transact -- transacted
16 monthly.

17 A few months into our virtual appointment
18 deliveries, we began to offer our members an option to
19 transition from a phone call into face-to-face
20 interactions over WebEx. This allowed for a more personal
21 interaction, but required the member and our retirement
22 counselor to exchange emails to link via meeting notice.

23 Leading up to July of this year, we had
24 approximately 30 to 40 members take advantage of those
25 face-to-face appointments per month. However, on July 9th

1 of this year, we adapted our virtual appointment
2 scheduling system to allow members to choose a phone
3 appointment or video appointment via their member
4 self-service account, which then provides an electronic
5 confirmation with instructions for the member to prepare
6 for the counseling session.

7 In our first partial month after that
8 implementation, we had over 400 face-to-face virtual
9 counseling appointments and we nearly reached 1,000 of
10 those appointments in the month of August.

11 While we know there will remain a demand for
12 in-person visits when we reopen our offices, these
13 appointments are extremely popular with our members and
14 allow us to share screens and provide even better service
15 than strictly the phone appointments.

16 In addition, the wait time for a virtual
17 face-to-face or phone appointment has been between one and
18 three days, so we are addressing our members' counseling
19 needs on a timely basis.

20 For our education purposes, we are planning our
21 next virtual CalPERS Benefit Education Event for December
22 8th and 9th. Once again, we will host several classes and
23 a virtual ask-the-experts hall for members to ask their
24 individual questions face-to-face with our team members
25 and partners. The class schedule on December 8th includes

1 evening sessions offering our members even greater
2 flexibility to accommodate their calendars. Our website
3 currently encourage members to check back for more details
4 in October, when event details and a registration link
5 will be available. This will be our fourth virtual CBEE
6 for our members and I'm proud of how our team has
7 continuously looked for ways to improve the member
8 experience.

9 To help members prepare for retirement, we
10 recently released our annual member statements to 1.2
11 million members in their online accounts. The annual
12 member statement is generated for all active and inactive
13 members of CalPERS. It provides the accrued service
14 credit for a member, as well as their contributions,
15 retirement formula, if they are eligible for retirement,
16 and their post-retirement lump sum death benefit. It can
17 be printed and used by the member as a resource to verify
18 CalPERS membership as well. If members do not have an
19 online account, they can establish one, or they can
20 contact our 888 number to receive a printed copy.

21 We have also recently enhanced our online systems
22 and website to serve our employer communities. We
23 partnered with our Policy Research and Data Analytics team
24 to analyze compensation data and identify problem areas
25 that can be addressed prior to a member's retirement.

1 As a result, updated edit and audit parameters
2 were added to the myCalPERS system to help ensure
3 non-compliant compensation will be reviewed at various
4 stages before retirement.

5 We also enhanced our review process for
6 compensation language in MOUs to improve compliance and
7 provide our employers written confirmation of our
8 analysis. We have seen a dramatic uptick in the employers
9 utilizing our review process, as we have nearly tripled
10 the number of reviews over the last year from 300 to 900.

11 Additionally, as a companion to the new process,
12 we created a webpage to provide guidance on compliance,
13 sample language, a special compensation reportability
14 table, and many more resources to educate all who are
15 interested.

16 I did want to share some retirement trends and a
17 few observations about what's been happening with
18 retirement inceptions in recent months. We are seeing an
19 increase in retirements of about eight percent for the
20 months of January through June comparing this year to
21 last. Schools are up 11 percent and public agencies are
22 up 16 percent. And those are driving the overall increase
23 in retirements, while State retirements have been down
24 slightly, about four percent. We'll keep tracking these
25 trends and update you further as we know more.

1 Unfortunately, I'm again updating you on our
2 team's latest efforts to assist disaster victims. We are
3 working proactively to assist those affected by the
4 hurricanes and the local fires during these uncertain
5 times. We are monitoring Post Office closures and
6 identifying which retirees receiving paper checks might be
7 impacted. Then we'll reach out to those to assist them
8 with various payment options. We did identify
9 approximately 20 retirees impacted by the hurricanes and
10 over a hundred impacted by the wildfires.

11 The hurricane victims have been difficult to
12 reach, but we have attempted contact with each one of
13 them. We were able to reach a majority of the wildfire
14 victims and provide options for their September 1 benefit
15 checks that were issued. While many said they would
16 obtain access to their checks as they are redirected to
17 other post offices, we did have a handful switch to direct
18 deposit, and we were able to work with SCO to pull checks
19 and redirect a few to relocated addresses for the retirees
20 to gain expedited access to their funds. We continue to
21 monitor and are equipped to assist those in need upon
22 request.

23 In closing, we continue to perform well in our
24 remote environment and meet our customers' needs. We
25 right now are focused on open enrollment and ramping up

1 the Contact Center to mitigate wait times as much a --
2 much as possible during this busy time. I'd like to
3 extend my appreciation to the team for their continued
4 hard work and dedication assisting our members and
5 employers.

6 And this concludes my report and I'm happy to
7 take any questions.

8 CHAIRPERSON FECKNER: Thank you, Mr. Suine. And
9 I, too, want to, on behalf of the Committee, thank you,
10 and your staff, and your team for reaching out to all
11 those folks that have been dealing with this stress during
12 the disaster. This helps take one more thing off their
13 plate. So thank you.

14 DEPUTY EXECUTIVE OFFICER SUINE: Thank you.

15 CHAIRPERSON FECKNER: I have a question -- a
16 comment from Ms. Brown.

17 COMMITTEE MEMBER BROWN: Thank you, Mr. Feckner.

18 Mr. Suine, nice to talk to you again. I -- for
19 the CEO and everyone else's information, Mr. Suine has
20 been very helpful as I had published my phone number in
21 some campaign materials and my phone has been ringing off
22 the hook. And in turn, I tried to give them the 888
23 CalPERS number. And when they don't like that, I get
24 ahold of Mr. Suine who's been very, very responsive for a
25 lot of these retirees and members that have questions and

1 concerns.

2 I have to tell you, Mr. Suine, though, the
3 question I constantly get is where is my pay stub? And I
4 try to do what you have said, which is to direct them to
5 go into myCalPERS and if they don't know their log-in to,
6 you know, call the number. But for some of them they
7 don't have computers or they don't feel confident doing
8 that. So when do we think the SCO is going to start
9 mailing those pay stubs for the people who opted in to
10 still receiving those stubs, because I got -- I was at a
11 meeting, CSR Chapter 2 yesterday, and I got -- one woman
12 asked the question and then about 10 people bum-rushed
13 me -- not bum-rushed me -- senior-rushed me at the end of
14 the meeting asking me that -- telling me that they needed
15 their pay stubs. So what rabbit can you pull out of the
16 hat for us on that, Mr. Suine.

17 CHAIRPERSON FECKNER: Mr. Suine, don't answer
18 that question, please. We're going to have Ms. Karen
19 Greene-Ross answer it.

