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

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SACRAMENTO, CALIFORNIA

TUESDAY, MARCH 18, 2025

9:01 A.M.

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APPEARANCES

COMMITTEE MEMBERS:

Ramón Rubalcava, Chair

Kevin Palkki, Vice Chair

Malia Cohen, also represented by Deborah Gallegos

David Miller

Eraina Ortega

Jose Luis Pacheco

Theresa Taylor

Yvonne Walker

Mullissa Willette

BOARD MEMBERS:

Michael Detoy

Fiona Ma, represented by Frank Ruffino

STAFF:

Marcie Frost, Chief Executive Officer

Matthew Jacobs, General Counsel

Kim Malm, Deputy Executive Officer

Donald Moulds, PhD, Chief Health Director

Rob Jarzombek, Chief, Health Plan Research & Administration

Julia Logan, MD, Chief Clinical Director

Kimberlee Pulido, Chief, Retirement Benefit Services Division

APPEARANCES CONTINUED

ALSO PRESENT:

David Aguinaldo

Anica Alls

Dennis Bartsch

Joseph Carbone

Nicole Casey

Vanessa Clark

Carrie Duty

Elizabeth Edwards

Yuderkis Espinal-Sanchez

Braden Grams

Tenille Hardy

Kathy Jamal

J.J. Jelincic, Retired Public Employees Association

Brianna Johnson

Delonne Johnson

Sterlen Johnson

Terra Jones

Newton Kasonso

Soren Kishan

Megan Knapp

Jackie Kopala

Leila Kosut

APPEARANCES CONTINUED

ALSO PRESENT:

Matthew Leimann

Visente Lopez

Shannon Lynch

Johanna Martinez

Jacqueline Mayo-Beene

Mary McClean

Danayou Milton
Steve Nelson

Oswaldo Osorio

Shelley Owasnoye

Johnathan Rudnick

Alba Sanchez

Fred Simpsons

Candace Steinbeck

Wen Zheng

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PROCEEDINGS

CHAIR RUBALCAVA: Good morning, everybody. Today, we have the Pension and Health Benefits Committee, and we'll call -- we'll call the meeting to order and roll call, please.

BOARD CLERK ANDERSON: Ramón Rubalcava.

CHAIR RUBALCAVA: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

VICE CHAIR PALKKI: Good morning.

BOARD CLERK ANDERSON: Malia Cohen?

COMMITTEE MEMBER COHEN: Here.

BOARD CLERK ANDERSON: David Miller.

COMMITTEE MEMBER MILLER: Here.

BOARD CLERK ANDERSON: Eraina Ortega.

COMMITTEE MEMBER ORTEGA: Here.

BOARD CLERK ANDERSON: Jose Luis Pacheco.

COMMITTEE MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Theresa Taylor.

COMMITTEE MEMBER TAYLOR: Here.

BOARD CLERK ANDERSON: Yvonne Walker.

COMMITTEE MEMBER WALKER: Here.

BOARD CLERK ANDERSON: Mullissa Willette.

COMMITTEE MEMBER WILLETTE: Here.

CHAIR RUBALCAVA: Thank you very much.

The next order of business is the election of the

Chair and the Vice Chair of the Pension and Health Benefits Committee. For this, I will hand the gavel over to Kevin Palkki, Vice Chair.

VICE CHAIR PALKKI: I will now take nominations for Chair of the Pension and Health Benefits Committee. And I would like to nominate Ramón Rubalcava.

Is there a second?

COMMITTEE MEMBER WILLETTE: I would like to second.

VICE CHAIR PALKKI: I have a motion and a second.

Are there any other nominations?

Are there Any other nominations?

Are there any other nominations?

I have a motion to approve Ramón Rubalcava as Chair.

All those in favor say aye?

(Ayes.)

VICE CHAIR PALKKI: All these opposed.

Any abstentions?

Motion passes. Ayes have it. Congratulations, sir.

CHAIR RUBALCAVA: Thank you. Thank you, everybody for your vote of confidence.

So now I will take nominations for Vice Chair of the Pension and Health Benefits Committee. And I will

nominate Kevin Palkki as Vice Chair of the Committee.

COMMITTEE MEMBER WILLETTE: I will second.

CHAIR RUBALCAVA: Thank you. Second. Nomination is made. Are there any other nominations?

Are there any other nominations?

Are there any other nominations?

So I have a motion to approve. I have been -- a motion to approve Kevin Palkki as Vice Chair.

And let's call the roll. Everybody -- all those in favor?

(Ayes.)

CHAIR RUBALCAVA: Any abstentions?

The ayes have it. So congratulations Kevin Palkki.

CHAIR RUBALCAVA: Okay. Now, unfortunately, we have to call the -- we will have to call the meeting to closed session. We'll recess into closed session for items 1 through 5 from the closed session. We'll be approximately two hours. So thank you. For your patience and understanding.

(Off record: 9:04 a.m.)

(Thereupon the meeting recessed into closed session.)

(Thereupon the meeting reconvened open session.)

(On record: 11:09 a.m.)

CHAIR RUBALCAVA: We're back in open session and we will continue the remainder of the open session agenda. Please call the roll.

BOARD CLERK ANDERSON: Ramón Rubalcava.

CHAIR RUBALCAVA: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

VICE CHAIR PALKKI: Good morning.

BOARD CLERK ORTEGA: Malia Cohen.

COMMITTEE MEMBER COHEN: Present.

BOARD CLERK ANDERSON: David Miller.

COMMITTEE MEMBER MILLER: Here.

BOARD CLERK ANDERSON: Eraina Ortega.

COMMITTEE MEMBER ORTEGA: Here.

BOARD CLERK ANDERSON: Jose Luis Pacheco.

COMMITTEE MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Theresa Taylor.

COMMITTEE MEMBER TAYLOR: Here.

BOARD CLERK ANDERSON: Yvonne Walker.

COMMITTEE MEMBER WALKER: Here.

BOARD CLERK ANDERSON: Mullissa Willette.

COMMITTEE MEMBER WILLETTE: Here.

CHAIR RUBALCAVA: Thank you.

Before we go into executive report, I want to thank the audience for your patience, while we were in

closed session. And in the future, we will endeavor to try to see if we can move the -- do the open first and then the closed.

Okay. Now, we'll proceed about the executive report. Mr. Moulds.

CHIEF HEALTH DIRECTOR MOULDS: I think Ms. Malm was going to go first, if that's okay.

CHAIR RUBALCAVA: Okay. Yes. Sorry.

DEPUTY EXECUTIVE OFFICER MALM: Thank you. Good morning. Kim Malm CalPERS team member. This morning I though I would just give you a couple of updates on projects that will impact our members that we're working on right now in the Customer Support Services Branch.

First, I'll start with the 2025 Benefits Verification Project. As you recall last year, we conducted a benefit verification cycle for high-risk retirees. We used to do this every two years. This last year, we decided to conduct this cycle annually to prevent overpayments due to unreported member deaths. With this project, we request the certification of eligibility for payment for them to be notarized and sent in. The retiree could also send in a letter from their health care provider, or a letter from the care facility that they live in, or a letter from their bank. And once we receive that, then the benefit payments would continue. Of

course, if members have any problems or have any questions, they can contact our call center or they can go through our secure messages in their myCalPERS account.

We're kicking off the 2025 cycle on March 27th, so at the end of this month. We'll be sending letters to 10,000 retirees that meet certain risk thresholds, including age, benefit amount, the last time they contacted CalPERS, and the last time that they've contacted their health care provider.

These same members will receive a second notice at the end of April, and a third notice at the end of May, if they've not responded yet. We'll be letting them know that we will hold their August 1st payroll benefit check if they are not received before our roll closes on July 18th. As a reminder, last March, our benefit verification cycle included 8,700 letters to retirees. From that effort in 2024, over 200 deaths were reported across California, and in 24 other states. Those unreported deaths resulted in $2.2 million of overpayments, of which we've collected 1.7 million so far.

Also, in July of 2024, we began utilizing Socure as our death verification vendor. To date, they've reported over 460 deaths for us, resulting in $4.1 million in overpayments, and we've collected $3.3 million so far. The combined benefit verification project and the death

verification with Socure have found almost 700 deaths, with a little over $6 million of overpayments and $5 million collected, just in this last year.

Now, moving on from benefit verification to its mother project, overpayments. I thought I would give you an Update from my presentation from Finance and Administration Committee last November. Our teams continue to collaborate internally to strengthen the collection process. Recently, our Legal Office entered into a contract with a collections firm Cedar Financial, that will assist with recovering debt from across the United States, since deaths are occurring in numerous states, as I mentioned previously.

The Actuarial Office has also been working with us to develop tools for quick identification of calculation errors. This initiative corrects errors and addresses root causes leading to improved payroll edits that help prevent future discrepancies. In fact, recently, the working team found inaccurate scheduled work hours reported by employers in their payroll data. This could have led to inaccurate final compensation. Such errors can cause benefit adjustments and potential overpayments that might only be caught in an audit and must be identified within the first three years in order to recover the funds.

I continue to be so proud of the enterprise team and all they've accomplished in this area. I'll close with an update on our CalPERS Benefit Education Events. We concluded our first in-person CBEE in -- of 2025 in Visalia on March 7th and 8th with 439 attendees, two of them were so excited, they retired on the spot.

Since our last meeting, we also had a virtual CBEE that took place on December 11th and 12th with over 1,800 attendees. Our next in-person CBEE is in Burbank on April 11th and 12th, and registration is now open. As of this morning, we had close to a thousand people registered.

Other planned CBEEs for 2025 are virtual in June of 11th -- or June 11th and 12th and another one will be planned for either August or December of this year. The next in-person CBEEs will be in 2026. The first one in Monterey, January 9th and 10th, the second one in Anaheim, April 10th and 11th, and then Redding June 5th and 6th. And that concludes my comments, Mr. Chair, and I'm happy to answer any questions.

CHAIR RUBALCAVA: Thank you. Does the Committee have any questions?

Seeing none, I'll just say thank you.

DEPUTY EXECUTIVE OFFICER MALM: Thank you so much.

CHAIR RUBALCAVA: Don.

CHIEF HEALTH DIRECTOR MOULDS: Thank you, Mr. Rubalcava. So first, my team and I would like to congratulate you and Mr. Palkki on your reelection as Chair and Vice Chair. You've been great leaders and partners, and we're looking forward to working with you again this year.

CHAIR RUBALCAVA: Thank you.

CHIEF HEALTH DIRECTOR MOULDS: I have a handful of updates. On December 5th, the CalPERS health team hosted our latest Health Policy Roundtable, which continued the discussion from our July 2024 Board off-site on health care workforce challenges and opportunities in California. Expert panelists from the California HealthCare Foundation, Department of Health Care Access and Information, Department of Health Care Services, and Covered California joined the CalPERS team and two members of the Board to talk about California's health care workforce and discuss opportunities to mutually address access challenges that public purchasers face and leverage their influence as large purchasers to effect that change.

A summary of the meeting, along with key takeaways, will be available on the website later on this week. But, in general, the focus was and will continue to be using the collective influence of the four public

sector participants to improve access and address California's workforce challenges.

The next Health Policy Roundtable will be at the July Board off-site. We will be focusing on the important questions of artificial intelligence in health care.

CHAIR RUBALCAVA: That sounds like an excellent topic and we look forward to reading the summary on the website --

CHIEF HEALTH DIRECTOR MOULDS: Great.

CHAIR RUBALCAVA: -- of the December one.

CHIEF HEALTH DIRECTOR MOULDS: Yes.

CHAIR RUBALCAVA: Please proceed.

CHIEF HEALTH DIRECTOR MOULDS: Thanks.

So on March 5th, CalPERS hosted approximately 50 health plan medical directors and clinical staff as part of our first Joint Clinical Leaders Retreat in partnership with Covered California. National speakers from the American Board of Family Medicine, the Institute for Clinical and Economic Review, and my former employer the Commonwealth Fund, led discussions related to the importance of continuity of care, affordability and access to prescription drugs and vaccine hesitancy.

The planning team facilitated breakout sessions with the health plan medical directors who engaged in productive conversations that yielded important takeaways

and next steps. Participants seemed genuinely engaged and appreciative of the opportunity to meet as colleagues rather than as competitors. It was gratifying to observe a high level of interest and engagement from attendees, much of which could be attributed to the Covered California CalPERS Committee, and their thoughtful planning. Our CalPERS team is reviewing the post-meeting survey and early results indicating a strong interest in a more regular convening of our clinical teams to drive mutual initiatives forward.

I want to let you, our employers, and members know that this year's open enrollment will be held September 15th through October 10th. These dates are consistent with prior years. I like to announce them in March, so the dates can be added to everyone's calendars for planning. The preparation for open enrollment is already underway.

We have a number of substantive issues that we're bringing you today, including recommended changes to our value-based insurance design program, the results of open enrollment last fall and a report out on the first few months of our new PPO. We also look forward to the discussion of federal priorities that will take place tomorrow. Danny Brown will give you a positive update on the status of telehealth access in Medicare. And we'll be

happy to talk through some of the new vulnerabilities we're seeing coming out of Washington.

That concludes my comments. I'm happy to answer any questions.

CHAIR RUBALCAVA: Thank you very much.

The Committee does not have any questions, so we'll now go to the action consent items.

COMMITTEE MEMBER PACHECO: Move approval.

CHAIR RUBALCAVA: Oh, you moved.

Thank you. And do we have a second?

COMMITTEE MEMBER MILLER: Second.

CHAIR RUBALCAVA: We have a motion and a second. So all in favor say aye?

(Ayes.)

CHAIR RUBALCAVA: Any opposed?

Any abstentions?

The majority says aye, so the motion passes.

Now, we go into the information consent item.

I don't see anybody holding anything, so we'll accept everything and move into Item 6a -- 6, excuse me, action agenda items, starting with 6a, Health Benefits Program Proposals for 2026.

Rob, I think.

(Slide presentation).

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: Good morning, Mr. Chair, Mr. Vice Chair and congratulations again on your election. I look forward to working with you and the Committee members this coming year.

I'm Rob Jarzombek, Chief -- CalPERS team member. This is Agenda Item 6a, approval of the Health Benefit Program proposals for the 2026 plan year. This is an action item.

This agenda item is the second part of the conversation we had last November and focuses on our Basic PPO plans. We conducted additional analyses since then, which we'll present to you today. Both potential changes do not impact the HMO health plan premiums for 2026 as these are exclusive to the Basic PPO plans.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: I'll begin by discussing a potential out-of-state Basic PPO option. Then I'll hand it over to Dr. Logan and go over modifications to the value-based insurance design, or VBID program, within the PERS Gold Basic plan. We'll then conclude with next steps.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: These proposals align with our strategic goal of exceptional health care as they aim to improve

health care quality, increase equity, expand access, and maintain affordability. Let's now discuss the Basic PPO options for out-of-state members.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: As background, CalPERS offers 12 basic health plans for members. Of the 12 plans, only two are available out of state. Those two plans are Kaiser Permanente and PERS Platinum. Kaiser's on-of-state Basic plan is only available in seven states outside of California, and is more expensive than PERS Platinum. Approximately 96 percent of all out-of-state Basic members are enrolled in the PERS Platinum plan and do not have another health plan choice.

Currently, there are about 26,000 Basic PERS Platinum members living out of state, and they make up about a quarter of the Basic Platinum membership or 11 percent of the overall Basic PPO population. We've heard from members who are concerned with the lack of Basic plan options available out of state.

Therefore, our goal was to explore a lower cost plan option for those members living outside of California. We wanted to do so without negatively impacting premiums for the majority of members who are living here in California. Unfortunately, through our

extensive analysis, a viable option is not available. Let's go into the details.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Together, with Blue Shield, we modeled a variety of scenarios and what we're sharing here are the primary options available to us and the associated impacts. We have three options to share with you today. Both Options 1 and 2 offer a lower out-of-state premium, but would either cause an additional increase to in-State premiums or would require significant benefit design changes. Our recommendation, Option 3, is to maintain the current benefit design and in-state service area. Let's walk through each one.

Option 1 would expand the service area of the PERS Gold Basic plan to the entire country, matching the PERS Platinum service area. We would maintain the current PERS Gold benefit design of 80/20, which means the plan would cover 80 percent of the cost for applicable services and the member would be responsible for paying the remaining 20 percent. The impact to PPO premiums would be an increase of two to three percent both in-state and out-of-state premiums.

This additional two to three percent premium increase would bring additional stress to the Basic PPOs

and would make it more difficult to maintain a stable population moving forward. As we all know, the Basic PPOs have been experiencing high premium increases for the past several years due to the high cost trend post-pandemic and the premium surcharge in place to rebuild the reserves.

As an alternative, we looked at creating a low-premium option with significant benefit design changes to minimize the impact to in-state premiums. This is option 2. This scenario would create an all new out-of-state PERS Gold basic plan, bringing a lower premium option to members, as premiums would be roughly 30 percent lower than the current out-of-state PERS Platinum premium. This option would have minimal impacts to the in-state PPO premiums. However, significant Benefit design changes would be needed to lower the monthly premium, and these changes would increase member out-of-pocket costs.

First, the in-network coinsurance would increase from 20 percent to 35 percent, meaning instead of having an 80/20 plan, it would be a 65/35 split with the plan covering 65 percent and the member responsible for the remaining 35 percent.

