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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TUESDAY, SEPTEMBER 16, 2025

8:30 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, represented by Nicole Griffith

Jose Luis Pacheco

Theresa Taylor

Yvonne Walker

Mullissa Willette

BOARD MEMBERS:

Michael Detoy

Fiona Ma, represented by Frank Ruffino

Lisa Middleton

STAFF:

Marcie Frost, Chief Executive Officer

Kim Malm, Deputy Executive Officer

Donald Moulds, PhD, Chief Health Director

Robert Carlin, Senior Attorney

Rob Jarzombek, Chief, Health Plan Research & Administration

Julia Logan, MD, Chief Clinical Director

APPEARANCES CONTINUED

ALSO PRESENT:

Michelle Bashow

Cheryl Carter, CSEA Schools

Ed DeVaney, CVS Caremark

Dr. Michelle Gourdine, CVS Caremark

Matt Montgomery

Larry Woodson, California State Retirees

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PROCEEDINGS

CHAIR RUBALCAVA: Good morning, everybody. Welcome to the Pension and Health Benefits Committee. We'll call the meeting to order and then roll call, please.

BOARD CLERK ANDERSON: Ramón Rubalcava.

CHAIR RUBALCAVA: Present.

BOARD CLERK ANDERSON: Kevin Palkki.

VICE CHAIR PALKKI: Good morning.

BOARD CLERK ANDERSON: Deborah Gallegos for Malia Cohen.

ACTING COMMITTEE MEMBER GALLEGOS: Here.

BOARD CLERK ANDERSON: David Miller.

COMMITTEE MEMBER MILLER: Here.

BOARD CLERK ANDERSON: Eraina Ortega.

Nicole Griffith for Eraina Ortega.

ACTING COMMITTEE MEMBER GRIFFITH: Good morning.

BOARD CLERK ANDERSON: Jose Luis Pacheco.

COMMITTEE MEMBER PACHECO: Present.

BOARD CLERK ANDERSON: Theresa Taylor.

COMMITTEE MEMBER TAYLOR: Here.

BOARD CLERK ANDERSON: Yvonne Walker?

Mullissa Willette.

COMMITTEE MEMBER WILLETTE: Here.

CHAIR RUBALCAVA: Thank you.

Our next order of business we will now -- we will now recess into closed session for items 1 through 4 from the closed session agenda. We'll be in closed session for about an hour and a half, more or less, and then we will reconvene into open session after the closed session.

Thank you very much.

(Off record: 8:31 a.m.)

(Thereupon the meeting recessed into closed session.)

(Thereupon the meeting reconvened open session.)

(On record: 9:39 a.m.)

CHAIR RUBALCAVA: Good morning, everybody. Welcome to the Pension and Health Benefits Committee.

We are back in open session. And we'll continue with the remainder of the open session agenda.

We will continue with the Executive Report. Kim Malm and Don Moulds, please.

DEPUTY EXECUTIVE OFFICER MALM: Good morning. Kim Malm, CalPERS team. So, welcome to open enrollment. I'm sure you're all aware it started yesterday and Don will be speaking about it today. But I thought I would mention that the Call Center received over 8,000 calls yesterday from our members and employers.

The average wait time for our callers was 16 and

a half minutes. Some callers waited for over half an hour, but the ones with the pro tip of call later in the day, anytime after four o'clock, only had to wait about four minutes.

This is the busiest time of the year for them and I just want to say thank you to the Call Center team, including their management for answering calls and helping our members during this time. I also Wanted to give you a few updates on our customer services -- or support services projects.

I'll start with the 2025 benefit verification that we started in March and I briefed you on previously. From this effort, we -- almost 360 deaths were reported across California and 36 other states. I previously reported there were 720 checks held on August 1st, as we had not heard from those members. There are now 564 checks that are still -- have holds in place.

In the last month, nine deaths were reported and 147 payments have been released, once we received the certification. So far, for the 2025 benefit verification cycle, we found three and a half million dollars in overpayments and we've collected 2.6 million of that three and a half, or 74 percent.

Socure, our death verification vendor, has reported 598 confirmed deaths since 2024, resulting in 5.9

million in overpayments. We've collected nearly 4.7 million or 80 percent so far.

Because of our overpayment initiatives, including benefit verification and the utilization of Socure, along with other activities, we have recovered almost $151 million in overpayments in the last two years. And I just want to say thank you to Marcie and to the Board for being so supportive of this project.

Next, I'd like to share our efforts we began in July to increase myCalPERS member self-service registrations. This project aims to increase the number of members registered for a myCalPERS account. To date, we've completed a baseline assessment of the CalPERS population. And as of August 15th, 62 percent, or approximately 1.5 million members are currently registered with a myCalPERS account.

The goal is to target and engage the remaining members who have not yet signed up to enhance communication, reduce undeliverable mail, and help prevent fraud. There's a lot more to come on this project and I'll keep you updated as we see the metrics progress.

Next, I wanted to cover recent updates to our member education. We recently aired a monthly member video myCalPERS account for active and inactive members. This aired on August 21st and was later uploaded to our

YouTube channel. It received over a thousand views on that date and earned a 97 percent rating. As of today, the video has now had over 14,000 views.

We're also excited to be introducing a new retiree class webinar. The webinar is scheduled for December 9th. Registration will open the weak of November 3rd. This post-retirement webinar will cover key topics to help retirees prepare for the year ahead, including first-of-the-year changes, COLA updates, a reminder of health plan changes that will be effective January 1st, and any other hot topics.

Next, I'd like to cover our Spanish class offerings. As you may recall, in 2024, we introduced a Spanish language class called "Planning You Retirement Basics," which received positive feedback. Building on that success, as I shared in July, we launched a new Spanish class at our Orange regional office, "Basics of Your Retirement Application and Beyond. This earned a hundred percent satisfaction rating with 72 attendees. We're working on system enhancement that will enable us to provide these classes in Spanish on a regular basis.

Let me give you a quick update of our CalPERS Benefit Education Events. Our first CBEE of this fiscal year was on August 13th and 14th, our first virtual. And we had over 2,000 attendees.

Our next virtual event will take place on March 4th and 5th in 2026. Our next planned in-person CBEE is in Monterey on January 9th and 10th. We also have planned CBEEs in Anaheim for April 10th and 11th of 2026. And June 5th and 6th of 2026.

In closing, I'd like to take a moment of personal privilege, Mr. Chair.

CHAIR RUBALCAVA: Please do.

DEPUTY EXECUTIVE OFFICER MALM: This is Carene George's last CalPERS Board meeting. Carene is the Division Chief over our Call Center. She has been with CalPERS for 10 years in various areas, such as Eligibility and Enrollment, Medicare, Service Credit Purchase and Elections, Branch Administrative Support, and has been the Division Chief of our Customer Experience Division, or fondly referred to as our Call Center for the last eight of those 10 years. She has 33 years of public service and membership with CalPERS.

Carene has accomplished many things in her time at CalPERS, including acting as the SLC Chair, or Senior Leadership Council Chair, an Emerging Leader Program mentor, Our Promise Campaign Chair, and Idea Factory Committee member. Her major projects include implementing the Contact Center into the cloud, implementing customer serve metrics and customer satisfaction surveys in the

Call Center and currently implementing the Call Center's first Gen AI summarization tool, not to mention many open enrollment cycles.

Carene is looking forward to having her first grandchild, spending more time with her family, and finally taking the trips she never managed to go on. Please join me in congratulating Carene on her upcoming freedom.

(Applause)

DEPUTY EXECUTIVE OFFICER MALM: Thank you for the many years of service, Carene. This concludes my comments and I'm happy to take any questions.

CHAIR RUBALCAVA: Any questions from the Committee.

Yes. We have President Taylor, please.