20 COMMITTEE MEMBER BROWN: Oh.

21 DEPUTY EXECUTIVE OFFICER SUINE: Great. Thank
22 you.

23 ACTING COMMITTEE MEMBER GREENE-ROSS: I don't --
24 Ms. Brown, I don't have a date certain. I can just tell
25 you that our payroll staff is meeting constantly. And we

1 have a very great working relationship with Mr. Suine's
2 staff from our Payroll Division. And we're being very
3 proactive to anticipate all these issues and get the
4 payroll out.

5 The long term, we are following the State's PAL
6 process to get a new payroll system up and running. And
7 we have an executive team of CalHR, and Finance, and
8 everybody to work on a new improved system, but we are
9 doing all we can. We are on a -- we have an antiquated
10 payroll system that has had one failed procurement. And
11 we're going carefully and prudently through the PAL
12 process very successfully. We've completed -- it's a
13 four-phased process and it -- it's not immediate. It's
14 not going to be finished during the Controller's term, but
15 we have great staff, and we're coordinating, and making
16 the joint project with CalHR, because that system that we
17 have now was developed before there was bargaining. It's
18 that old.

19 So again, the working groups meet several times a
20 month to address and get on top of the problems. And we
21 both have great, dedicated staff trying to do it. So I
22 can't give you any specific dates, but know that we're
23 proactively trying to do all we can to anticipate issues
24 like this and especially for the people who have just
25 suffered disaster to get them paid efficiently and

1 quickly, and get more people to do direct deposit, the
2 better.

3 COMMITTEE MEMBER BROWN: Oh, well, and I do agree
4 that the more people to do direct deposit the better. My
5 understanding, and maybe I didn't understand this, I
6 thought the reason they stopped the pay stubs going out
7 was because of COVID-19 and the lack of manpower. And so
8 it doesn't sound like that's the reason why the pay stubs
9 stopped going out.

10 ACTING COMMITTEE MEMBER GREENE-ROSS: We, like
11 every department, have done all we can to do whatever we
12 can online and, you know, not having to require people to
13 come in, but we have to print checks for all kinds of
14 vendors, and the pay stubs, and the tax receipts. So
15 those folks have been coming in throughout the pandemic in
16 person.

17 COMMITTEE MEMBER BROWN: Okay. Well, I
18 appreciate that and I hope that we can, for those who opt
19 out and want the stub, I hope we can continue to get the
20 system fixed, and get it out to them. But thank you for
21 that detailed explanation.

22 And then one more comment. Mr. Suine, on the --
23 in terms of the retirement for schools and public
24 agencies, you said 11 percent for schools, 16 for public
25 agencies, and what is that for State?

1 DEPUTY EXECUTIVE OFFICER SUINE: It's decreased
2 about four percent.

3 COMMITTEE MEMBER BROWN: Okay. So -- and what --
4 can you give me a total number of retirees that you've
5 processed what last fiscal year or...

6 DEPUTY EXECUTIVE OFFICER SUINE: Yep. The -- so
7 there's -- you know, looking at the calendar year.

8 COMMITTEE MEMBER BROWN: Okay, calendar. Sure.

9 DEPUTY EXECUTIVE OFFICER SUINE: Yeah. So so far
10 this year we're on pace to about equal last year's
11 retirements. And there's been about 18,000 retirements so
12 far this year and there was 35,000 total retirements last
13 year. So halfway through the year, we're about there. We
14 have some slow months coming up. And then obviously,
15 December is about triple the number of retirements that we
16 have in any other given month.

17 COMMITTEE MEMBER BROWN: Yeah. I know that,
18 because I tried to retire one time in December and
19 realized how --

20 (Laughter.)

21 COMMITTEE MEMBER BROWN: -- that it was
22 problematic. All right. Well, I appreciate what you and
23 the team are doing and the exceptional effort. I do know
24 coming from schools that a lot of school employees did not
25 want to come back to the classroom or come back to work,

1 you know, among students who were not vaccinated, so --
2 but I -- and so I understand why people are retiring at a
3 greater -- at a greater percentage. But keep up -- keep
4 up the good work and tell your team thank you very much.

5 DEPUTY EXECUTIVE OFFICER SUINE: Thank you.

6 CHAIRPERSON FECKNER: Thank you, Mr. Suine.
7 Thank you, Ms. Greene-Ross.

8 Seeing no other requests, we're going to move on
9 to Item 4, action consent items. I do have a request to
10 pull Item 4. Ms. Brown was bound and determined to pull
11 August off the consent calendar and she finally found it.
12 So I'm glad that we're able to pull that off and then Mr.
13 Jelincic could then have his comments. So Item 4a is an
14 action item. What's the pleasure of the committee?

15 COMMITTEE MEMBER JONES: Move approval.

16 COMMITTEE MEMBER BROWN: Second.

17 CHAIRPERSON FECKNER: Moved by Mr. Jones.
18 Seconded by Ms. Brown?

19 COMMITTEE MEMBER BROWN: Yes.

20 CHAIRPERSON FECKNER: Thank you.

21 Any discussion on the motion?

22 Seeing none.

23 Ms. Hopper, please?

24 COMMITTEE SECRETARY HOPPER: Margaret Brown?

25 COMMITTEE MEMBER BROWN: Aye.

1 COMMITTEE SECRETARY HOPPER: Henry Jones?

2 COMMITTEE MEMBER JONES: Aye.

3 COMMITTEE SECRETARY HOPPER: David Miller?

4 COMMITTEE MEMBER MILLER: Aye.

5 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

6 COMMITTEE MEMBER ORTEGA: Aye.

7 COMMITTEE SECRETARY HOPPER: Ramon Rubalcava?

8 VICE CHAIRPERSON RUBALCAVA: Aye.

9 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

10 COMMITTEE MEMBER TAYLOR: Aye.

11 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

12 COMMITTEE MEMBER WESTLY: Aye.

13 COMMITTEE SECRETARY HOPPER: Karen Greene-Ross
14 for Betty Yee?

15 ACTING COMMITTEE MEMBER GREENE-ROSS: Aye.

16 COMMITTEE SECRETARY HOPPER: Mr. Chair, I have
17 all ayes, motion being made by Henry Jones, seconded by
18 Margaret Brown for Agenda Item 4a, approval of the June
19 15, 2021 Pension and Health Benefits Committee meeting
20 minutes

21 CHAIRPERSON FECKNER: Thank you. That brings us
22 to Item 4b, Minimum Standards for Health Benefit Plans.
23 Mr. Moulds, I think you have a question from Ms. Brown.

24 COMMITTEE MEMBER BROWN: Yes. Mr. Moulds, I'm
25 looking at Attachment 1, page 14. And I just want to get

1 an understanding. I'm looking at the cross-section one,
2 the one that's crossed out. And we're taking out, it
3 looks like, average health risk characteristics and we're
4 adding in, which -- it looks like we're changing the
5 definition of --

6 (Phone ringing.)

7 COMMITTEE MEMBER BROWN: I'm sorry. That's my
8 other phone.

9 It looks like we're changing the definition of
10 risk adjustment, because, you know, years ago when we had
11 risk adjustment and then it was pulled, because of issues
12 with that, and now we have a new definition of risk
13 adjustment, which is causing us to do this regulatory
14 action. But it says that it's based on expected resource
15 use. Can you -- so can you or someone on your staff
16 explain to me what exactly that means? It's very -- it's
17 very convoluted for me.