Next, the deductible would also need to increase from $1,000 for an individual to $5,500, increasing by five and a half times. The maximum copay would also more

than double by going from $3,000 to $8,300. Finally, the out-of-network coinsurance a member is responsible for would increase from 40 percent to 50 percent.

These changes would significantly increase member out-of-pocket costs and effectively create a high deductible health plan, which research has shown to worsen clinical quality outcomes for members. This is because members forgo the care they need resulting in worse outcomes for them and at times at even higher cost had the conditions been treated earlier.

This brings us to our recommendation, which is to maintain the current service area and plan design of PERS Gold. We understand this doesn't create a new offering for our out-of-state Basic members to choose. However, given the severity of the benefit design changes in particular, we don't believe there's a viable option to offer an out-of-state PERS Gold plan without having an adverse impact on the premiums of in-state PPO members.

I'll now turn it over to Dr. Logan to discuss our proposed modifications to the value-based insurance design.

[SLIDE CHANGE]

CHIEF CLINICAL DIRECTOR LOGAN: Thank you Rob. Good morning. Julia Logan, CalPERS team member. Before I describe our current program for VBID, I wanted to provide

a bit of context. Value-based insurance design is a model that seeks to improve quality and affordability by lowering out-of-pocket costs for high-value services. Using evidence-based approaches value-based insurance design, or VBID, as it's commonly referred to encourages members to take an active role in their health and to make informed decisions about their care.

This is often accomplished by aligning patients out-of-pocket costs, such as copayments, with the value of health services. By reducing out-of-pocket costs for high-value medically-necessary treatments, CalPERS can achieve improved health outcomes for our members over the long term and potentially reduce health care expenses for both our members and our program.

Over the last 25 years, there have been variations on the VBID concept. Some health plans and private purchasers focus solely on chronic disease conditions, such as diabetes and offer reduced cost sharing at the point of service, for example, lower copays for office visits, medications, and diabetes supplies.

VBID was fist introduced by CalPERS for the Basic PPO Gold plan in 2019. The Pension and Health Benefits Committee considered a broad array of design options with input from national experts to inform the decision. We considered the opportunity for member engagement and

potential savings in the form of both member out-of-pocket expenses and the overall premium impact. The intent was to introduce incentives for both preventive care and support people with chronic conditions. So let's go ahead and review our current program.

In brief, the value-based insurance design program has three components. The first component represents a series of credits to offset the $500 inpatient care deductible. The second component reduces doctor's office copayments for primary care to $10. The third component waives the co-insurance for maternity care at preferred hospitals when a member engages in the maternity program. We'll discuss each of these in a little more detail. First, the credits.

CalPERS PPO Gold members can receive a credit of up to $500 to offset the deductible per member. A member receives $100 deductible credit for each of the following activities: Biometric or preventive screening; flu shots; self-attestation of non-smoking status or participation in smoking cessation efforts. Members automatically receive credit for second opinion services for an elective surgery. Last, members receive an automatic $100 credit for participation in chronic disease programs. A member will lose this $100 credit only if they decline to engage with Included Health in these programs.

As part of CalPERS strategy to promote the use of primary care services, the primary care copayment of $10 applies to any visits with the member's matched PCP and also for Included Health virtual primary care visits. As we all know, a strong primary care relationship is important for coordinating all of a member's care as the PCP acts a patient's quarterback to direct the care team and recommend strategies for a member to optimize their health.

Primary care is the essential anchor for our goals for better health outcomes and affordability. Through Included Health, we offer a maternity program that offers education, support, and guidance throughout pregnancy and the postpartum period with access to a team of health care professionals. Included Health can help members find top OB/GYNs as well explore CalPERS new benefit for doula coverage. Members save money by getting the coinsurance portion of the hospital claim by enrolling in the maternity care program and using a preferred provider inpatient hospital for child birth.

[SLIDE CHANGE]

CHIEF CLINICAL DIRECTOR LOGAN: As we look ahead to 2026, we know there are aspects of our current VBID structure that needed reassessment, which I'll address shortly. We would also like to leverage the VBID program

to increase alignment with the CalPERS Quality Alignment Measure Set, commonly referred to QAMS. With our new PPO contract, we have aligned with the quality measures and financial incentives already in place in the HMO contracts.

Our goal with these substantial guarantees around quality is to have CalPERS PPOs be as quality and equity centered as our HMOs, so that we have the same high quality and equity standards for all our CalPERS Basic members, regardless of whether they are in an HMO or PPO. As you know, QAMS focus on prevention, chronic disease, and behavioral health, includes measure such as blood pressure control, colorectal cancer screening, and childhood immunizations, diabetes control, and depression screening.

Beyond QAMS, we also want to keep the high impact elements of the current VBID structure, like engagement, the use of second opinion services for elective surgeries, and preventive care. We also considered the areas where our current VBID program doesn't necessarily meet the needs of our members, and areas where we feel we could have a greater impact. For example, only two percent of our CalPERS members smoke, well below the California statewide average, which in turn is much lower than the national average. So it makes sense for us to focus our

incentives where there is more need and room for improvement.

We also want to build on engagement opportunities across the PPO Gold membership to align with QAMS and we'll be recommending a mental health component to the VBID options.

Next slide, please.

[SLIDE CHANGE]

CHIEF CLINICAL DIRECTOR LOGAN: With all this in mind, we have been examining ways to improve our VBID program. In addition to meeting with subject matter experts nationally, we obtained input from Blue Shield and Included Health. Blue Shield has experienced operating a value-based benefit program for people with chronic conditions since 2017. We propose to maintain the overall structure of the VBID program beginning with the $10 office copayment for primary care. Participation in the maternity program will be tailored to Included Health's offerings and designed to encourage engagement early in pregnancy to optimize overall health and well-being.

Where we propose changes are the -- in the potential to earn credits. The proposed 2026 VBID design will include an expanded set of activities to earn a potential of five $100 credits to offset the deductible. The credits are organized into three types of activities,

including engagement in self-care, mental health monitoring through completion of screenings, and preventive care that include cancer screenings, metabolic health, the flu vaccine, and other adult vaccines.

We are partnering with Included Health to promote proactive engagement in care management and the use of expert medical opinion services for an elective surgery. Included Health will reach out to members identified as having high risk medical issues or who are newly diagnosed. Active engagement with Included Health's care coordinators will be required to earn credits in these two categories.

A third and new engagement category involves participating in the Blue Shield diabetes prevention program.

Finally, the number of credits that can be earned for completion of preventive care activities will be increased to four, that is instead of earning a single credit of $100 for completion of a preventive screening, a member can earn up to four credits totaling $400 for any combination of preventive care activities.

Collectively, there will be a menu of options for PPO Gold members to achieve the VBID goals. This means that no matter where a member is in their health care journey, they can engage in any number of activities to

earn each $100 credit.

[SLIDE CHANGE]

CHIEF CLINICAL DIRECTOR LOGAN: CalPERS will continue to explore the costs, savings, and long-term implications of VBID strategy refinements for 2027 and beyond. Examples of refinements that are under consideration include introducing some VBID elements into the Platinum plan. The Gold plan has been where we have traditionally piloted new benefit components. Now, that we have a multi-year track record and understanding member engagement in VBID, we can now begin to consider what options may be appropriate for our Platinum members.

We also hope to continue to align with the Quality Alignment Measure Set. We will learn from the inclusion of depression and anxiety screening in 2026. We're also exploring a more targeted approach to focus on high quality chronic disease management for specific conditions at a high -- that have a high level of prevalence in the CalPERS population. These include hypertension, diabetes and depression, and are very much aligned with the QAMS as well.

Targeting these specific conditions would improve chronic care management in the near term, while also offering the potential of longer term cost savings. Finally, we're exploring lowering cost sharing for doctor

visits for certain chronic conditions. Such a model has more complex financial implications for the overall CalPERS Basic PPO plan, because of copay changes. And there is a distinct possibility of member migration between our Gold and Platinum plans.

Any changes to VBID for 2027, we will bring forward for your approval next fall. For 2026, we ask for you to approve our modifications to the VBID credits. We believe that these recommendations to update the VBID program for PPO Gold members in 2026 provide the right balance between expansion, alignment with QAMS, and maintaining premium neutrality.

I will now pass it to Rob for next steps.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Thank you, Dr. Logan.

So for next steps, if the Committee approves the modifications to the VBID program, we will then prepare the necessary implementation activities. For the proposals already approved last November, we will communicate the plan expansion to members in advance of and during open enrollment.

This concludes our presentation and we're happy to take any questions.

CHAIR RUBALCAVA: Thank you. So we do have

questions from the Committee. We'll start with President Theresa Taylor.

COMMITTEE MEMBER TAYLOR: Actually, my question, as I turn to the next steps, was can we break out the do not approve new OOS plan option for 2026 from the rest of this, so that we can vote on it separately?

CHAIR RUBALCAVA: Yes, we can do that.

COMMITTEE MEMBER TAYLOR: Okay.

CHAIR RUBALCAVA: So we should still start with discussion on the Board -- on the Committee, and then we have people on the phone who want to give their public comment.

So we'll -- do you still want to continue talking?

COMMITTEE MEMBER TAYLOR: Yes. Sorry. I accidentally turned of my microphone.

CHAIR RUBALCAVA: I will re -- okay, you're back on.

COMMITTEE MEMBER TAYLOR: There we go. Sorry about that.

I like the -- our new VBID plan. I appreciate your guys work on this. I did not know our -- I mean, I think it's different than we're doing the engagement, mental health, and cancer, and other screenings. So I thought that was really kind of inventive programs, so I

congratulate you on that.

But I would like to talk about our OOS plan for our out-of-state members. We have -- SEIU has out-of-state employees. There are not very many of them. However, they pay a significant amount more than our in-state employees on their health care. So, while I understand that this would actually be voting in for all our out-of-state members, I think it's important that we consider our out-of-state employees who work for the State of California, but do not get treated like they work for the State of California when it comes to health care. So that's all I wanted to say for my co-Board members.

Thank you very much.

CHAIR RUBALCAVA: Thank you, President Taylor. Now, we -- next speaking list is Trustee Yvonne Walker, please.

COMMITTEE MEMBER WALKER: Just to be clear, are we going to discuss the out-of-state plan separately? If so, I can wait until after we vote on everything else.

CHAIR RUBALCAVA: If that's -- we're talking about both. We are voting separately. So why don't we -- if nobody has any comments on the -- on the improvement in -- on the value-based insurance design, we can move to the out-of-state. Is that okay?

So I will entertain a motion on the --

COMMITTEE MEMBER PACHECO: I'll make the motion.
CHAIR RUBALCAVA: -- staff recommendation.
COMMITTEE MEMBER TAYLOR: Second.
CHAIR RUBALCAVA: Trustee Jose Luis Pacheco and second is? Do we have a second
COMMITTEE MEMBER WALKER: It was Theresa.
CHAIR RUBALCAVA: Theresa. Thank you.
COMMITTEE MEMBER TAYLOR: Are we voting to separate them?
CHAIR RUBALCAVA: Yes. No. No. We already agreed to separate them.
COMMITTEE MEMBER TAYLOR: Oh, okay. You're just doing it on your own. My bad.
CHAIR RUBALCAVA: -- but we didn't have any dis -- unless there's more discussion from the Committee members on the value-based insurance design, we can vote on that one first. And then we can go to have discussion on the out-of-state plan.
COMMITTEE MEMBER TAYLOR: Okay. Okay. So then I can second that. Yeah.
COMMITTEE MEMBER MILLER: To be clear, the motion is to approve the staff recommendation?
CHAIR RUBALCAVA: Yes, the motion is only for the value-based insurance design. So the motion is approve the staff recommendation for the value-based insurance

design, which basically improves quality care, equality, encourage case management, preventive care. Okay. Can we -- okay. That's the motion. There's been a second. So all those in favor say aye?

(Ayes.)

CHAIR RUBALCAVA: Any opposed?

Any abstentions?

So the majority is aye, so we have -- the motion passes on the staff recommendation on the value-based insurance design for 2026 for the PERS Gold.

Okay. Now, we'll move into the discussion on the out-of-state plan -- PPO plan.

COMMITTEE MEMBER WALKER: Okay. So now I can talk?

CHAIR RUBALCAVA: And we will start with Trustee Ortega.

COMMITTEE MEMBER TAYLOR: No, we start with Yvonne.

COMMITTEE MEMBER WALKER: I've been waiting.

CHAIR RUBALCAVA: Okay. I'm sorry. Sorry, you are on.

COMMITTEE MEMBER WALKER: Yeah. I'm still on.

CHAIR RUBALCAVA: Please continue.

COMMITTEE MEMBER WALKER: Okay. Thank you. So, I do understand the recommendations you made -- the

recommendation you made around the out-of-state plan option for 2026, but I just will say -- but I will just say scooch over a little -- but I will just say that it is still a concern. And I want to know how we're going to move forward, because I hear about this a lot from out-of-state retirees. I do understand the recommendation today, but I would also like the roadmap of how we're going and where we're going to get to.

CHIEF HEALTH DIRECTOR MOULDS: Can -- if it's okay, I'll take that, Ms. Walker.

COMMITTEE MEMBER WALKER: Sure anybody can answer me that knows.

CHIEF HEALTH DIRECTOR MOULDS: Yeah. So to your point, we just -- we just did a run in our own data to update these numbers, so we believe them to be the most recent available, but there should be 258 state of -- active State of California employees who are working in other states, so they --

COMMITTEE MEMBER WALKER: That I understand.

CHIEF HEALTH DIRECTOR MOULDS: Yeah. So it's -- it is a -- it is a small number, but the impact that is felt by the lack of availability of a more affordable option is profound. So last year, in bargaining I believe -- and Ms. Ortega, you can jump in and correct me if I -- if I butcher any of this, but there were -- there

were two health care supplements -- additional payments that were -- that were authorized. One was a $161 -- 165, thank you, dollar supplement to all State of California employees.

COMMITTEE MEMBER ORTEGA: It's only SEIU.

CHIEF HEALTH DIRECTOR MOULDS: SEIU bargained employees. Thank you. The other one was a -- was a -- was a supplement, especially for this group of 258 people that we're talking about. And that was a -- it is a $200 additional monthly payment for individuals, a $250 payment for couples, for two folks, and then a $300 payment for families. So the difference between the premiums in Platinum and Gold for the singles are covered, as I understand it, by the combined two additional payments. They do not make up for the difference for couples and the effect is particularly acute for families.

So the delta for families is close to a thousand dollars a month and this is $465. So there is still a delta to be had. I think in our recent count, it was about 60 families that were affected by this, is that right?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Approximately.

CHIEF HEALTH DIRECTOR MOULDS: Approximately 60 families. So the cost of -- the cost of doing this is, as

Rob mentioned, that would be -- that if we were to do this for all of the PERS Gold enrollees, the changes that would be necessary to happen amount to a difference of two to three percent. That's 50 to 75 million dollars that would be borne almost entirely by our -- by our existing members.

The impact -- the cost of doing this for this smaller group effectively of families living out of state is a much, much smaller number. So our hope is that that would be something that could be addressed specifically for them. We looked at a lot of other options, including the possibility of establishing a plan exclusively for these members. That is not allowed by the enabling statute at CalPERS, the PEMHCA statute. So we are expressly prohibited from creating plans that are only available to a subset of our members. So our hope is that this is something that could be worked through, obviously at a much, much lower price point for these specific members. That is typically done through bargaining.

COMMITTEE MEMBER WALKER: Right. So just a finer point on what I think I'm asking. So how does this impact our retirees out of state under 65, and then just in general, because out-of-state health care costs are -- you know, it has a significant impact on folks, especially on retirees who are on a fixed income, right? And so, how

does this impact and what, if anything, are we going to do to like -- can we do, or, you know, what is again our roadmap to, you know, looking at ad dressing it, because it's not just active members, right? And I recognize and understand, you know, what happens with the actives. I was involved with that for a while, but does not address the retirees who I hear from a lot about the high costs that they have as they live out of state.

CHIEF HEALTH DIRECTOR MOULDS: This -- obviously, that is a challenge. Our bargaining power in the other 49 states is not commensurate to our bargaining power in California, where the vast, vast majority of our members live. We try to leverage everything we can to keep those costs as low as possible, but they are high. The reason that we -- that I called out the active members who, because of their job, are required to live out of state, is because they do not -- this's no flexibility there. There is more flexibility -- this is not what anybody wants to hear, but there is more flexibility for retirees who are not there for work reasons.

Not where we want to be. We are going to continue looking at alternatives, but the ones that we explored over the course of the last many months were prohibitively expensive for the rest of our members. And I will add, adding those costs at a time when we've

already also added a surcharge is not only a lot to put on our members in terms of additional costs, but we believe could also affect the stability and ultimately viability of The PPO plan. So we're -- that is what went into our recommendation not to do that at this time.

COMMITTEE MEMBER WALKER: Oh, yeah, yeah. No, and I do understand the recommendation. I just -- I still think it is worthwhile. I don't know. I don't have a solution to recommend to you. If it's like a work group with, you know, other -- we can't be the only state that have people living out of state. And so, is there a work group to try to come up with some kind of solution or possible solution. I don't know, but I just think that it's not enough just to say it's challenging without trying to figure out something else.