COMMITTEE MEMBER TAYLOR: So, Kim, thank yo very much for everything that you do. But I do want to specifically call out Carene and the Call Center. We have call centers at my department. I've heard nothing but good about your call centers here, but also the fact that I just heard that you guys took 8,000 calls yesterday - congratulations - with a very short wait time. So I'm very impressed.

You guys did a great job and I just wanted to give you guys the kudos I've probably never done, but I

know you guys have helped a million and one people that are my members as well. So thank you.

DEPUTY EXECUTIVE OFFICER MALM: Thank you, President Taylor. I'm sure the team would -- is going to love hearing that. Thank you.

CHAIR RUBALCAVA: Thank you, President Taylor.

Trustee Walker.

COMMITTEE MEMBER WALKER: Hi, Kim. Just a quick thanks. I get asked -- Yvonne. And I forget what is the cycle for the verification?

DEPUTY EXECUTIVE OFFICER MALM: We do it annually now, so it used to be every two years. Now, we start it in March and it ends in about the July time frame and the checks are stopped in August. So every year, we start in the March time frame. Is that what you meant by time frame.

COMMITTEE MEMBER WALKER: No.

DEPUTY EXECUTIVE OFFICER MALM: Okay.

COMMITTEE MEMBER WALKER: So don't we do like A toZ is --

DEPUTY EXECUTIVE OFFICER MALM: So it's based on risk factors, how we come up with the -- who is going to be on that list that year. And so it's determined upon like how much the benefit amount is, if they're out of state is a factor, age, if they've contacted CalPERS in

the last year or if they've been seen by their health care provider in the last year.

COMMITTEE MEMBER WALKER: Okay. I guess asked that all the time and I forget. Sorry to ask again.

DEPUTY EXECUTIVE OFFICER MALM: I'm happy to send you that little cheat sheet.

COMMITTEE MEMBER WALKER: Thank you. I'd appreciate that.

CHAIR RUBALCAVA: Thank you, Ms. Walker.

Vice Chair Palkki, please.

VICE CHAIR PALKKI: Thank you, Mr. Chair.

Fabulous numbers. If I don't say it enough, thank you for everything you do, your team, the support that you give to our members. I know that I appreciate it. I'm pretty sure our members appreciate it too. So again, thank you.

DEPUTY EXECUTIVE OFFICER MALM: Thank you so much.

CHAIR RUBALCAVA: Thank you. We'll proceed to the action consent items. Nobody's held anything and I already have here --

CHIEF HEALTH DIRECTOR MOULDS: I think, Mr. Chair, I still have my opening remarks.

CHAIR RUBALCAVA: Oh, I'm sorry.

CHIEF HEALTH DIRECTOR MOULDS: No. It's quite --

CHAIR RUBALCAVA: Don, right.

CHIEF HEALTH DIRECTOR MOULDS: -- it's quite all right. And they're long so apologies in advance.

CHAIR RUBALCAVA: I was so excited with Kim Malm's presentation, of course --

(Laughter).

CHIEF HEALTH DIRECTOR MOULDS: It seemed like we got away with -- No.

(Laughter).

CHIEF HEALTH DIRECTOR MOULDS: Not so fast.

CHAIR RUBALCAVA: Please, Don.

CHIEF HEALTH DIRECTOR MOULDS: So I have several topics to cover in my remarks today. I'll start with an update on our plans to cover the COVID-19 vaccine that is now ready for fall 2025, as well as recent developments related to vaccine guidance and coverage.

Last month, the FDA approved the latest round of COVID vaccines in the U.S., but set new limits on who can get them. The agency ended its broader authorization of the shots only clearing them for people at high risk of severe illness. That includes those 65 and up and younger adults with at least one underlying condition that puts them at elevated risk.

This is a significant departure from previous years when the vaccine was indicated for everyone over six

months of age. And it is now inconsistent with the California Department of Public Health's current guidance.

It's important to CalPERS to ensure that we continue to provide our members with access to high quality, evidence-based, preventative care. To that end, we have directed our health plans and pharmacy benefit manager partners to continue to provide and cover the latest COVID-19 vaccine for any CalPERS member age six months or older who chooses it at no cost to them and without the recent FDA limitations.

In reaching this decision, Dr. Logan and I consulted with the California Department of Public Health, our partners at Covered California, and the Department of Health Care Services, as well as the Governor's office. Our directive is consistent with CDPH current guidance and guidance from other states.

Also, as I know you're aware, California recently announced its intent to join Oregon and Washington to create the West Coast Health Alliance and now Hawaii has joined as well. The decision was in response to concerns about the lack of transparency and politicalization of the major scientific agencies and groups under the U.S. Department of Health and Human Services, in particular the FDA, and Advisory Committee on Vaccine[SIC] Practices or ACIP.

The chief aims of the Health Alliance will be to promulgate vaccine guidance to ensure the public has credible information for confidence and vaccine safety and efficacy. As part of that effort, legislation is now on the Governor's desk that would allow California providers, including pharmacists, to administer vaccines based on guidance from leading medical professional organizations, such as the academy -- American Academy of Pediatrics and the American College of Obstetrics[SIC] and Gynecology and to remove all ACIP recommendations references from State law. We expect that the Governor will sign this bill immediately. In the near-term, this would allow pharmacists in California to administer the COVID vaccine based on CDPH guidance, rather than under the FDA restrictions.

We also expect our COVID vaccine guidance will be consistent with the guidance coming from the Western States Alliance when it adopts one in the near future.

We will continue to monitor regulatory, judicial and other developments that could impact members, vaccine coverage, including an ACIP meeting planned for later this week. Dr. Logan continues to be actively engaged with our clinical partners at CDPH, Covered California, and DHCS on the topic as well.

So what does this mean for our members? Our

members can receive their COVID vaccine at no cost to them, just as they did last year through their health care provider or at an in-network pharmacy. Flu vaccines are also widely available and members can receive the flu shot at the same time as the COVID-19 vaccine for added convenience and protection this season. We'll have more information available in an article we'll be publishing later this week and we will be using our website and social media to inform our members of the decision this week and as developments occur.

Next topic. As a follow-up to public comments we received in March from our out-of-state active -- sorry, our out-of-state active employees - these are State employees - I am pleased to share that CalHR and its union reached an agreement to provide State employees headquarters out of state and enrolled in a CalPERS PPO plan an increased monthly payment to help cover health care costs. The increased pay differential is significantly higher. It will become effective this December and will reduce the disparity for two-party and family enrollments. So nice news there.

The next item to cover is Kaiser's announcement last week that they are expanding into Nevada. As you may have seen reported in the news, Kaiser Permanente and Renown Health have entered an agreement to jointly own and

operate a health plan and new outpatient care delivery system that will bring Kaiser Permanente to the northern part of the state. The expansion is pending approval from regulators in the State of Nevada and with CMS on the Medicare side. Kaiser has confirmed that the new service area will become available to members starting at the beginning of 2027.

We are excited about the possibilities the Kaiser Nevada expansion opens up for our members. Members living along the California-Nevada border, particularly in areas like Truckee, Tahoe City, and Susanville, often use RPPO to access care in the Reno area. So we're hopeful that the expansion will open up an HMO option for those members. We also have a large number of members who currently live in Nevada, about 12,000, most of them residing in the north. We've been working with Kaiser to map the new coverage areas and have had preliminary discussions about how the expansion might be folded into our 2027 plan offerings. So much more on this topic to come. We've just started the mapping exercise with them, but an exciting and I think positive development for our members.

Next, I want to provide a brief update on our transition to Blue Shield and Included Health. Previously, we shared that there were some initial bumps

for members, particularly in January and February. These largely surrounded 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, which caused an influx of calls to Included Health in the early month, leading to longer wait times and higher -- and high member frustration. This was happening at the same time representatives at Included were getting accustomed to working with CalPERS members for the first time and learning firsthand their needs and expectations.

