

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

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FECKNER AUDITORIUM
LINCOLN PLAZA NORTH
400 P STREET
SACRAMENTO, CALIFORNIA

TUESDAY, NOVEMBER 18, 2025
10:30 A.M.

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

APPEARANCES

COMMITTEE MEMBERS:

Ramón Rubalcava, Chair

Kevin Palkki, Vice Chair

Malia Cohen, represented by Deborah Gallegos

Monica Erickson, represented by Nicole Griffith

David Miller

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:

Lisa Agcaoili, Lawndale Federation of Teachers

Jared Critchfield, Amador County Unified School District

Jeff Freitas

Bonnie Gale, Amador County Office of Education

Sara Granda

Tracy Hinman, Amador County School Member

Jeannie Jentzen, Amador County Schools

Carrie Marrama, Amador County Office of Education,
California School Employees Association 827

Mathew Montgomery, Service Employees International Union
Local 1000

Robert Norton, Amador County School District

Nick Partida, United Nurses Association of California,
Union of Healthcare Professionals

Bobby Roy

Keith Umemoto, California State Retirees

Greg Wall, Amador County Teachers Association

C.T. Weber

Carl Williams, Lawndale Federation of Classified Employees

Larry Woodson, California State Retirees

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PROCEEDINGS

CHAIR RUBALCAVA: Good morning. We're going to get started. Good morning, everybody. We'll call the Pension and Health Benefits Committee to order, please. And the first order of business is the roll call, call to order.

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: Nicole Griffith for Monica Erickson.

ACTING COMMITTEE MEMBER GRIFFITH: Good morning.

BOARD CLERK ANDERSON: David Miller.

COMMITTEE MEMBER MILLER: 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.

1 COMMITTEE MEMBER WILLETTE: Here.

2 CHAIR RUBALCAVA: Thank you, everybody. Now,
3 we'll proceed to the Executive -- Item number 2, Executive
4 Report. Don Moulds and Kim Malm, please.

5 DEPUTY EXECUTIVE OFFICER MALM: Good morning.
6 Kim Malm, CalPERS team. I wanted to give you a few
7 updates from the Customer Services Branch. I'll start
8 with a wrap-up of open enrollment calls to the Call
9 Center. Last time I briefed you, we were in the middle of
10 open enrollment, which ended in October. During this four
11 week period, we received nearly 112,000 calls. I
12 appreciate all the hard work of the Call Center agents and
13 all lines of management that were taking these calls.

14 Next, as of yesterday, November 17th, we
15 implemented multi-factor authentication for our employers.
16 Our members have been using this security feature for some
17 time now. Multi-factor authentication adds an extra layer
18 of protection, enhancing data security and safeguarding
19 sensitive information for the employers and the members.
20 This also ensures that we're following industry standard
21 best practices for cybersecurity.

22 As you may recall from my September update, I
23 mentioned that we launched an effort to boost myCalPERS
24 member self-service registrations in July. I thought I
25 would share that we've increased total registrations by

1 almost 40,000, approximately 32,000 of them from active
2 members and 1,500 from retirees. And if you're doing the
3 math, the remainder is from beneficiaries and inactives.
4 The campaign aims to highlight how creating a myCalPERS
5 account makes it easy to manage your benefits anytime and
6 adds an extra layer of protection against fraud.

7 To make regional office appointments more
8 efficient and valuable for our members, we've updated our
9 Contact Center procedures. Now, our Call Center agents
10 verify whether members have a myCalPERS account and if
11 they don't, guide them through creating one with clear
12 instructions and a helpful link. There's more to come on
13 this project, and I will keep you updated as the metrics
14 progress.

15 Also, my September update, I mentioned that we
16 were introducing a retiree class webinar. This
17 post-retirement webinar is scheduled for December 9th. It
18 will cover topics that help retirees prepare for the
19 upcoming year. We'll discuss changes taking place in the
20 health plans, the deduction changes, cost of living, or
21 COLA, updates, such as the timing of the COLA update, the
22 process, when it will be posted to our website, when to
23 expect it in their warrant, and address other important
24 topics, such as beneficiary designations, power of
25 attorney, documents, working after retirement rules, and

1 when they can expect their 1099-Rs.

2 Registration is now open, and to date, we have
3 over 2,200 signed up for this webinar and there are little
4 half page fliers in the back of the room for people to
5 pick up if they wanted to take one and use the QR code to
6 register.

7 Moving on to some of our other training. We
8 launched a new virtual class in October preparing for
9 regional office visits. This video has nearly 12,000
10 views and is available on YouTube. We also recently held
11 Funding Your Retirement Future virtual classes on November
12 4th and 5th, was it was a successful event with over 900
13 attendees.

14 Next, let me just give you a quick update on our
15 CalPERS benefit education events. Our next virtual even
16 will take place on March 4th and a 5th, and registration
17 will open in February. Our next planned in-person CBEE is
18 in Monterey on January 9th and 10th, and registration
19 opened today for that event.

20 Other planned CBEEs for 2026 are Anaheim in -- on
21 April 8 -- sorry, 10th and 11th and Redding for June 5th
22 and 6th. In closing, I'd like to ask for a moment of
23 personal privilege, Mr. Chair.

24 CHAIR RUBALCAVA: Please.

25 DEPUTY EXECUTIVE OFFICER MALM: I am pleased to

1 introduce Thor Dunn, the new Division Chief of the
2 Customer Experience Division, also known as our Contact
3 Center. He joined the CSS team at the beginning of
4 October and he has spent over 25 years with California
5 Department of Tax and Fee Administration, and Board of
6 Equalization's Call Center, the last five years acting as
7 the Customer Service Chief of CDTFA.

8 His expertise in running a call center and
9 implementing a Gen AI tool will be instrumental in
10 ensuring the future success of our services to CalPERS
11 members. There was also a Veteran from the Marines and
12 retired from the Air Force Reserves in 2013.

13 I'd like to have him stand and be recognized.

14 (Applause).

15 CHAIR RUBALCAVA: Thank you. If I could just
16 speak here. Since it's November, I want to say thank
17 you -- and Veterans Day, thank you for your service and
18 welcome to CalPERS. I look forward to your service here.

19 CUSTOMER EXPERIENCE DIVISION CHIEF DUNN: Thank
20 you. It's good to be here.

21 DEPUTY EXECUTIVE OFFICER MALM: That concludes my
22 comments and I'm happy to answer any questions or turn it
23 over to Mr. Moulds.

24 CHAIR RUBALCAVA: Don.

25 CHIEF HEALTH DIRECTOR MOULDS: All right. Mr.

1 Rubalcava, members of the Committee, I have a handful of
2 updates for you today. On October 28th, we delivered the
3 Health Benefits Program Annual Report for the 2024 plan
4 year to the California Legislature and the Director of
5 Finance. Every year the report provides an overview of
6 the Health Program's performance and impact on our
7 members. Throughout the report, you'll find information
8 about different health plan offerings, including benefit
9 design changes, and medical spend and utilization trends.
10 It's available on our website for anyone who is
11 interested. We hope you find the report informative and a
12 valuable resource. I'd like to thank as well CalPERS team
13 members who contributed to the development and delivery of
14 the report.

15 Next, one of the conditions of receiving CalPERS
16 retiree coverage is that annuitants age 65 and older must
17 apply for Medicare parts A and B to remain enrolled in a
18 CalPERS health plan. Most members can apply for Medicare
19 online. However, some must schedule and in-person or
20 phone appointment with the Social Security Administration
21 to complete their application.

22 During the government shutdown, some members
23 reported delays in securing appointments as well as delays
24 in the processing of their applications. We are
25 encouraging any member who has encountered delays of

1 either type to reach out to CalPERS through the Call
2 Center or via secure message in their myCalPERS account.
3 For members who have faced delays, we will be offering a
4 60-day extension as needed. This ensures that no one will
5 lose their coverage while waiting for their appointment or
6 for processing. We will continue to monitor the situation
7 and just -- and adjust the timelines as needed.

8 I wanted to let you all know that last month I
9 had the honor of testifying in front of the U.S. Senate
10 Committee on Aging about some of the innovative work
11 CalPERS is doing to address the cost of health care.
12 Specifically, the Committee was interested in learning
13 about the various iterations of our reference pricing
14 program, which creates incentives for our PPO members to
15 have elective medical procedures, like hip and knee
16 replacements, done at high quality, lower cost facilities,
17 and provides benefits such as covering the cost of travel
18 for those who do.

19 Over the last decade, we've extended the program
20 to cover more than a dozen and a half different
21 procedures, and last year the Board approved the extension
22 of the reference pricing concept to our new Member
23 Incentives for Labs Program, which waives cost sharing for
24 members who have their lab work done at Labcorps or Quest,
25 where we have negotiated very competitive pricing, rather

1 than at high cost hospital affiliated labs.

2 The hearing included Mark Cuban, who discussed
3 his online pharmacy Cost Plus Drugs and Jeanne Lambrew,
4 who ran the White Office of Health Reform during the Obama
5 administration. It's on the Senate's website if anyone is
6 interested in viewing it.

7 Last, I want to share a progress report on the
8 transition to our new pharmacy benefits manager, CVS
9 Caremark, which goes into effect on January 1st. Since we
10 talked last about this in September, we have had a
11 relatively smooth open enrollment, thanks to the efforts
12 of both the CalPERS and CVS teams. To help support our
13 members, the CVS website contains a variety of
14 information, such as the new formulary, excluded drugs,
15 and other details, so members have the ability to verify
16 the status of their specific medication. They also have
17 the option to call CVS and talk with a CVS agent about the
18 transition and get answers to their specific questions,
19 and, of course, they can always call CalPERS.

20 Member communications have started going out and
21 will continue through the end of the year. This includes
22 mailings to members impacted by a formulary change and
23 those taking specialty medications. Additionally, we've
24 updated our website with estimated mailing dates and all
25 the various letters coming out, as well as the new ID

1 cards, which are targeted for mailing by our health plans.

2 I will note that last month our Medicare members
3 did receive a letter from our current PBM, Optum Rx that
4 left some of them with the impression that they were
5 losing their drug coverage. While it was a CMS required
6 notice, it could have been communicated more clearly. As
7 we have pushed out through our website, and through
8 stakeholder meetings, and other communications, drug
9 coverage for all of our members will be continuous. No
10 CalPERS members will have any lapse in coverage during the
11 transition.

12 As we approach the new year and our new
13 partnership with CVS, we remain committed to supporting
14 our members through this transition. Many thanks to all
15 involved for making this as smooth as possible for our
16 members.