18 CHIEF HEALTH DIRECTOR MOULDS: Sure. I can -- I
19 can do that. So expected resource use -- so we had talked
20 when we had the Milliman folks in and the Mercer folks who
21 are doing the evaluative work ahead of time, they talked
22 about a number of different models for risk mitigation.
23 We had in the -- in the iteration that the Board voted to
24 remove, we did back-end risk mitigation, which basically
25 meant looking at plan use over a calendar year, and doing

1 back-end transfers of dollars across plans.

2 What we had proposed as an alternative is the --
3 is the MARA Risk Adjuster, which you all adopted in
4 November of last year, which is a prospective risk
5 mitigation model. It's used by Washington State and other
6 large employers. And that uses predictive analytics to
7 basically translate membership in these plans with likely
8 health risk. It's -- and so you -- instead of having --
9 you avoid having to do back-end risk transfers in that
10 way, and you're using the analytics to make projections
11 about likely use.

12 It's -- it is a -- you know, as we talked about
13 when we adopted the model, it's a well-established model
14 for risk mitigation. And that's the -- that was the one
15 that we had transitioned to.

16 COMMITTEE MEMBER BROWN: So you said well
17 established, but you only said Washington. So who else is
18 using it?

19 CHIEF HEALTH DIRECTOR MOULDS: I can -- I can
20 certainly give you a list, but there are -- there are many
21 other large employers that are using it.

22 COMMITTEE MEMBER BROWN: Yeah. So what
23 essentially does this -- does this do? So we're saying
24 it's not based on health risk characteristics. Instead
25 we're going to project what the costs are going to be or

1 what we think they're going to use and based upon that,
2 we're adjusting?

3 CHIEF HEALTH DIRECTOR MOULDS: Correct. And
4 then -- and then as we -- and then we compare that with
5 experience and make adjustments to the model going
6 forward. So it's a self-improving mechanism, but accurate
7 in the assessment of likely risk. There are a number of
8 different characteristics that are looked at in
9 determining risk.

10 COMMITTEE MEMBER BROWN: And is this what caused
11 like Kaiser to go up and all the non-Medicare, sorry, but
12 is that what caused these to go up is because we switched
13 from this risk adjustment on health risk characteristics
14 to expected resource -- we're using expected resource use?

15 CHIEF HEALTH DIRECTOR MOULDS: When we applied
16 the model and did the analytic work, we made a risk
17 assessment of each plan. Some of them -- some of them
18 were below average risk and so their premiums were
19 adjusted upwards. Some of them were above-average risk
20 and their premiums were adjusted downward.

21 COMMITTEE MEMBER BROWN: Okay. And that risk
22 assessment we did, that was based on the expected resource
23 use not the health risk characteristics, is that correct?

24 CHIEF HEALTH DIRECTOR MOULDS: It is a risk --
25 it's -- it is looking across the population and making an

1 assessment about the overall risk assigned to the
2 population.

3 COMMITTEE MEMBER BROWN: And the reason why I'm
4 confused is I thought when we -- when you guys assigned
5 the number one point whatever or point whatever to say
6 that we needed to increase the rate or decrease the rate,
7 is that we were looking at health risk characteristics.
8 That's what I thought we said we were doing. I voted no,
9 by the way, but now it looks like we're doing it based
10 on -- it just seems like we're changing the definition of
11 what risk adjustment is. And we are, but it sounds like
12 we're changing it and it's not what we discussed back in
13 November or whenever we last discussed this.

14 CHIEF HEALTH DIRECTOR MOULDS: All right.

15 COMMITTEE MEMBER BROWN: So I just have a
16 concern. Thank you.

17 CHAIRPERSON FECKNER: Thank you.

18 Seeing no other requests, Mr. Fox, can you please
19 invite Mr. Jelincic?

20 COMMITTEE MEMBER TAYLOR: I actually had a
21 comment.

22 CHAIRPERSON FECKNER: All right. Just a minute
23 then. Ms. Taylor, you're first.

24 COMMITTEE MEMBER TAYLOR: Sorry about that. As I
25 understood it when you talked to us about this before, Mr.

1 Moulds, you had told us it's not the same risk adjustment
2 that we were doing before Ms. Brown got on. And it
3 wasn't -- so it wasn't strictly on age and health, which
4 is how you came to this I believe. And I kind of remember
5 you describing this as a different methodology. Is --
6 wasn't it also -- I don't know if this is true or not. Is
7 this the one that's also more in line with what CMS does?

8 CHIEF HEALTH DIRECTOR MOULDS: So CMS uses
9 something that's -- that is -- CMS uses something that's
10 different from this. This is closer to, as I mentioned,
11 what Washington state is doing. You know, we looked -- we
12 looked at and brought forth the CMS model as one proposal
13 and this was a better fit for what is largely a commercial
14 population.

15 COMMITTEE MEMBER TAYLOR: Okay. Thank you.

16 CHAIRPERSON FECKNER: Thank you.

17 I have Mr. Rubalcava.

18 VICE CHAIRPERSON RUBALCAVA: Thank you, Mr.
19 Chair. Mr. Moulds, just to clarify, so we can make sure
20 we understand -- we're on the same page. So isn't this a
21 better -- the risk mitigation, isn't one of the intents to
22 take advantage of the vast database that we have because
23 we're a big purchaser?

24 CHIEF HEALTH DIRECTOR MOULDS: (Nods head.)

25 VICE CHAIRPERSON RUBALCAVA: And isn't it also

1 the system a way to prevent the health insurance carriers
2 from gaming the system, so they -- they're priced based on
3 value, not so much trying to underprice and attract the
4 lowest risk? I think the example that was pointed out
5 before was -- well, it depends on how you want to look at
6 it. But Health Net Mas -- Salud y Más, which was very
7 priced had a significant increase percentage-wise by a
8 dollar amount, but because it was priced so much lower
9 than the -- than its actual value to the members. And
10 also wasn't there also like a phase-in period that would
11 allow the carriers and our members to adjust to the change
12 with the outlook that this will stabilize prices in the
13 long run -- well, not that long, in the medium run, I
14 would say, and also deliver better quality and price to
15 our members, is that correct, or can you comment on --
16 expand on that please, Mr. Moulds.

17 CHIEF HEALTH DIRECTOR MOULDS: Yeah. All of --
18 all of the things that you just clipped off are true.
19 This is -- this is -- I would add to that that, you know,
20 this is -- this is a tool that will promote competition
21 based on cost and quality rather than attracting young,
22 healthy members. So we're trying to get away from that
23 model and having our carriers investing their time and
24 trying to figure out how to attract risk, and instead
25 trying to do a better job on cost and quality.