Given the high call volume in the first couple of months, the CalPERS team monitored the member experience and accuracy of information provided by Included Health agents. We conducted several rounds of listening sessions, each of which involved listening to hundreds of calls and provided feedback and opportunities for coaching. We conducted call collab -- calibration sessions to ensure we were measuring quality and accuracy in the same way. The CalPERS team also reviewed all of Included Health's training materials to ensure their agents share accurate and complete information with members.

In the early spring, we conducted a joint in-person train the trainer meeting with Blue Shield and Included Health worked collaboratively to improve the

training and reference materials for IH agents and care teams. We conducted another two-week session of call monitoring in June to assess the impact of the training. We were very pleased to see a pretty dramatic increase in overall accuracy and completeness of the information being shared with our members. This was a priority for us, as we head into this year's open enrollment period and our teams are prepared to answer our member's questions.

Operationally, we're also seeing improvements in the hand-offs between Included Health and Blue Shield and we continue to work together on new ways to leverage our unique three-way partnership to better serve our members.

We again want to thank our members and employers for their patience and understanding, and for the feedback they have shared with us. We continue to use the feedback to further improve and refine the services to our members.

Finally, I'd like to remind the Committee, as Kim just did, can't do it too much, our stakeholders and members that open enrollment yester -- started yesterday and runs for four weeks, actually 26 days, through October 10th. This is the annual time members can change their health plans and add or remove dependents. We added even more communications this year to help ensure members are informed of the changes and the resources available to explore the health plan options.

With the change to CVS Caremark for pharmacy benefits, we've been working closely with them to ensure a smooth transition and have a lot of information on our website about this change, including frequently asked questions. They are here -- also here with us today as part of our health plan spotlight series and will cover how they are supporting our members through the transition. This Thursday, we will be hosting a webinar to introduce CVS and provide members with information about what the pharmacy benefits manager change means for them.

We've also hosted open enrollment webinars for employers and for members. Recordings of those are available to watch on the CalPERS YouTube channel. And the CalPERS -- and the CalPERS and CVS webinar will be posted there next week.

Lastly, I want to highlight that this year we created a Spanish version of our open enrollment newsletter, in addition to the English version, both are available on the website. We want our members to explore their options and to shop health plans during this open enrollment period. We encourage you to take advantage of the tools and resources available and make the best choices for you and your family.

Than concludes my remarks. I'm happy to answer

any questions.

CHAIR RUBALCAVA: Thank you. That was a lot of information --

CHIEF HEALTH DIRECTOR MOULDS: A lot.

CHAIR RUBALCAVA: -- and our committee appreciates. And we have questions. So we'll start with Trustee Walker.

COMMITTEE MEMBER WALKER: Hi, Don. I just want to say I want to -- that I don't think people fully appreciate what an outstanding team we have on dealing with the health care and everything else, and -- you know, because normally we just hear about rates going up and, you know, people, but the dedication that your team -- you and your team have, right, is unsurpassed. I really appreciate the fact that as we're going through this vaccine thing, that you guys were on it right away. I had sent you a text message to say, hey, what are we going to do? Like, what happens? You were already on it. I appreciate that. And not only were you on it, you were on it pursuing a solution for our members and that you answered all the questions I was going to ask, are we going to have it on the website, are we going to -- and you were like on it. I really do appreciate that.

I think that in the coming months and years, at least the next three, it's going to be challenging for

health care. We've just had another real hospital that's going to be closing in Glenn County, which is crazy to say the least. And so, I'll be looking forward in the future of, you know, how we're looking at making sure, at least for the people that we represent, that they stay covered as much as possible. I know it's not easy, but I really do appreciate the dedication with which you guys look to make sure that things happen. So I just wanted to say that.

CHIEF HEALTH DIRECTOR MOULDS: Thank you for that.

COMMITTEE MEMBER WALKER: Oh, before I forget. This is just one quick shout-out. I want to give a shout-out to our colleagues at CalHR. They are having a retiree open enrollment webinar on September 30th. And so Nicole, I don't know if you want to talk about it more, because this is your stuff, but I think that is amazing and I'm really excited. And for any retirees, it's -- State retirees, I will say, if you haven't signed up, you should. They only have -- they have a few retirees signed up. And I think we should have more, because this is amazing, so anyway, Nicole. I mean, wait. I shouldn't call on you, because that's not my job, but I'm very excited about it.

(Laughter).

CHAIR RUBALCAVA: Do you want to say anything?

ACTING COMMITTEE MEMBER GRIFFITH: Sure. Okay. Thank you. So, yes, we'll have a retiree open enrollment webinar forum. That will be on September 30th from 1 to 3 in the afternoon. We have several retirees registered. We have over 300. So looking forward to having our CalHR administered benefits from our dental, vision, and voluntary benefits come and provide information on the benefits that will be effective for 1-1-26.

Thank you.

CHAIR RUBALCAVA: Thank you, Ms. Griffith.

Now, we'll proceed with the speaking order.

President Taylor, please.

COMMITTEE MEMBER TAYLOR: Yes. Thank you. And Don, I am going to just try not to repeat everything Yvonne said, but I agree with Yvonne, your team has always looked for ways to bring down costs, to make sure that our members are taken care of, to take steps to make sure that we have always had quality affordable health care. And I know that we talked -- I think we talked about this during the briefing, but I just -- the fact that you guys are working already on it for the COVID vaccines when we knew it was coming down, and working with our State government with other states.

I already -- I think I was at my pharmacy and

they already offered me a COVID vaccine. I was like, oh, wow. And I think it was a couple of weeks ago. So, I think it was before everything was kind of settled, they were already offering these. So I just want to congratulate guys for all the hard work do on that.

Everything else the work you're doing to expand Kaiser, et cetera, and then congrats to CalHR and to SEIU for the work that we did to make sure that our out-of-state folks were covered better with a more affordable option. So thank you, everyone, who worked on that.

Finally, I just had one question. As we're working with the Western Health Alliance and our own California Department of Health, and doing our COVID vaccines and our flu shots, and hopefully making sure that the rest of the shots aren't getting -- gotten rid of either, do we have any fear that the federal government will retaliate and try to sue us to stop us? Is that a thought?

Oh, you're off.

CHIEF HEALTH DIRECTOR MOULDS: I was on and I shut myself off. Sorry about that. I don't -- I don't know offhand what the grounds would be. It is always a possibility. You know, these are hard times. And the one thing that we've learned is that the unexpected is sort of

expected. So, you know, we and the State entities that have made the decision to go down this route are very comfortable, not just with the science that it is rooted in, but with the legal authority. And obviously, if there is pushback, we will deal with it.

COMMITTEE MEMBER TAYLOR: Okay. I appreciate that. So in other words, we can't see -- predict the future, but anything is possible.

CHIEF HEALTH DIRECTOR MOULDS: But are prepared to address it.

COMMITTEE MEMBER TAYLOR: I appreciate it. Thank you.

CHIEF HEALTH DIRECTOR MOULDS: Yeah.

CHAIR RUBALCAVA: Thank you President Taylor.

Ms. -- Trustee Miller, please.

COMMITTEE MEMBER MILLER: Thank you. And thank you both for these presentations. And again, just so much of it is already said, but how much appreciation I have for the work that the teams have been putting in. And I just want to highlight, it just never ceases to amaze me the depth of the complexity, especially of the health care negotiations, that entire landscape and marketplace, the dynamics with the providers, the dynamics with the team, the interaction with everything that's going on in the external world, and just the diligence that the team

brings to this. And it's pretty much a nonstop cycle at this point. It really never stops.