17 That includes[SIC] my remarks and I'm happy to
18 answer any questions.

19 CHAIR RUBALCAVA: Thank you very -- thank you
20 very much Mr. Moulds. And questions from the Committee?

21 Thank you for the update and it's good to know --
22 we do have President Taylor, please.

23 COMMITTEE MEMBER TAYLOR: Thank you very much.
24 Thank you, Don for -- and Kim for your presentation.
25 Congratulations Thor on your new position and welcome to

1 CalPERS.

2 So, Don, I had a question. The -- so we did
3 experience some delays from Medicare, but it has kind of
4 been taken care of and --

5 CHIEF HEALTH DIRECTOR MOULDS: We've had a few
6 reports. We talked to CMS who said there shouldn't be
7 any. We are erring on the side of caution and we have
8 pushed out this information in all of the usual channels
9 to make it clear to our members that if they encounter any
10 delays, we will work with them. So the standard response
11 for someone who's experienced a delay will be to give them
12 a 60-day extension to go through the process of
13 registering for Medicare parts A and part B. If we need
14 to extend that further, we will do that obviously.

15 COMMITTEE MEMBER TAYLOR: You'll notify people if
16 it needs to be made -- their time frame needs to start
17 earlier basically?

18 CHIEF HEALTH DIRECTOR MOULDS: Yeah. We'll
19 just -- we're just going to -- they will call in and let
20 us know. We will offer them the extension. And if, for
21 whatever reason, that isn't sufficient time, we'll work
22 with them to make sure that they're properly enrolled.

23 COMMITTEE MEMBER TAYLOR: Okay. Because I did
24 run into a few employees before this actually that was
25 having trouble with Medicare anyway, so I just wanted to

1 make sure.

2 So I love the fact that you went to a Senate
3 hearing regarding reference pricing, but didn't we used to
4 be already working with CMS on referencing pricing. I'm a
5 little confused.

6 CHIEF HEALTH DIRECTOR MOULDS: So reference
7 pricing is a program we've implemented ourselves. It's
8 about a decade old.

9 COMMITTEE MEMBER TAYLOR: Right.

10 CHIEF HEALTH DIRECTOR MOULDS: We've had various
11 iterations of the program. We had a major update in 2018,
12 where we extended it to about 13 new procedures.

13 COMMITTEE MEMBER TAYLOR: Right.

14 CHIEF HEALTH DIRECTOR MOULDS: And then the
15 Member Incentives for Labs Program was a little over a
16 year ago now.

17 COMMITTEE MEMBER TAYLOR: Okay. Okay. So -- and
18 that's what basically you were in there talking to the
19 Senate about?

20 CHIEF HEALTH DIRECTOR MOULDS: (Nods head).

21 COMMITTEE MEMBER TAYLOR: Okay.

22 CHIEF HEALTH DIRECTOR MOULDS: The Committee
23 was -- the Committee was interested in directed consumer
24 type programs where consumer incentives are used. We
25 talked about the successes we've had with our referencing

1 pricing program. We made it clear that we did not think
2 that all of the woes of the U.S. health care system were
3 solvable through consumer incentives, which is an
4 important point. And we talked a little bit about some of
5 the other things. I talked a little bit about some of the
6 other things that we're doing at CalPERS.

7 COMMITTEE MEMBER TAYLOR: Okay. Great. I
8 just -- congratulations. Thank you very much. I actually
9 heard from somebody that they saw you and was very happy
10 that you represented us. So thank you.

11 CHAIR RUBALCAVA: Thank you, President Taylor.
12 Trustee Pacheco.

13 COMMITTEE MEMBER PACHECO: Thank you. And thank
14 you, Mr. Moulds and thank you, Ms. Malm, for -- and also,
15 sir, thank you for your service as well.

16 Don, I wanted to ask you a question regarding the
17 CVS Caremark, that issue. In terms of the -- let me -- in
18 terms of the communication of the -- of the information,
19 have you been communicating that like in other languages,
20 for instance, Spanish? Is there availability?

21 CHIEF HEALTH DIRECTOR MOULDS: I'm going to let
22 Rob give you specific details about availability and other
23 languages.

24 COMMITTEE MEMBER PACHECO: Yes.

25 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

1 CHIEF JARZOMBEC: Good morning, Ron Jarzombek, CalPERS
2 team member. So upon request, it is -- all the
3 information is available in additional languages. So the
4 initial notifications will go out in English, but if a
5 member would like it in a different language, they're able
6 to request that.

7 COMMITTEE MEMBER PACHECO: And they're able to --
8 when they're able to call, they're able to talk to
9 someone?

10 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
11 CHIEF JARZOMBEC: Yes. So the CVS call center has been up
12 starting with open enrollment. And so they remain open
13 for our members now through the end of the contract -- the
14 current contract. And so they can call anytime and get
15 that -- submit their request to CVS directly.

16 COMMITTEE MEMBER PACHECO: Perfect then. And in
17 terms of the specialty drugs and so forth, how has that
18 been going?

19 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
20 CHIEF JARZOMBEC: So the specialty drugs, those letters
21 are being geared up to be sent out next week. And so this
22 is where we're working with Optum to transition all that
23 information over to CVS, so they know who is taking which
24 medications. Then the letters are teed up to go out next
25 week. The letters will go out to both the member as well

1 as their prescriber, so both entities know what's
2 happening, and especially if they're impacted by a
3 formulary change.

4 COMMITTEE MEMBER PACHECO: Oh, excellent then.
5 So they'll -- so both the provider and the member will
6 know exactly what's happening.

7 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
8 CHIEF JARZOMBEC: Correct.

9 COMMITTEE MEMBER PACHECO: And then with respect
10 to that, is it going to be a seamless transition then
11 with -- to move to the CVS Caremark?

12 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
13 CHIEF JARZOMBEC: Yes. That is our hope. That's been our
14 charge all along. This is CalPERS choice to choose a
15 different PBM, not a member's choice, so we do want to
16 make this as smooth as possible as Don said. So that is
17 where members don't typically need to take any action.
18 The small percentage of members who are impacted by a
19 formulary change, we're outreaching to them and their
20 prescriber, as I said, to make that transition.

21 COMMITTEE MEMBER PACHECO: And if there is a
22 hiccup, they can just call the Call Center.

23 HEALTH PLAN RESEARCH & ADMINISTRATION CHIEF
24 JARZOMBEC: Absolutely. So the hiccup -- if there's any
25 hiccups, they can call CVS directly. They can also call

1 us. We have ongoing meetings, regular meetings, with all
2 of the teams, and all the health plans to make sure
3 everyone is aware of what's changing into -- addressing
4 any issues that may arise.

5 COMMITTEE MEMBER PACHECO: Perfect. That's all
6 my questions then. Thank you so much.

7 CHAIR RUBALCAVA: Thank you, Trustee.

8 Thank you, Don Moulds and Ms. Malm for our
9 presentation, and thank you, Rob, for weighing in.

10 I have a request for public comment under this
11 item. We usually don't have it under executive report,
12 but because we didn't have the discussion before the
13 clarity, we'll proceed in letting them speak. So we'll go
14 with -- and then I'll give the option to the speaker for
15 6b, if she wants to speak also at this moment.

16 So can I have Lisa Agcaoili, and Carl Williams,
17 and Nick Partida please come up. Sit up in front.

18 Please introduce yourself, and you can proceed,
19 and you have three minutes.

20 LISA AGCAOILI: Thank you, Mr. Chair and members
21 of the Committee. My name is Lisa Agcaoili and I have
22 been a CalPERS member for over 20 years. I work with
23 Lawndale Elementary School District for over 30 years and
24 I work with the special needs department as an
25 instructional assistant.

1 For most of those years, I worked without health
2 care. I was like 15 minutes a day from being eligible for
3 benefits through my employer. For decades, I lived with
4 the insecurity of not knowing whether I would be able to
5 receive care or the decision to take care of my family's
6 needs or take care of my own.

7 But after a major health scare that almost
8 actually took my life, I became a walking billboard for my
9 employers to see that health care is not only a moral
10 right, but was necessary for our para-professionals. So
11 we fought, negotiated, and won the rights for quite a few
12 of us in that classification.

13 Because of my experiences with the health care
14 system, I am here to stand in solidarity with the Kaiser
15 employees fighting for a fair contract. We know what poor
16 staffing looks like, because the people that we serve
17 while I served students, they served patients, and they
18 all deserve quality care.

19 With staffing shortages, health care workers are
20 being asked to handle more than their fair share of the
21 work, than they're getting paid for. More than they can
22 handle and still provide quality care that each patient
23 deserves. Kaiser workers are seeking fair wages. And
24 with the prices of everything going up, including medical
25 care, our health care workers deserve the same, and they

1 also need to be caught up.

2 It's our health and our lives at stake, and I
3 want the people who are taking care of us to also to be
4 able to take care of their families the way they do so
5 many others. For Kaiser to invest in its workforce and
6 not buy up more facilities across the country, health care
7 workers are the cornerstone of delivering good care to
8 patients, and that's where they should be investing their
9 dollars at this time.

10 Thank you so much for your time and the
11 opportunity to speak before you today.

12 CHAIR RUBALCAVA: Thank you for your comments.
13 Carl Williams, please.

14 CARL WILLIAMS: Good morning. My name is Carl
15 Williams and I've worked with Lawndale Elementary School
16 District since 1994, first as a staff, and later President
17 of the Lawndale Federation of Classified Employees. I
18 also serve as president of the CFT Council of Classified
19 Employees, and I'm a national Vice President for the AFT.
20 And I have been a beneficiary of CalPERS for 31 years.

21 The members of our union are grateful to CalPERS
22 and your work to provide us with a dignified, secure
23 retirement, and affordable and accessible health care. We
24 know your track record is champion for your members. In
25 that spirit, I ask that you send a strong message to

1 Kaiser that our members, CalPERS members, need Kaiser to
2 settle a fair contract with its workers, so that we can
3 continue to receive the access to high quality care for
4 our members and our families.

5 Kaiser workers are fighting for improved staffing
6 and fair pay. And our members are affected. They have
7 experienced delayed care due to chronic staffing
8 shortages, leading to longer wait times, rescheduled
9 appointments, and treatment delays. And we know that
10 staffing shortages hurt quality, whether it's in the
11 classroom or in an emergency room. Kaiser staffing
12 shortages have led to their use of traveling nurses and
13 contracting out work, which is also very costly and an
14 inefficient Band-Aid. Settling a fair contract would fix
15 this problem.