CHIEF HEALTH DIRECTOR MOULDS: Yeah, understood. And we're not going to give up. We actually have talked to the states to both trust funds in these other states and CalPERS equivalence in some of these other states like New York and Illinois, and to see if we could, for instance, piggyback on their networks, which we already do to some degree, but not in an official way. So the challenges there is that -- the challenge there -- among the other -- among other challenges is that it would require statute in those states to do -- to do that, so --

and really with our numbers, not much in it for them. So they have not been inclined to go there. They are com -- some of those states are complicated places.

COMMITTEE MEMBER WALKER: Some of them.

CHIEF HEALTH DIRECTOR MOULDS: And it was -- and that's not meant to be pejorative.

COMMITTEE MEMBER WALKER: No.

CHIEF HEALTH DIRECTOR MOULDS: It's just meant to be realistic. We're quite complicated ourselves.

COMMITTEE MEMBER WALKER: Right.

CHIEF HEALTH DIRECTOR MOULDS: But we have explored those options. We are going to continue pursuing this until we find a better solution, but right now, we're not there.

COMMITTEE MEMBER WALKER: I appreciate that. Thank you.

CHAIR RUBALCAVA: Thank you.

COMMITTEE MEMBER ORTEGA: Just -- I have a couple questions, but I do want to say the out-of-state subsidy was negotiated in 2023, so it's been in place since '23.

Do we know if there are any active employees from other employers working out of state? Is the State of California the only one of our employers who has active out-of-state?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: So when we do a data pull through myCalPERS and look at this, we do see there are a number of actives State employees who are residing out of state, but this is where we do not have enough insight into why that person is there, if they were approved for out-of-state assignment or if they were -- are running out vacation before they actually retire. So this is -- there are more, but as far as like active, we don't see that. We're looking at enrolled lives, that's how we look at this.

COMMITTEE MEMBER ORTEGA: Yeah, slightly different question. So like a county or a city --

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Oh, absolutely. There --

COMMITTEE MEMBER ORTEGA: -- do we have other out-of-state actives from other employers?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: We have -- there are out-of-state public agency and school members who are living in the -- mostly in the states surrounding California. And so that's where we see the majority of the public agency members. And then those members can use ease either their work address or home address to have other eligibility. And so this is where they could still use the work address inside California to be enrolled through health care, but then

live across the border. Sorry about that.

CHIEF HEALTH DIRECTOR MOULDS: Yeah. And we should -- we should clarify that those folks were not included in the count that we just shared --

COMMITTEE MEMBER ORTEGA: Right.

CHIEF HEALTH DIRECTOR MOULDS: -- because for exactly the reason Rob mentioned, they have -- they have the ability to use the networks that are along the border.

COMMITTEE MEMBER ORTEGA: Right. Okay. Thank you. And then, Don, the -- my other question is about the PEMHCA limitation that you mentioned. So if the statutory prohibition wasn't there, is it a viable thing to even research or consider that if there was a statutory authority to create a plan for a subset of employees or a subset of members? Is that something the market would even -- would it make sense to even pursue that, because, I mean, a statutory barrier is something that can be overcome, right?

CHIEF HEALTH DIRECTOR MOULDS: Yeah. That's a good question. We hit our limit on the statutory barrier.

COMMITTEE MEMBER ORTEGA: Yeah.

CHIEF HEALTH DIRECTOR MOULDS: Creating a health plan for 260 people would certainly have its challenges. And the question would be whether you could build something that was more cost effective than what we have

under Platinum is an open question. You know, we -- we know that the Kaiser -- the Kaiser plan is higher cost than Platinum, so that's not a good sign, but it's something that we could explore further, if that is something that the Board is interested in having us do.

COMMITTEE MEMBER ORTEGA: Okay. Thank you.

CHAIR RUBALCAVA: Thank you. Now, we go to Vice Chair Kevin Palkki, please.

VICE CHAIR PALKKI: Thank you. Thank you for the presentation. Unfortunately, where -- Health Benefits is never the easiest conversation. Just for clarification, and please stop me if I am out of line, there was an article by the U.S. Government Accountability, health Insurance costs are increasing. The projected increase is much more than the two and three percent on our slide. Is the two percent -- like if we chose Option 1, would the two percent be sort of compounded on top of possible --

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Yes. It would be in addition to whatever the trend is for going into next year.

VICE CHAIR PALKKI: Okay. And then Option 2, the significantly increased member deductible maximum copays, how does that differ from the already Platinum plan?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So it's significantly more member

out-of-pocket cost. So the Platinum plan right now pays 90 percent for the applicable services. So taking up the share of the cost, the member is responsible for the 10 percent remaining portion. This would go to a 65/35 split. So the plan would only pay for 65 percent of it, meaning the member would have to pay for that 35 percent, so much, much more significant out-of-pocket costs for the member.

VICE CHAIR PALKKI: So if a member had to choose between the Option 2 Gold versus the Platinum, they're better off taking the Platinum plan.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So they're better off taking the Platinum plan, if they are regularly seeking services. If they're not regularly seeking services and just are only looking for a lower -- a lower monthly premium, then the Option 2 Gold would be better for that person. However, we have seen with high deductible health plans, members who have such high deductibles often forego care. So even though they they're healthy and think they're doing all the right stuff, they're actually not seeing their physicians as they should when smaller things come up and they turn into larger more worse outcomes for the members. So that's a -- that's a definite drawback and one of the reasons why we don't offer a high deductible health plan

here, because it's not in the best interest of the member.

VICE CHAIR PALKKI: Thank you. Awe that's all my questions.

CHAIR RUBALCAVA: Than you. Next, we'll have Trustee Jose Luis Pacheco.

COMMITTEE MEMBER PACHECO: Yes. Thank you, Rob, for your presentation. I want to ask you a question about the 11 percent of the Basic PPO members that live out of state, what is that number, that 11 percent, what does it equate to numerically, is it --

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So it's 26,000 members.

COMMITTEE MEMBER PACHECO: 26,000 and then the rest of the -- the remaining members 89 -- 89 percent.

CHIEF HEALTH DIRECTOR MOULDS: Eighty-nine percent that are here in California.

COMMITTEE MEMBER PACHECO: Are in California. And in Option 1, you said that you would in -- it would be a two to three percent increase on top of the trend. Would that -- is that moving forward for the -- for just one year or is it going to be -- or how is that going to play out?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: That would be -- depending on the migration for the first year, it would be between two and

three percent. But if more migration happens over future years, it could then also grow. That could grow beyond -- a little bit beyond the three percent, but it should cap at the -- about three percent or a little bit -- 3.1 percent.

COMMITTEE MEMBER PACHECO: If you do -- if there is -- if there is projected migration, then we would have -- the number would increase then.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Correct, but it would increase to only -- three percent is the high end. Three to 3.1 percent is the high end, if everybody from Platinum went over into Gold.

COMMITTEE MEMBER PACHECO: If everyone went --

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Correct.

COMMITTEE MEMBER PACHECO: Okay. And that would be -- do you foresee that kind of scenario -- I'm just --

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So that's a potential, because we haven't offered this previously, and so that's where this range is -- we -- is a realistic range on -- if those members do just all want to switch over PERS Gold, because PERS Gold is still an 80/20 plan with -- it covers a lot of the portion of cost. So, there could be a lot of

migration that happens because of this.

COMMITTEE MEMBER PACHECO: But we're not sure until --

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So we're not sure. But the -- if everyone transitioned over, it would be a three percent increase to the -- to the PPO rates. And as Don mentioned, it would be $75 million for the entire -- for the entire program to have to increase that way.

COMMITTEE MEMBER PACHECO: And how would that affect our reserves at the time -- at this time?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So it would impact the reserves negatively, because we would probably see loss of membership in California. So the 89 percent who are here in California, they would likely choose another health plan option. And so kind of making this situation worse of having more unstable PPO population. So the fewer lives we have in the PPOs then it would make it harder to recoup the reserves, our costs would go up, because we would likely retain the sicker members the PPOs.

COMMITTEE MEMBER PACHECO: So it would be a spiral. It would be kind of a spiral.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: It would be -- it would create some

instability.

COMMITTEE MEMBER PACHECO: Instability. Okay. Thank you very much for your comment. I appreciate that sir. That's all I have. Thank you.

CHAIR RUBALCAVA: Thank you. No more comments, so now we'll go to public comment. We have 16 people on the phone, so --

BOARD CLERK ANDERSON: I believe we now have 25.

CHAIR RUBALCAVA: Twenty-five. Okay. If we could start with public comment, please.

STAFF SERVICES MANAGER I FORRER: Okay. Great. Chairman Rubalcava, we have Matthew Leimann on the line.

CHAIR RUBALCAVA: Please proceed.

MATTHEW LEIMANN: Good morning. My name is Matt Leimann and I'm a State employee of Chicago out-of-state office actually. I've been an employee for California for 11 years. And I have to say my premiums have gone up by double digits the past four years. So my co-workers actually pay almost a quarter of their entire paycheck on these premiums. So I think it's rather ridiculous actually that we're just going to sacrifice the out-of-state people just to please a couple thousand of in-state people.

I think that the more fair option is for everybody to just take a minor premium increase, so that

we're not just sacrificing the whole segment of people who work for the state. And I'd like to remind everybody in the meeting today that the 258 people who live out of state bring in several hundred million dollars of tax revenue for the State of California. Okay. So while we may not be in the thousands, we are still significant.

And that's all I have to say about that. Thank you.

CHAIR RUBALCAVA: Thank you. Can we have the next speaker, please.

STAFF SERVICES MANAGER I FORRER: Yes. Next, Mr. Chair, is Mary McClean. She's on the line to speak to Item 6a.

MARY MCCLEAN: Hello. This is Mary McClean. I'm a spouse of an employee. And like other out-of-state employees and families, we feel that the out-of-state should be treated the same as in-state employees, based on -- you know, with affordability of benefits. We pay over 1,200 a month out of pocket. And that -- it does affect our income, our monthly amount. And I feel like there has to be something that can be done, whether it is even providing additional, you know, like a credit to the out-of-state employees. If you don't want to, you know, mess with the benefits for the whole state, maybe there's something you can do to give back to some of those

employees to help us with our, you know, dealing with day to day. I mean, groceries are insane, everything. You know, I think that you guys should do more for your employees.

Thank you.

CHAIR RUBALCAVA: Thank you, Mary.

Next speaker, please.

STAFF SERVICES MANAGER I FORRER: Next, we have Jacqueline Mayo-Beene to comment on Item 6a.

JACQUELINE MAYO-BEENE: Hi. My name is Jacqueline Mayo-Beene, and I'm a single mother. And I've been an office technician in the out-of-state Chicago office for CDTFA for the past 15 years. I currently have PERS Platinum as an only insurance option. Up until December of 2024, I was paying insurance for myself and my now 26-year old daughter. These insurance premiums, deductibles and copays have been brutal, a little yolk upon my neck. Without going into every detail of my financial life, I just want to express gratitude for the possibility of being able to add 361 additional dollars of my pay to my household monthly budget, being a total of $4,336 a year. Due to inflation, rent, utilities, gas, groceries, high insurance premiums, both medical and auto, my bills are astronomical. I have been living off of my credit cards for the past four years.

Needless to say, I could use every cent of my paycheck every month to pay my bills. By the 7th of the month, I am cash poor. I have to take out cash advances or pay by credit card any remaining bills that will allow me to do so. I am one of the working poor without a doubt. Please for the love of God, vote so that we can share in the equity by expand and expanding PERS Gold to all out-of-state employees.

Thank you for your time and for your much needed vote.

CHAIR RUBALCAVA: Thank you, Jacqueline.

Next speaker, please.

STAFF SERVICES MANAGER I FORRER: Next, we have Delonne Johnson.

Go ahead Delonne.

DELONNE JOHNSON: I'm very familiar to myself. I'd like to comment in favor of the out-of-state on 6a. I'm an out-of-state employee. I've worked for the State for 15 years in the Sales and Use Tax Division for the BOE and CDTFA. I had PERS Gold before or comparable, which was PERS Choice before it was taken away in '22. I did not witness any strategies to reduce the drastic increase in my premiums when we lost PERS Choice. Two to three percent was nowhere near the increase I suffered to go to PERS Platinum. There is a 600 percent difference in PERS

Platinum versus PERS Gold for me. It makes me uneasy when there's no action recommendation on the agenda before us to save out of state employees 600 percent of their health care premiums.

My premium is over a thousand dollars a month. It's been that way for three years and we've sort of been stuck with it. We're on this call now for a decision that happened in 2022, though to me it seems like not much is being done about it. I would think that CalPERS would have more connections with lobbying the State during bargaining or some other process, since the way the Board is designed, it gives them direct access to this information.

The adjustment if we are moved out of state to -- or have the ability for a second option of two to three percent, it was stated that that would be too large of a increase. I think it was somewhere in the 50 or 60 million, or maybe even higher, that they said the total cost would be. But on a per capita basis, which is what it should be looked at, it's very palatable. Again, I never had a two or three percent increase in my health care.

The more I pay in premiums, the more the State pays. So it would behoove them and CalPERS to kind of work with the State to figure out some way to offer some

more stipends to bring this down. It was also noted that we do receive stipends. One of them is taxed. We receive two. The 165 is not, but I receive a $300 stipend that's taxed, so it's more like 200. So we're not even getting the full benefit of these supposed stipends. And one of the biggest problems with the stipend is that's considered earned income, $300 one I receive.

So if I would have normally been eligible for some kind of let's say student loan, I could potentially be knocked out of that, because of the increase in the stipend that I receive for health care.

CHAIR RUBALCAVA: Mr. Johnson --

DELONNE JOHNSON: And that's already supposed to be earmarked for health care.

CHAIR RUBALCAVA: Mr. Johnson, could you please try to sum it up. You only have three minutes.

DELONNE JOHNSON: So I would urge a yes vote on this matter. Thank you.

CHAIR RUBALCAVA: Thank you.

Next speaker, please.

STAFF SERVICES MANAGER I FORRER: Next, we have Carrie Duty.

CARRIE DUTY: Hi. My name is Carrie Duty. I'm still trying to get over just what I've been listening to for the past 30, 45 minutes during this presentation,

because basically all I heard coming out of it is we're small, we're insignificant, who cares. Really the question, and I can't remember -- and I appreciate the person that mentioned it, is that we're State employees for California, but not being treated like one.

Option 3 in that presentation was just offensive and I'm flat out angry. And I can sit here you and tell you how this impacts my family, but honestly I'm almost even questioning if that even matters at all if Option 3 is the one that's being selected. And I just -- for the 16 years of service I've put in for the State of California, just being treated like non-California employee, it's just -- it makes me incredibly sad, near depressed, with how my 16 years of service is really being considered.

And I really do hope that there are some hearts out there that will consider Option 1 for us, because even though we make up these little small numbers, these small, small numbers that I keep hearing, we're still people. We're there helping California. We -- a good chunk of us has been working for the State of California for so long, but we're small. Why would our feelings be considered? And that is just blatant offensive to all of us, the 26,000 of us that work out of state.

Thanks.

CHAIR RUBALCAVA: Thank you.

STAFF SERVICES MANAGER I FORRER: Next is Candace Steinbeck.

CANDACE STEINBECK: Hi. My name is Candace Steinbeck.

STAFF SERVICES MANAGER I FORRER: Go ahead, Candace.

CANDACE STEINBECK: Hi. My name is Candace Steinbeck. I am a State employee that works out of the Chicago office. I have worked for the State for over 16 years. I currently pay $1,200 for my family to have health care insurance with no other options being offered. It would greatly benefit my family to be able to have the Gold plan extended to us in Option 1, not some Option 2 that's not going to help me switch or lower my health care costs anyway.

You know, we could have saved over 12 grand this year, if we were able to switch to the Gold plan. Prior to '22, I was enrolled in PERS Choice that had the same 80 percent coinsurance option that PERS Gold has today. While, yes, this may increase premiums for in-state members two to three percent, the cost of that and the -- on an individual is what, you know, 10, 20 dollars, not a thousand dollars more that I'm paying, even with the supplement. They're not even coming close to making up or

making us equitable to our counterparts that live in the state.

So I urge you to take this opportunity to bring equity and affordability back to our health care in out of state and vote for Option 1, please. Thank you.

CHAIR RUBALCAVA: Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have David Aguinaldo.

DAVID AGUINALDO. Hello. Hello, everybody. Good morning. My name is David Aguinaldo.

I'm sorry?

Hello.

CHAIR RUBALCAVA: Yes, please proceed.

STAFF SERVICES MANAGER I FORRER: Go ahead.

DAVID AGUINALDO: Okay. Good morning, everyone. My name is David Aguinaldo and you all may recognize my voice from making public comment over the last several years of Board meetings. I have been an employee of the State of California for almost 15 years and have consistently been covered by CalPERS health insurance plans. While I appreciate the work that has been done by CalPERS staff, I am disappointed that no one reached out to myself or any representatives from out-of-state offices while planning on these new options. This -- I found out about this vote on Monday, March 10th when I received an

email from my CalPERS Board meeting subscription. This let out-of-state workers to only have one week to try to understand the options, request more detail, to organize each other to make sure that our voices are heard. And I don't believe that that's acceptable.

If you're working on a plan that is supposed to be for people in out of state, you need to include out-of-state voices. Until 2022, I chose to subscribe to the PERS Choice plan, which was an 80 percent coinsurance plan. Earlier, I heard that there was no 80 percent plan that had been offered in the past to see how many people would have been on the 80 percent plan versus the 90 percent plan, but that is not true. Prior to 2022, almost everyone in out of state was part of the 80 percent PERS Choice plan.