I mean, we have open enrollment, but we're already the ongoing planning and negotiations, and tracking all the changes in the marketplace. And I think it's easy to just think about it in terms of, oh, you know, it can always be better. And it can, but in relative terms, the progress we've made, the ability to get under the hood more with these negotiations. When I first started really paying attention to this 25, 30-ish years ago, we really -- it was a black box. It was so difficult to even have the team preparing for negotiations, because it was so opaque, and we really weren't able to utilize our size and our buying power the way we do now. And it's just seeing the evolution of that and how effective the team is. And it just hats off. I'm just always impressed.

And it doesn't mean there's not more progress we can make, but I see the movement is all in the right direction. And, you know, I just want to share that appreciation with the team. I don't -- I don't do that as often maybe as I should, so there you go.

CHAIR RUBALCAVA: Thank you, Trustee Miller.

Trustee Jose Luis Pacheco, please.

COMMITTEE MEMBER PACHECO: Thank you. And thank

you, Don, for you and for all the work that you and your team do. It's very, very appreciative. I've got a question back on the Kaiser Nevada initiative and so forth. What is the timeline in terms of the approval process with the CMS.

CHIEF HEALTH DIRECTOR MOULDS: So I know that the -- that they've -- that it' underway in Nevada and that there are plans, so they may have filed the requisite documents. They may have not. But the idea is that they would be ready to go for open enrollment periods in '26. So -- so fall of '26 is when they were -- when they have targeted for that part of the process and then starting in 2027. So we are looking at them specifically as a possible inclusion in the 2027 offering.

COMMITTEE MEMBER PACHECO: Do you see any challenges with respect to that movement or is it being fast-tracked right now or --

CHIEF HEALTH DIRECTOR MOULDS: I don't know the regulatory process in the state of Nevada, so I can't speak to that. That's always a consideration. So one of the -- one of the things that we do or that the Department of Managed Health Care does in reviewing is test for things like network adequacy, they make determinations about where a plan can be available based on things like where the hospital is located, and ensuring that they have

a full network. You know, this is not the first time that Kaiser has expanded. They know how to do this, so I have a high level of confidence in them certainly, but it could be -- you know, I think we will have a sense pretty soon. Whereas, I mentioned we're doing the zip code matching with them now. We all have a sense of where potentially they could be available to our members, but there are, as is always the case in these, there will be sort of gray areas that need to be worked through.

COMMITTEE MEMBER PACHECO: Fantastic.

CHIEF HEALTH DIRECTOR MOULDS: But in terms of level of confidence that this will happen, I'm -- high.

COMMITTEE MEMBER PACHECO: Fantastic. That's great. And my second question is regarding the Blue Shield, Included Health. I know the hiccups that we had in it and so forth, in terms of the member frustration with ID. What are the lessons -- have we learned any lessons from that process?

CHIEF HEALTH DIRECTOR MOULDS: We learned -- we learned a lot of lessons. And actually, we could -- we could have a whole session on the lessons that we learned. And I will say that some of them were built into the transition with CVS. So one of the big ones was that, you know, we had this -- we brought everybody into CalPERS. We did that -- we did that in the early spring this year

with CVS. We did that in August. So, that was a game changer for us to -- we sat down for three days and worked through sort of expectations, communication pathways. And we had people get to know one another both as professionals and as humans, so that when they all went back to their places across the country, because these places now touch all parts of the country, they knew who to pick up the phone and call, and they -- and they had a relationship with that person or those people. And that was a game changer. So, you know, that -- that is -- that is a big one.

We really -- we really benefited from these listening sessions that we did. So we had a -- we had a not that small team, but highly trained team here listening for hours, and hours, and hours through -- these are not short calls, to make sure -- they're all recorded, to make sure that the quality was appropriate, that the information being given was accurate. That's a very powerful tool for understanding what is going on when our health plans are on the phone with our members. So that is another key learning that that's a powerful tool.

You know, there -- we could go on. And I'm not the right person, because I was not the person getting into the gory details on this one, but it was -- it has helped, I would say, so far with the CVS transition and

will help with future transitions.

COMMITTEE MEMBER PACHECO: Oh, I thank you for sharing that. You know, I feel this is actually a really an ideal case study to -- you know, perhaps to showcase how these things can be brought before us, because I feel that's something that we could -- we could teach and provide to others this process. So, yeah -- and definitely, it's good that you're also applying it to the CVS Caremark process, because it's going to be also quite a chore to get that done.

CHIEF HEALTH DIRECTOR MOULDS: Yeah. And the team working on both that and working on the Included Health-Blue Shield transition, just -- I mean, I cannot say enough about them. They were -- they worked so hard and so diligently and just kept it up for months and months. This all starts -- this all starts as soon as the contract is signed, in some cases a little bit before a contract is signed. And, it is -- and so, this is work that in the case of Included and Shield started in August and is still continuing, and similar -- similarly with CVS, it started I July and is continuing. So, you know, it's -- we did not go through a lot of trans -- big transitions like this in the past. It is great that we are learning how to do them. They will be better in the future, if we need to do them in the future, but it is

from the incredibly hard work of the team that has been doing the work.

COMMITTEE MEMBER PACHECO: Fantastic then. Thank you so much for that information. I think that's been very helpful. Thank you. That's all my questions.

CHAIR RUBALCAVA: Thank you.

Vice Chair Kevin Palkki, please.

VICE CHAIR PALKKI: Thank you, Chair. Again, I truly, truly appreciate the work that you all are doing around access for our members. I woke up early this morning just to read an article on hepatitis. And so, I I'm very thankful that you guys are addressing access, whether it's across state lines, whether it's through pharmaceuticals, but allowing those parents, those individuals to make the decisions that they need to make for their families. I truly, truly appreciate that work. So thank you all.

CHAIR RUBALCAVA: Thank you.

Don, I don't want to cut you off. Anything else?

CHIEF HEALTH DIRECTOR MOULDS: No.

CHAIR RUBALCAVA: Okay. Thank you. It was a very good presentation. Thank you, both, you and Kim Malm.

Now, we'll proceed to Item 3, action consent items. I think --

COMMITTEE MEMBER PACHECO: Move approval.

CHAIR RUBALCAVA: Pacheco motioned.

VICE CHAIR PALKKI: Second.

CHAIR RUBALCAVA: And Vice -- Kevin Palkki seconds.

Okay. I'll call for the question. Any discussion on the motion?

Seeing none. Well -- all those in favor say aye?

(Ayes.)

CHAIR RUBALCAVA: Any opposed?

Any abstentions?

Okay. The majority said yes, so the motion passes.

Now, we go to Item 4, informational consent item. Don Moulds, back on.

CHIEF HEALTH DIRECTOR MOULDS: I'm going -- I'm just going to wait a second for or guests to join us.

Terrific. Mr. Chair, members of the Committee. This is the fifth of our health plan spotlight series. Today, we are featuring our new pharmacy benefits manager for 2026, CVS Caremark. I have the pleasure to introduce Ed DeVaney, Executive Vice President and President of CVS Caremark as well as Dr. Michelle Gourdine who is Senior Vice President and Chief Medical Officer. They are going to talk about CVS and share more about what we have to

look forward to in 2026. So I'll go ahead and turn it over to you.

(Slide presentation).

ED DEVANEY: Can you hear me?

CHAIR RUBALCAVA: Yes.

ED DEVANEY: So good morning, Mr. Chairman and members of the Committee. My name is Ed DeVaney. I am honored to serve as the President of CVS Caremark. And on behalf of all our colleagues, I personally just want to take the opportunity to say thank you, not only for the opportunity to speak with you here today, but in choosing us as your partner and delivering high quality and affordable pharmacy benefits.