16 The five-day strike last month meant that my
17 members had to reschedule appointments and struggle to get
18 their medications filled. That's a huge disruption to the
19 scheduling process, because our members have to request
20 time off months in advance and can't easily change those
21 dates. Having to seek emergency care during a strike is a
22 terrifying experience and no one should have to go through
23 that. Hearing that the labor disputes remained unresolved
24 with the bargaining not progressing and more Kaiser
25 workers in California with contracts expired, we are

1 concerned about the future disruptions and other strikes
2 this will create.

3 And we know that this is avoidable with a profit
4 margin 10 percent greater than Amazon. We know that
5 Kaiser has the resources to settle the contract. No one
6 is asking you all to mediate a labor dispute, but in your
7 capacity as a health care purchaser, we are asking on
8 behalf of the CFT's classified members across California
9 please send a clear message to Kaiser. Stop stalling.
10 Bargain if their contract that puts quality care first for
11 my members and patients across the state of California,
12 not Kaiser's excessive corporate profits.

13 Thank you again for your work in advocating for
14 public sector workers through -- throughout California and
15 your time and your attention to this very, very important
16 issue.

17 CHAIR RUBALCAVA: Thank you, Mr. Williams, for
18 your comments.

19 CARL WILLIAMS: Thank you.

20 CHAIR RUBALCAVA: Nick Partida, please.

21 NICK PARTIDA: Good morning. Thank you to the
22 Chair, Vice Chair, and members of the Committee for
23 granting us time to speak. My name is Nick Partida. I am
24 a registered nurse and a member of the United Nurses
25 Association of California, Union of Healthcare

1 Professionals.

2 I've worked for Kaiser Permanente for over 10
3 years, most currently working as an emergency room nurse
4 at Kaiser Permanente in the City of Irvine. UNAC/UHCP
5 represents a broad range of health care professionals
6 dedicated to patient care across California and Hawaii.
7 Our 42,000 members include registered nurses, nurse
8 practitioners, physician's assistants, pharmacists,
9 optometrists, physical and occupational therapists, speech
10 language pathologists, nurse midwives, social workers,
11 case managers, clinical laboratory scientists among many
12 others.

13 In total, UNAC/UHCP represents professionals in
14 more than 70 different job classifications all committed
15 to providing the highest quality care to our patients and
16 communities. In the past, I was proud to work for an
17 employer known for being labor friendly. Through Kaiser's
18 well known labor management partnership, we use to resolve
19 tough issues collaboratively before they escalated into
20 disputes that could disrupt patient care.

21 Unfortunately, under the current leadership, that
22 has changed and not for the better. Today, we're
23 literally fighting just to have a guaranteed voice in how
24 we care for our patients. That voice is one of our key
25 bargaining priorities, along with fair wages that allow us

1 to hire and retain the staff our patients need and depend
2 on. That worker voice matters. It ensures that the
3 people at the bedside, those who understand patient's
4 needs best, can advocate for safe staffing levels and the
5 highest quality care. Right now, Kaiser's pay proposals
6 lag behind other area hospitals, they failed to keep pace
7 with inflation, and will only deepen our chronic staffing
8 shortages. If this continues, we'll see fewer staff,
9 longer wait times, and patients spending less -- patients
10 spending less time with their providers. At the end of
11 the day, it all comes down to staffing.

12 Kaiser can afford to do better. With profit
13 margins exceeding 10 percent, it's fair to ask where are
14 those profits going, because they're not showing up at the
15 bedside. After months Of bargaining with little progress,
16 we were forced to strike for five days in October. Yet,
17 Kaiser continues to refuse meaningful compromise, creating
18 the very real possibility of larger and more disruptive
19 strikes ahead, when once again patients will bear the
20 brunt.

21 Kaiser may claim that the impact of a strike is
22 minimal or managed, but what they don't tell you is how
23 frightening it can be for a patient in an understaffed
24 hospital during a strike, when too few travel nurses are
25 available, supplies are misplaced, routines are

1 unfamiliar, or when patients urgently need a prescription
2 refill only to find the pharmacy being closed.

3 And what we've shared concerns you, please speak
4 up to Kaiser on behalf of CalPERS members, our patients.
5 Kaiser can settle. Their profitability proves that. They
6 simply must choose to put patients, your members, before
7 profit. Thank you for your time.

8 CHAIR RUBALCAVA: Thank you very much.

9 I have two more callers -- to more speakers on
10 the phone. Go ahead, please.

11 CALPERS STAFF: Yes, Chair Rubalcava. We have
12 Jeff Freitas with CFT to speak on Agenda Item 2.

13 Jeff, you are now live and can proceed with your
14 comments.

15 JEFF FREITAS: Thank you. This is Jeff Freitas,
16 President of CFT. As stated, as you have heard from two
17 of our members, we have many, many members who participate
18 in the CalPERS health care true Kaiser. And we have many
19 affiliates that are reeling with this. As you know in
20 education, our working conditions are the classroom, the
21 learning conditions of our students. So the same is true
22 in the medical field, where the working conditions of the
23 workers are the medical conditions of the patients. And
24 we need to make sure, and we are asking you as true
25 believers in providing the best dignified secure

1 retirement, affordable, accessible health care for all
2 employees and all members of CalPERS to not mediate this,
3 but to put pressure on Kaiser to actually do the right
4 thing.

5 As you know, and as was just spoken by others, a
6 five day strike last month meant that members had to
7 reschedule procedures, had their appointments and
8 struggled to get their medications filled. These are our
9 members. These are CalPERS participants and this is a
10 very serious issues.

11 And this labor dispute remains unsolved. As was
12 just mentioned, with profit margins exceeding 10 percent,
13 greater than that of Amazon, we know Kaiser has the
14 resources to settle a fair contract. Again, we are not
15 asking you to mediate this labor dispute, but put -- but
16 in your capacity as a health care purchaser, the largest
17 of Kaiser I believe, I am asking you, on behalf of CFT's
18 members throughout California, classified as well as we
19 have part-time faculty, many faculty members that are part
20 of PERS to send a clear message to Kaiser. Stop stalling,
21 bargain a fair contract that puts quality care first for
22 my members as patients throughout California, not to put
23 Kaiser's executive profits first.

24 So I thank you for listening to this. I thank
25 you for listening to these comments, and for your work in

1 advocating, your continued work in advocating for public
2 sector workers throughout California, and for your time
3 and attention to this matter. Thank you.

4 CHAIR RUBALCAVA: Thank you. We have one more
5 speaker on the phone, I believe

6 CALPERS STAFF: Yes. Next, we have Bobby Roy to
7 speak on Item 2. Bobby, you are now live and can proceed
8 with your comments.

9 BOBBY ROY: Thank you. Bobby Roy. For
10 identification purposes, I am also a State employee with
11 the California Department of Education. I -- add me to
12 the list of people that wanted to give kudos to Dr. Moulds
13 during the Congressional hearing and the presentation
14 there. I really was -- I found it enlightening and
15 insightful. I'm really glad that you're on our side. And
16 I know I was bragging on you and sharing it with other
17 folks within the retirement security committee at SEIU
18 Local 1000 in order to make sure that those talking points
19 and the points you made were shared and that they get
20 spread throughout our organization. So kudos and thank
21 you.

22 CHAIR RUBALCAVA: Thank you. Since they allowed
23 speakers on -- thank you very much. You can go sit down.

24 Since I allowed speakers on Item 2, I want to
25 extend the same courtesy to -- too many names now -- to

1 Sara Granda, if she wants to speak right now, if you would
2 like or you can wait.

3 SARA GRANDA: I thought I was speaking after Item
4 6.

5 CHAIR RUBALCAVA: Okay. Thank you. All right.
6 Thank you. We do have one last speaker on item 2, Keith
7 Umemoto wanted to speak on this item.

8 KEITH UMEMOTO: Am I doing this right? Yes.
9 Keith Umemoto California State Right -- Retirees. I just
10 wanted to thank the CalPERS staff on the transition -- at
11 least up to this point, the transition from OptumRx to
12 Caremark, in particular, when a lot of our members and lot
13 of your members received the letter from OptumRx on
14 terminating their current relationship with Optum, they
15 immediately sent a blast email that we forwarded to our
16 members. So that was really appreciated.

17 At the same time, I think they are so well
18 prepared. And as the transition evolves with Caremark in
19 January, I'm sure there will be a lot more questions, and
20 I'm sure your staff is well aware and will be prepared for
21 that. And hopefully, they can influence Caremark, as well
22 as OptumRx, to be prepared for all those avalanches of
23 calls. So thank you very much.

24 CHAIR RUBALCAVA: Thank you, Keith. Now, we'll
25 proceed to the action consent items.

1 COMMITTEE MEMBER PACHECO: Move it.

2 COMMITTEE MEMBER TAYLOR: Second.

3 CHAIR RUBALCAVA: Okay. It's moved by Trustee
4 Pacheco, seconded by President Taylor.

5 All those in favor?

6 (Ayes.)

7 CHAIR RUBALCAVA: The ayes have it. We don't
8 need a roll call, right?

9 Oh, okay. We need to do it formally.

10 Okay. All those in famers -- all those in favor,
11 say aye?

12 (Ayes.)

13 CHAIR RUBALCAVA: Any opposed?

14 No.

15 Any abstentions?

16 The ayes have it. The item passes.

17 Both items pass. Now, we'll move on to
18 information consent items. I have got no notice from
19 anybody to with -- to pull any items, so they're accepted.

20 Okay. Now, we go to the action items starting
21 with 5a, Health Benefits Program proposals for the 2027
22 plan year. Rob Jarzombek.

23 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

24 CHIEF JARZOMBEC: Jarzombek.

25 CHAIR RUBALCAVA: And Dr. Logan. Sorry about

1 that.

2 (Slide presentation).

3 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

4 CHIEF JARZOMBEC: That's all right.

5 Good morning, Mr. Chair and members of the
6 Committee. Rob Jarzombek, CalPERS team member.

7 This is Agenda Item 5a, approval of the Health
8 Benefits Program proposals for the 2027 plan year. This
9 is an action item.

10 As background, this agenda item is part of our
11 process to consider a variety of changes to our program
12 for the upcoming plan year before the formal rate
13 development process begins.

14 We do this so that everyone knows what, if
15 anything, is changing for the next plan year before any
16 rates are developed. The types of changes we consider in
17 this process are adding a new Basic or Medicare plan,
18 incorporating a new Health Benefit Program, making a
19 benefit design change or a product change, and lastly,
20 changing a current plan's service area.