When we -- when the -- beginning in 2022 was the introduction of PERS Gold and PERS Platinum, I saw my rates beginning to increase. The last premium I paid for PERS Choice was $482.56 per month and today I am paying $888 per month out of my paycheck for PERS Platinum. As I've been stating over the last few years, this has not been sustainable and continues to be unsustainable. You have an opportunity today to extend coverage of PERS Gold to out-of-state employees.

I do not see this as an expansion of benefits,

but rather a restoration of a benefit that we had previous access to prior to 2022. We do not want to continue to be exploited to keep rates down for any plan, including the PERS Platinum plan. This is not our responsibility and we have become poorer due to those decisions.

Please help us to achieve the equitable and affordable care that we deserve per the CalPERS own strategic goals that you presented in your slide presentation.

Thank you.

CHAIR RUBALCAVA: Thank you. Next.

STAFF SERVICES MANAGER I FORRER: Next, we have Yuderkis Espinal-Sanchez.

YUDERKIS ESPINAL-SANCHEZ: Hello? Hi.

Hello?

CHAIR RUBALCAVA: Yes, please proceed.

YUDERKIS ESPINAL-SANCHEZ: Hello. Can you hear me?

Okay. Hi. My name is Yuderkis Espinal-Sanchez. I've been with the State for 28 years out of the New York office. Prior to 2022, I still think I never had a choice. I was involved in PERS Choice. I would think that probably within 2008, when we were told we could no longer have an HMO. I always had an HMO, because I like the fact that I didn't have to worry about when going to

the doctor I had another bill coming in the mail. But unfortunately, after that, I was told oh, don't worry. It will be covered. The state is going to give supplements. You'll be okay.

I have a family and I pay 1,200 a month. And not to mention that we also pay almost close to 400 for another insurance that we don't know if we're going to be able to take advantage or not, so that's about 17, 16 hundred dollars a month just on insurance alone, not to mention all the other insurance we've got to pay.

So like everyone said, we are insurance poor, and it will be nice if you guys can consider Option 1 and give us a choice to have something that we can afford our groceries and our daily life. So please give us a choice. Don't continue and provide us lack of choices. This would save me over $12,000 a year. So again, I urge you guys to vote one. Thank you.

STAFF SERVICES MANAGER I FORRER: Next is Johnathan Rudnick.

JOHNATHAN RUDNICK: Good afternoon. My name is Johnathan Rudnick. I've been with the State of California in the Chicago office for 17 years. I have raised three children so far under this -- during this time. And I know you guys said that you're concerned with us switching to the Gold plan is a concern that people would not seek

out the necessary medical -- looking at their just general day-to-day medical concerns. But I can tell you that is not true as a father that has raised a child with autism. I did not ever hold back from our son needing any care or special need -- help that was coverage through the PERS Choice program more than covered it. We were able to use the savings in the premiums to pay for the higher deductible when we needed to for our three children being born, and also with the -- with our son being in special care for his needs.

So to say that we won't seek out any kind of needs because of that is not true. I mean, any person can make that decision on their own, but that's something that we should be allowed to as adult -- grown adults consider. But being able to have a cheaper option for our day-to-day lives should be something that as adult -- we should be allowed to as State of California employees. So I would just urge you all to consider letting -- giving us the options, which we used to have under the PERSCare, PERS Choice, and PERS Select options, give us the opportunity to look for and make our own decisions on what we would like to do as adults.

So I would just ask that you guys consider allowing us to have this opportunity. Thank you.

STAFF SERVICES MANAGER I FORRER: Okay. Next is

Tenille Hardy.

TENILLE HARDY: My name is -- hello. My name is Tenille Hardy. I'm a Franchise Tax Board employee working in the Chicago office. I have been an employee of the Stated of California for almost 16 years. I am currently on the family plan that is about $1,200. And as Delonee said earlier, even with the stipends we receive, we still pay almost $900 a month for health insurance. This disparity is a huge burden on me and my family. I have a son that just graduated from college that I'm paying for, a daughter that is in college that I'm paying for. And I have another one starting next year for college that I would have to pay for.

Apparently, the world and this Board thinks we are rich. I am here to tell you we are not. I appreciate my job very much, but I also like to feel appreciated by my job. I don't even understand why we have to be here fighting for basic rights like affordable health care. You guys set goals in consideration for 2026 to make sure there is no disparity between CalPERS members that are HMO versus PPO, but what about us? What about the disparities between State employees that are on the differing PPO plans? Why are our goals and considerations so far down the road?

You all have the power to change the lives of so

many people. Please, please do so. Again, please take this opportunity to bring equity and affordability back to our health care options and allow for the expansion of PERS Gold to out of state employees.

Thank you all for your time and consideration.

STAFF SERVICES MANAGER I FORRER: Thank you.

Next is Terra Jones.

TERRA JONES: Hi. My name is Terra Jones. I'm a State employee working in the Chicago out-of-state office. I've been an employee for California serving it for one year.

I wanted to point out, there's a few things I noticed you all are saying. I would -- I would prefer Option 1 where we get the choice, but I think some of your core assumptions are not entirely accurate, because speaking only for myself, I would probably stick with the Platinum plan, even if the Gold was an option, just because I'm clumsy and paranoid. So I don't think there's any guarantee that everyone would switch to the Gold. I will also say that I understand every -- we need -- we have a need to look out what's in the -- for the best interests of the state as a whole. And while we are a subset, understand if you make a habit of treating people in these offices in a way that is perceived as unfair, you may have trouble staffing them.

I would also point out I thought there was something curious about this that the statute does not allow the creation of plans for only a subset of employees, and yet, you've heard done so. In this case, there is already a plan for us -- only for a subset of employee, because the in-state employees are a subset of all State employees. So if only in-state employees can get this Gold plan, then that is a plan that is only for in-state employees.

I'm also a little puzzled why increasing the overall risk pool increases the premiums under Option 1. And so I'm a little confused about that. That doesn't seem to make a whole lot of sense to me, but I've not done the research. But I understand you want to work with us in the best interests of the state as a whole. I won't tell you anything has gone particularly bad for me, but I believe it's in the best interests of the state as a whole to have a perceived level of fairness with the employees, so that they can properly serve you.

Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have Shelley Owasnoye.

SHELLEY OWASNOYE: Hello. First of all, I want to thank you for taking the time to listen to State employees affected by the question of whether to expand

PERS Gold for out-of-state workers. My name is Shelley Owasnoye. I work for the Franchise Tax Board in the Chicago office for the past 16 years helping bring in millions of dollars in tax revenue for the State.

In 2022, PERS Choice was taken and we were forced onto PERS Platinum. This caused a great financial burden to be put on an out-of-state employee. It effectively was a huge pay cut. My costs have increased over $500 a month since 2021. As others have said, a family of three -- a working family of three pays $1,200 as a payroll deduction. A two-person family like my own, my payroll deduction $890.

This means most of us spend more money on our health care premiums than we do our mortgage. We spend more on premiums than our pensions. It is the largest deduction from my paycheck. Our current plan is just unaffordable.

PERS Gold could reduce our costs by 85 percent or more. It could bring my cost from $890 to $110. For a family of three or more, it could go from only $1,200 to less than $200. These savings mean people could afford day care, car payments, just quality of life costs that right now are really hard to afford. I understand the concerns increasing premiums, but the current system unfairly punishes out-of-state workers with these

exorbitant costs, often 10 times more than in-state costs.

A three percent increase for a PERS Gold member would mean up to $6 a month, but it would save me $700 a month and it would save families a thousand. It also harms our ability to retain people. People begin their careers at the Franchise Tax Board in Chicago only to find out their take-home pay is five to ten thousand dollars less than they thought it would be. That's a huge deterrence in making -- for people who make FTB their long-term career. We're just asking for an affordable option.

Please vote to add PERS Gold as a health care option for out-of-state employees. I know the recommendation is to do nothing, but I want you to know the current situation hurts people who have dedicated their careers to serving California. I cannot overstate how much we need an affordable option. Thank you for your time.

STAFF SERVICES MANAGER I FORRER: Next is Newton Kasonso. Go ahead, Newton. Please proceed.

NEWTON KASONSO: Hello.

STAFF SERVICES MANAGER I FORRER: Yes, go ahead.

NEWTON KASONSO: The connection is quiet, but if you can hear me I can go ahead.

STAFF SERVICES MANAGER I FORRER: I'm sorry?

NEWTON KASONSO: Yeah. My name is Newton.

CHIEF EXECUTIVE OFFICER FROST: He wants to know whether he can be heard in the auditorium.

CHAIR RUBALCAVA: Yes, we can. Please proceed.

NEWTON KASONSO: The network is quiet, but I can't hear anything from your end.

COMMITTEE MEMBER COHEN: He says he can't hear us, so...

STAFF SERVICES MANAGER I FORRER: We can hear you.

NEWTON KASONSO: You can take me and call me back. Might be another person on the other end.

CHAIR RUBALCAVA: No. We can hear you. Please proceed.

COMMITTEE MEMBER WALKER: He can't hear us.

CHAIR RUBALCAVA: Oh.

Maybe you can call back in.

Can we go to the next caller, please.

STAFF SERVICES MANAGER I FORRER: Yes.

So the next caller, Steve Nelson. Go ahead.

STEVE NELSON: Hello. Hello.

CHAIR RUBALCAVA: Yes, please proceed.

STAFF SERVICES MANAGER I FORRER: Yes, please proceed.

STEVE NELSON: Hello. Thank you to the Board for

taking my personal statement. I just want to echo what some other people have said, that the vast majority of the 285 out-of-state employees are responsible for collecting revenue for the State that supports essential public services. Our current health care options are prohibitive in cost. And I just want to ask that you continue to look for ways to find us an affordable and equitable health care option. And I also want to say that I'm not interested in a high deductible health plan. Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have Dennis Bartsch. Go ahead, Dennis.

DENNIS BARTSCH: Yes. Yes. Good afternoon. My name is Dennis Bartsch. I've been with the State of California, Board of Equalization, CDTFA for approximately 40 years. I have seen many health care programs come and go starting with Blue Cross, Blue Shield when I first started back in 1985, which we then went to an HMO back in roughly two thousand and -- about two thousand and -- actually, I think it was 1999, to then to various PERS options, PERSCare, PERS Plus, PERS Choice, but in actuality, there is no choice. What we're given today is Cal -- is PERS Platinum.

So, I don't understand why we cannot have an option. We do the same work as our in-state counterparts. We're not represented. We're the minority and it's wrong.

It's totally wrong.

Many hard working people here in the east coast. I'm from New York. Obviously we have people in Chicago, Houston, also Sacramento, and there are also some people within rural counties in California that probably do not have enough health care coverage.

But my in-state counterparts, they have many options. At one time they had numerous HMOs that were counting to about 21. We have one. As you've heard, numerous times, $1,200 a month, $14,400 a year in premiums that we're paying for. That's quite a lot. Okay.

I don't believe any one of you Board members -- I'm not sure what plans you have. But I'll just say this, at the end of the meeting or so, or maybe when you go home tonight, think about the options that you have for you and your family. I've dealt with people that came in our office, one was George Runner whose wife had been sick. He was a Board member. And going back years ago, his wife had numerous problems, and he was thankful for an HMO. We don't have that in New York. They don't have that in Chicago. They don't have that in Houston, or anywhere else, and that's not right. I'm sorry. That's not right. Yes, we're different. We live outside the State of California, but we are California employees.

The other thing I wanted to mention is retirees.

Retirees are paying high premiums as well. I think right now a family plan for a retiree is about $795 a month. Going back a number of years, it was zero. If we look into what the people in California, the retirees that have HMOs what are they paying? Nothing. I'm a future retiree. I'm going to be 63 in July. Bottom line is is that I'm looking forward to retirement, but I'm going to have to pay $800 a month. Why? If people in state don't pay anything, why can't we be the same? You have options. You have Kaiser Permanente.

The last thing I want to bring out is that back in 2001, the State of California offered a rural health care equity program, where they set aside $15 million and we had to collect our bills and turn them in, and hopefully get reimbursed. And if there was more items turned in, and is money available, we got a prorated share. I've heard costs by these various people who have spoken. This costs $75 million dollars to do this, and to do this, and to do that, and two percent across the Board for other people.

CHAIR RUBALCAVA: Please wrap it up, sir.

DENNIS BARTSCH: How about putting a fund together, all right? We're all -- I will wrap it up. Thank you. Bottom line, put a fund together, say 15, 20 million dollars that hopefully we'll all stay healthy with

all the programs to go to the doctors and we don't have to go into that. But God forbid we do, at least we have the option to do that.

CHAIR RUBALCAVA: Thank you.

DENNIS BARTSCH: That's all we want is an option. And for 40 years, we haven't gotten one.

CHAIR RUBALCAVA: Thank you, sir. Your time has expired.

DENNIS BARTSCH: (Inaudible). I hope you finally do something about it. That's okay. Call me back. We'll do it again, anytime you want. You have my number.

Thank you.

(Laughter).

CHAIR RUBALCAVA: Next speaker, please.

STAFF SERVICES MANAGER I FORRER: Next, we have Newton Kasonso is back.

NEWTON KASONSO: There we go.

STAFF SERVICES MANAGER I FORRER: Newton Kasonso, you're back on the line.

NEWTON KASONSO: Hello.

STAFF SERVICES MANAGER I FORRER: Go ahead.

Okay. We'll go to the next caller.

Elizabeth Edwards. Go ahead, please.

ELIZABETH EDWARDS: Hi. My name is Liz Edwards. I am an out-of-state employee in the Chicago office. I've

been with the State for 14 years.

I just want to keep it short and sweet. We're begging you to please consider and vote yes for Option 1 for the PERS Gold plan. A lot of people, as you've heard, have shared their heartfelt stories. This is very, very important to all of us. We love working for the State of California and serving all of their citizens. Please do not discount us. Please consider us just as important and as valuable of an employee as the rest of the State of California. So please vote for Option 1.

Thank you.

STAFF SERVICES MANAGER I FORRER: Okay. Next, we have Alba Sanchez. Go ahead.

ALBA SANCHEZ: Hi. Good afternoon. Thank you for hearing me out. My name is Alba Sanchez. I've been with the State for almost 33 years. Following what Dennis said and everybody else has echoed in this meeting, you know, these Options 2 and 3 are awful, unacceptable. You know, we're being treated almost like the stepchild. You know, it's really unfair, where a single person pays zero in California and we pay 361, a family of two pays 104. We pay $888, and a family of three or more pays 190, we pay $1,208.

I'm not sure if any of you Board members, you know, have the same premiums we do. But it you have a pay

cut of $12,000 a year going to insurance that everybody else in California doesn't, you know, it puts you in a really terrible spot. You know, I didn't choose to be in New York. The State of California opened up an office in New York. They hired us. The same thing that they did in Chicago and they did in Houston. We are your employees. We work for you. We represent you. We do everything by the book exactly the way you guys requested, but you guys do not treat us the same way.

It is a hardship. I mean, New York prices are ridiculous, and on top of that $12,000 extra of insurance money. When we're looking at a two or three percent per person, we're talking about a person -- family of just two people going from $104 to $107. We're talking about a family going from 190 to going to 197. Is that really a lot? I understand you're looking at the big number, but we're showing you what the individual number is per person. $12,000 extra a year for my family and I. That is very hard to deal with.

We did -- I've been working 33 years. We did have a whole bunch of other plans. We did have an HMO in the past. We did have different choices in PERS, PERSCare, PERS Choice, PERS Select, PERS Plus. How did we just get to just PERS Platinum. I am also considering retiring, you know, soon, you know, within the next five

years or so. I'm looking at the astronomical premiums for retirees. You know, 890 right now for a family, 631 for two people, and, you know, 275 if I was single, but I -- you know, obviously I'm not getting rid of my family. So with that being said, you know, it's a detriment. It's a real detriment.

So I beg you guys to please vote Option 1. We need options. I mean, everybody should be entitled to the same. Before you said, and I know somebody mentioned this, that you can't create a subset for out of state, but you guys have in turn created a subset within California in excluding us from being part of that group. We want to be part of that group. We're not asking for anything different. We're just asking for equal treatment.

Thank you so much.

CHAIR RUBALCAVA: Thank you. Can you please sum up. Thank you.

Next speaker, please.

STAFF SERVICES MANAGER I FORRER: Okay. Thanks. The next speaker is Sterling Sterlen Johnson. Go ahead, Sterlen.

You may proceed.

STERLEN JOHNSON: Hello. I'm Sterlen Johnson. I've been a tax auditor for one year out of the Chicago office. One of the things I saw when I first saw my whole

insurance plans options when I first enrolled, I was going to go with PERS Gold because I though we had choices back then, but later after a few months, I learned that only Premium was our only option. And looking at it, I'm single, so it's not a big detriment to me, but it's like looking forward, if I want to start family, I'm just looking at the big pay cut I'm going to be taking. If I had like more members, your just adding to that. So I'm just looking at the future and like want to keep a career here. I'm looking at what I'm going to lose.

And I just recently heard about stipends when I -- I was not receiving those at first until I had to like talk to some people and I heard to learn that there's another stipend that I never received at all.