For background, I have spent 27 years in health care, 20 years within pharmacy benefit management industry, all of which has been with Caremark. And one thing I believe that is front and center, not only here within the great state of California, but across the United States, is we have an affordability crisis in health care and that is inclusive of pharmacy benefits.

We have -- coming to market, we have novel and incredible branded therapies that are coming to market. The reality is most Americans cannot afford the price tag of these medications. And it obviously poses significant challenges to payers, such as yourself, CalPERS, in

managing this. And that's really where partnerships with PBM, such as CVS Caremark, are really essential, not only in lowering costs, but ensuring that members have access to the medications or the therapies as prescribed by their doctor.

I'd really like to spend some time in talking about what we're doing to create a seamless transition and member experience for CalPERS. We've aligned a tenured and dedicated team to implement -- to implement to ensure a successful transition. Ongoing, or in addition, we have collaboration with the CalPERS team. And as you guys have stated up front, my team has been highly impressed with the expertise of the CalPERS teams as we have gone through the start of the implementation.

We also have ongoing collaboration with the health plans. There's multiple health plans that manage the medical benefits. And it's essential to us that we are on the same page with them, recognizing that members who might have a disruption or a period, that we're working hand in glove with the entire ecosystem to drive the right level of experience for your members.

We're also working with your current PBM. It's important for us to bring over or import historical drug level files, open mail order refills, as well as prior authorizations. And said simply is this is all done to

reduce the burden on members as they move from one pharmacy benefit manager to another.

Onboarding. And I think this is -- I'm privileged to be here in the fact that we actually started open enrollment yesterday. And I did want to give you a sense of how that is going, the activity that's happening and the themes in which we are receiving within the Call Center.

So, we got off to a relatively slow start yesterday. By that, I mean we received just over a hundred phone calls.

[SLIDE CHANGE]

ED DEVANEY: We managed those at 100 percent service levels. And I thought the Board would appreciate knowing why members are calling. They're checking on drug costs. And I think this gets back to what I had stated up front. We do have an affordability crisis and members want line of sight to exactly what they're going to pay out of pocket at point of sale.

[SLIDE CHANGE]

ED DEVANEY: Plan benefits. It's really more of a confirmation of saying, hey, I know we're moving from one PBM to CVS Caremark. Are there any changes that I need to be aware of? And last but not least is, I leverage this -- I leverage a community pharmacy today.

Will I be able to leverage that community pharmacy tomorrow? Of course, the answer is yes.

Digital. We actually saw -- we created a microsite as part of this implementation to support open enrollment. And through that, we saw well over a thousand visits yesterday. And the average duration of the member online spanned just under seven minutes and it -- again going back to the affordability crisis, it was mostly geared toward what community pharmacies are available for me to fill my acute or maintenance medication or what will my cost be at point of sale as we advance forward?

In addition to that, as we think about the onboarding process, we will be sending out, prior to the 1-1 date, a welcome communication. Within there, there's going to be multiple areas that the member can focus on. We do provide opportunities for web, Caremark.com. We also have an app that is a Caremark central app, but it's really intended for the member. It's all about to learn about the new plan, the new benefits that they have at their fingertips, locate community pharmacies, again check drug costs, of which we know is very, very important to, not only members here in California, but across the United States, FAQs and more.

In addition, we do have a dedicated call service -- or Call Center for CalPERS. We have over 120

people dedicated to this relationship this partnership. And that is available 24/7/365. These resources are not only available for the members, they're also available for you, the customer. They're available for pharmacies participating within your network along with clinical support.

And last but not least, we realize that members that have more complex regimens require a higher touch or a white glove service. Think of your 3,000 members that leverage a specialty benefit. These members face complex chronic conditions. And really a delay with these members and any care can result in clinical consequences, which is why you're seeing us rollout a white glove approach. By that, I mean not only will your 3,000 specialty utilizers receive a mailing, they will also receive one-on-one outreach directly from our experts. And that will be highly focused on the transition and what support they may or may not need. To give you an example of what that might mean, is this high-touch outreach includes welcoming the member, answer any questions they might have, but really aligning on any special needs that the member might have, which might be in-home nursing for infused medications.

So in close, I hope I can leave you with, we have a strategic holistic plan to onboard your members. We

enter this relationship this partnership with extensive experience in working on large public sector implementations over decades of time. And while we do not anticipate any issues, if they arise, not only will your dedicated and tenured team, but my executive team will also be available, not only to the CalPERS team, but you as a Board.

[SLIDE CHANGE]

ED DEVANEY: And I'll end where I began. I want to thank you for the trust you placed in CVS Caremark as your partner. I strongly believe we are aligned not only on division for health care, but on incentives placed within the contract. And I look forward to this partnership what it will yield for your members. With that said, I would like to turn it over to our Chief Medical Officer, Dr. Michelle Gourdine on population health management.

DR. MICHELLE GOURDINE: Ed, thank you so much. Thank you very much, Mr. Chairman and members of the Committee.

[SLIDE CHANGE]

DR. MICHELLE GOURDINE: As stated, my name is Dr. Michelle Gourdine. I serve as Chief Medical Officer of Caremark. I've been in this position for almost three years, but I've been in health for more than 30 years,

including more than a decade providing public health services at the local and State level in the State of Maryland. A good portion of my career has been involved in population health and value based care. And that's what really attracted me to join CVS Health, because of the dedicated group of professionals who work diligently every single day to make sure that people across this country receive the medical care that they need and the medications that they need in order to remain healthy.

I view the work that we do really as at the intersection of pharmacy and population health. And what that means is that many people are dealing with health challenges, many chronic conditions for which fortunately we have medication to treat them, but that medicine won't help, if you can't access it, you can't afford it, and you don't know how to stick with it. And those are the services that we actually provide at Caremark and that we lead.

And so that's why I'm so excited about the work that we are going to be doing in partnership with you, because based on the contract that we entered into, we're putting our money where our mouth is. We say that we're committed to improving health. We say that we're committed to providing support to individuals. We say that we're committed to lowering the cost of care and

we're going to prove that in the work that we will do in partnership with you.

And that to me is very exciting, because when I think about value-based care and population health, which is where I've spent my career, simply stated, it means making sure that people are getting -- taken care of, making sure that families and communities are healthy, and making sure that health care is affordable, and that's what we commit to do in partnership with you and your health plans together.

We also believe truthfully that this could be a national model. I'm not aware of any other contract between a pharmacy benefits management company and a plan sponsor that goes into this level of detail to provide and align incentives, so aligning the financial incentives with the care delivery incentives in order to deliver what we plan to deliver collectively. And so again, that's also very, very exciting.

But let me get into a little bit of the detail about how we're going to do this. And this is how we're going to start. First of all, we believe it's important for us to acknowledge the existing programs and services that CalPERS currently offers, the work that you've already been doing, and how we can add value to that. So it's not about coming in and duplicating effort. It's

about coming in and listening, and learning, as Don talked about earlier in the listening sessions, in order to understand what's already on the ground and where is the foundation upon which we can build and add value.

The second most important part of this is really data sharing, understanding who the members are, who your employees, their families, and the retirees are, and what the specific needs of those individuals are. All of us understand, as individuals, as members of families, as people who have at one-time or another been patients, that there are different levels of support that people need in order to manage whatever health conditions they're attempting manage or, frankly, in order to just stay healthy and avoid health conditions.

And so our utilization of data is to help us to drill down. And we've actually done this before. So as we've supported other commercial insurers, we have utilized data to be able to drill down, take a look at the population of members that are supported by that plan sponsor, and identify people who might be on a lot of different medications, or have a lot of different health conditions, or have challenges in terms of income, they may live in a community that may not have access to care. There may be transportation issues.