21 [SLIDE CHANGE]

22 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

23 CHIEF JARZOMBEC: Over the next few slides, I'll walk
24 through the timeline and the recommendations we're
25 proposing for your approval. I'll also provide an update

1 on SB 729, which requires CalPERS Basic HMO plans provide
2 coverage for the diagnosis and treatment of infertility
3 effective July 1st, 2027.

4 And finally, I'll go over next steps.

5 [SLIDE CHANGE]

6 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
7 CHIEF JARZOMBK: All year long, the CalPERS Health team
8 consider ways to further enhance our program. We also
9 seek input from the plans to gain their perspectives on
10 our ideas. The approved items will be incorporated into
11 the rate development process in the spring for changes to
12 take effect on January 1st, 2027. While we typically
13 bring all proposals to you in this November, there may be
14 others that present themselves before next spring. If
15 this is the case, we'll return to you early next year
16 should there be anything additional to consider for the
17 2027 plan year.

18 [SLIDE CHANGE]

19 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
20 CHIEF JARZOMBK: To align with our strategic goal, we
21 develop proposals that improve health care quality,
22 increase equity, and maintain affordability. We also work
23 closely with the plans on proposals that improve access to
24 care for our members, especially those in underserved
25 areas lacking affordable HMO options. Let's begin with a

1 product change for Blue Shield's Medicare Advantage plan.

2 [SLIDE CHANGE]

3 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

4 CHIEF JARZOMBEC: Blue Shield's current Medicare Advantage
5 plan is one that combines medical coverage and
6 prescription drug coverage in a single plan. We recommend
7 separating the prescription drug plan from the medical
8 portion of the plan to potentially receive a higher
9 reimbursement amount from the Centers for Medicaid --
10 Medicare and Medicaid Services, or CMS. This is because
11 with separate medical and pharmacy plans, the pharmacy
12 risk score is Calculated differently than when combined.

13 The idea of separating the two from each other is
14 that the individual pharmacy risk score would use a
15 different calculation and would generate additional CMS
16 reimbursement beyond what is received under the current
17 combined plan. This potentially higher reimbursement
18 amount would go towards reducing premiums.

19 If this change were to move forward, members
20 would receive two separate ID cards instead of one. One
21 ID care would be for medical benefits, and the second card
22 would be for pharmacy benefits. This two-card approach is
23 what has been in place for many years in our PERS Gold and
24 PERS Platinum Medicare Supplemental plans, as well as for
25 those members enrolled in Anthem's Medicare Advantage

1 plan. There have not been any issues associated with
2 members using two cards for their benefits.

3 Other than having two cards, there would not be
4 any other changes for members, meaning the copays,
5 benefits, and formulary would all remain the same. Should
6 this be approved, we will work through the details with
7 Blue Shield during the upcoming rate development process.

8 Next is a recommendation about Blue Shield's EPO
9 plan.

10 [SLIDE CHANGE]

11 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
12 CHIEF JARZOMBK: To further increase access for members,
13 we recommend expanding Blue Shield's exclusive provider
14 organization plan to the remaining California zip codes
15 that do not have an HMO option. Previously, you approved
16 Blue Shield to expand their EPO plan into counties that
17 did not have an HMO option. And this occurred in 2022 and
18 2023. However, there are still 51 zip codes in California
19 where only the Basic PPO plans remain available to
20 members.

21 These zip codes are largely in the rural north,
22 but there are four zip codes in San Bernardino County that
23 also do not have an option other than the PPOs. At this
24 time, Blue Shield does not anticipate an impact to EPO
25 premiums due to this expansion. However, if there is an

1 impact, we'll report it out to you during the rate
2 development process, should this be approved.

3 [SLIDE CHANGE]

4 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

5 CHIEF JARZOMBEC: Next is Kaiser. As we shared in the
6 September meeting, Kaiser Permanente and Renown Health
7 have entered and agreement to jointly own and operate a
8 health plan and new patient care delivery system that will
9 bring Kaiser Permanente to northwestern Nevada in 2027.

10 To further increase access for our members, we
11 recommend expanding CalPERS service area for Kaiser's
12 Basic HMO and Medicare Advantage plans into northwestern
13 Nevada. At this time, both Basic and Medicare plans are
14 being pursued, and the expansions are pending regulatory
15 approval. We expect the regulatory approval to be
16 received and completed next year.

17 Once the respect regulatory organizations have
18 completed their reviews, we will know what the exact
19 service area will be. We will communicate the service
20 area out once known.

21 Finally, there's an update on SB 729.

22 [SLIDE CHANGE]

23 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

24 CHIEF JARZOMBEC: As I mentioned earlier, SB 729 requires
25 CalPERS Basic HMO plans provide coverage for the diagnosis

1 and treatment of infertility effective July 1st, 2027.

2 This past summer, we requested proposed pricing and
3 Implementation information from the health plans and
4 fertility vendors.

5 It's important to clarify that SB 729 does not
6 apply to our PPO plans. However, we are evaluating our
7 options for the PPO plans as well. We expect the
8 implementation of SB 729 to impact premiums and are
9 exploring all options to ensure a cost-effective and
10 impactful benefit. There is considerable uncertainty with
11 the benefits and costs for a couple reasons. First, we
12 are awaiting final guidance from the Department of Managed
13 Health Care, or DMHC, to understand the specifics around
14 what is to be covered under the fertility benefit. Once
15 we have final DMHC guidance, we can move forward with our
16 final negotiations with the plans and vendors.

17 Second is that the experience with adding and
18 providing IVF benefits is playing out in real time.
19 Several other purchasers across the country are
20 implementing fertility benefits. And while we are
21 learning from their experience, it is difficult to predict
22 our utilization and cost based on their unique fertility a
23 benefits and utilization. We continue to monitor other
24 purchasers' experiences to help inform the impacts to our
25 premiums and to better understand how pent up demand for

1 these services will impact utilization and access in the
2 initial years.

3 Implementing the HMO benefit first, as required
4 by State law, will also allow us to apply lessons learned
5 to a potential PPO implementation of the fertility
6 benefits, as well as make improvements to the HMO benefit
7 as needed. Any proposed implementation for the PPOs would
8 be brought to you in the future for your consideration and
9 approval.

10 [SLIDE CHANGE]

11 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
12 CHIEF JARZOMBEC: Here is a quick recap of the three
13 proposals we recommend for approval. First is separating
14 Blue Shield's prescription drug plan from its Medicare
15 Advantage plan, second is expanding Blue Shield's EPO plan
16 into the California zip codes that do not have an HMO
17 option, and third is expanding Kaiser's Basic and Medicare
18 plans into northwestern Nevada.

19 [SLIDE CHANGE]

20 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
21 CHIEF JARZOMBEC: Upon the Committee's approval we'll
22 incorporate the approved changes into the rate development
23 process and lay out the necessary implementation
24 activities. We will communicate the plan expansions and
25 product change to members in advance of and during open

1 enrollment.

2 This concludes the presentation and we're happy
3 to take any questions.

4 CHAIR RUBALCAVA: Thank you for the presentation.
5 Any questions from the Committee?

6 We will start with Trustee Yvonne Walker.

7 COMMITTEE MEMBER WALKER: Thank you. When we
8 talk about the rate development process, is there a high
9 level thing to go over, like, you know, what is actually
10 tails. I get that asked a lot, and it would be helpful if
11 we could get that out there to have a little more
12 understanding.

13 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
14 CHIEF JARZOMBK: Yes, we can prepare something. We
15 have -- we can provide a presentation on this before we
16 go, put we can put some talking points together, so you
17 can have that to refer to.

18 COMMITTEE MEMBER WALKER: You turned it off.
19 (Laughter).

20 CHIEF HEALTH DIRECTOR MOULDS: I'm sorry. I
21 still -- how many years have I been doing this and still
22 can't work the button. We provide a broad overview ahead
23 of the rate development process every year, but, you know,
24 I think the question is what would be -- I mean, we're
25 happy to take this offline, but what other materials would

1 be helpful and what places would -- you know, where would
2 it be helpful to put that information forward, but
3 certainly happy to do it.

4 COMMITTEE MEMBER WALKER: Cool. Okay. Yeah,
5 we'll talk.

6 CHAIR RUBALCAVA: Thank you.

7 Ms. Willette. Trustee Willette, please.

8 COMMITTEE MEMBER WILLETTE: Okay. Thank you,
9 Chair. Thank you, Board members. I just wanted to
10 discuss -- we heard the testimony today about the Kaiser
11 strike and I do have some questions about Kaiser. I'm in
12 favor of the approved changes though for this Board item,
13 but I do know that because Kaiser is a closed system, and
14 our members with Kaiser coverage can't go anywhere else,
15 how did the Kaiser -- how did Kaiser compensate our
16 members for disruptions in their care during that strike?

17 CHIEF HEALTH DIRECTOR MOULDS: So I'm not aware
18 of any specific compensation. We're not party to the
19 negotiations, so we don't see all the details. Kaiser
20 communicates with us ahead of these things, but that was
21 not part of a conversation.

22 COMMITTEE MEMBER WILLETTE: So did Kaiser, in any
23 way, as the plan sponsor compensate CalPERS for the
24 disruption in service to our members?

25 CHIEF HEALTH DIRECTOR MOULDS: No. What

1 Kaiser -- what Kaiser did communicate to us is that they
2 had an alternative plan in place, where, you know, in the
3 event that there were -- that there were rescheduled or
4 there was a need to reschedule that they had alternative
5 sites available and were working with members to
6 reschedule. I'm not aware of any cancellations. I --
7 what they communicated to us, if memory serves, is that
8 the most significant delays were in Hawaii, not in
9 California per se, and that they -- but that they were
10 able to schedule in a timely way everything. I think
11 there were some marginal impacts on pharmacy business as
12 well.

13 COMMITTEE MEMBER WILLETTE: Okay. I just think
14 that it really puts this Board in bad position when Kaiser
15 does not work with its workforce to resolve these issues.
16 And Kaiser's value proposition from its founding has been
17 centered on low cost, worker friendly labor practices.
18 And I think that its prices should be more competitive
19 than other health plans. But as we know, Kaiser is now
20 among the top tier of expensive health plans. And they've
21 had waves of labor unrest for a number of years now
22 impacting our members and their access to care.

23 I think as we heard earlier, the workers, you
24 know, who are on strike and who are looking for settlement
25 are still the same COVID heroes we called out five years

1 ago. They did show up for our families, right? They show
2 up for our seniors in our communities. And today, they're
3 asking for really basic respect, safe staffing levels, and
4 the ability to provide the care to our members that our
5 members deserve, and. We know the high cost of turnover
6 in health care. It's just enormous, not just financially,
7 but on the human impact, the -- you know, we're talking in
8 other sessions over the year about getting more people
9 into the health care fields.