So this thing has been like a pay cut that I was never really expecting that first one I was like -- when I first started working here. (Inaudible) have us give the choice for Option 1. It's just not for me, but just everybody who really needs that.

STAFF SERVICES MANAGER I FORRER: Thank you. Next, we have Johanna Martinez. Go ahead.

JOHANNA MARTINEZ: Hi. My name is Johanna Martinez and I'm a State employee working in the Houston out-of-state office. I've been with the CDTFA BOE for 15 years. Previously, I was part of PERS Choice, which is

basically the same offering as PERS Gold today. And, you know, I want to reiterate that recruitment and retention is a really big issue, as it is already. And for a new auditor to have to pay 21 percent of their gross pay for health premiums when, in the past, we would have been able to, you know, say that our health plan was really great, the cost was great, you know, in comparison to what's out there in Chicago or in Houston, and New York, what other employers offer. It's just become -- it's just exacerbated our retention and recruitment issues. Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have Fred Simpsons. Go ahead, Fred.

FRED SIMPSONS: Hi. My name is Fred Simpsons. I Apologize ahead, because my topic is a little off topic, but I'll close with a comment on the topic. I live -- I work of Monterey-Salinas Transit. I live in Carmel, California. I've been a CalPERS member -- CalPERS member for 22 years. I sent the Board an email explaining this problem.

Approximately 2,000 Monterey County CalPERS members have Anthem Blue Cross Aspire HMO insurance and got a shocker earlier this year when we found out they no longer offer access to this provider in Monterey County. And as of March 1st, it was announced the termination of

this relationship. I was informed in early March that I will be assigned a new provider in Santa Clara County. The only exception is for people who are currently pregnant, undergoing treatment for serious illnesses like cancer. And there's a lot of people who have to drive an hour or more for health care.

I was recently informed that my new primary care physician would be located in Gilroy, California, a one hour drive from my house. I also was told that I have no access to urgent care providers in my area or to have lab work done also in my area. For us, there are literally no doctors or hospitals available in Monterey County.

I was told by an Anthem representative that in an Emergency, I could go to a hospital in my area, but only -- but ongoing care would have to be out of county. The only way for me to change plans was to have a death in my family, have birth of a child, or get divorced. One other option is if I move to a new physical location, and none of these options are available for me at this time.

CalPERS officials said the employee's only recourse was to write a letter of consideration to your agency, ask for permission to change insurance plans, which I did. After I did that, CalPERS health enrollment called me and I was told only my employer's HR department can request special circumstance requests for new

enrollment outside of the once a year.

Today, I'm asking the Board to consider approving a special open enrollment for the thousands of CalPERS members -- CalPERS members in Monterey County, so that we can sign up for health insurance plans that allow us to stay with our doctors, use hospital and our labs for blood work when needed, and use local urgent care providers And I thank you for your time.

And after listening to all the comments today, I also vote for Option 1 for those unfortunately employees who work out of state.

STAFF SERVICES MANAGER I FORRER: Next, we have Braden Grams.

BRADEN GRAMS: Hi. My name is Braden Grams. I have been working for the State of California for four years out of the Chicago office of the CDTFA.

There's not a lot more that I can add that hasn't already been said at this point. I wanted to underscore, strictly as a new auditor, the challenges of starting in at the starting wages with those premiums. I have a family, two kids, and a spouse, those premiums are prohibitive. If we would have lost our second income, I would be immediately looking for a new position elsewhere. We would not be able to afford those premiums, if we had a reduction in our family income.

And I'm a ways from retirement. This is a -- I have 20 years in higher education in other areas that we're actually working on the student health plans and other things. So I can appreciate the difficulty of the job you're doing. But I guess I want to underscore that these premiums are prohibitive for recruitment, for retention, and -- yeah, that's -- I just wanted to underscore those points and kind of reiterate what everyone else has already said.

Thank you.

STAFF SERVICES MANAGER I FORRER: Thank you.

Next, we have Oswaldo Osorio. Go ahead, please.

OSWALDO OSORIO: Good afternoon, members of the Board. My name is Oswaldo Osorio. I am a tax auditor for the State of California who works in the Houston office. My job, as an out-of-state employee, is making sure that companies that do business in California, pay their dues. We are one of the few income-generating agencies for the State of California, and yet, we are also being to ask -- we are also being asked to carry the financial responsibility of premiums.

I am calling regarding Item 6a, because the current recommendation is to do nothing. While I am very grateful to the State of California for all the work experience and the opportunities that it has afforded to

me, I am afraid that the cost of health care is outrageous. I am getting married soon and if I included my fiance into my health care program, we are talking about nearly 10 K a year in insurance costs. Ten K over five years can be the difference between us putting a downpayment on a house or having to rent for God knows how long.

Over 20 years, it could be the difference between us sending our kids to college out of pocket and helping them get an education without the crippling debt or making hard choices on what we can afford for them. I understand that increasing the cost of California workers insurance by two to three percent may not seem like a preference, but please consider that you're asking us to pay $5,000 a year so in-state employees can save 35 bucks a year.

Additionally, I heard a spiraling effect point regarding all workers moving to PERS Gold and I believe that point is just mute. There used to be an option prior to all of this called PERS Choice, and no such spiral occurred back then. Matter of fact you want to talk about a spiraling effect, our agencies in our state have been losing employees because competitors have better pay and better benefits than FTB. Choosing to continue with this non-recommendation would be to just let us completely sink.

It would start to give the sign to young auditors and young out-of-state workers that perhaps the State just doesn't consider them when -- on their choices, and that they should make a career elsewhere. So please, for the financial future of all of us work for the State of California and the citizens of California themselves, consider going against the recommendation on Item 6a and expand -- and expand PERS Gold. I yield the rest of my time.

STAFF SERVICES MANAGER I FORRER: Okay. Next, we have Nicole Casey.

Go ahead.

NICOLE CASEY: Hi there. My name Nicole Casey. I am calling from the town of Truckee. And we appreciated the clarification that this would not impact the ability for employers to continue using code override. What wasn't clear is if this is going to impact the network of doctors which are utilized by both our in-state and out of state employees. Just a background, Truckee is about 30 minutes away from Reno, Nevada and around two hours away from Sacramento, which is the next nearest location for a wide network of specialists.

If this would change the list of in-network doctors, i.e., getting rid of the doctors that are available in Reno, we would like to comment that this

seems like a costly option for the total pool, given the cost effectiveness of the in-network doctors in Reno.

To give and example, an MRI in Truckee can be upwards of a thousand dollars after insurance for the employee. Whereas, they are typically around a hundred dollars after insurance in Reno. If you think that the insurance is covering about 80 percent, that should give you an idea of how much the insurance pool is covering.

By removing the Reno option of in-network doctors, the impact to the pool could be quite costly. This could also be a huge hit to health care accessibility for our in-state employee. Truckee is a small but mighty Community. And while our health care access here locally, albeit expensive, has been expanding, it still lacks the broad network of available speciality doctors.

I, myself, had a NICU baby earlier this year. This was -- this experience made me extremely grateful for insurance, but our local hospital can't provide for premature infants, so there is a NICU in Reno, which is only 45 minutes away. The next nearest NICU is in Sacramento over two hours away. I actually did get transferred to the Sacramento NICU and it was a huge burden on my family. And just thinking about, you know, if this happened to all of our employees, this would just be a huge impact to their health care and accessibility.

CalPERS staff talked about wanting to reduce adverse health outcomes from reduced available -- availability of health care and enforcing employees to go two hours away is likely too just to incentivize treatment.

So, we urge CalPERS to maintain the in-network doctors in Reno, both from a cost perspective and from a health care accessibility perspective. And also, I just want to say just hearing the comments from our State employees in other areas, it really makes me want to call the CDTFA and tell them to renegotiate their benefits with these really important workers.

Thank you. That's all I had.

STAFF SERVICES MANAGER I FORRER: Okay. Next, we have Megan. Go ahead, Megan.

MEGAN KNAPP: Hi -- hello, everybody. My name is Megan Knapp. I'm a State of California employee in the Chicago office, Franchise Tax Board. I've worked for California for the last 16 years, so since 2009. And prior to 2022, I was enrolled in the PERS Choice insurance, which while being more expensive than the in-state HMO plans, it was relatively reasonable when compared to my pay.

In 2022, the Board decided to provide access to this new plan, PERS Platinum, which has both a higher

benefit level of 90 percent coinsurance, also much higher premiums. If I had been offered the PERS Gold plan for 2025, I would have saved $12,000. So I just want to say that this disparity has really hurt me and my family. And as a family of four with two little kids, this cost has really created a financial burden and has seriously impacted our financial stability and freedom. So I would like for you to vote for the PERS Choice and take this opportunity to bring equity and affordability back to our health care options, and allow for the expansion of PERS Gold to out-of-state employees.

Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have Danayou Milton. Go ahead.

DANAYOU MILTON: Hello. My name is Danayou Milton. I am actually a newby. I started last year, not even a year here. I was very excited when I first started to see that SEIU was the union. I am a member of the SEIU, New York 1199 and I was a part of voting that union in, at my last employer.

Unfortunately, that first day of filling out papers, I realized that my cost of health care was prohibitive of me insuring my whole family. I -- you know, being involved with unions in the past, I have never encountered a union meeting where it seemed as if a part

of your people are disregarded. I find that very concerning.

I would like just some thought being put into that. In this world where unions are a fleeting thing, I think it's important that strong unions remain. And I think it's important also that we fight for every employee. That is all I have to say. I will listen to the rest of the meeting.

STAFF SERVICES MANAGER I FORRER: Thank you.

Next is Visente Lopez. Go ahead.

VISENTE LOPEZ: Hello. My name is Visente Lopez and I am a State employee here in the Houston office. I've been unemployed for 25 years, and the health care costs have increased exponentially for us. I seem to remember paying between 20 and 30 dollars a month for my health care premium, back in February of 20 -- of 2000, back when I started. In my youth, I even considered canceling my health care until my Dad talked me out of it, because you know you never know what can happen. You know, you always want to have health care medication.

And to see today, you know, I'm paying over $1,200 a month. So my mindset has completely changed from back then till now. I have a family and I see now how important it is to have health care.

But from what I'm hearing here, we've got about

285 employees that have no options. All of us employees who are out of state, we're basically told you can only have this one particular option. It is this or nothing, you know. That's the only options that we have. From -- and also, I gather that -- I didn't know that by us being made available the Gold plan, it might increase premiums for in-state employees by two to three percent, so I understand that there is logic by having us pay more, but it's almost unreasonable the amount that we have to pay more.

By not having a choice, our only health care option for the family cost in my case is 635 percent more than what our -- my peers in-state are paying. So essentially, we have a 635 percent premium over our fellow employees in the state of California. My choice between choosing medical care has never ever hinged on having a PERS choice or PERS Care equivalent. And that is basically the 80/20 versus the 90/10. If we need medical care, we're going to go and get medical care, so that has never been a part for us.

So -- and in addition to the $12,000 premium, my out of pocket costs for the past 10 to 12 years has been over $2,000 a year. So it's like we're getting this very expensive health care, and then we're still having a lot of out-of-pocket costs.

I'd also -- Delonne Johnson asked me to ask a question -- to make a statement as well. And basically he asked me to question -- a comment made on instability for PERS Gold, if we join PERS Platinum. People choose PPOs because they don't have options like us or they need the Benefit that the PPOs have, suggesting adding out-of-state employees will add instability to PERS Gold is inaccurate. Cost is one of the lower items on the list of when choosing PPO for those that do not have a PPO.

And in closing, I want to urge you guys to vote for Option 1. I know that the 285 people out of state is a ripple --

CHAIR RUBALCAVA: Thank you for your comment, Mr. Lopez. You're over your time.

VISENTE LOPEZ: -- when you consider the tens of thousands of people -- oh, and I just -- one more -- one more -- one more sentence and I'm done. I know that 285 people is a ripple when you consider the tens of thousands of people under CalPERS. But even after the stipends are taken into accounts, we are paying over 300 percent more than our in-state peers. And also, please note that these stipends can go away --

CHAIR RUBALCAVA: Thank you for your comments, Mr. Lopez.

VISENTE LOPEZ: -- if there is not a conflict, so

these aren't guaranteed. Thank you. Thank you so much for your time.

STAFF SERVICES MANAGER I FORRER: Next, we have Leila Kosut.

LEILA KOSUT: Hi, everyone. My name is Leila and I'm a State employee for the Chicago out-of-state office. I've been an employee for California upcoming one year in June. Honestly, I was very disappointed when I started enroll in my benefits and I saw that California in-state workers have so many different options when it comes to health care and benefits. Whereas, out-of-state employees only have one option, and it's the most expensive option.

Just to kind of give you an example, 21 percent of my gross pay goes towards the health plan premium. And that's just the premium, right. That doesn't include doctors our visits, my deductible, all that kind of stuff. So, yeah, I want to take this opportunity to ask the Board members to hear us out. There only is so much that we can when we do these public comments, but imagine all of the other employees that haven't had a chance to give a comment. I urge you to think about what we've said and bring equity and affordability back to our health care options, and allow for the expansion of PERS Gold for our out-of-state employees. Thanks so much.

STAFF SERVICES MANAGER I FORRER: Okay. Next, is

Shannon Lynch. Go ahead Shannon.

SHANNON LYNCH: Hello. My name is Shannon Lynch. I've worked for the Chicago office for 16 years. I just want to thank the Board for letting us speak to you on behalf of the lack insurance options for the out-of-state district. As you can see, many of us are very upset and angry about this topic, and many of these people I have worked with my entire career at the state. Listening to the presentation about the reasoning behind not offering another option for our out-of-state district has made me sad and upset.

We are not being treated as California workers and not being given the same options. I think that the presentation reinforced how we feel. We feel like we're not being given the same treatment and we work just as hard for the State. Even though we're labeled as an insignificant amount of people, we bring in millions of dollars to the State year after year. And for us to fight for the same options as our fellow co-workers is unbelievable.

And it's easy to disregard us without hearing how we feel about this treatment. Please take our stories into consideration and offer us the same treatment as other California employees. Please vote for Option 1.

Thank you.

CHAIR RUBALCAVA: Do we have any more speakers. If --

STAFF SERVICES MANAGER I FORRER: Yes. Next is Anica.

CHAIR RUBALCAVA: If we could have the next --

STAFF SERVICES MANAGER I FORRER: Anica, go ahead.

CHAIR RUBALCAVA: We have quite a number of speakers already speak, so if you could sort of summarize -- if you -- if there's nothing new, please sort a summarize what you're saying and don't be repetitive, as much as you can. Speak of your personal story. We want to hear it, but be -- but if you could keep it to two minutes instead of three, that would help us. Thank you, so the Board can get back to deliberating on this issue.

ANICA ALLS: Hi. Yes. Perfect. My name is Anica Alls and I am the President of SEIU Local 1000 and I represent the out-of-state employees in both -- in Houston, New York, Chicago, and Hawaii.

And I'm just here to speak in favor of Option 1. Our employees are suffering from rising costs, inflation, return to office mandates issued by the Governor, which all means more pay cuts for our employees. And I'm asking that you consider expanding PERS Gold to our out-of-state employees, so that they could have equity and

affordability like those of us who live in California or at least more of it, like those of us who live in California.

We definitely hear about the challenges that our employees face, given these increased costs in not only health care, but as mentioned prior, in inflation and all the other costs that they're having to deal with. So I please ask the Board to consider expanding PERS Gold to our out-of-state employees and voting yes for Option 1. Thank you so much.

STAFF SERVICES MANAGER I FORRER: Next, we have Jackie Kopala. Go ahead, Jackie.

JACKIE KOPALA: Hi. Yeah, I'm my a State employee from the Chicago office. And I am coming up on 18 years of being an employee. And I am an employee who does not have State health insurance. And the reason for that is it because of the cost. I know I -- so I have my husband's insurance and I am lucky that I have that option. I know a lot of my co-workers do not have that option and they're forced to pay these high premiums.

I am lucky that I don't, but I have had State insurance before. We switched for the sole purpose of the cost. If I -- if PERS Gold were an option, it would be cheaper than what I'm paying now on my husband's insurance. And it's probably something we would go with.

And I know somebody mentioned, you know, there's only two hundred and something people out-of-state and this only affects about 60 people, but that's -- you're talking active people on the insurance plan. I'm one who is not. There is probably I don't know how many more not on the insurance, so it is affecting people that you're not even aware of.

And then the last thing I wanted to point out is if you noticed, all these people on this call are all saying that they've been here 15 years, 20 years, 30 something years. These costs over those years are adding up. And I know, you know, this has only been the last couple years, but if this continues, those costs are insane. You know, it's not sustainable.

So now I'd just urge you to consider the options and I hope that you vote Option 1.

STAFF SERVICES MANAGER I FORRER: Next, we have Joseph Carbone. Go ahead.

JOSEPH CARBONE: Hello. My name is Joseph Carbone. I am a Chicago CDTFA tax auditor. I've been with the State for 10 years. One thing that I know there was mention about, you know, if you switch to that other health care for providing the 65/35 percent that people won't use it, because of the high deductible and copays. I almost feel that way right now, because I'm paying so

much for the insurance that I'm afraid to use it. Am I going to be able to afford it?

So paying the extra thousand dollars a month premiums definitely makes me not want to use it and only use it if I really have to. The other concept is with taking that higher premium every month, I'm not able to live a healthy lifestyle that I would really like to. Increase in health -- or food costs, healthier food costs more. We've got to cut back in other areas that could be more health beneficial as well.