So we take all of that into account to pinpoint

those individuals who are probably at highest risk of not being able to access their medication, not being able to afford their medication, and not being able to stick with their medication. And then we're able to drill down and provide targeted interventions to provide that support.

Some people need education. Tell me about what it means. I've been diagnosed with high blood pressure, what does that mean? I don't feel any symptoms, so why do I have to take this medicine. Tell me what my diabetes means. Some of it has to do with the medications themselves. Well, how do I take this medicine? Do I have to take it with food? Do I need to put it in a refrigerator? Do I need to take it every single day? What happens if I scope a dose? Those types of things differ from individual to individual, but recognizing the individuals who are at highest risk for not being able to take their medicine and stick with it over the long term is really, really important to our being able to achieve the outcomes that we've committed to in our contract.

And so the way that we've done that in the past is by offering a wide range of options, because different people prefer different mechanisms of engagement. Some people like face-to-face. They want to see someone. And so utilizing face-to-face resources in order to be able to do that is important. Some people prefer digital. You

know, give me an app and let me go on to an app. We actually have a really successful app called Health Optimizer, which provides a lot of the services I just described in digital form. Some people prefer phone calls. So those preferences become important.

And again, we've leveraged all of those in the past in order to be able to be successful in what we're trying to achieve here.

We provide things like reminders of refills. Hey, your medicine is about to run out. Make sure that you refill that medication, so that you don't skip a dose and don't endanger your health. Late to fill nudges. You're late on your refill. Let's give you a nudge to see if there's any additional support we can provide you to refill the medication. And again, I talked about the education that we provide as well.

One of the final things I want to highlight before I wrap-up is the fact that, in terms of data and access to data, which obviously is vitally important, because it helps us pinpoint who we can focus on and how we can get that service to them, is that Caremark already has existing relationships with three of your health plans, which is great in terms of our ability --

[SLIDE CHANGE]

DR. MICHELLE GOURDINE: -- to be able to hit the

ground running. We've identified in the contract three specific areas where we're going to focus on improving quality and outcome, high blood pressure, diabetes, and then high risk medication avoidance. For the first two, high blood pressure and diabetes, it's important to note that these conditions commonly occur together among people. And having one of those conditions actually increases your risk of developing another.

And so trying to reduce the risk of people having complications, having to go to the hospital is very, very important to us. And so those same mechanisms that I just described to you are what we're going to use, in order to be able to assist in achieving the quality and cost outcomes that we've committed to.

So finally, what I want to talk about is the third initiative just for a moment, the high risk medication avoidance. This is an -- a metric that is not going to go into effect until 2027, but what we're going to do in 2026 is to make sure that we evaluate the data on individuals who are currently at high risk, who are taking multiple medications and being to line up resources, so that we are able to provide outreach, not only to those members, but also to their providers, to let their doctors know, hey, did you know that your patient is on multiple medications, because as we though, people with multiple

conditions have different doctors. And so trying to coordinate that care along with the doctor, going through the electronic medical record to provide notifications to those doctors in a way that we've done very successfully in the past through the access that we have into the electronic medical record, to sort of provide those flags and those alerts to make sure that the care plan for those individual patients at highest risk is optimized to the extent possible.

So finally, let me just echo what Ed has said. We are so grateful and want to thank you for trusting us and bringing us into partnership with you. We look forward to working with you to improve health care quality, to reduce costs, and to make people's lives better and healthier, not only for themselves, but also for their families and for their communities.

So thank you all very much.

CHAIR RUBALCAVA: Thank you, Dr. Gourdine and thank you, Mr. DeVaney.

Questions from the Committee?

Okay. We'll start with Trustee Pacheco.

COMMITTEE MEMBER PACHECO: Thank you. And first of all, thank you for your visit here and your spotlight. I really do appreciate it. I also am very impressed by the partnership between CalPERS and CVS Caremark, and the

uniqueness of this particular contract. And you were -- you spoke very highly, ma'am, regarding the publish and health management. I'm really impressed of how it could be as model for the nation, because it's the first time that actually we align both financial, as you mentioned, and clinical incentives together.

And I also realize the importance of how it -- you know, I think -- and what I've read was that as long as we -- if you don't exceed the projected 6.5 percent of the cost trend, then, you know, there -- the money that you put aside, which I believe is over a five-year period $250 million dollars at risk. That's significant, significant amount of money. And for the first time, this partnership between CalPERS and a pharmaceutical benefit manager has become aligned.

I just -- I would like to know how do you -- what's your vision of how this will play out and your thoughts on this, because I just want to get an understanding, if you guys could elaborate, either one.

DR. MICHELLE GOURDINE: Sure, I'll start and then I'm sure Ed will add as well. And obviously, I'm going to be looking at this from the clinical perspective, right?

COMMITTEE MEMBER PACHECO: Right.

DR. MICHELLE GOURDINE: So typically, in health care, what sort of helps to move these types of

arrangements forward is to again to your point, aligning the financial with the quality goals. So, you start out by evaluating what's the baseline? So for the group of members who we -- your members, who we've entered into this arrangement to serve looking at blood pressure, diabetes, we want to look at what the baseline measures are of their blood pleasure. What's their blood pressure right now? How many of those members, what percentage are at fault outside of the normal range? The same for hemoglobin A1C with diabetes.

So again, getting back to the importance of data to be able to evaluate where we are, identify those individuals who are at risk because their blood pressure or diabetes is not controlled, and then that's where the initiatives that I talked about kicked in, in terms of providing that support that those members need to bring their blood pressure and their diabetes back into control. And in a way, that's really individualized and we're prepared to be able to drill down to that level to meet the needs of people where they are in order to help them to achieve better quality care in terms of blood pressure and diabetes.

ED DEVANEY: I might just add is, as we've gone through the contracting, as we've gone through the economics, I think, it's really important to point out

that if you think about over the last 20 years within pharmacy benefit management, it's always been market basket average pricing. And what's really important, where CalPERS stepped up and took a very differentiated approach is aligning everything to acquisition cost. And I think now you -- you're moving the world of pharmaceuticals away from an opaque environment into a transparent environment. And we think this is ultimately to your earlier point -- this is -- in our opinion, this is where the market needs to go, which is part of the reason we're so proud and honored to be partner with CalPERS

COMMITTEE MEMBER PACHECO: And I really do appreciate what you mentioned that we're moving more into the acquisition -- you were saying acquisition costs?

ED DEVANEY: Yes.

COMMITTEE MEMBER PACHECO: I think that's something that, you know, speaks highly of, you know, utilizing the -- utilizing the purchasing power of CalPERS's enormous 1.5 million members to align costs and bring those costs in. And again, I'm very much a champion of this. I think this is a -- this is a wonderful program. I see a lot of positiveness and I see it as a national model for other systems throughout our nation.

So thank you. Those are my questions, sir.

CHAIR RUBALCAVA: Thank you.

Vice Chair Kevin Palkki, please.

VICE CHAIR PALKKI: Thank you. Thank you for the presentation. I really appreciate the look at the national model as well. I am not a fan of the BMI calculations.

(Laughter).

VICE CHAIR PALKKI: I've got the opportunity throughout the years to work with some extreme athletes. And to be on your very best and to have a doctor say you're overweight, when you're -- when your body fat percentages are single digits is sort of odd to me, but that -- when you see things like that and you're told that on a regular basis, whether you're an athlete or just an average Joe, it starts to play into mental health issues. And if there's ways that we can find technology that betters those calculations, I think it will be more helpful to us as patients, so that we're not utilizing medication when it comes to mental health and things like that.

Obviously, when I think of mental health, obviously September is suicide prevention month, so anything that we can do to help mitigate those suicide patients, things of that sort.