10 So that instability really does affect our
11 CalPERS members who depend on the reliable high quality
12 care. And I also -- you know, we're facing the backdrop
13 of the HR 1 implications, which will threaten our health
14 care systems further and just the long-term sustain --
15 sustainability, excuse me, of our health benefit plans.

16 So I'm really concerned, not just within our
17 system on health care, but the effects on California's
18 economy, right? We heard an economic report yesterday in
19 the Investment Committee on those impacts. And when
20 workers aren't treated well, it does push our entire
21 economy down, lost wages, burnout, understaffed hospitals,
22 delayed care. They all are a drag on our economic
23 stability, and the quality of life in California, but the
24 return that we depend on for our investments. I don't
25 need to tell you all, striking workers don't buy cars.

1 Striking workers don't eat out or go on vacation and spend
2 their money.

3 And so I'm wondering what steps have we taken to
4 ensure that Kaiser is at the table and that they're
5 working toward real solutions that will stabilize the
6 workforce and our economy, that will restore trust and
7 protect the health of our members.

8 CHIEF HEALTH DIRECTOR MOULDS: We have a long
9 history of staying neutral in these kinds of disputes.
10 Our members obviously have an interest in maintaining
11 continuity of care, and these disruptions are not good for
12 our members. There are many other considerations at play.
13 The challenge here is that we are not party to these
14 negotiations, so we do not have a lens into the
15 particulars of the negotiations. And weighing in without
16 that site line is difficult and potentially problematic.

17 COMMITTEE MEMBER WILLETTE: Are there any actions
18 that we can, as a Board, take to communicate the gravity
19 of our concerns?

20 CHIEF HEALTH DIRECTOR MOULDS: So we certainly
21 work with Kaiser ahead of time to understand and make sure
22 that there is a B plan in place, so that when there are
23 disruptions, we both understand where our members are
24 getting care, and we will kick the tires on that to make
25 sure that we are comfortable that they are doing all the

1 things that they need to be doing.

2 COMMITTEE MEMBER WILLETTE: Yeah, I can
3 appreciate the plan B and I suspect with bargaining not
4 progressing, that we should anticipate more strikes
5 coming, more workforce disruption. But I really would
6 love us to work on plan A, like that's what we probably
7 should be working on first is getting these workers to
8 the -- you know, to work, and so then our members don't
9 have to work -- worry about disruptions, reschedules, you
10 know, alternative items. So I think I made my point, but
11 thank you so much for the report. And I am in favor of
12 the changes.

13 CHAIR RUBALCAVA: Thank you, Trustee Willette.
14 We'll have Jose Luis Pacheco, please, next.

15 COMMITTEE MEMBER PACHECO: Yes. Thank you, Mr.
16 Moulds and thank you, Rob, for your information. I wanted
17 to go back to page seven of the -- of the report on the
18 Kaiser Nevada Basic and MA process. The zip code -- I
19 mean, what I was trying to understand is that this is
20 still pending regulatory approval. The exact service area
21 is still being determined. Are we determining -- are we
22 still working out the zip codes that are going to be --
23 that are going to be applied?

24 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
25 CHIEF JARZOMBEC: Yes, so we're still working out the zip

1 codes. So there's two different approvals that are being
2 pursued. The first one is for the Basic plan. So the
3 Basic plan needs to get approval from the Division of
4 Insurance in Nevada. So it's basically the DMHC
5 equivalent in the State of Nevada to determine the Basic
6 plan service area. So they are doing that.

7 And then CMS is going to determine the Medicare
8 Advantage service area. And so it's possible that there
9 could be two different service areas. CMS typically
10 approves service areas when it's a full county service
11 area and not just a partial county with partial zip codes.
12 And so that, we have a wait to be -- we need to wait for
13 those things -- two things to play out. So it could be
14 two different service areas, depending on what each of
15 those regulatory entities ultimately approves.

16 COMMITTEE MEMBER PACHECO: I see. And with
17 respect -- with respect to the persons that -- this
18 applies to people that actually live in Nevada, right?

19 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
20 CHIEF JARZOMBK: The -- yeah, so eligibility is based off
21 of a person's zip code. So for an active person, it's
22 based off of their home zip code or their work address.

23 COMMITTEE MEMBER PACHECO: Um-hmm.

24 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
25 CHIEF JARZOMBK: Then for our retiree or person not

1 working, it's only based off of their home address.

2 COMMITTEE MEMBER PACHECO: So if they were -- if
3 they were -- let's say they were working on the other side
4 of the state, like let's say along, like in Susanville,
5 the area up in that -- very rural areas of the -- of the
6 northeastern part of California, they would be able to
7 have access, if they -- if they lived on the other side,
8 on the northwestern side of Nevada?

9 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
10 CHIEF JARZOMBEC: Correct. If they had a zip code --
11 their home zip code let's say was in -- on -- within the
12 area that will be approved, then they could be eligible
13 for Kaiser based off of that zip code.

14 COMMITTEE MEMBER PACHECO: And the rates would be
15 applic -- the rates would be determined at the -- at
16 Nevada's rates, not California's rates?

17 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
18 CHIEF JARZOMBEC: So we're still working out what the
19 accurate will be. So right now, with Kaiser, Kaiser has
20 out-of-state regions that have a different rate than the
21 California rate. It's a higher rate. And so we're
22 working with Kaiser to determine which rate they will use.
23 Will it be the out-of-state right that they use currently,
24 will it be the California rate, that is the one we have
25 here for CalPERS members, in California, or will it be

1 something, its own rate, that might be something in
2 between or just different.

3 So those will all be fleshed out during the rate
4 development process. And then after they get the
5 regulatory approvals as well.

6 COMMITTEE MEMBER PACHECO: Okay. And this is a
7 question for actually Dr. Logan. I'd like to ask you a
8 question. Given that situation, are we -- are we going to
9 still be maintaining the same level of clinical outcomes,
10 you know, the same ones in California will be in Nevada
11 and so forth. Will we have synergy?

12 CHIEF CLINICAL DIRECTOR LOGAN: Yes. So they
13 will be held to the same standard for the Quality
14 Alignment Measure Set and those performance measures, as
15 the rest of our book of business across the HMOs. So,
16 yes, that same high level of quality.

17 COMMITTEE MEMBER PACHECO: And we'll be working
18 with their -- the equivalent of their Department of
19 Managed Care, I mean, or their partners in the State of
20 Nevada?

21 CHIEF CLINICAL DIRECTOR LOGAN: On the quality
22 side, that would really stay within Kaiser and CalPERS, in
23 terms of monitoring quality, for the -- for what we're
24 holding them accountable for --

25 COMMITTEE MEMBER PACHECO: Oh, I see.

1 CHIEF CLINICAL DIRECTOR LOGAN: -- among the
2 Quality Alignment Measure Set.

3 CHIEF HEALTH DIRECTOR MOULDS: Yeah. Mr.
4 Pacheco, those are our requirements. They're not the
5 State of California's requirements.

6 COMMITTEE MEMBER PACHECO: Oh, I see.

7 CHIEF HEALTH DIRECTOR MOULDS: So we -- and as
8 Dr. Logan mentioned, we hold all of our HMOs, regardless
9 of where they are providing service, to those standards.
10 We wouldn't envision a lot of interaction with the State
11 of Nevada on this, but it's certainly something where if
12 there was an issue that would arise, we could reach out to
13 them. But all of -- the extensive quality requirements
14 that we have in place are contractual --

15 COMMITTEE MEMBER PACHECO: Right.

16 CHIEF HEALTH DIRECTOR MOULDS: -- and so they're
17 ours.

18 COMMITTEE MEMBER PACHECO: Excellent then. Thank
19 you very much for that. And the other question is, the
20 other one is the separation, as you mentioned, on the Blue
21 Shield Medicare Advantage, separating the Medicare with
22 the pharmacy -- the pharmaceutical drug plan. And you
23 said because we're going to be able to get higher
24 reimbursement from CMS. Is that -- is that something that
25 we will see as we move on in the years to come?

1 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

2 CHIEF JARZOMBEC: So that is what the idea behind
3 splitting these -- separating them from each other is. We
4 will see that hope -- we will hopefully see that for the
5 first year. We don't know how if that will be a
6 continued -- a continued trend, multiple year over year.
7 This is a fairly new -- it's a new idea on how to approach
8 this. And so we'll see how it pans out over time. CMS
9 does frequently make changes to their processes and their
10 reimbursement amount, as we saw through the Inflation
11 Reduction Act. So it's just like something else could
12 happen that it doesn't play out for multiple years in this
13 scenario, but we think it should play out positively for
14 our members for 2027.

15 COMMITTEE MEMBER PACHECO: For this particular
16 year.

17 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

18 CHIEF JARZOMBEC: Correct.

19 COMMITTEE MEMBER PACHECO: But, of course,
20 anything with respect to the federal government could
21 change --

22 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

23 CHIEF JARZOMBEC: Yes.

24 COMMITTEE MEMBER PACHECO: -- the whole -- the
25 whole equation and calculus.

1 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION

2 CHIEF JARZOMBEC: Yes.

3 COMMITTEE MEMBER PACHECO: Okay. Very good then.
4 And that's all. And I also support this as well. Thank
5 you.

6 CHAIR RUBALCAVA: Thank you, Mr. Pacheco.
7 Mr. Frank Ruffino.

8 ACTING BOARD MEMBER RUFFINO: Thank you, Mr.
9 Chair. Am I on? Thank you Mr. Chair.

10 CHAIR RUBALCAVA: Yes. Please proceed.

11 ACTING BOARD MEMBER RUFFINO: I'm happy to wait
12 until the rest of Committee asks questions. I have a --

13 CHAIR RUBALCAVA: Vice Chair Palkki will follow
14 you. Go ahead, please.

15 ACTING BOARD MEMBER RUFFINO: I'm good. Okay.
16 All right. Thanks again, Mr. Chair, and thank you, staff,
17 for the presentation.

18 I've got a question -- more of a broader question
19 about risk management. And so, you know, looking forward,
20 right, looking ahead, and even looking at the proposal
21 that we have before us, I'm curious how is staff
22 evaluating the risk of any future labor dispute, whether
23 it's Kaiser or any other of our other plans, and
24 specifically is there an expectation -- is CalPERS -- what
25 expectation is CalPERS setting with our health plan

1 partners to ensure continuity of care for our members
2 during any future work stoppage or similar events.