1 It was also the most transparent model that we
2 discussed and it was attractive for that reason as well.

3 VICE CHAIRPERSON RUBALCAVA: Thank you for the
4 clarification.

5 CHAIRPERSON FECKNER: All right. Thank you.

6 Now seeing no requests to speak, Mr. Fox, please
7 bring in Mr. Jelincic.

8 STAKEHOLDER RELATIONS CHIEF FOX: Yes, Mr.
9 Chairman.

10 MR. JELINCIC: You have read and rejected the
11 comments made by RPEA and myself. Given that you have
12 denied in court that you are a State agency, I am not
13 surprised. Nevertheless, the comments are part of the
14 regulatory record if and when you get sued.

15 The proposed regulation is loaded with problems.
16 But since I only have three minutes, I will focus on one.
17 The proposed amendment to CCR 599.508, subdivision (a)(8),
18 "Subject to the Board's authority to risk adjust health
19 benefit plan premiums, and upon its approval to exercise
20 this authority, participate in the risk adjustment a body
21 of methods, rules, and postulates employed by a discipline
22 approved by the system. The system will select a risk
23 adjustment body of methods, rules, and postulates employed
24 by a discipline that is consistent with the industry best
25 practices and similar to those used by the United States

1 Department of Health and Human Services, and other State
2 and federal agencies. The body of methods, rules, and
3 postulates employed by a discipline will be provided at
4 least 90 days prior to a public announcement of premiums
5 for the next plan year".

6 You might argue that I am misreading the
7 regulation. However, the only thing I did was replace
8 methodology with its definition for purposes of clarity.
9 The result is gobbledygook. Methods and methodology are
10 different words for a reason. Please at least read the
11 regulation before adoption. I also urge you to rejoin DHS
12 in considering health characteristics in your risk
13 adjustments.

14 Thank you.

15 CHAIRPERSON FECKNER: Thank you.

16 Mr. Fox, anyone else?

17 STAKEHOLDER RELATIONS CHIEF FOX: No, Mr. Chair.
18 There will be one more for public comment.

19 CHAIRPERSON FECKNER: Very good. Thank you very
20 much.

21 So we need to take an action on Item 4b. Is
22 there a motion from the Committee?

23 COMMITTEE MEMBER TAYLOR: Move approval.

24 VICE CHAIRPERSON RUBALCAVA: Mr. Chair, I would
25 have approval.

1 CHAIRPERSON FECKNER: Moved by Mr. Rubalcava. Is
2 there a second?

3 COMMITTEE MEMBER MILLER: Second. Second.

4 CHAIRPERSON FECKNER: Seconded by Mr. Miller.

5 Any further discussion on the motion?

6 Seeing none, Ms. Hopper, please.

7 COMMITTEE SECRETARY HOPPER: Margaret Brown?

8 COMMITTEE MEMBER BROWN: No.

9 COMMITTEE SECRETARY HOPPER: Henry Jones?

10 COMMITTEE MEMBER JONES: Aye.

11 COMMITTEE SECRETARY HOPPER: David Miller?

12 COMMITTEE MEMBER MILLER: Aye.

13 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

14 COMMITTEE MEMBER ORTEGA: Aye.

15 COMMITTEE SECRETARY HOPPER: Ramon Rubalcava?

16 VICE CHAIRPERSON RUBALCAVA: Aye.

17 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

18 COMMITTEE MEMBER TAYLOR: Aye.

19 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

20 COMMITTEE MEMBER WESTLY: Aye.

21 COMMITTEE SECRETARY HOPPER: Karen Greene-Ross
22 for Betty Yee?

23 ACTING COMMITTEE MEMBER GREENE-ROSS: Aye.

24 COMMITTEE SECRETARY HOPPER: Mr. Chair, I have
25 seven ayes, one no made by Margaret Brown. Motion being

1 made by Ramon Rubalcava, seconded by David Miller on
2 Agenda Item 4b, Minimum Standards for Health Benefits Plan
3 Amendment of Regulations.

4 CHAIRPERSON FECKNER: Thank you. Brings us to
5 Agenda Item 5, information consent items. Having no
6 requests to remove anything, we'll move to Item 6, action
7 agenda Item 6A, the Proposed Regulation for the Definition
8 of Limited Duration Employment.

9 Ms. Ostrander.

10 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

11 OSTRANDER: Good afternoon, everyone.

12 CHAIRPERSON FECKNER: Good afternoon.

13 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

14 OSTRANDER: Renee Ostrander, CalPERS team member.

15 Today, we are bringing forward to you an action
16 item to approve draft language to define limited duration
17 in regulations, so it -- hold on. All my screen went
18 dark. I apologize.

19 There we go. All right.

20 We're bringing forward to you an action item to
21 approve the draft language to define limited duration in
22 regulations, so it may be released for a public comment.

23 The term limited duration is utilized multiple
24 times in the PERL and associated regulations without any
25 additional context to aid employers, members, retirees,

1 and other stakeholders in the meaning of the term. By
2 moving this forward, it will provide clarity and
3 uniformity in its application amongst all parties
4 involved. This term shows up in two different contexts
5 within the member and retiree appointments.

6 The first use of the term is related to
7 post-retirement employment. A retiree is hired to perform
8 work of limited duration. The second use of the term is
9 related to temporary upgrade pay, a type of special
10 compensation used when an employee temporarily steps into
11 another role to those duties instead of their own.

12 The proposed regulation in both instances defines
13 limited duration as 24 months per appointment with an
14 option of two 12-month extensions that can be submitted to
15 CalPERS for approval when retired annuitant have not yet
16 concluded.

17 In reviewing our own data for the past few years,
18 over half the retired annuitant appointments are concluded
19 by the end of the 24-month period with another approximate
20 quarter of them closed within what would now be the
21 extension time period. For the temporary upgrade pay
22 reporting, over 99 percent of those are included within
23 the 24-month period.

24 In developing this draft language, we utilized
25 several inputs. As mentioned earlier, we reviewed our

1 internal data from past years. In addition, we conducted
2 surveys with our California retirement system peers. And
3 finally, we met with many stakeholders to obtain their
4 feedback. As the language was developed, modifications
5 were made during this process to address their concerns.

6 If approved by the Committee and Board, this
7 draft language will be released for a 45-day public
8 comment period. After the public comment period is
9 complete, and responses have been provided to any or all
10 commenters, the final version of the language will be
11 brought back to this committee for approval for submission
12 to the Office of Administrative Law for review and
13 ultimate publication.

14 That concludes my presentation and I'd be happy
15 to answer any requests you may have.

16 CHAIRPERSON FECKNER: Thank you.

17 I have Ms. Ortega.

18 COMMITTEE MEMBER ORTEGA: Thank you, Mr. Chair.
19 My questions and comments are entirely related to the
20 retired annuitant portion. I don't have any concerns with
21 the temporary upgrade pay portion. I do want to provide a
22 little bit of context for the amount of questions or
23 concerns that I have. So the section around limited
24 duration employment, as it relates to retired annuitants,
25 has been in place since the sixties. And with -- today,

1 there is essentially no limit on the amount of years that
2 a person might be in a retired annuitant appointment.
3 There are limits on the number of hours that they can work
4 and there are restrictions on how quickly they can retire
5 and become a retired annuitant. And that was added in
6 PEPRA as I'm sure you all know.