So I just want to say definitely vote yes for Option 1 for affordable health care, which is the goal for all State employees. Thank you very much.

STAFF SERVICES MANAGER I FORRER: Next is Kathy Jamal.

KATHY JAMAL: Yes.

STAFF SERVICES MANAGER I FORRER: Go ahead.

KATHY JAMAL: Hi. My name is Kathy Jamal. I'm a State employee out of the Chicago office. I would like to request that we be given the option to enroll in health insurance under the PERS Gold, Option 1. Similar to our in-state colleagues, currently I am paying approximately 1,200 a month for health insurance, which constitutes a significant portion of my take-home pay. This financial burden is substantial and it impacts my ability to

allocate resources toward other essential needs, such as my children's education.

Although, we might be a relatively small group, to my knowledge, we contribute meaningfully to the State of California. Our work generates millions of dollars in tax revenue that supports service and improves the quality of life for Californians. Despite our contribution, it is disheartening to feel excluded from the same health care options available to in-state employees, especially when we perform the same duties and uphold the same standards.

I have been with the State for 12 years almost and health insurance costs have consistently been one of the greatest challenges I state financially. When speaking with in-state colleagues, they are often surprised by how much we are required to pay for health care. Our office continues to perform at a high level and our revenue contributions speak for themselves. We are simply requesting a critical treatment for you to choose more affordable health care coverage through the PERS Gold, just as in-state employees can. Being denied this option makes us feel second class employees, despite the quality and impact of our work. We respectfully ask for your consideration in addressing this disparity and vote for Option 1.

Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have Newton Kasonso. Go ahead, please.

NEWTON KASONSO: Thank you so much for the opportunity to speak and for being patient with me. Technology is not the best friendship.

I'm working at the office today. So, my name is Newton Kasonso as mentioned by moderator. My personal story is one that I wanted to highlight here. So in 2021, I started as a State employee for the State of California moving from Virginia to California during the pandemic and help the State process all the unemployment and pandemic claims for EDD, but let me speak about health care.

So at the time, I started paying for me and my son and the cost was $300. And quickly moving to last year when I started working as an out-of-state employee, the health care was up to 890. So, from $300 with Kaiser, seven percent of my pay to 21.4 percent of my current pay. So -- and comparing these percentages from seven percent and now 21 to something I heard about for an option offered that in-State would have three percent to the increase that I of 300 percent, I think the Board would do a great service to out-of-state employees by considering Option number one. But I also had something different that -- with only PERS Platinum being the only health care plan offered, you see that market is kind of monopolized

and so if different plans are added and different options are given, you'd see that the cost would -- could significantly be lower for out-of-state.

So -- but just to summarize, the increase in these health care costs, I did note at the time I was moving here, has really impacted the quality of life that I'm living as a State employee. I would say that a big chunk of my pay is health care. It's health care. And so at this time, Option 1 would really help me and my family living a more good quality of life. And also moving forward, that more plans and more -- and more options are offered instead of the monopoly in terms of plan that we have here in PERS Platinum. Thank you so much.

STAFF SERVICES MANAGER I FORRER: Next, we have Kim Molinaro[phoentic]. Go ahead, Kim

Kim Molinaro[phonetic], go ahead.

Okay. We'll go to the next caller.

Next caller is Wen Zheng.

WEN ZHENG: Hello. My name is Wen Zheng and I work in the New York office. And I have been with the State for 15 years. So (inaudible) and being for so long, working for the state, I know the health insurance is very costly, so -- and even like this time we get to like a little bit better, like a 90 percent coinsurance, so we still have a high deductible, and a high 10 percent

coinsurance, which we should pay from our pocket. So it's very costly for us. And, I mean, if we can't -- it seemed like we performed the same duty as the in-state employees, I think we -- out-of-state employees should be treated as same if the in-state employee has so many choice for health insurance. I mean out-of-state employee should also give this right for us to choose -- you know, to get more health insurance so we can choose a different -- better pay, that's -- like the doctors, so that is really kind of like -- it's like we do the same thing, but we done treat the same way.

So I hope the State can consider out-of-state employee, even we are not like a majority. We are minor -- it's more portions of employee by please consider to give like same rights of the health insurance, so make us can choose, you know, for the different choices. So thank you.

STAFF SERVICES MANAGER I FORRER: Okay. Next, we have Soren Kishan. Go ahead.

SOREN KISHAN: Hello. My name is Soren Kishan. I'm from out-of-state office from Chicago. I've been with the State for 16 years. And I'm not going to repeat everything that was said here, but thank you for the opportunity to speak to allow all of us to speak with you today. Thank you to the Board members.

I want urge you to choose Option 1 for us, because what we have right now it's really, really bad, and we're barely making it -- making it to the end of the day, to the end of the month, we need your help to consider, to change, to have an impact, make a decision finally on out-of-state employees, please.

I pay the family premium for $1,200 per month. I'm a healthy person. I barely use the insurance. Okay. My wife is pretty healthy as well. We barely use the insurance. Just annual checkup, right? My older kid doesn't use the insurance, you know, just annual checkup, right? Barely using it, right? Our exposure is 14 -- for $100,000 salary, let's say 14 percent. For a $60,000 salary, it's maybe 20 something percent, you know, just without using it, without having copayment, coinsurance, anything like that. So it's huge that impact just to pay the premium for a plan. And we have no other option. If we -- if, you know, by any chance one of use gets sick and it's happening -- I have that case in my family, I know the little one was diagnosed and she needs to have some expensive therapies, ADA therapies, she's going to need the maximum.

So just the maximum out-of-pocket for our Platinum Plan is $14,000. So our exposure for family could be almost 28,000, 30,000 dollars per year. It's 50

percent from a person that starts the job today or 30,000 per -- sorry, 30 percent or 25 percent for my salary. It's huge. And, you know, our plan that we have currently is called Platinum. Everybody say, oh, it's great, right? So let me tell you something what happened to me. It's a personal story from December -- or January actually, January 2025. The director for the center where my kid goes to therapy called me and said, sorry, your insurance changed. What's happening? No, it's the same old one that I've had. Still Platinum, whatever. No. No. Something changed here. But like I have -- at this center I have 30 families like you -- from 300 families, I have around maybe 30 families with the worst insurance is like yours.

I was floored. I know how much I paid last year, because he went to the center last year too. What do you mean? Well, look this coinsurance -- this coinsurance adds up $2,500.

CHAIR RUBALCAVA: Can you please sum up your statement, sir?

SOREN KISHAN: Yes. Yes. Sum up. I still have my three minutes, right? So what I'm trying to say is that the copayments not stop for certain things. So people are looking at co-insurance, at the end of the day is -- our exposure is huge. To have an exposure where

somebody is sick. We aren't even talking about that, having somebody sick in the family, and you have to pay the maximum 14,000 maximum out of pocket on --

CHAIR RUBALCAVA: Thank you for your testimony. Please, next one.

SOREN KISHAN: I don't wish anybody -- anybody --

CHAIR RUBALCAVA: Can we go to the next speaker, please.

STAFF SERVICES MANAGER I FORRER: Next, we have Brianna Johnson. Go ahead Brianna.

BRIANNA JOHNSON: Hi. My name is Brianna. I've been with the Chicago office for 14 years now. And I just want to reiterate to the Board that this is for a 2026 action. And this is not set in stone that if we decide to go with Option 1, you can still change your minds going forward 2027, 2028. The thing is if we pick Option 1 and then maybe in-state will have an outcry, because they have to pay an extra $50 a month, maybe CalPERS will actually come up with a beneficial plan for not -- for not only out-of-state, but in-state as well, kind of thing.

I feel with going with Option 3, we are just kicking the can down the road. It's not helping anybody, you know. And the fact is that now it's not fair. It's not right. And the fact that you just want to continue moving it down the road is also not right. If you guys

choose Option 1, that will save families $12,000 next year, and in-state will pay 600, right? The difference is astronomical. And the fact that we're thinking that this is going to be unstable going forward. You have an option to change that for 2027. Let's try 2026. See how it goes. See if it would be unstable, see if people get out of it. The thing is like we need to do something for out-of-state now and to make it equal across the Board.

It's not, you know -- again, it's not fair and it's not right. And I urge you guys to choose Option 1 just test it out for a year and maybe CalPERS will come back with something that's actually a better plan for us. Thank you very much and I hope you guys choose Option 1. Thank you.

STAFF SERVICES MANAGER I FORRER: Next, we have Vanessa Clark. Go ahead, Vanessa.

It looks like Vanessa's call was dropped.

Oh, she's back. Hold on. Vanessa, are you there? Vanessa, are you there?

VANESSA CLARK: Yes, I am. I don't know why I was disconnected.

Hi. I don't know if you guys heard the beginning, but my name is Vanessa Clark with the Chicago office. And I'm with the State around 11 years. And it's disheartening to hear that we don't have equitable

treatment compared to other State employees. I know that the State likes to promote equity. And, of course, when we -- you can't even have equity for employees. It does so lack of, you know, just loyalty to our employees, especially with all the work that we do for the State of California. It's also -- I would have to say the fact that we don't have any options makes it hard for families, especially families that have other ailments and things to deal with.

And also, I have to say that our benefits have also dwindled throughout the years and things that they offered, such as subsidies have decreased and other -- not having the choice of the -- I was -- I think it was PERS Choice. I would say that it has also made things a lot worse for out-of-state employees and it's going to affect us. And I guess that's all I have to say. And I would hope that you guys would choose Option 1 so we could have more equitable treatment among the employees. Thank you.

STAFF SERVICES MANAGER I FORRER: We have no more callers in the queue.

CHAIR RUBALCAVA: Thank you very much. Let's move to our comments by our trustees here.

We'll start with Trustee Jose Luis Pacheco, Committee member.

COMMITTEE MEMBER PACHECO: Thank you. I'd like

to say first of all, I was very moved by all 26 comments regarding all this. I do -- I do see the urgency of the -- of these important things in these particular things out of state. However, I want to understand something about Option 3, if there can be some clarification. Does that align with our duty -- our fiduciary duty of loyalty with respect to that. If someone can me some give clarity on that.

GENERAL COUNSEL JACOBS: I'm sorry, your question, Director Pacheco, is whether Option 1 aligns with our --

COMMITTEE MEMBER PACHECO: Option 3.

GENERAL COUNSEL JACOBS: Option 3.

COMMITTEE MEMBER PACHECO: Option 3, yes, sir.

GENERAL COUNSEL JACOBS: Option 3. Remind of what -- status quo. Yes, it does align with our fiduciary duty.

COMMITTEE MEMBER PACHECO: It does. And the -- and the other two, the other options will --

GENERAL COUNSEL JACOBS: All three of them align with our fiduciary duty.

COMMITTEE MEMBER PACHECO: All three -- all three then, so --

GENERAL COUNSEL JACOBS: Yeah. These are trade-offs that have to be made sometimes. And it's

within this Board's discretion to make them, balancing the considerations that you have been discussing, and you have been hearing from the constituents.

COMMITTEE MEMBER PACHECO: I see.

GENERAL COUNSEL JACOBS: It's not so extreme on either side that it would be a breach of fiduciary duty to adopt one over the other.

COMMITTEE MEMBER PACHECO: Or the other as well. And then is there -- if, let's say, we were to adopt the recommended status, would there be -- based on all the comments that we just received right now, all 26 comments, which were again very moving and very, very valid, in my opinion, do you feel that there would be options to explore legislative or CalHR options later on as an additive to explore and get some more feedback later on.

GENERAL COUNSEL JACOBS: It certainly sounds like that, but I'll defer to program on that question.

COMMITTEE MEMBER PACHECO: Yeah, to Don. Yeah.

CHIEF HEALTH DIRECTOR MOULDS: All of those continue to be options. The conversation with CalHR, I can't speak to, but that is -- that is certainly one of approach. It's been used in the past. I assume that that is what underlies the existing subsidies for people living out of state, and as -- those costs have gone up. I can't speak to the schedule of bargaining and when those

conversations would need to take place, but that is an avenue for addressing this, at any point, between now and 2026.

COMMITTEE MEMBER PACHECO: Okay. So there is -- there is -- there is -- there is time then to address those issues then. Yes.

CHIEF HEALTH DIRECTOR MOULDS: Yes.

CHAIR RUBALCAVA: Well, we have an action today, and we --

COMMITTEE MEMBER PACHECO: Yeah. Yeah.

CHAIR RUBALCAVA: I mean, let's --

COMMITTEE MEMBER PACHECO: I just -- I just -- no, that's -- those are -- those are -- those are it then. Thank you so much for your comments.

CHAIR RUBALCAVA: Thank you.

COMMITTEE MEMBER PACHECO: Appreciate it.

CHAIR RUBALCAVA: President Taylor, please.

COMMITTEE MEMBER TAYLOR: Yes. I want to thank my co-California workers. I'm a State worker at Franchise Tax Board as well and I do understand what you're going through, and I heard all of you. I will also acknowledge that while these -- you know, the only good option for you is Option 1 is not a good option for the rest of the 26,000 employees. However, I am going to vote with you guys on this. And I would like to make a motion to move

this recommendation.

CHAIR RUBALCAVA: And what is your recommendation, please?

COMMITTEE MEMBER TAYLOR: The recommendation on -- from the staff.

CHAIR RUBALCAVA: Option 3. Option 3.

COMMITTEE MEMBER PACHECO: I'll second.

CHAIR RUBALCAVA: Okay. And it has been seconded.

So we still have some other speakers. Do we -- do we want -- I'd rather have --

COMMITTEE MEMBER TAYLOR: You can still --

CHAIR RUBALCAVA: -- hear the other speakers --

COMMITTEE MEMBER TAYLOR: Yeah, you can still --

CHAIR RUBALCAVA: -- first, and then we'll go to the motion on the floor.

The motion is to go with the staff recommendation, which is Option 3, which is to have -- continue the current -- do not offer out-of-state PERS Gold plan for 2026. And that way there will be no impact on the in-state premiums.

COMMITTEE MEMBER WILLETTE: Okay.

CHAIR RUBALCAVA: Okay. Next, we have Trustee Miller.

COMMITTEE MEMBER MILLER: Yeah, this is

particularly painful, and I'm not one to sugar coat things, but I'll tell you, listening to the callers and having looked at these situations for so many years -- I mean, I've been around this stuff for a long time, and it's kind of unavoidable that we're going to have disparities when it comes to the delivery of health care. And historically, you know, we haven't heard as much about the disparities for our out-of-state employees as much as we've heard about the disparities with in-state, particularly for our -- the rural members who are living where it's difficult to find access to quality health care that's affordable to them. And it's difficult for us and the employers to make sure they get it.

And historically, we've had subsidies for rural health care. And maybe we need to have that again. Maybe we need to revisit the issue of subsidies for our out-of-state to help with these. But that's -- as a -- as a CalPERS trustee, we can't be the ones who fix these issues. I've been a State employee representative and a union member and officer for most of my career, but I will tell you, to me, this looks like a failure of collective bargaining to address these issues to the satisfaction of everyone.

And you almost never will address them to the satisfaction of everyone. And so, I am going to -- I will

kind of grudgingly support Option 3 as well. But I also think that this -- for our friends at SEIU and for our friends at CalHR, with whatever we can do in terms of informational support and partnership, this needs to be worked on. There needs to be better solutions, and those need to come from the bargaining table in my opinion.

Thanks.

CHAIR RUBALCAVA: Thank you, Mr. Miller.

Ms. Ortega.

Whoops, sorry. I somehow lost you.

Okay.

COMMITTEE MEMBER ORTEGA: I just want to make sure I understand a couple of things about the total numbers of people we're talking about. So the -- in the Option 1 discussion, we have 26,000 out-of-state participants, health care participants.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Correct. That's correct. And they are -- they are a mix of State employees. The 258 --

COMMITTEE MEMBER ORTEGA: Yeah.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: -- that we're walking about as well as early retirees, as well as public agency members who live across the border, all of -- all of them, so every type of flavor is in the 26,000 number.

COMMITTEE MEMBER ORTEGA: Yeah. And then the bullet point that says the premiums would increase two to three percent, that would apply to a number much larger, right, like 236,000?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Two hundred and forty thousand. Two hundred and forty thousand members, yes.

COMMITTEE MEMBER ORTEGA: Two hundred and forty thousand. Okay. So, I mean, I think that's important in terms of the understanding of who the two to three percent increase would impact. And then I think the other piece of that is the 258, we have a process outside of the CalPERS Board environment to revisit that issue. The subsidies that exist were negotiated a couple years ago. The premiums have obviously gone up twice over that period of time as well, and will probably continue to go up. So, while we have a process for addressing that narrow issue, it would not address the two hundred -- the 26,000 who would still be out of state and have only this one option. So I think that's also important to recognize that while we may be able to address a problem on the one hand, you may still be hearing from people on the other.

And then the other thing that I still think we should -- and we obviously can't resolve this here, but we should still consider what other options there are for

looking at whether the statute needs to be amended or seeing if we can explore other things outside of the parameters we've been looking at, because some of the callers were comparing kind of the cheapest HMO in State cost to the PPO cost. And they're not the same benefit obviously. And then also, that's going to always seem like something that we're chasing. We're going to always have those keeper in-state options. And so it feels like there will never be a satisfactory answer to this, if the only option for out-of-state people is always the most expensive option. It will always seem like they are disadvantaged.