3 CHIEF HEALTH DIRECTOR MOULDS: Yeah. As I
4 mentioned to -- or as I responded to Mr. -- Ms. Willette's
5 question, we -- any time that we are aware of a potential
6 dispute, we engage the plan that is party to that dispute
7 to talk through their continuity plans, to ensure that our
8 members will have access to care during that time, and
9 that it is as seamless as possible. That is the
10 conversation that takes place.

11 ACTING BOARD MEMBER RUFFINO: Is that just at
12 a -- for clarification, is that part of the contracts when
13 we negotiate or is that an after -- practice that we do
14 after --

15 CHIEF HEALTH DIRECTOR MOULDS: This is a great
16 questions. Is it part of our contract?

17 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
18 CHIEF JARZOMBK: So it is not necessarily part of the
19 contract, but that is our policy. So we have the policy
20 that Don is referring, where members are not to be put in
21 the middle. And so we do enforce that every time this
22 comes up, making sure that we're getting a good deal for
23 our members. We want -- we want the plans to get a good
24 deal, because we all are concerned with the rising health
25 care cost, but we also want to make sure that it's a fair

1 deal, and also that -- make sure that our members aren't
2 put in the middle and aren't used as bargaining chips.

3 So that's really our charge to them, how they --
4 how they handle that, they take that seriously. But
5 sometimes it does put members in the middle where there is
6 some uncertainty when there is a termination at times with
7 that provider contract.

8 ACTING BOARD MEMBER RUFFINO: That's great to
9 hear. And it's great for our members to know, you know,
10 that we have, not necessarily during the contract
11 negotiation, but we have a policy that ensures, you know,
12 the continuity of care. I think that's very important.
13 Thank you for clarifying that. Thank you, Mr. Chair.

14 CHAIR RUBALCAVA: Thank you, Mr. Ruffino. Kevin
15 Palkki, please.

16 VICE CHAIR PALKKI: Thank you. So easy
17 questions. I promise. So just to clarify, the effects of
18 the expansions would start in January of '27 or would
19 there be like a '26-'27?

20 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
21 CHIEF JARZOMBEC: So all of the three -- the two
22 expansions we have here today are all for 1-1-2027. So
23 nothing would be happening in 2026. That is all for 2027
24 plan year.

25 VICE CHAIR PALKKI: Okay. And then the two card

1 idea, I know there's individuals that like the physical
2 card and then there's younger generation that wants
3 everything on their phone. Do they have that option to
4 put their cards on their phone?

5 HEALTH PLAN RESEARCH & ADMINISTRATION DIVISION
6 CHIEF JARZOMBEC: Yeah, so the option will be the same as
7 they are today. So today everyone gets a hard copy of
8 their ID cards, if they haven't opted out for the hard
9 copy. And so they still have the digital options as well.
10 So that will still be -- all of that will remain the same.

11 VICE CHAIR PALKKI: Great. Thank you.

12 CHAIR RUBALCAVA: I'd like to thank the Committee
13 for their questions. It was a robust discussion. And
14 thank you, Rob Jarzombek and Dr. Logan.

15 So that concludes -- oh, we need a motion. We
16 need a motion. This is --

17 VICE CHAIR PALKKI: I'll move approval.

18 CHAIR RUBALCAVA: Vice Chair Palkki moves to --
19 the recommendation for the plan changes for 20 --
20 proposals for plan year to 2027.

21 COMMITTEE MEMBER PACHECO: I'll second it.

22 CHAIR RUBALCAVA: Second by Mr. Pacheco.

23 All in favor say aye?

24 BOARD CLERK ANDERSON: You do have public comment
25 for this item.

1 CHAIR RUBALCAVA: Oh, we have public comment for
2 this item. Yes, we do. Thank you. We'll have Larry
3 Woodson please come forward,

4 LARRY WOODSON: After I was going way.

5 CHAIR RUBALCAVA: I apologize. You were so
6 regular here every week -- every month and now I feel like
7 you're a special guest.

8 LARRY WOODSON: No real objections at all, but I
9 did request four minutes, if I could. I think I can do it
10 in three and a half.

11 CHAIR RUBALCAVA: Three and a half is fine.

12 LARRY WOODSON: Okay. Good morning. Larry
13 Woodson California State approach -- Retirees. It was a
14 good approach and good proposals. I would like to add
15 one. I hope that in 2027, you will take action to
16 minimize the harm of PE to health care. Your heard my
17 comments yesterday at Investment Committee. My request
18 for an extra two minutes then was denied. So today, I'm
19 going to cover some of what I had to leave out and repeat
20 some.

21 The Board members voted unanimously to approve
22 the staff proposal regarding the TPA, total portfolio
23 approach. However, the fact that it passed, in no way
24 prevents the staff from lowering, rather than increasing,
25 the PE target considerably, even down to three percent,

1 which I pointed out is how much the New Zealand Pension
2 Fund had in PE during the five years Mr. Gilmore was their
3 CIO. And, as I pointed out, in those five years, they
4 averaged 8.64 percent rate of return in difficult COVID
5 times compared to CalPERS 7 percent for the same period.
6 So we believe this does demonstrate that Mr. Gilmore and
7 CalPERS can do quite well without any PE investments.

8 But my focus today is private equity doing harm
9 to our health care system. The nine-page report I
10 submitted to the Board documents an explosion of PE
11 acquisitions of health care in the last 15 years, doing
12 great harm to the acquired companies, while making profit
13 for themselves. PE acquisitions most notably of
14 hospitals, nursing homes, rural health, doctors and dental
15 practices, especially ER and dermatology, are
16 skyrocketing. At least 386 hospitals are now owned by PE,
17 comprising 30 percent of all for-profit hospitals in the
18 U.S. I detailed the most egregious and extensive harm to
19 health care to date, which involves the PE firm Cerberus
20 Capital whose acquisition to Steward Health led to the
21 closure of six hospitals and put 31 in bankruptcy.

22 I was able to document CalPERS invested nearly
23 480 mil in the very Cerberus fund that played a part in
24 the demise of 37 hospitals in 10 states. Yesterday,
25 mentioned the destructive MO of PE when they acquired a

1 company, but I didn't explain how their MO drivers
2 hospitals, nursing homes, and -- et cetera, into
3 bankruptcy.

4 First, they finance their acquisitions with debt.
5 It's currently around 70 percent debt. They saddle the
6 company with that debt. Second, they sell the real
7 estate, which is owned by the hospitals and other health
8 entities and lease it back to the acquired company,
9 saddling them with years of lease payments. And the last
10 is asset stripped. Almost immediately PE cuts staff,
11 reduces needed supplies, and more, which further
12 contributes to their path towards insolvency, not to
13 mention the threat to patient safety and poor medical
14 outcomes.

15 In conclusion, if the facts I've presented
16 regarding PE's harm to health care cause you even half the
17 concern they do me, I strongly encourage the Committee,
18 who are also on investments, to question Investment staff
19 regarding PE and move them towards PE divestment,
20 particularly in health care. And I would hope that Don
21 and the Health Benefits team will do the same.

22 Thank yo.

23 CHAIR RUBALCAVA: Thank you.

24 And it was 31 seconds.

25 (Laughter).

1 LARRY WOODSON: I was right.

2 CHAIR RUBALCAVA: Thank you very much.

3 LARRY WOODSON: I went over a second.

4 CHAIR RUBALCAVA: Appreciate your comments.

5 Now, we'll go back to the motion. Any --

6 All those in favor?

7 (Ayes.)

8 CHAIR RUBALCAVA: Any opposed?

9 Any abstentions?

10 The motion passes and you have your direction for
11 2027. Thank you.

12 Now, we'll proceed to information item -- Agenda
13 item number 6, starting with Summary of Committee
14 Direction.

15 CHIEF HEALTH DIRECTOR MOULDS: Mr. Chair, I did
16 not record any Committee. Direction

17 CHAIR RUBALCAVA: I think we had that from --
18 about the rate development material from Trustee Walker.

19 CHIEF HEALTH DIRECTOR MOULDS: Oh, I'm sorry.
20 Yes. Yes. Yes. Apologies. Yes, we will be talking
21 about rate development process materials and venues for
22 said materials.

23 CHAIR RUBALCAVA: I know at the Educational
24 Forums, they always have some nice materials there also.

25 CHIEF HEALTH DIRECTOR MOULDS: Yep.

1 CHAIR RUBALCAVA: So we can use it, recycle that.

2 Thank you. Now, we'll go to public comment and
3 we'll start with Jared -- no. Sorry. We'll start with
4 Sara Granda.

5 SARA GRANDA: I need to unplug from the wall and
6 then I'll come down there.

7 CHAIR RUBALCAVA: Proceed whenever you are ready.

8 SARA GRANDA: Hi. So I submit -- I gave you guys
9 the packet of information, so you could follow along with
10 my public comment, which has kind of add to it, just given
11 the discussion today.

12 What I provided you was the issue with PPO plan
13 and the changes in, oh gosh, 2024 to 2025, and then now
14 2025 to 2026, because you guys are the only ones that
15 review -- the Board is the only one that reviews these
16 plans, right? Everyone else's plans are reviewed by DMHC
17 or CDI, right, but not any of the self-funded plans.
18 That's all done internally with approval. So I hope that
19 makes sense.

20 I also can't see the timer for my comment when I
21 started. Yeah, I only have two minutes now? But I didn't
22 start the comment. I was just telling them why I was
23 giving them these packets, but I can try to go.

24 So good afternoon, CalPERS members. My name is
25 Sara Granda and I thank you for allowing me to speak.

1 I've listened today as several individuals have spoken
2 highly of Dr. Donald Moulds. And I want to respectfully
3 share that Dr. Moulds and I have a very different type of
4 interaction, and, you know, relationship.

5 So in 2019, Dr. Moulds sent a letter disclosing
6 my confidential medical status to an unauthorized third
7 party, someone I never approved. So that action violated
8 my privacy under California's CMIA, HIPAA, and the
9 California Constitution. In the same letter, he referred
10 to my care as an enhanced benefit, a term that
11 fundamentally represents the legal nature of my agreement
12 with CalPERS.

13 So let me be clear. These services are not
14 enhanced. They were subject to a binding 1998 mediation
15 agreement, a contract entered into by CalPERS provide
16 in-lieu-of care outside the standard evidence of coverage,
17 because the regular plan could not meet my needs, so this
18 was a matter of survival. And I'm here speaking as a
19 matter of survival for a case that I need settled, that
20 CalPERS is delaying.