7 The memo describes this as a definition of
8 limited duration employment in order to clarify and
9 standardize how these appointments are understood. But,
10 in fact, the actual draft creates an entirely new scheme
11 of restriction on retired annuitants that wouldn't have
12 existed before.

13 So as I read it, retired annuitants could not
14 serve past 48 months any longer, the 24 months being the
15 first period and then two additional 12-month periods.
16 That is a huge departure from where we are today. And I'm
17 in particular concerned when the number of people who are
18 being used as retired annuitants in the Department of
19 Public Health and our public safety offices responded to
20 the pandemic. I definitely don't think this is the time
21 to put this kind of restriction in place. You mentioned
22 that you talked to stakeholders. I know this is the first
23 that the State has seen of this. And I certainly don't
24 have data on every single retired annuitant that is being
25 used in State service.

1 I only see the ones that have the exemption to
2 the 180-day sit-out period. But I would need to have a
3 lot more time to do some research into how this would
4 impact State departments before I think that it's ready to
5 be even going out for public comment.

6 I think that this would also have pretty
7 significant impact on local agencies. I'm sure many of
8 you know there's been an Executive Order to provide more
9 flexibility on the use of retired annuitants during the
10 pandemic. So I just have major, major concerns and really
11 think we need to do a lot more work on what the impact of
12 this is before we put it out.

13 You know, I would start with kind of like what is
14 the problem that we're solving in terms of -- in term of
15 the use of retired annuitants. But then if there is, in
16 fact, a problem as it relates to the pension fund, then
17 what is the appropriate time frame and what type of
18 process might be in place to look at that over time.

19 So I'll stop there. I've sent some very specific
20 questions to Ms. Frost if we, you know, want to get into
21 it in that -- in that level of detail, but I'll let others
22 comment.

23 DEPUTY EXECUTIVE OFFICER SUINE: I could chime in
24 here and maybe add some context, Ms. Ortega. You know,
25 the main impetus behind this defining limited duration was

1 from a 2019 audit of the retired annuitant application of
2 the laws. And they found that limited duration was not
3 well defined and that the law required -- so you said
4 there is no limit right now. Technically there is, there
5 should be. It's just extremely subjective. And I think
6 that's what the audit was pointing out that this limited
7 duration is not well defined and we needed to pursue
8 regulation or statutes to better define limited duration.

9 So that's where we -- that kind of drove us to
10 come up with some options. We worked with our policy and
11 data analytics team to look at all the retired annuitant
12 appointments that were in the system to see the range of
13 appointments and how long they were working. And the two
14 to four years seemed to be sort of the sweet spot there.
15 I think Renee covered some of this. But more than 85
16 percent of the appointments are terminated within four
17 years across all three sectors. Within the State, it's
18 about 82 percent are resolved within four years. So they
19 don't work beyond the four years.

20 I'm trying to touch on some various aspects of
21 that question. So that's where we came up with the two,
22 plus one, plus one. And then we vetted it with our
23 employer stakeholders, our labor stakeholders, and then
24 also the retirees just to make them aware. And we took
25 some feedback from each of them about certain things being

1 too long, certain things not being long enough. And
2 that's where we ultimately brought them back the language
3 around two, plus one, plus one.

4 There will still be some subjectivity about
5 moving across appointments and what constitutes, you know,
6 leaving one appointment and joining another. You know, we
7 have seen that in our own workforce where somebody has the
8 skills to be a retired unit in our Contact Center, but
9 also has the skills to work on a special project that may
10 come up or help reduce a backlog. So there can be varying
11 roles that they serve that would be clearly delineated by
12 different appointments into those four years.

13 The Governor also has the ability to create an
14 Executive Order at any time, like you've mentioned we've
15 seen here with the pandemic, where they can exempt retired
16 annuitants from the rule. So if we get into critical
17 situations like we are today, he's -- he was able to
18 exempt the 960-hour rule and also the 180-day wait period,
19 to name a couple, to allow those to be relieved for a
20 specific disaster.

21 So there -- there are the ability to counteract
22 this regulation in times of an emergency.

23 COMMITTEE MEMBER ORTEGA: Thank you. The context
24 for the audit is helpful. It would have been good to see
25 that in the -- in the agenda item and maybe have a little

1 more information on it. I don't think though that that
2 addresses my concerns and I'm strongly recommending we not
3 move this forward today. The issues around the 18 percent
4 who are working more than four years, the types of
5 examples that I'm aware of in the state are attorneys who
6 are coming back as retired annuitants to continue to serve
7 as the expert on a particular case that, you know, a
8 department has been, you know, dealing with through the
9 court for many, many years. There are tax audits and tax
10 specialists who again are working on very specific cases.
11 There are engineers on the federal water project that are
12 really -- they have very specific skills. And I don't
13 even think that they're working many hours in the year.
14 It's just that they're the -- they are the expert on
15 something that has been a very long-term project for the
16 State, and they come in to act in this capacity. And I'm
17 just not clear that they would be allowed to continue,
18 even in a, you know, very limited short-term bursts of
19 time beyond the 48 months. So that I just need to
20 understand a little more about -- I don't think we're
21 going to ask the Governor to, you know, have an Executive
22 Order to address one-off circumstances where we need that
23 person to work more than 48 months.

24 The other thing, you brought it up, is this
25 language in here about work that is substantially

1 different from the work the retired person performs after
2 retirement. I'm really unclear what that -- what that is
3 getting at, because to your point, yes, of course, retired
4 annuitants can come in and do additional work. And a lot
5 of times their experience is used in a different capacity
6 within a department. But if you're attempting to limit
7 the -- them being able to use the exact skills that they
8 were using in the job they retired from, that's in large
9 part what their -- what their need is, in particular in
10 the short term when you have someone who decides to retire
11 unexpectedly and they're allowed to come in as a retired
12 annuitant to train their replacement. There are lots of
13 reasons why they, in fact, are doing the same thing that
14 they were doing before they retired.

15 So again, I would have liked to have spent more
16 time hearing -- having employers give some input into this
17 language as well, because I really do think this is a
18 major change for employers.

19 CHAIRPERSON FECKNER: All right. Thank you.

20 I have Ms. Greene-Ross.

21 ACTING COMMITTEE MEMBER GREENE-ROSS: So on
22 behalf of a large employer in the State, I -- if Ms.
23 Ortega is making a motion, I would second it. The second
24 part is, from our own experience here, we have had to
25 quickly hire retired annuitants as retired annuitants

1 right when they're retiring to keep them on crucial
2 projects they've been working for. And so I was concerned
3 about the Board's role and the timing of having to get
4 Board approval. And I was going to ask if since we're in
5 the regulatory process, if we had to wait till we got
6 through the approval or we could fix the regs before we
7 sent it to OAL to not have the Board have -- take up the
8 time to have to approve these, if they're -- if and when
9 you finally get clear on what the best solution is for
10 clearing -- making this more clear that accommodates
11 CalHR's concerns which we share.

12 Can -- I do think that we need to have a process
13 where staff know what those requires are and can quickly
14 process, because there are times when employers have to
15 quickly hire these retired annuitants and waiting for the
16 next Board meeting and having the Board have a role and
17 say on it might not be the most efficient way when you're
18 in need to promptly deploy a retired annuitant.