So I still think we should really explore whether there are any options to having other benefits available to out-of-state, both the actives and the retirees.

Thank you.

CHAIR RUBALCAVA: Thank you for your comments.

Vice Chair Palkki.

VICE CHAIR PALKKI: I ditto. But this cannot be a conversation of us versus them. Regardless of the State, health care is expensive. We know that the premiums are climbing higher and faster than the cost of living. And so, the more that we can use our voice to address this issue, the better. And if I can help support that, please let me.

But as a fiduciary, we also have -- we owe it to our members to provide high quality and affordable plans. So any sort of option that would increase premiums or degrade the services to those members I think we should steer clear of, and that's why I'm in favor of Option 3.

CHAIR RUBALCAVA: Thank you, Mr. Palkki.

We have heard -- we have heard a lot from our impacted members. To use Mr. David Miller's word, "painful". That is the reality. Our reality is, Board members and Committee members, is to do what is best for -- we think is our fiduciary duty for the people we -- our beneficiaries. And it's a tough situation, but we have a motion on the floor. And I would call for the question, call for the vote. So can we have a roll call, please.

And the motion just to re -- if I can rephrase it.

COMMITTEE MEMBER TAYLOR: Staff's recommendation, Option 3.

CHAIR RUBALCAVA: Staff recommendation, Option 3.

BOARD CLERK ANDERSON: Kevin Palkki?

VICE CHAIR PALKKI: Aye.

BOARD CLERK ANDERSON: Malia Cohen?

COMMITTEE MEMBER COHEN: No.

BOARD CLERK ANDERSON: David Miller?

COMMITTEE MEMBER MILLER: Aye.
BOARD CLERK ANDERSON: Eraina Ortega?
COMMITTEE MEMBER ORTEGA: Aye.
BOARD CLERK ANDERSON: Jose Luis Pacheco?
COMMITTEE MEMBER PACHECO: Aye.
BOARD CLERK ANDERSON: Theresa Taylor?
COMMITTEE MEMBER TAYLOR: No.
BOARD CLERK ANDERSON: Yvonne Walker?
COMMITTEE MEMBER WALKER: Aye.
BOARD CLERK ANDERSON: Mullissa Willette?
COMMITTEE MEMBER WILLETTE: Abstain.
CHAIR RUBALCAVA: Thank you. So that motion passes. This is a -- I just want to speak to our members who have taken time to call from out of state. We heard you. And unfortunately, the options before us are a tough situation -- tough decision, but the Board has made a -- the Committee has made a decision. But we will take it as direction to staff to look for what can be done, I guess, on statutes. We need to see what other options are available. And the other one is not direction to the staff, because it's not in their hands, but we would encourage the parties of the union, and CalHR, and any other interested parties to sort of forge a look at what can be done on increasing subsidies for people who are out of state, and as Mr. Miller has mentioned, also look at

people in rural areas.

We -- this Board, this Committee has strived very hard to ensure that the quality of -- there's quality outcomes for everybody. We want people healthy and that's why we're doing this -- we had the other discussion about the value-based insurance plans. And we've introduced quality value networks, because they do lower premium costs and they create competition on those -- in other counties. And I'm proud that -- or this plan year, we were able to introduce and expand those value networks into new counties. So we're hopeful that through this -- through all the RFPs that we're doing, we will be able to improve the quality of care for everybody and secure our objectives of affordable quality health care. And we look forward to more reports from staff. I think final comments, please?

CHIEF HEALTH DIRECTOR MOULDS: If I -- if I could, Mr. Chair, I just wanted to remind the Board that over the last three or four years now, we've worked very hard to expand lower cost HMO options and now have them available in every county in California. So, that is -- that was not the case four and five years ago. We still do not have them in every zip code in California, but they are now in every county and we are closing those zip codes all the time.

So that's -- I just wanted to -- I wanted to mention that. We are trying to do that and create low-cost options, particularly HMO options, everywhere we can. So as soon as that is a live possibility, we will be closing on those.

CHAIR RUBALCAVA: Mr. Moulds, that's very beautiful that you said that and I appreciate it. We have been here a long time, so I know we only have a couple more items to go, but I think it's appropriate that we take a lunch break. And we will resume at 2:15. Thank you.

(Off record: 1:37 p.m.)

(Thereupon a lunch break was taken.)

AFTERNOON SESSION

(On record: 2:18 p.m.)

CHAIR RUBALCAVA: We're back in open session and we will continue with the agenda. But before we do that, I did just want to clarify the Committee direction, Don. One, again, thank you for our comments outlining CalPERS recent work on ensuring quality and affordable health care and our goals in that area. But second, I did want to clarify the Committee direction that we do -- the Committee would appreciate a report back in our June meeting, which is the first public meeting of the Committees -- the next public meeting of the Committee. And if you could just give an outline of what your research has produced in reviewing the legislative authority, the statutory authority, and be creative in thinking outside the box, of course.

CHIEF HEALTH DIRECTOR MOULDS: We will endeavor to do all those things, Mr. Chair. Thank you.

CHAIR RUBALCAVA: Thank you.

Okay. Now, we'll proceed to open enrollment results. That's item 6a, Health Benefits Program -- I'm sorry, wrong one. 7a, Health Open Enrollment results, Mr. Moulds and Rob Jarzombek.

(Slide presentation).

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: Okay.

CHAIR RUBALCAVA: Jarzombek.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: Jarzombek. Good afternoon, Mr. Chair, and members of the Committee. This is Agenda Item 7a, which is health open enrollment results.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

CHIEF JARZOMBEK: The overall transfer rate from last year's open enrollment was 3.9 percent. And this is lower than the prior year, which had a transfer rate of 5.6 percent. This means that about 30 percent fewer members made a plan change during open enrollment a few months ago, compared to the prior year. The lower transfer rate last year is likely due to lower premium increases for Kaiser and our PPO plans compared to the previous year.

Additionally, all Basic plans continue to be available going into 2025, unlike in 2024 when Health Net SmartCare was no longer an offering in our program. As is typical, most migration did occur within the Basic plans, which had a four and a half percent transfer rate. This equates to about 55,000 members who made a plan change during open enrollment.

Medicare members had a one and a 1.7 percent transfer rate, or roughly 5,900 members, slightly higher

than the previous year's transfer rate of one and a half percent. This was likely due to the exit of two Medicare Advantage plans from our program. Public agency and school members had a four and a half percent transfer rate, while State members transferred at a lower rate of three and a half percent.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Here are the three Basic plans with the highest net gains. Blue Shield Access+ experienced the largest growth in numbers increasing by five percent or a net gain of over 6,200 members.

UHC Alliance saw a three and three-quarter percent increase of 2,800 members. And UHC Harmony had the most significant percentage increase of almost 34 percent large due to having the second lowest premium for the Basic plans. About 2,600 members joined Harmony.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Now, let's look at the Basic plans that experienced the most net losses. Kaiser Permanente declined by just over one percent with a loss of over 6,200 members. PERS Platinum saw a three and three-quarter percent drop in membership or about 4,100 members. And Anthem Select experienced almost a 10

percent -- 10 percent membership loss of around 3,100 members. Anthem Select's 2025 premiums had an increase of over 10 percent, which changed their pricing position in Region 2, as they moved up three places, surpassing Blue Shield Trio, UHC Alliance, and Sharp. In all other regions and for the State, they stayed at the same pricing position of being the fourth highest plan in our program.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: There were several Basic plans that experienced -- that expanded into new areas in 2025 that we'd like to walk through.

Starting with UHC Harmony, which expanded into three counties, Contra Costa, Solano, and Napa. Napa county was a full expansion, while Contra Costa and Solano Counties were partial expansions. The numbers shown represent the members who newly elected UHC Harmony in these counties. As I mentioned, Harmony's overall membership increased by 34 percent or -- and they added about 2,500 new members to their plan.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Blue Shield Trio expanded into two counties, again Contra Costa and Shasta. In Contra Costa, they gained about 200 members and in Shasta County, it was

a partial expansion into three zip codes and they added 14 members.

However, in Monterey County, Trio lost about 15 percent of its membership, roughly 1,000 members, with most of these members switching plans to PERS Gold. Overall, Trio's membership grew by one and a half percent adding approximately 700 new members.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: For Health Net Salud y Más, their overall membership decreased about four and a half percent, despite picking up 176 new members with their expansion into Imperial County. The new members gained in Imperial County was below Health Net's projections, but they expected better results in future years as their offering becomes well known in that county. One potential cause for their overall decrease in membership is that Salud y Más had the highest premium increase of almost 15 percent amongst the Basic plans. However, they are still the lowest or second lowest offering in our program. In Region 2, UHC Harmony is the lower priced plan.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: The last Basic plan expansion is Kaiser Permanente. In Monterey County, Kaiser expanded into 14

zip codes in the northern region adding 178 new members. This was in line with their initial projections. Overall, and as I mentioned earlier, Kaiser experienced a net loss of approximately 6,300 members or about one percent.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Moving on to Medicare. The Medicare plans that experienced the highest growth were: Blue Shield Medicare Advantage as they gained about 1,400 members, reflecting a 19 percent increase; Kaiser Senior Advantage Summit, which grew by almost seven percent; and, UHC Group MA that had a net gain of one percent.

[SLIDE CHANGE]

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: This last table covers the Medicare plans that experienced the largest net loss, two of which are no longer in the CalPERS Health program starting in 2025. One of the terminating plans is UHC's Edge. As you may recall, UHC proposed a premium increase of 50 percent going into 2025 -- from 2024 going into 2025. This would have made Edge the most expensive Medicare Advantage plan that we offer. UHC didn't see a path back to lower premiums and the Board approved its removal from our program. The second terminating plan is Western Health Advantage MyCare Select. WHA's decision to no longer

offer and MA plan applied to their entire book of business and not just CalPERS. While this was disappointing, it did not come as a surprise, as the landscape for MA plans has changed drastically, since they introduced their offering just a few years ago.

Like all members, members enrolled in a terminating plan had the option to make a plan change during open enrollment. But if no action was taken, they were moved to a default plan, which was the -- which was the case for the majority of the impacted members.

For UHC Edge, 81 percent of members moved to the default plan, which was UHC Group MA. For Western Health Advantage, we had two default plans depending on where the members lived. First was Blue Shield's Medicare plan and second was UHC's Group MA. Two-thirds of the population moved to the Blue Shield offering.

Outside of the Medicare plan terminations, Kaiser Permanente Senior Advantage experienced a decrease of less than one percent. Those members changed health plans to Kaiser Senior Advantage summit, so still within the Kaiser system, PERS Platinum, and UHC group MA.

This concludes my presentation and I'm happy to take any questions.

CHAIR RUBALCAVA: Thank you very much for that excellent presentation. Any questions from the Committee?

I see none.

Sorry, I do have a question. Vice Chair Kevin Palkki.

VICE CHAIR PALKKI: With the moves from one provider to the other, have we collected data on satisfactory -- or the satisfaction of going from one plan to the other?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Do you mean from -- for these members who changed plans --

VICE CHAIR PALKKI: Yeah.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: -- or from our -- from the Anthem to Blue Shield transition?

VICE CHAIR PALKKI: From the members that changed plans.

HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF JARZOMBEK: From the members that changed plans, we'll -- we could capture them in our annual member survey to see what the member scores are for the -- their new plan for the new year, but we haven't captured it yet.

VICE CHAIR PALKKI: Okay. Thank you.

CHAIR RUBALCAVA: Okay. Thank you. We do have public comment on 7a.

J.J. Jelincic.

J.J. JELINCIC: Good afternoon. J.J. Jelincic, Director of Health Benefits, RPEA.

Your risk-adjustment plan is working just as the Board designed. The biggest loser was Kaiser, which cost $935.24 for the insurance, plus $109.96 for the surcharge intended to discourage people from picking Kaiser for a total of $1,045.20. The biggest gainer was Blue Shield Access+, which costs $1,124.64 for the insurance, less the $158.78 subsidy designed to encourage people to pick the higher cost, less efficient plan, for a net of $965.86. Kaiser has lowered insurance costs by a $189.40 per member per month, but a higher collected cost of $79.34. I'm still trying to understand how this is supposed to help control costs.

Most of my members are in Medicare, but anything that encourages higher medical costs will eventually flow uphill or downhill over time. So I really ask you to look at your risk adjustment and I thank you for your time.

CHAIR RUBALCAVA: Thank you.

We will now proceed to 7b, the Preferred Provider Organization Transition Update. Rob, is that you?

(Slide presentation).

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Yes. Thank you again, Mr. Chair. Good afternoon, Member -- Mr. Chair and members of the

Committee. This is Agenda Item 7b, which provides you with an update on the PPO transition to Blue Shield of California and Included Health. As you know, moving 400,000 members from the previous third-party administrator that served our members for two decades is a significant undertaking. So first and foremost, I want to -- I would like to thank our members and employers for their patience and understanding as we make this transition to our new partners. We know this has been bumpy for some members and we are doing everything we can to make things right when we are not delivering the service or experiences we want to.

The member and employer input we received throughout the process has helped us address issues as they came up, as well as improve our communications and ability to serve our members. All organizations, CalPERS, Blue Shield, and Included Health are all committed to getting things right, so our members get the care they need and have an experience we can all be proud of providing.

We have five topics we'll cover with you today and we'll start with member communications and support. When Included Health began providing their full suite of services to Basic PPO members in January, they experienced very high call volumes at about 6,000 per day at its peak.

This unfortunately led to long wait times for our Basic members, which is unacceptable and not consistent with the level of customer service our members have become accustomed to and deserve, nor was it the exceptional experience Included Health is used to providing.

Most of these calls were about the primary care provider, or PCP, listed on a member's ID card. In some cases, it was not the PCP that members had been seeing in the past. To address this, the CalPERS team, along with Included Health and Blue Shield, worked on an action plan to decrease call center wait times, and also help to -- help members select a new PCP. We developed several communications and FAQs to educate members about PCP matching and how to change their PCP. Blue Shield also added more available providers to the networks, and Included Health added additional agents to their call center.

In terms of call center metrics, for January and February, 62 percent of the calls to Included Health were answered within 30 seconds. The metrics are steadily improving and we expect that Included Health will soon meet its performance target of answering 90 percent of calls within 30 seconds. The year-to-date member satisfaction rate for Included Health is 75 percent and is also steadily improving.

Similarly, Blue Shield has had a higher -- has seen higher-than-usual call volumes for the Medicare supplemental population and has maintained their service levels. The primary reasons that Medicare supplemental members are calling Blue Shield are with questions about both eligibility for both medical and pharmacy benefits, questions about benefit changes, and lastly with claims increase.

Additionally, it's important to note that the provider network for Medicare members has not changed. A Medicare supplemental member still has access to the providers and is not impacted to the change of our third-party administrator. So Medicare supplemental members can continue to see the same providers in 2025 as they did last year, despite our transition to a new TPA.

Given the high call volumes to Included Health these first couple of months, the CalPERS team is monitoring the member experience and also the accuracy of information provided by Included Health. We're doing this by listening to call recordings each week and providing feedback and opportunities for coaching. The CalPERS team is also -- has also reviewed all of Included Health's training materials to ensure their agents share accurate and complete information with members.

We are also working to enhance and improve the

Included Health app so that it provides a more customized experience for CalPERS Basic PPO members. This includes improved navigation to help members understand how their benefits work, such as a free lab test through the site-of-care program, as well as a new doula program.

Moving on to continuity of care and services. While most Basic PPO members are able to continue seeing their existing doctor as an in-network provider, CalPERS has contracted with Included Health to help match members with quality in-network providers should they need one. Also, together with Blue Shield, we put in place certain safeguards to ensure that members could continue to access needed care if their current provider is no longer in-network due to the tran -- due to the transition.

First, for members undergoing treatment for certain medical conditions, if their current provider is no longer in-network in 2025, we implemented a continuity of care policy that ensures members can continue to see their current Provider with in-network benefits up -- for up to 12 months. We also established a limited out-of-network exception program for primary care, specialty, and behavioral health office visits in the interim, while Included Health helps members find an in-network high quality provider.

For continuity of care, there have been about

1,100 requests at the end of February, and roughly 950 have been approved. The majority of the rest are also pending approval. For the limited out-of-network exception, there have been about 100 requests as of the end of January and the majority of those have been approved too.

The next topic is care management and member navigation. And the good news is that we know members are already connecting with Included Health's clinical and care management services. From launch through February, Included Health has provided over 21,000 referrals to high-quality providers for CalPERS members.

Since the start of the year, nearly 300 members signed up for Included Health's manage -- for Included Health's Care Management Program and about one-third of these members enrolled in the maternity program, which is a higher number than we've seen in recent years.

Included health has already conducted expert medical opinions, provided treatment decision support services, answered calls with triage nurses, and completed concierge referrals, many of which include referrals to high-quality PCPs. As a matter of process, the CalPERS clinical team also reviews the high-cost, high-needs members on a monthly basis with Included Health and Blue Shield. And Included Health is doing outreach to this

vulnerable population.

In terms of Included Health's supplemental virtual services, members are taking advantage of access to Included Health's primary care, urgent or on-demand visits, and also virtual behavioral health visits with therapists and psychiatrists. Through February, there have been almost 1,100 virtual primary and urgent care visits, and over 540 virtual behavioral health visits.