21 And so CalPERS upheld this agreement for over
22 close to three decade, but the in recent years, the agency
23 has treated it as optional, making unilateral changes,
24 failing to conduct annual reviews, and denying me
25 procedural rights guaranteed under the ADA and Rehab Act,

1 right? These decisions have created escalating costs, but
2 let's be honest, the cost is not caused by me or my
3 medical condition. It's a result of CalPERS's own
4 administrative design, layering vendors, bypassing
5 collaborative review, and possibly misclassifying care
6 providers in ways that risk violating California labor
7 laws.

8 I'm about to wrap up, I promise. This matter is
9 not just within CalPERS, but in the court as well,
10 reflecting federal litigation. CalPERS omitted the 1998
11 agreement entirely from its summary judgment filing
12 including the 2012 reassertion of these same benefits
13 covering 24 hours of the -- of my nursing care. This is
14 something Don Moulds remember that you omitted from your
15 filings in the MSJ and your declaration that therefore
16 should be, I guess, impeached, right?

17 So when CalPERS leaves out fundamental facts in
18 both its administration and its legal defense, it places
19 both legal and financial burdens on members like me, and
20 ultimately on this Board. Today, I'm respectfully asking
21 for the following acknowledge, that the 1998 agreement is
22 binding to restoration of the annual care review. So it's
23 a grade three and then to the mislabeling of services as
24 enhanced benefits for accountability for the 199 -- the
25 2019 privacy breach, including Board level awareness, and

1 finally, that CalPERS recognized these costs are the
2 result of its own framework not my care needs.

3 So this is about institutional responsibility and
4 not about upholding a -- and about upholding a promise
5 CalPERS made to a teenage girl over 25 years ago. So I am
6 that girl and I kept my part of the agreement. I'm just
7 asking you guys to do the same.

8 So I mean that's what pertains to today's
9 comments. The other piece is that -- the EOC is now being
10 eroded more, and more, and more. And that is a problem,
11 but it's a problem that's only kept within the Board and
12 you guys, because the Board is the only one who approves
13 that, the EOC. So that's a big, big problem. I also have
14 my nurse here who is a Kaiser nurse. And so that's also a
15 challenge, and -- but these nurses here with me today,
16 they don't have any like labor protections or scope of
17 practice compliance that you guys can provide, so that
18 makes it an estoppel argument that all of this extended
19 negligence dates back to the collapse of your agreement.

20 So I mean, that's all I have to really say today
21 is I just need you guys to settle this whole thing and not
22 misrepresent my, you know, efforts in trying to
23 desperately plead with you for my life, like over, and
24 over, and over again. That's all. You know, I don't
25 think anyone is going to answer any questions, but thanks

1 CHAIR RUBALCAVA: We thank you for your testimony
2 and comments.

3 SARA GRANDA: Sure.

4 CHAIR RUBALCAVA: We will now proceed with the
5 rest of the public comment.

6 Jared Critchfield, please, and Tracy Hinman, you
7 can come down.

8 JARED CRITCHFIELD: Good morning. Jared
9 Critchfield, Superintendent of Schools for Amador County
10 Office of Education and the Amador County Unified School
11 District. We are what is referred to in education as
12 single-single. So we are one school district that
13 comprises the entire county of Amador. If you're not
14 familiar with Amador County, we're not far from here.
15 We're only about an hour from our District office. You
16 may be familiar with some of the other large employers in
17 Amador County, Mule Creek State Prison. We have one of
18 only four State Cal Fire training facilities in our
19 county, and also the Jackson Rancheria Casino and Resort
20 or maybe you've gone wine tasting in Shenandoah Valley, or
21 perhaps gone up to the mountains of Silver Lake and
22 Kirkwood Ski Resort.

23 And so we are new to CalPERS. So first this is
24 just an acknowledgement and thank you for your partnership
25 with us. We've been through much distress over health

1 care in our district and county, and we are new to you as
2 of October 1st, just last month.

3 Some positives that I want to report is we
4 appreciate the fact that you allow an unlimited number of
5 opt-outs. That has been a priority for our employees. We
6 have about 40 percent of our employees who do opt out of
7 health care. As most Educational agencies struggle to
8 hire employees, affordable health care and health care
9 options is a -- is a huge priority.

10 And so I want to focus today my comments on your
11 two strategic goals -- two of the strategic goals, access
12 and affordability. And I don't want to get into the
13 numbers. And I -- we deeply appreciate your approval of
14 the EPO. We were on that list today that you just
15 approved. Amador County for the EPO starting in 2027.
16 However, for the majority of our employees they live in
17 our county. Since we're rural, cover the entire county,
18 it is hard to commute elsewhere.

19 And so the plans available for the majority of
20 the county were just two, the Gold and the Platinum. And
21 so the challenge with that, in Amador County is simple,
22 without getting into the numbers. The Gold plan is
23 affordable, but not accessible. Our own hospital -- we
24 have one hospital in the county, Sutter/Amador, is not
25 covered by the Gold plan. And so the Platinum plan is

1 accessible, but it's not affordable.

2 And so our request is that you continue to --
3 that staff continue to consider looking at the Gold plan
4 and other options as we hope to have a long-standing
5 relationship with you, so that we can have a plan for our
6 employees that is both accessible and affordable. And I
7 want to thank you for your time, and in particular thank
8 the staff that we worked with in the transition. As it is
9 difficult in an organization of 600 employees to
10 transition over, the staff has been phenomenal in helping
11 us transition to your plan.

12 Thank you for your time.

13 CHAIR RUBALCAVA: Thank you.

14 Tracy Hinman, please.

15 TRACY HINMAN: I'm not sure. Oh, than you.

16 A little bit nervous. Thank you, Committee and
17 thank you, Board, for the opportunity to speak today. My
18 name is Tracy Hinman and I'm a teacher in Amador County.

19 And recently, our school did enter into agreement
20 with CalPERS to provide health insurance for its
21 employees. And your representatives, they were informed
22 and they were helpful explaining the coverage. And our
23 members were frankly devastated by the two options
24 provided. Like you said, we had two options, Platinum or
25 Gold. Some people can take Kaiser, but for most, due to

1 our address, it was only those two. And only one, the
2 Platinum, your most expensive, has our local hospital in
3 network.

4 So I ask the representatives what can I do about
5 this? How do we get our local hospital in network? Why
6 don't we have more options in our county? And I was told
7 I could come here and speak today. So here I am. And I
8 appreciate on the agenda that EPO plan was accepted for
9 Amador County. Thank you. But I don't know the exact
10 details of that plan. And if our local hospital is not
11 part of that in-network plan, then the EPO is still not
12 accessible and it's still not affordable for the more than
13 likely urgent or emergency care that will happen.

14 Your strategic plan outlines quality, equity,
15 affordability, and access. And I can't speak to the
16 quality. I haven't used the insurance yet, but it is
17 not -- as to the affordability, for families with the
18 Platinum plan, the cost is \$52,000 a year, and on the Gold
19 plan, it's \$34,000 in premiums. The median salary of our
20 teachers is \$62,000 a year. So teaching is an ideal
21 profession for families because of the shared hours and
22 the time off, but you can't be expected to spend half or
23 nearly all of your salary on health care.

24 Well, the employer should pay, you say. But our
25 employer is a nonprofit public entity who gets their

1 budget from the State. Property taxes In Amador County
2 don't yield the same funds as education -- for education
3 in bigger cities. So our employer can't put 35,000 to
4 50,000 per employee for health insurance. And I'm
5 referring to a teacher's wage. When you consider
6 classified staff, bus drivers, para-educators, cafeteria
7 workers, their median salary is 28,000. Even your single
8 plan is -- for -- is 14 to 20 thousand dollars a year. So
9 for Amador County your plan is not affordable.

10 Let's look at access. Many of our residents live
11 up the mountain 20, 30, 40 minutes beyond our local
12 hospital in Jackson. If our local hospital is not
13 in-network, members have to travel an additional 40 to 60
14 minutes for care.

15 So here I am deciding to be part of the solution.
16 Whom do I turn to? Who can I network to -- with? Who can
17 we petition?

18 Thank you so much for your time.

19 CHAIR RUBALCAVA: Thank you for your comments.

20 Next, we'll have Robert Norton and Jeannie
21 Jentzen.

22 ROBERT NORTON: Thank you, Board. My name is
23 Robert Norton, I'm the Chief Business Official for Amador
24 County Unified School District in Amador County Office of
25 Education.

1 Over the past year, our school district faced an
2 extreme challenge. For reasons too lengthy to discuss in
3 the time allotted, we transitioned to a self-insured
4 health coverage model in October of 2023. And by the of
5 the school year, our District was running significant
6 deficits due to nationally increasing costs of health care
7 and our own millions of dollars in overages stemming from
8 excess health insurance claims.

9 Once we grasped the untenable financial risk of
10 our District's liability, we spent the better part of last
11 school year reviewing a multitude of models and exit
12 strategies to leave our school district con -- our
13 self-insured contract and determine our next steps in
14 tackling our financial woes. However with each of the
15 vendors that we approached, we heard three words, "Decline
16 to quote, decline to quote, decline to quote." Three
17 simple words, but the impact of these was life changing.

18 Due to our years as a self-insured entity, any
19 prospective health insurance provider is afforded the
20 ability to look at our past claims history.
21 Unfortunately, the main reason or liability was so costly,
22 was a simple fact that our high number of claims that we
23 had. Therefore, prospective groups deemed our teachers,
24 administrators, and everybody that educates our youth as
25 too risky to ensure.

1 Well, with that said, I expressed a sincere thank
2 you to the Board and CalPERS health overall for allowing
3 us to join with CalPERS Health. Regardless of the number
4 of claims or risks, your group allows anyone to join on.
5 And you provided us a way out of the deficit and providing
6 health insurance to our valuable team members as well.

7 But frankly, CalPERS was not our first choice.
8 You literally were our only option. And that, more than
9 anything tells the story of how broken the insurance
10 market is for entities like ours. Whereas, CalPERS offers
11 many regional benefits, we've experience limited options
12 in terms of practicality and costs. And some examples is
13 in our zip code, we only have the two plans available. In
14 our district, we have just the CalPERS Gold and the
15 CalPERS Platinum.

16 These are the only available ones for all but two
17 of our zip codes in our county. And on the surface, the
18 two plans are fine. The Platinum plan provides the best
19 coverage at a steep cost for our families at literally
20 thousands of dollars a month, so you're trading basically
21 the great cost and everything else there. But the CalPERS
22 Gold, whereas more affordable, by no means is exceptional.
23 As has been stressed here just a minute ago, it is not
24 available at our local hospital and you have to do a 30
25 minute drive just to get basic health care coverage.