19 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

20 OSTRANDER: Thank you, Ms. Greene-Ross. So to address
21 your concerns, although it does say the CalPERS Board
22 would approve, it is a delegated or it would be a
23 delegated function. So it would not be required to wait
24 for the Board to act.

25 And the intention is as long as the items that

1 are in there are met and they provide that information,
2 that it would be approved. So that is -- so they, you
3 know, provide the information that's required and then it
4 would automatically be approved.

5 ACTING COMMITTEE MEMBER GREENE-ROSS: Okay.

6 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

7 OSTRANDER: And it has not -- so this is the very first
8 step -- also, in a way to address your concerns as well,
9 this is the very first step. So this would be the step
10 where the Committee would be approving it and moving it to
11 the Board for approval to put out for public comment. So
12 it has not -- this is the very first step in that process.
13 So it's still quite a ways away from Office Administrative
14 Law.

15 ACTING COMMITTEE MEMBER GREENE-ROSS: That's
16 good. On that question, I just wasn't clear. I didn't
17 know about the delegation already. So I'm sorry then.
18 Thank you for clarifying. I didn't know that if you -- we
19 had to get it all the way approved and then we would worry
20 about the delegation, so that was -- that part of that
21 question.

22 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

23 OSTRANDER: Yeah, no problem.

24 ACTING COMMITTEE MEMBER GREENE-ROSS: Okay.

25 CHAIRPERSON FECKNER: Thank you.

1 Mr. Rubalcava.

2 VICE CHAIRPERSON RUBALCAVA: Thank you.

3 My question is actually the other place where
4 limited duration is used and that's the temporary upgraded
5 positions. And so I appreciate how there's more clarity,
6 how it's supposed to be for a position that was vacant
7 because it used to be filled, and there's an expectation
8 that since it's a permanent position, it will be filled.
9 But I guess my question is more like what kind of guidance
10 is given to the employer? I know our concern -- at least
11 the concern for the temporary upgraded position is to make
12 sure it's reported to CalPERS for pension purposes and
13 that should be CalPERS concern. I mean, it is CalPERS
14 concern.

15 But what role does CalPERS have in something like
16 this in ensuring that the employer understands what the
17 intent of the regulation is or -- I mean, I know that
18 we've not -- we don't want to step into the employer's
19 practices, but we do want to -- employment practices, but
20 we do want to make sure that anything that's reportable
21 should be reported.

22 So, Ms. Ostrander, if you could explain how that
23 works. Thank you.

24 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

25 OSTRANDER: Yes. Thank you.

1 VICE CHAIRPERSON RUBALCAVA: How it works now and
2 how this would change it, if you implemented it. Thank
3 you.

4 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

5 OSTRANDER: Yeah, so currently -- so I think -- I think
6 the basis of your question is how would we make sure that
7 the employers are adequately educated in order to report
8 properly? And one of the pieces of this that comes closer
9 to the end is the education piece. So, you know, we -- if
10 we were to go through the process, this is approved. It
11 goes -- it goes through public comment, et cetera, et
12 cetera. It goes to the Office of Administrative Law, and
13 if the Office of Administrative Law were to approve it for
14 publication, there is a period of time that happens
15 between their approval and the publication that happens.

16 And what we would then gear up at that point was
17 a large education and communication campaign with our
18 employers. So that would include doing circular letters.
19 We would have specialized webinars to talk about it. And
20 then as you're mentioning, I know you're talking more
21 about -- at least from my understanding is the temporary
22 upgrade pay side of it versus the retired annuitant, and
23 so we would be doing --

24 VICE CHAIRPERSON RUBALCAVA: That's correct.

25 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

1 OSTRANDER: -- educations -- yeah, thank you -- that tie
2 all of it together, because you have whether or not it
3 should be reported as temporary upgrade pay. There's also
4 a component of this that has to do with the prior bill, AB
5 1409, I believe it is -- 1487, which is the reporting if
6 they're not -- if they utilize someone in a temporary
7 upgraded position for longer than 960. And then this
8 would be another component on top of that. So there's a
9 lot to understand in the temporary upgrade pay space. And
10 so we would be focused on multiple channels of education
11 to ensure that the employers have the proper tools to
12 report properly.

13 VICE CHAIRPERSON RUBALCAVA: Thank you very, very
14 much. Appreciate it.

15 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

16 OSTRANDER: You're welcome.

17 CHAIRPERSON FECKNER: Thank you.

18 Ms. Taylor.

19 COMMITTEE MEMBER TAYLOR: Yes. Thank you.

20 So I was trying to figure out what we were fixing
21 for. I think I got an answer. But I remember -- and just
22 as Ms. Ostrander was talking about the bill, I remembered
23 that, because I remember I was talking about that quite
24 often before it had passed. So what -- Ms. Ostrander, are
25 you saying this is just another portion of that or just

1 regulations to go along with that, is that what you're
2 saying?

3 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

4 OSTRANDER: It's regulations to explain the terms that are
5 used in statute --

6 COMMITTEE MEMBER TAYLOR: Okay

7 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

8 OSTRANDER: -- since the term is vague. These are to
9 explain what does that term mean --

10 COMMITTEE MEMBER TAYLOR: Okay.

11 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

12 OSTRANDER: -- so that all of our employers can apply it
13 uniformly throughout our system.

14 COMMITTEE MEMBER TAYLOR: Okay. So do we know --
15 it sounds to me -- and I don't feel comfortable moving
16 forward if CalHR feels like they haven't been notified.
17 Do we know the State was called in as one of the
18 employers, because it sounds to me like maybe they
19 weren't. Do we know that, anybody?

20 DEPUTY EXECUTIVE OFFICER SUINE: Yeah, I don't
21 believe -- you know, they don't participate, I don't
22 believe, in our employer roundtable discussion. So
23 they -- Ms. Ortega is correct that, you know, the State
24 wasn't reached out to independently. So we can definitely
25 do that and have those further discussions.

1 COMMITTEE MEMBER TAYLOR: Okay. So that's a --
2 that is a problem, because this does impact State
3 employees. And while this kind of employment is a problem
4 for those of us who, you know, represent employees,
5 because they don't put -- pay into their union dues or
6 anything like that. But I will agree, I think Ms. Ortega
7 was actually highlighting a case that's being handled
8 right now at the Franchise Tax Board, where we had to call
9 some attorneys back. So I do understand what you're
10 talking about there. And I don't know how long those
11 cases take, but this particular case has been going on for
12 almost 30 years.

13 In any event, if -- I'm fine with delaying this,
14 until there's more of an update for CalHR. I don't know
15 how anybody else feels, but if we need to make that
16 motion, let me know.

17 CHAIRPERSON FECKNER: Thank you.

18 Mr. Jones.

19 You're muted, Henry.

20 COMMITTEE MEMBER JONES: Thank you, Mr. Chair.

21 Yeah, I was also listening to the concerns that
22 were raised by Ms. Ortega. And I -- you know, they were
23 pretty straightforward from my perspective, so I would
24 support delaying this to do a review of the concerns that
25 she has raised and see that they are addressed before

1 moving forward.