Going back to technology. I know this is a

interesting topic with AI and everything. And from day one, we were told that with AI comes cost savings. And I know that it's in its infancy and it's still very young, and we're still trying to figure out where that can be utilized, and -- but hopefully those cost savings start to reflect on the end user, because that's what we see on a regular basis. We don't see it as the company. We see it as our medication is going up, right? So anyway that we can find those cost savings and bring it back to the members is much appreciated, so...

ED DEVANEY: And I would just answer that is we were a founding partner of what's called the Coalition of Health AI. We have multiple partners, some of which are large employers in the State, including Google. The way we look at it, we do think AI will play an instrumental role in medical and pharmacy benefits moving forward. But the reality is, it can only move as fast as the speed of trust, so having the right partners with a Microsoft, with a Google, with us at the -- at the table. We do certainly expect some changes and we certainly expect health care to look different in five years versus today, but you have to do it the right way. You have to be prudent. You -- I think there are unintended consequences sometimes if you go too fast, which is why we believe we have a leadership position with the right partners to advance it in the

right way.

DR. MICHELLE GOURDINE: And if I could just add very quickly. In terms of AI and using it responsibly, as Ed said, we are very engaged and involved in all of that. We do not use AI to make clinical decisions at this time. We believe that human intervention and evaluation is important and is required. And so I just want to be very clear about that, that while we are evaluating the utility of AI in terms of allowing us to be able to do certain tasks relative to decisions that are made with regard to access to medications, et cetera, AI is not utilized in that.

VICE CHAIR PALKKI: Thank you.

CHAIR RUBALCAVA: Thank you.

I want to thank you for the great presentation, but I, too -- and the Committee, you know, was engaged in the whole selection process. So I congratulate you on that and we look forward to a great partnership.

In your presentation, you spoke about the onboarding for CalPERS members. And, you know, Doctor, you spoke about the chronic conditions. So maintenance drugs is a big part that we want to make sure our members continue to get it, whether it's mail order or some other process. So how do you en -- and I know that your -- one of your slides talked about making sure there's open prior

authorization, that there's some continuity. So what are you doing to make -- working with the incumbent PBM to make sure there's a dialogue and people don't get lost in the -- in the gaps. Did they -- January 1, they can continue to get their medication.

ED DEVANEY: Yeah. We're working -- we're fortunate within the pharmacy Benefit community with your prior PBM. We do have role sets of how we engage to ensure we have not only the appropriate data, but also with a laser focus on the member experience, so how do we bring over the open refills, how do we carry over approvals that happen in '25 that we could carry forward in '26, which is -- simply put, it's all intended to reduce the friction, but also do it in the right -- the right way clinically, so it has the clinical effectiveness on the back end as well.

CHAIR RUBALCAVA: Thank you very, very much.

I think -- thank you for coming to speak to us and we look forward to the integration of our system -- your systems with our medical plans. And hopefully -- we look forward to a good experience for our members, a healthy experience. So thank you.

We do have a caller on the phone on this item. So can we have them.

CALPERS STAFF: Yes, Chair Rubalcava. We have

Larry Woodson here from California State Retirees to comment on Item 5A. Larry, you are now live and can proceed with your comments.

LARRY WOODSON: Yes. Can you hear me, Mr. Chair?

CHAIR RUBALCAVA: Yes, please continue.

LARRY WOODSON: Okay. Thank you for the opportunity to comment. I would be there in person today, but you'll appreciate that I'm not, because I have COVID and I am doing well, but I do want to, first of all, thank Don and his team for their extraordinary effort to get the health plans to cover the COVID vaccines. That's great. And I'm -- the only concern I have is that I've been reading that even when people come into their pharmacies and present that they have underlying health conditions, if they're under 65, some pharmacies are requiring them to come back with a prescription. So, yeah, I guess if our members run into that, they'll have to deal with it, and maybe let you know.

But what I wanted to comment on was the presentation just now on the CVS Caremark PBM. And one thing that was omitted is one of -- stakeholders have been concerned about and expressed this concern about the drugs that will not be covered by CVS Caremark that were covered by Optum. And I appreciate the fact that you posted yesterday on your website a list of those drugs. I was

shocked to see there were 330 of them. Three hundred and thirty drugs are not going to be covered.

Now, I guess -- I mean, with my knowledge of prescription drugs, most of them seemed very obscure. I had two ointments that are not going to be covered, but it's not, you know, terribly concerning, but that many. And there were some diabetes drugs, which were of concern to me. So I just want to bring that up, because I think it should have been addressed. And I don't know if anyone can address it now, but that concludes my comments.

And again, thank you for the teamwork of the health benefits team. That's all

CHAIR RUBALCAVA: Thank you, Larry for your comments for calling in. I hope you have a healthy and rapid recovery from your COVID.

Thank you for staying for the public comment. You do not have to respond, but I'm sure Don will follow up with Larry, but if you want to make a comment, you're welcome to do so.

ED DEVANEY: One thing I will -- I will answer just in response is, as we stated earlier, we're extremely proud to be your partner. We're also extremely proud to be your partner. As you have your own formulary you guys create, it's our job as your pharmacy benefit manager to administer it. So I think in short this is not

necessarily a Caremark decision, as much as it is support of the CalPERS decision.

CHAIR RUBALCAVA: Thank you. And I'm sure Dr. Logan in some other presentations has mentioned how we always try to get a drug that works. It may not be the drug of choice, according to the billboards you see on the freeways, but it is an effective and safe drug. Is that correct, Dr. Logan?

CHIEF CLINICAL DIRECTOR LOGAN: Yeah. If I may just respond to that. So, all of our -- we thought a lot about this in terms of the formulary switch and we wanted to make absolutely sure that our members had a clinical -- clinically suitable alternative for every single medication on the Optum formulary and then on the CVS formulary. So that list of 300 or so drugs, each one has a clinically suitable alternative. Many of them, I don't know how many, but many -- probably more than 50 percent have a generic that's available. So one of the things to help with affordability over the long term is to switch people from the brand to the generic equivalent. And so that was a very thoughtful move on our part, and in conjunction with CVS, to make sure that our members have a suitable alternative and a generic would be available.

If there are any concerns, we can certainly answer them as they come up. We can also -- it's

important to have conversations with your doctor about these changes, if you have concerns, or if the doctor has concerns. If the doctor and you believe that the medication is medically necessary, that brand that's excluded or that drug that's excluded, we do have processes in place -- appeal processes to make sure that members do have that ability, because that does happen, and we want to make sure we accommodate that as well.

CHAIR RUBALCAVA: Thank you, Dr. Logan, and thank you, Dr. Gourdine and Mr. -- Executive Vice President -- two titles Executive Vice President, President Ed DeVaney. Thank you so much for your presentation. And Larry, I want to thank you because you brought forward some information that I think was needed for members to hear and understand. Thank you very much.

Okay. Now, we'll proceed to 5B, summary of Committee direction.

CHIEF HEALTH DIRECTOR MOULDS: I don't have Committee direction and I think Kim is giving the --

CHAIR RUBALCAVA: No. Okay. I don't think so either.

So now we'll proceed to public comment. We have -- I have a caller on the phone -- first -- I'm sorry, first, I have Cheryl Carter from CSEA Schools.

Yes, please.

CHERYL CARTER: I'm sorry. I didn't expect to be the first one. My name is Cheryl Carter. And I'm with the California School Employees Association, the other CSEA. And I want to talk about the California -- I'm sorry, the CalPERS Pathways to Womens Conference that we attended. And I know some people think that doesn't have anything to do with pension and health, but it did quite a bit have to do with that.

When I first saw the title of the conference, I thought, well, what pathways are they talking about? You know, it just says Pathways to Women. But when I got there, I was just -- I won't even say overwhelmed. I was excited about all the information that the speakers brought to us. It was amazing. One of the things I learned there was that women didn't have the option to get credit on their own until 1974. Before that, you couldn't buy a house. You couldn't buy a car. You can't get a loan and unless you had your husband, your brother, any other male relative sign for you.