It's still early days, yet, we are encouraged that members are already using these new services offered by Included Health, which were intended to improve and expand access for our members.

Last, but not least, is our partnership with Blue Shield and Included Health. From the outset of this implementation, our teams have met regularly at both the executive and operational levels to ensure we have clear communication and strong coordination. The CalPERS team has worked with Blue Shield and Included Health to develop workflows and processes to ensure smooth handoffs and an optimal member experience for a multitude of areas, such as continuity off care, access to care exceptions, and patients needing care management services.

We continue to monitor and iterate on these processes, such as our recent work to improve the handling of grievances and appeals, and also discussions to improve

the screening and handling of continuity of care requests.

As we begin to transition out of the implementation phase, and as Don mentioned, the CalPERS, Blue Shield, and Included Health teams had an in-person executive meeting last week, where we had a very open and productive conversation on what's worked well and what areas we need to improve. We developed partnership principles to help guide us and our teams, as we embark on this unique three-way partnership. As I stated earlier, we are all committed to getting things right so our members get the care they need and have an experience that we can all be proud of providing.

In closing, I cannot underscore enough how large of a transition this has been. We again want to thank our members and employers for their patience and understanding, and for their feedback they have shared with us as we go through this implementation. We recognize a handful of issues have emerged this year, but most of these are resolved or on a path to resolution. I'd like to recognize the amazing and dedicated CalPERS Included Health, and Blue Shield teams who have worked tirelessly to resolve issues as they are identified to ensure our members get the care they need.

This concludes my prepared remarks and Don, Julia, and I are happy to answer any questions

CHAIR RUBALCAVA: Thank you, Rob. Questions from the Committee.

Okay. I'll call Mr. Palkki.

VICE CHAIR PALKKI: Not so much a question, but I, too, want to share my thanks to you and the teams for making the transition as smoothly as possible. So thank you for that.

CHAIR RUBALCAVA: We have Mr. Pacheco.

COMMITTEE MEMBER PACHECO: Yes. Thank you, sir, and thank you, Chairman Rubalcava, and thank you, Rob, for your presentation.

I just have a question regarding the transition. During the beginning, and I think it started in January -- was it January 1st that we did the transition? You know, I had heard that there were, you know, some hiccups with respect to making the phone calls and the customer service lines, and we had to utilize more additional resources and so forth. Has that all been resolved or is -- and how is it -- what have we done to mitigate those issues?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: So, as I mentioned, so we did experience -- Included Health did experience some very high call volumes at the first of the year. And so we worked together to understand why members were calling as to what the issues were. And the primary issue was the

PCP, or primary care physician, assignment that was done by Blue Shield. So it was just different than they had had with the previous third-party administrator. So we clarified and simplified the process for changing a PCP, so members can now match to a new PCP. We also created with Included Health, they created a voicemail box where members didn't have to wait online if they just wanted to change their PCP so they were able to do that and leave a message and it would be handled. And then Included Health also added additional agents to their workflow -- to their work force. And so those are a variety of things that we've done.

So far, the call stats for this month are much more in line and much closer to what their performance targets are. So things have definitely improved from the call wait time perspective.

COMMITTEE MEMBER PACHECO: Oh, excellent then.

CHIEF HEALTH DIRECTOR MOULDS: And if I -- if I can just add a little bit on that. So one of the Challenges is, as Rob mentioned, is that the volume not only was higher initially than anticipated, but it stayed high. And so Included made the decision to train a number of new folks to be on the lines to address that issue.

Two things emerge when you do that. One is that you have to train those folks and so it takes time and the

second can be quality issues. So they have the luxury of the whole fall to work with the folks who are on January 1st, as they augmented. They were training, but also trying to move them to phones as quickly as possible. That's -- we were monitoring the quality of the calls. Included projected -- you know, projected some initial challenges and then a -- and then an improvement. And that's basically what we've been seeing. So the quality of the call -- in addition to the wait times challenges and the improvement there, we've been seeing improvements in the quality of calls too.

They're also learning us. We're different than a standard commercial employer. Most of the rest of the folks they work with are that. And as they continue to learn us better and our members' needs and so forth, that quality will continue to improve as well.

COMMITTEE MEMBER PACHECO: And in addition to that, did you -- was there a -- was there any language issues, like were there more Spanish speaking customer service or anything like that or did you experience any of that.

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: No, not that has been raised to us, no.

COMMITTEE MEMBER PACHECO: Oh, excellent then.

And then finally the last question I have is

continuity of care. With respect to the -- I believe we provided if the members weren't able to connect with their PCP, that they could still continue with their current PCP for a continuity of care like 12 months. And how has that been going?

HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF JARZOMBEK: So that's been going well. So, we've received -- Included Health and Blue Shield have received about 1,100 requests at the end of February. And the vast majority, 950, have been approved. And so these are for certain specific conditions that the member has, and so we want them to be sure to continue that continuity with their Provider.

COMMITTEE MEMBER PACHECO: And these are specialty physicians and so forth?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: It could -- it could be. Any acute condition, a serious chronic condition, pregnancy, terminal illness, child care for -- care of a child under three years old, or a previously scheduled surgery, so a variety of different things.

COMMITTEE MEMBER PACHECO: A variety of different things. But as long as they have that continuity of care, it's still -- it's still in process. And that's being coordinated with Included Health, correct?

HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION CHIEF JARZOMBEK: Correct, yes.

COMMITTEE MEMBER PACHECO: Okay. Very good then. Those are all my questions. Thank you, sir.

CHAIR RUBALCAVA: Thank you.

I, too, want to join with my colleagues in thanking you for the work on this transition. Like your memo said, it's very complex. But on the other hand, it's also very forward-looking, because we're adding Included Health, which is a population health management. And we're adding a new third-party administrator which we -- for the PPO, which we believe will provide better quality care, coordinate it. And so we're looking forward to whenever we can get data on whether we see improvements, as people meet with their primary care physician and coordinate on say depression screenings or whatever, things that have been falling through the cracks.

I look forward to a report maybe in June or whenever there is something available as to how that is working out, because this integration is very exciting, and looking forward to seeing results of this decision of the Board -- the Committee made. Thank you.

CHIEF CLINICAL DIRECTOR LOGAN: Mr. Rubalcava, I just wanted to add to that. So the -- from a clinical perspective, my team is looking at all of the things that

you mentioned in terms of outreach, engagement, chronic care management, and making sure that not just sort of the process measures are checked off, how many people and all that, but what are the impacts to their lives and to their health, and so, like you mentioned, depression screening, Anxiety screening, are they getting their A1C, their diabetes screening, things like that. So, we are certainly tracking that on a monthly, quarterly, and annual basis.

CHAIR RUBALCAVA: Excellent. Thank you. That's what we want to hear. Thank you.

Not seeing any more comments or questions from the Committee, we'll move on to Item 7c, Retiree Cost of Living Adjustment 2025.

DEPUTY EXECUTIVE OFFICER MALM: Good afternoon, Chair Rubalcava and the members of the Committee. Kimberlee Pulido will be presenting our COLA item today on behalf of Customer Support Services Branch. Kimberlee is the Division Chief of our Retirement Benefits Services Division. So I'll turn it over to her.

(Slide presentation).

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: Thank you, Kim.

God afternoon, Mr. Chair and members of the Committee. Kimberlee Pulido, CalPERS team member. Item

7c is an annual information agenda item on the retiree cost of living adjustments or the COLA.

[SLIDE CHANGE]

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: As background, our retirement law provides for the payment of annual COLA each May to all eligible retirees, based on the rate of inflation as measured by the Consumer Price Index All Urban Consumers, or the CPI-U. For calendar year 2024, the rate of inflation over the prior year was 2.95 percent. The COLA adjustment is dependent on three factors, the CPI-U, which I just mentioned, increase by 2.95 percent this last calendar year, the employer contracted COLA provision, and the year of retirement.

A member's COLA increase to their pay is limited to the lesser of two factors, the rate of inflation or the COLA provision that their employer negotiated as part of their contract. Both of those compounded since the year of retirement.

A retiree becomes eligible on the second calendar year of retirement. Therefore, members who retired in 2023 or prior are eligible to receive a COLA benefit this year. Nearly 96 percent of our retirees are contracted for a two percent COLA, but some do have a three, four, or five percent COLA provision. COLA adjustments will appear

on the May 1st warrants oh retirement checks.

[SLIDE CHANGE]

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: There are instances where the COLAs do not adequately keep up with inflation over the long term. We generally experience this with our retirees that have been retired for 35 plus years. The Purchasing Power Protection Allowance, or PPPA, works in conjunction with COLA to ensure our members retain at least a specified level of purchasing power. In Government codes 21337 and 21337.1 of the California -- or CalPERS Public Employees' Retirement Law, or the PERL, the purchasing power threshold is 75 percent for State and school members, and 80 percent for public agency members. The PPPA adjustment, like the COLA, is payable on the May 1st retirement check.

[SLIDE CHANGE]

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: To illustrate the impacts to the total retirement allowance this year, we've included in the agenda item, charts showing the allowance increases by retirement year, including COLA and PPPA. On this slide, we've highlighted the impacts to those with a two percent COLA provision, as the years these are the increases the majority on our retirees will see.

Those with a two percent COLA provision will receive between 2 and 2.95 percent increases in their allowances. Charts reflecting the allowance increases for the three, four, and five percent provisions are also included in the agenda item.

[SLIDE CHANGE]

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: COLA increases are always of interest to retirees, so we do our best to communicate through various channels, including myCalPERS, an article in our spring newsletter, the PERSpective, various social media platforms, and updates on our CalPERS website, including the charts in the agenda item and dedicated webpages for both COLA and PPPA. This concludes my presentation and I'm happy to take any questions.

CHAIR RUBALCAVA: Thank you.

Comments or questions, from the Committee members.

Mr. Pacheco.

COMMITTEE MEMBER PACHECO: Yes. Yes. Thank you. Thank you Chairman Rubalcava. And thank you very much for your presentation. I always appreciate this presentation, and the COLA. It's really awesome to see all this information. I just want to go back to the communication and resources. You had mentioned that you communicated

through the PERSpective article and to the website. Are you also going to have nay stakeholder meetings with the -- with the -- with the relevant stakeholders?

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: We actually just updated the stakeholders last Thursday and provided this information as well.

COMMITTEE MEMBER PACHECO: Yes, absolutely. That's wonderful. And then with respect to the PPPA, Purchasing Power Provision Allowance, now how -- what's the percentage of that is associated with the retirees?

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: A very small percent. In fact, we have just over 16,000 members that currently are supplemented with PPPA. And again, those are going to be the retirees that retired in the '70s.

COMMITTEE MEMBER PACHECO: In the '70s.

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: Seventies and eighties.

COMMITTEE MEMBER PACHECO: Okay. So that's -- so that's a very, very tiny group of people.

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: Yes.

COMMITTEE MEMBER PACHECO: Okay. That's it. That's all my questions then. Thank you so much. And again, I appreciate this information and all the work that

you've done. Thank you.

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: Thank you.

CHAIR RUBALCAVA: I, too, join with the Committee members in thanking you for your presentation and report.

RETIREMENT BENEFIT SERVICES DIVISION CHIEF PULIDO: Thank you.

CHAIR RUBALCAVA: Okay. Now, we move on to Summary of Committee Direction.

CHIEF HEALTH DIRECTOR MOULDS: I recorded two items. First is to report back to continue looking for better, more affordable out-of-state options, including, but not limited to, changes in statute and continued conversations with CalHR, and to report back in -- at the June Board meeting on that.

The second one was to report back in -- at the June Board meeting, or when appropriate, the -- and update on the PPO transition.

CHAIR RUBALCAVA: Yes. Basically, on the health quality metrics, yeah.

Thank you. Now, we're going to 7e, which is public comment. We have J.J. Jelincic.

J.J. JELINCIC: J.J. Jelincic, Director of Health Benefits, RPEA.

The Board had approved a draft agenda with the

Health Care Spotlight. Staff, however, decided not to have one, but I think the spotlights have value. And I want to point to -- and there's a handout that I had -- that you should have gotten.

Anthem Blue Cross has two plans, a Select and Traditional, the same insurance companies, same benefit design, no indication of health differences between the two groups, but different networks.

Again, reflecting the Board's preference for high-cost plans, the lower-cost, higer-efficiency network gets hit with a premium -- with a surcharge of $79.69 per member per month. The higher-cost, lower-efficiency network gets $114.13 per member per month subsidy. The Board's risk mitigation scheme really mitigates against two risks, one that a plan will develop a lower-cost, high-efficiency network and gain subscribers; the second is that a plan will price itself out of the market by maintaining a high-cost, low-efficiency network.

It is not clear to me how this scheme serves your fiduciary obligation to the beneficiaries, or your secondary obligations to the employers and taxpayers. It is unclear how this scheme complies with Government Code section 22864(a) or is consistent with CalPERS Health Belief that quote, "PERS shall manage competition among health plans to drive cost containment," unquote.

I assume that at some point the Legislature, a public interest law firm, a class action law firm will give you the opportunity to explain it. I point out that at that point, we will also learn whether your self-dealing contract with the system will hold up or is a violation of Government Code section 1090.

Thank you

CHAIR RUBALCAVA: Since we do not have any further public comment, I call -- this adjourns the meeting.

(Thereupon California Public Employees' Retirement System, Pension and Health Benefits Committee open session meeting adjourned at 2:55 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 26th day of March, 2025.

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

Approval of 2025 HMO and PPO Premiums

Anthem Blue Cross Select HMO (Basic)

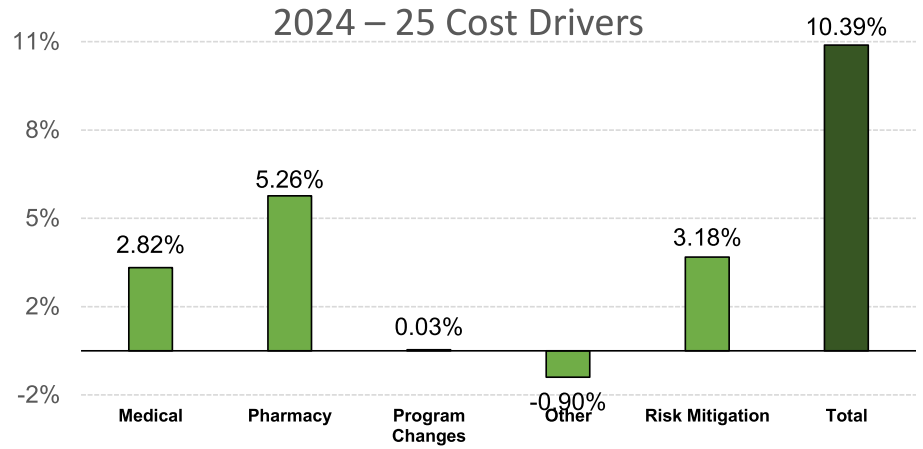
2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Scor	Risk Mitigation Impact	2025 Premium with Full ransition to he Risk Pool	Percent Change from 2024
$925.57	$942.02	0.9398	$79.69	$1,021.71	10.39%

$16.45 Negotiated Increase

What Calpers Pays

Board Policy Surcharge

What CalPERS Charges



2024 Total Covered Lives: 31,984

Approval of 2025 HMO and PPO Premiums

Anthem Blue Cross Traditional HMO (Basic)

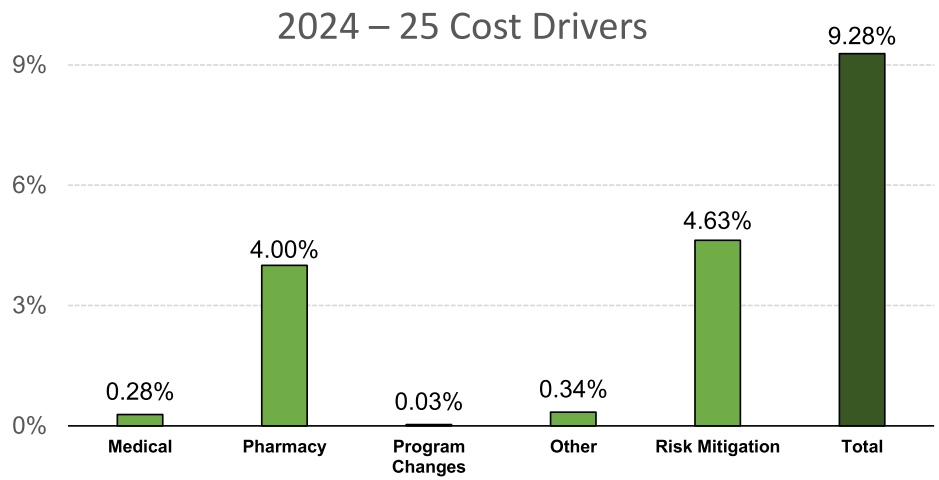
2024 Premium	2025 Premium Before Risk Mitigation	2025 Adjusted Risk Scor	Risk Mitigation Impact	2025 Premium with ull Transition to One Risk Pool	Percent Change from 2024
$1,197.94	$1,423.20	1.1153	($114.13)	$1,309.07	9.28%

$225.26 Negotiated Increase

What CalPERS Pays

Board Policy Subsidy

What CalPERS Charges



2024 Total Covered Lives: 11,666