2 CHAIRPERSON FECKNER: Thank you.

3 Ms. Ostrander, Mr. Suine, either of you -- does
4 it cause any angst by having a delay?

5 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

6 OSTRANDER: No. That's -- that is completely fine. We
7 will do that.

8 DEPUTY EXECUTIVE OFFICER SUINE: Yeah, more than
9 happy.

10 CHAIRPERSON FECKNER: Very good. Well, then I
11 don't believe we need a motion. That will just be the
12 direction of the Chair is that we postpone it until we get
13 all of the players involved and get the answers they need.

14 CHIEF EXECUTIVE OFFICER FROST: Yeah. And, Chair
15 Feckner, we would just notify Audit that management is
16 accepting this particular risk until additional
17 stakeholder work has been completed.

18 CHAIRPERSON FECKNER: Very good. Thank you.

19 COMMITTEE MEMBER ORTEGA: Thank you, Mr. Chair.

20 CHAIRPERSON FECKNER: All right. Thank you, Ms.
21 Ostrander. Anything else on this topic?

22 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

23 OSTRANDER: No, thank you.

24 CHAIRPERSON FECKNER: All right. Brings us to
25 Item 6b, Health Care Decision Support System, contract

1 terms.

2 Mr. Cowling.

3 (Thereupon a slide presentation.)

4 HEALTH PLAN RESEARCH & ADMINISTRATION ASSISTANT

5 DIVISION CHIEF COWLING: Good afternoon, Mr. Chair,

6 Committee members. David Cowling, CalPERS team member.

7 I bring you today Agenda Item 6b, which is an
8 action agenda item. It concerns our health care decision
9 support system court.

10 Next slide.

11 --o0o--

12 HEALTH PLAN RESEARCH & ADMINISTRATION ASSISTANT

13 DIVISION CHIEF COWLING: So we're currently on our fourth

14 generation Health Care Decision Support System. CalPERS

15 uses our data warehouse to manage health care data for

16 analytical reporting, business processes, and

17 decision-making. Specifically, this includes things like

18 negotiating health plan rates, analyzing cost drives,

19 supporting policy decisions, and conducting research and

20 evaluation of our health programs.

21 So currently, we're in our five-year contract

22 that expires in May 2023. Given the extended amount of

23 time for an overlap of our contractors and the length of

24 time for a solicitation, the GEN5 data warehouse

25 solicitation has already started. However, we are -- we

1 Health Care Decision Support System contract term to be a
2 five year, one year -- five-year contract with one year
3 renewals, at CalPERS' discretion after that.

4 This will allow us to focus on improving the
5 Health Care Decision Support System rather than focusing
6 on efforts of a new solicitation in five years, and that's
7 if the contractor is meeting our needs. The intent here
8 is to minimize our disruptions in the future, because
9 CalPERS does incur financial, personnel, and resource
10 costs if we're transitioning the data warehouse to a new
11 vendor. This is partially due to the need to have a
12 nine-month overlap of contract terms -- nine-month overlap
13 of contracts, such that we can ensure that the data from
14 the old data warehouse matches the new data warehouse.

15 To ensure that we're still getting quality
16 product and up-to-date technology in five years, CalPERS
17 team members and a third party would conduct market checks
18 every year before extending these one-year renewals.

19 So if we'd go to the next slide.

20 --o0o--

21 HEALTH PLAN RESEARCH & ADMINISTRATION ASSISTANT
22 DIVISION CHIEF COWLING: This is what that future contract
23 term would look like. It's that five-year initial
24 contract and then those one-year extensions, at CalPERS
25 discretion, after conducting those market checks.

1 And if we can go to the last slide.

2 --o0o--

3 HEALTH PLAN RESEARCH & ADMINISTRATION ASSISTANT
4 DIVISION CHIEF COWLING: So our next steps, we're seeking
5 approval of extending the current Health Care Decision
6 Support System up to one year as we update the
7 solicitation with these novel ideas and enhancements that
8 will make the data warehouse more usable, functional, and
9 meet our needs going forward.

10 Also, if the Board approves, we will include this
11 five-year and then the five one-year renewals for the new
12 GEN5 solicitation. And that will allow -- and that will
13 allow us to also schedule those market checks.

14 Thank you. And this includes -- concludes my
15 presentation, and I'm here for your questions.

16 CHAIRPERSON FECKNER: Very good. Thank you.

17 Seeing no requests and no comments, we will move
18 on to Item 7. 7a, Summary of Committee Direction. Mr.
19 Moulds, Mr. Suine, either of you?

20 COMMITTEE SECRETARY HOPPER: Mr. Chair, this is
21 Pam.

22 COMMITTEE MEMBER MILLER: We need to vote.

23 CHAIRPERSON FECKNER: Just a second.

24 COMMITTEE SECRETARY HOPPER: Should there be a
25 roll call vote.

1 CHAIRPERSON FECKNER: You are correct. I'm
2 sorry. That was not information. It's a -- what's the
3 decision -- what's the pleasure of the Committee?

4 CHAIRPERSON FECKNER: Mr. Jones.

5 COMMITTEE MEMBER MILLER: Move approval.

6 COMMITTEE MEMBER TAYLOR: Henry wants to talk.

7 COMMITTEE MEMBER JONES: Mr. Feckner.

8 CHAIRPERSON FECKNER: Mr. Jones.

9 COMMITTEE MEMBER JONES: Mr. Feckner, I have a
10 request to ask a question in the chat box before we vote.

11 CHAIRPERSON FECKNER: Okay. I don't see it, but
12 go for it.

13 COMMITTEE MEMBER JONES: Okay. I see it here.

14 Anyway, the question is recognizing that these
15 kinds of platforms are always improving or enhancing their
16 capacity and capabilities, when you enter into these
17 contracts, do you have provisions that include the right
18 of refusal for enhancement -- enhancements on these
19 platforms, so that you have the decision to accept those
20 going forward with minimal cost?

21 HEALTH PLAN RESEARCH & ADMINISTRATION ASSISTANT
22 DIVISION CHIEF COWLING: Yes, we would build that into the
23 contract, so we'd be able to do that.

24 COMMITTEE MEMBER JONES: Okay. Okay. Thank you.

25 CHAIRPERSON FECKNER: All right. Thank you. So

1 what's the pleasure of the Committee?

2 COMMITTEE MEMBER TAYLOR: Move approval.

3 COMMITTEE MEMBER JONES: Second.

4 CHAIRPERSON FECKNER: Moved by Taylor, seconded
5 by Jones.

6 I have a request from the public to speak.

7 Mr. Fox.

8 STAKEHOLDER RELATIONS CHIEF FOX: Thank you, Mr.
9 Chairman. On the phone we have Mr. Wisam Altowaiji.

10 MR. ALTOWAIJI: Yeah. Hello?

11 STAKEHOLDER RELATIONS CHIEF FOX: Go ahead.

12 CHAIRPERSON FECKNER: Hello. Is this on 6b or
13 7b, sir?

14 MR. ALTOWAIJI: This is public comments or --

15 CHAIRPERSON FECKNER: No. We'll come back to you
16 in a moment. Thank you.

17 MR. ALTOWAIJI: Oh, okay.

18 CHAIRPERSON FECKNER: All right. Seeing no other
19 discussion on the motion, what's the -- Ms. Hopper, please
20 call the roll.