And there was a presenter there who wasn't even 30 and made her first million dollars. And then we had Marcie get up and give her presentation. And we thought, we have a women here who's, you know, taking care of our pensions, where not that long ago, women didn't have that kind of voice. And we had someone there who was talking

to us about our health benefits. And this presenter said to us that there are over a hundred laws on the books that dictate what a women can do with her body, but there's not one single law on the books that dictate what a man can do with his body. And so, she brought to us information about how we can advocate for our own health, how we can fight for what we need to do to take care of ourselves to do better for ourselves.

And with that being said, with all the things, and all the changes, and all the budget cuts, and all the ways that we're trying to save money, this was by far one of the best conferences I have ever attended. And it was well worth every dime and every minute put into it. I appreciate the opportunity to attend. I appreciate everything that you did for us.

And last year, I was able to invite a couple of students to go. This year, I was only able to invite one, but I am definitely going to put that in my budget to include sponsoring other young women to attend. And I hope that you'll do it again next year. So thank you so much.

CHAIR RUBALCAVA: Thank you for your comments.

Next, we have Matt Montgomery, please.

And I forgot to say to all the other speakers, but we have three minutes allotted for each public

commenter.

MATT MONTGOMERY: Good morning, Pension and Health Benefit Committee. We are here today to address concerns we have with Blue Cross-Blue Shield, concerns that directly affect the health, well-being and peace of mind of members like my family.

I am before you as a Blue Cross-Blue Shield member, a husband, and a father of two, whose family care is directly impacted by the decisions made on the behalf of Blue Cross-Blue Shield by an outside company.

When my family or I need care, we must be able to trust that the prior authorization process is fair and accurate. Yet, too often, it feels like the company, Blue Cross-Blue Shield relies on, Elevance, making these critical decisions doesn't fully understand the approved policies and benefits we have paid for, leaving members caught in delays and uncertainty.

Do you know what it means for my wife who is trying to figure out why she is in chronic pain. It means endless phone calls just to find out what's going on. It means waiting weeks, sometimes months, on appeals while her pain continues. It means being denied the very treatments our doctors say are necessary. It means lying awake at night, not just in pain, but in fear, wondering if our insurance will protect us the way it promised or if

it will once again stand in the way of her getting better.

For you, these may look like numbers, forms or codes, but for people like us, they are so much more. They are the mother who can't get out of bed because her treatment is delayed due to consistent denials -- constant denials. They are the father missing work because he's on the phone again begging for answers on why this is happening. They are child watching a parent suffer, not understanding why help isn't coming. And for us, they are also the question of our daughter's life. Without these benefits, how would her care during cancer treatment have gone if we were forced to wait on prior authorization? The thought of her fighting cancer while trapped in delays is unbearable. But for too many families, that is their reality.

We're asking this Committee to take meaningful action, to hold the insurance companies selected accountable for truly prioritizing the well-being of members they serve, so that delays are reduced, Denials are fair, and people receive the care they desperately need and are paying for when they need it. Families like mine should never be forced to fight for care we are promised.

Sorry. I didn't introduce myself at the beginning. Matt Montgomery. I'm an IT specialist for the

California Department of Corrections and Rehabilitations at High Desert State Prison and a member of SEIU Local 1000.

Thank you.

CHAIR RUBALCAVA: Thank you for your very strong comments. They were heard.

We have a caller on the phone.

CALPERS STAFF: Yes, Chair Rubalcava, we Michelle Bashow here to speak to Item 5c. Michelle, you are now live and can make your comments.

MICHELLE BASHOW: Hello. Can you hear me?

CHAIR RUBALCAVA: Yes, please. Please proceed.

MICHELLE BASHOW: Okay. She mentioned my name, Michelle Bashow. I'm a retired -- officially retired teach. I'm actually semi-retired. I still work February through May doing testing in my district.

I received and read the letters explaining the cost increases and I saw in the closed session on the agenda was preliminary and potential health benefits program proposals for 2027. So, looking forward to that. When you discuss this in your closed session, I would propose that you consider capping further increases, or at least trying to keep them at a minimum, not placing any further burden on -- overall on subscribers, but specifically PPO supplemental plans. Retirees that have

incurred increases not just with the premiums but with Medicare as well. The Platinum and Gold received the highest, 13.8 percent, which is included in the letter, and see -- take a more equitable approach to the increases, especially for retirees on limited incomes, given that there was tiered approach. And I'll get to that point a little bit later.

Currently, at the -- for example for the Platinum plan, it's 665 a month. It's above the average net national range of between 450 and 650 for comparable plans. So we're going at a pace that's, you know, not sustainable, in my opinion. And I -- on the long-term view, I see this perhaps out of the scope of the Committee control and many control that this is all part of the health care transition I see over time. It's long and painful. We call it change, but I think it's a long painful process of trying to move towards a universal health care system versus a private system, you know, according to the European model, and that's why you have younger people saying I'm -- I don't -- I'm tired of living here. I'm going to go somewhere else. The grass always looks greener, but I just see it in that context.

And specifically, the -- in terms of numbers, I'm sure you're aware of this, but I did a little research in history. And looking back about four or five years, I'm

looking at 9.9 percent '22 to '23, 6.6 percent '24, 30 percent was a big transition to Blue Shield, 30.4 percent, and thousand this year 13.8 percent. The big question mark is 2027. So, I hope you consider that.

For me personally, that's a big chunk with the increase in Medicare. The trending on that is, you know, 165, 175, 185, 206. 2027 big question mark. So, the escalation is not singular and this is no -- nothing new to everybody, and our concerns about access, and quality care, and financial management of it. But between premiums for Platinum Medicare, dental and vision, which I opt for, which at my age kind of necessary, and then the medications for a diagnosis I received a few years ago, there -- where the medication might be available, but uncovered by insurance, is -- two years ago it was 250 a month. Now, it's -- I shopped in Canada for it, out of pocket, still not covered by insurance, is another hundred. So I'm looking at about a thousand dollars a month in health care expenses just -- but -- and my choice to get the premiums.

So I will -- I did look at a comparison plan last year. I stayed with it thinking I'm going to ride out the change. And now, I'm not so sure I can do that. But I'm on the back nine as they say in some arenas in the mid-seventies, so I'm maintaining good health and that's a

positive. I'm pretty proactive, but there's the reality of the 80 marker, when things do come up and expect the unexpected as was mentioned.

So, I'm prepared for that, but I guess my population dynamic kind of do play a part in these decision. And its just leaves -- kind of leaves retirees at 65 plus in the position of --

CHAIR RUBALCAVA: Michelle, can you please summarize your comments. You've gone over the three minutes. Can you please summarize your comments.

MICHELLE BASHOW: Yes. My questions for you are, one, can you foresee a cap on increases? Can you see a more equitable application of the percentage increases across the plans? And three, in light of the trends that I pointed out, what is the best case scenario? Would it be a reasonable stabilizing percentage increase on premiums? So I just ask if you consider that in your discussions about 2027, because the past is the past. We are where are and I'm a solutions person for the front, so hopefully you'll take that --

CHAIR RUBALCAVA: Thank you, Michelle. Appreciate you calling in.

MICHELLE BASHOW: Thank you.

CHAIR RUBALCAVA: Michelle, thank you for calling in. We appreciate your comments.

With that -- thank you. With that public comment, we adjourn this meeting.

(Thereupon California Public Employees' Retirement System, Pension and Health Benefits Committee open session meeting adjourned at 11:04 a.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 23rd day of September, 2025.

JAMES F. PETERS, CSR
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