21 COMMITTEE SECRETARY HOPPER: Margaret Brown?

22 COMMITTEE MEMBER BROWN: Aye.

23 COMMITTEE SECRETARY HOPPER: Henry Jones?

24 COMMITTEE MEMBER JONES: Aye.

25 COMMITTEE SECRETARY HOPPER: David Miller?

1 COMMITTEE MEMBER MILLER: Aye.

2 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

3 COMMITTEE MEMBER ORTEGA: Aye.

4 COMMITTEE SECRETARY HOPPER: Ramon Rubalcava?

5 VICE CHAIRPERSON RUBALCAVA: Aye.

6 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

7 COMMITTEE MEMBER TAYLOR: Aye.

8 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

9 COMMITTEE MEMBER WESTLY: Aye.

10 COMMITTEE SECRETARY HOPPER: Karen Greene-Ross

11 for Betty Yee?

12 ACTING COMMITTEE MEMBER GREENE-ROSS: Aye.

13 COMMITTEE SECRETARY HOPPER: Mr. Chair, I have
14 all ayes, motion being made by Theresa Taylor, seconded by
15 Henry Jones on Item 6b Health Care Decision Support
16 System, HCDSS, Contract Terms.

17 CHAIRPERSON FECKNER: Thank you.

18 Now, it brings us to Item 7a, Summary of
19 Committee Direction. Mr. Moulds, Mr. Suine.

20 CHIEF HEALTH DIRECTOR MOULDS: Mr. Chair, I
21 didn't record any. Mr. Suine may have.

22 DEPUTY EXECUTIVE OFFICER SUINE: Yes. To work
23 with CalHR on vetting through the limited duration
24 regulations and bring them back at a later date.

25 CHAIRPERSON FECKNER: Very good. I didn't hear

1 anything else other than that myself, so thank you.

2 Now, we're to public comment. Mr. Fox.

3 STAKEHOLDER RELATIONS CHIEF FOX: My apologies,
4 Mr. Chair. We have Mr. Wisam Altowaiji on Item 7b.

5 MR. ALTOWAIJI: Hello.

6 CHAIRPERSON FECKNER: Yes, sir. Your turn.

7 MR. ALTOWAIJI: My turn. Okay.

8 My name is Wisam Altowaiji. I'm retired from
9 CalPERS. And I'm in the health plan. And I always think
10 highly of CalPERS and the team and all of that. And I
11 think they did a great job when they created the three
12 plans for the PPO and allowed a lot of people to get into
13 health care plan at lower cost, especially the Select.
14 And I find recently that you are changing that and moving
15 to two plans -- and consolidating in two plans instead of
16 three. And I think that was wrong and that was -- it
17 seems like you are subsidizing the expensive plan,
18 PERSCare, into this one.

19 So my major -- this is done and next year is
20 going to happen and so forth. But my main comment on the
21 rate for the Medicare I just --

22 (Conversations in the background.)

23 MR. ALTOWAIJI: Hello? Can you hear me?

24 CHAIRPERSON FECKNER: Yes, sir. I can hear you.
25 Somebody is unmuted. Please mute yourselves.

1 MR. ALTOWAIJI: Okay. My point on the
2 Medicare -- I just enrolled in the Medicare a month ago
3 and I find that the premium for the Medicare, whether the
4 current plan or the consolidated two plans in the future,
5 there is a big discrepancy between the prices that you
6 have set up and between what's available on the market.
7 It was brought to my attention by people that are aware
8 previously in CalPERS Medicare and they opt out of it to
9 go to the market for close to zero cost and a few dollars
10 for the prescription.

11 It seems like your plan right now currently 350
12 for PERS Select and PERS Choice. And if you go on the
13 market for Blue Cross Medicare plan, it's -- the best plan
14 is about 150 or so. And the -- even if you add the most
15 expensive plan on the prescription is about \$50. So there
16 is at least \$150, if not more, savings in that.

17 So I don't understand how the Board or the team
18 got all of this. And I tried to contact your member with
19 customer service and all of that. Nobody knows what it is
20 going on. Finally, I reached out to Ms. Green, supposed
21 to be the expert, and she gave me a generic answer by
22 email. And I ask her to talk to me in person and I need
23 to schedule appointment with her in person and I haven't
24 heard back from her. She went on vacation. And when she
25 came back, she didn't contact me. And I contacted her

1 last week again and I haven't heard back.

2 So there is a big change in the market.

3 CHAIRPERSON FECKNER: I'm sorry, sir your time is
4 allotted.

5 Sir, your allotted time has expired. We thank
6 you for your call.

7 MR. ALTOWAIJI: So, look into that. You guys are
8 looking for our --

9 CHAIRPERSON FECKNER: Sir, your time has expired.
10 I appreciate your comments. I will say that although Ms.
11 Green has not met with you, we are not doing in-person
12 meetings right now anyway, so she wouldn't be setting one
13 up --

14 MR. ALTOWAIJI: On the phone.

15 CHAIRPERSON FECKNER: -- with you in person.

16 MR. ALTOWAIJI: On the phone. On the phone.

17 CHAIRPERSON FECKNER: Excuse me?

18 Oh, on the phone.

19 MR. ALTOWAIJI: On the phone is what I requested.

20 CHAIRPERSON FECKNER: Okay. You said in person,
21 so I'm sorry. When she gets back, I'm sure she'll set
22 that up.

23 Mr. Moulds, any comment?

24 CHIEF HEALTH DIRECTOR MOULDS: No. Except, you
25 know, we do our best to keep our Medicare prices low and

1 you benchmark them to plans that are similarly
2 comprehensive. They do well. A lot of the plans that are
3 on the open market involve cost sharing that is not part
4 of the CalPERS Medicare plan.

5 MR. ALTOWAIJI: That is not true. Look at it and
6 compare.

7 CHAIRPERSON FECKNER: Sir, your time is up.
8 Thank you.

9 MR. ALTOWAIJI: Please compare.

10 CHAIRPERSON FECKNER: Thank you. All right.
11 Seeing no other requests, this meeting is going to
12 adjourn. We thank everybody for being here today and we
13 will see you next time.

14 Finance begins at what time?

15 COMMITTEE MEMBER MILLER: Say fifteen minutes.
16 Take a 15-minute break and come back at, what, 3:15, 3:16.

17 CHAIRPERSON FECKNER: 3:15 for Finance. Thank
18 you, Mr. Miller. Thank you all for being here. Enjoy the
19 rest of your day.

20 (Thereupon California Public Employees'
21 Retirement System, Pension and Health Benefits
22 Committee open session meeting adjourned
23 at 3:01 p.m.)
24
25

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 20th day of September, 2021.



JAMES F. PETERS, CSR
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