1 So with that, my appeal today is for more health
2 care options for Amador County on behalf of our school
3 district. In addition, we hope that we can work together
4 to review our current access issues and high cost of
5 premiums. On the agenda today was a great first step with
6 the addition of the EPO plan for our county. So thank you
7 very much for that. However, we desperately need, and
8 more specifically, is Sutter Health to be added to our
9 school district's Gold plan. By including the EPO, and
10 especially by negotiating with Sutter Health component,
11 you will not just be fixing our health plan, you'll be
12 making good on your goal to ensuring your members have
13 access to care where they need it, and you will secure
14 health and stability for those shaping the youth of Amador
15 County for years to come. Thank you for your time.

16 CHAIR RUBALCAVA: Thank you.

17 JEANNIE JENTZEN: Hi. Good morning, members of
18 CalPERS Board. My name is Jeannie Jentzen and I am the
19 President of the Amador County Teachers Association. As
20 of October 1st, 2025, our district and members have
21 contracted with CalPERS for our health care coverage. I'm
22 speaking today on behalf of myself, our educators, and the
23 families we serve in Amador County.

24 Our top concern is access to affordable health
25 care, care that is both financially attainable and locally

1 available. Our educators and their families would benefit
2 from plan options that include local, in-network doctors,
3 specialists, and hospitals. Right now, that is not the
4 case. In our rural community, the CalPERS Gold plan does
5 not include in its network the Sutter Amador Hospital, our
6 only local hospital. This leaves our members without
7 access to emergency care close to home.

8 When a child is hurt or an Amador County school's
9 employee needs urgent treatment, being told that they
10 nearest in-network hospital is 60 miles away is not only
11 unreasonable, it is unsafe. We are asking you to change
12 your offerings to include local, affordable options, and
13 to let Gold truly be of benefit to us. As it stands, it
14 fails to meet the needs of the people it is supposed to
15 serve.

16 The combination of limited plan choices and
17 unlimited out-of-network costs is forcing impossible
18 decisions. Our district has stretched its budget to help
19 make these health care options even somewhat accessible,
20 but the financial strain is immense on both the district
21 and our employees. This burden directly affects our
22 ability to attract and retain qualified educators,
23 something critical for the success of our students and
24 schools.

25 Change is hard but the options before us make the

1 fear of change even greater. Many of our employees are
2 delaying or avoiding medical care, not because they don't
3 need it, but because they can't afford the hardship that
4 comes with it.

5 The premiums alone are overwhelming and that's
6 before anyone even sees a doctor. A teacher with a
7 partner earning \$60,000 a year without any district
8 contribution pays 40,000 -- 400 -- \$40,083 dollars
9 annually for the CalPERS Platinum plan. That leaves less
10 than \$20,000 for the entire year about \$1,659 a month to
11 cover all other living expenses. In order to make these
12 plans even remotely attainable, the district's
13 contribution must be extremely high, which in turn diverts
14 essential resources away from our classrooms and our
15 students. In rural areas like ours, we simply cannot
16 compete with urban salaries or benefits, but what we
17 should be able to expect is equitable access to health
18 care.

19 We are not asking for luxury. We are asking for
20 fairness, for coverage that recognizes the realities of
21 rural California, and supports the educators and public
22 employees who serve our communities. Please make local
23 affordable health care access a priority in our -- in your
24 offerings. Let the Gold plan and all CalPERS plans truly
25 serve the people they are meant to protect within our

1 communities.

2 Thank you for your time and your commitment to
3 public service. But regarding the EPO, as Tracy said, if
4 the doctors and hospital are not in network, it isn't
5 possibly a benefit to us as well. So please consider
6 that.

7 CHAIR RUBALCAVA: Thank you.

8 JEANNIE JENTZEN: Thank you.

9 CHAIR RUBALCAVA: Next, we'll have Carrie Marrama
10 and Bonnie Gale, please, if you could come down.

11 CARRIE MARRAMA: Good afternoon. My name is
12 Carrie Marrama. I'm a medical fragile para-professional
13 for Amador County Office of Education.

14 I just wanted to speak today to let you all know
15 the stress and the financial struggles that this insurance
16 change has brought to me and my family. Due to the change
17 of the insurance to CalPERS, provided plans has had a huge
18 incurred cost. Due to the outrageous cost of the
19 premiums, I had to remove my husband who has major
20 disabilities, in order to avoid owing the school district
21 money at the end of my hard working month. Approximately
22 \$600 I would owe my job to work for them to keep the
23 insurance.

24 Does this make any logical sense or seem fair to
25 anybody? This is also happening to many of my co-workers

1 throughout the whole district. They seem to be facing the
2 same problems. With the removal of him from my policy, we
3 are now paying the outrageous cost of his medications,
4 which is approximately \$1,100 a month, because he doesn't
5 have insurance at all. And that is only for one
6 medication. He takes nine.

7 Our doctor copays are much higher. The
8 medication costs are significantly higher for myself. The
9 medication that I personally have been taking for nine
10 years with extremely detailed medical records have been
11 denied by your CalPERS plan by people that -- who have
12 never met me and do not know my medical needs. They
13 refuse to acknowledge my health care records. And every
14 appeal my doctor has submitted has been denied, because
15 they say my medication is not medically necessary.

16 I apologize. I have heard this from multiple of
17 my co-workers having the same problems with their
18 medications they've been on for many years being denied.
19 I hope today that you guys will listen and help us
20 somehow. It is not fair that we all work hard for our
21 paychecks every month and we need affordable health care.
22 It is vital that we can -- we provide care to help and
23 educate our most disabled and medically fragile students.
24 Please address this issue.

25 Thank you.

1 CHAIR RUBALCAVA: Thank you.

2 BONNIE GALE: Good afternoon. My name is Bonnie
3 Gale and I am here today on behalf of Amador County Office
4 of Education, most especially the special educators of
5 Amador County. We educate and serve students with
6 extensive supports needs. I am here today on behalf of my
7 colleagues and partners in education.

8 According to your strategic goals, you aim to
9 provide affordable, equitable, high quality access to
10 health care. We are a small rural community and CalPERS
11 does not offer a provision of HMO coverage. We only have
12 access to two plans, the Gold or Platinum PPO. I want to
13 highlight the affordability and accessibility issues with
14 the plans available to us.

15 The average Salary in Amador County is 62,000 a
16 year. Many of us are on an 11-month pay plan. This
17 equates to approximately 5,600 per month pre-tax. For a
18 family choosing coverage for three or more family members,
19 as stated above, we have only access to two costly PPO
20 options. The premium, very costly Platinum, option is the
21 only plan, as referred to before, that provides access to
22 our local hospital. For our Platinum family plan, the
23 premium is an astronomical \$4,342 a month.

24 This is approximately 78 percent of our take-home
25 pay. Additionally, for the Gold plan, the monthly premium

1 is \$2,913. This is approximately 52 percent of our
2 take-home pay. With these premiums, how can we afford
3 health care and the expenses that having a home and
4 raising a family incur.

5 We implore you to work towards providing a more
6 accessible health care options. Amador County educators
7 have faced and continue to face life-altering choices to
8 afford astronomical premiums as Superintendent Critchfield
9 mentioned, 40 percent of our employee have had to opt out
10 of coverage or opt in for only single coverage, because
11 the options are so costly. One of my colleagues had to
12 make the painful decision to sell her home to cover the
13 astronomical cost of her health care premiums. Her
14 children have medical health -- medical conditions.
15 Others in our district are and will be resigning from
16 their jobs to pursue other avenues of employment. They
17 cannot remain in the education sector. Others are finding
18 second jobs. Many of my district receive assistance from
19 our local food bank despite working full-time jobs. For
20 Amador County, these rates are not representative of
21 affordable, equitable, high-quality access to health care.

22 Residents of rural areas must have affordable
23 health coverage and access to the local physicians and
24 hospitals. Please prioritize and include Sutter Health in
25 your health care options. Thank you.

1 CHAIR RUBALCAVA: Thank you.

2 Next, we'll have Mathew Montgomery, please, and
3 C.T. Weber.

4 MATHEW MONTGOMERY: Good morning, members of the
5 Board. My name is Matt Montgomery. I'm an SEIU Local
6 1000 member. Thank you for the opportunity to speak today
7 about the cost-related impacts of the PERS Gold and
8 Platinum PPO plans, as well as the access challenges
9 created by the EPO plan.

10 While these plans provide important coverage,
11 their current structure creates significant financial and
12 access barriers for many employees and their families,
13 which do meet the expectations of the members. These
14 challenges are even more severe for members who live
15 several states away, where PERS Platinum is the only
16 available insurance option, creating a clear inequity for
17 those who have no meaningful choice in their coverage.

18 The maximum out of pocket costs in both PPO plans
19 place a heavy burden on the members. With the Gold plan,
20 members can pay up to \$6,000 out of pocket per family for
21 in-network care. In the Platinum plan, the limit is --
22 the limits are 4,000 per family. This still doesn't take
23 into account the completely separate pharmacy
24 out-of-pocket maximum. To reach these high limits,
25 members face a 20 percent coinsurance in the Gold plan and

1 a 10 percent in the Platinum for many major services.
2 When this applies to imaging, outpatient procedures,
3 specialist visits, and -- or hospital care, even those
4 percentages translate into hundreds or thousands of
5 dollars. Case in point, my wife had a CT guided pain
6 management procedure that was \$17,700. Under the Platinum
7 and Gold plans, this costs out of pocket \$1,770 or 3,540
8 dollars.

9 But the most concerning risk is that neither the
10 Gold or Platinum plans has an out-of-pocket maximum for
11 non-preferred providers. When members must seek
12 out-of-network care, because specialists are unavailable
13 locally, appointments are months out or hospital-based
14 providers are out of network, despite the facility being
15 in network, they are exposed to unlimited medical bills.
16 This is one of the most dangerous gaps in the current plan
17 design.

18 Shifting to the EPO plan, members in Northern
19 California face an additional layer of barriers. The EPO
20 covers only in-state, in-network providers, and Northern
21 California already has limited provider availability. As
22 a result, many members must travel long distances,
23 sometimes ours to reach an in-network facility. They
24 cannot seek care in Oregon or Nevada, even when those
25 providers are significantly closer. This leads to reduced

1 access, higher travel, lodging, food, and child care
2 costs, along with delayed care, placing a disproportionate
3 burden on rural members.

4 In summary, the combination of high out-of-pocket
5 limits, unlimited out-of-network exposure, and severe
6 access barriers under the plans creates an unsustainable
7 situation for many employees. I respectfully urge the
8 Board to consider adjustments to improve affordability,
9 strengthen protections, and ensure equitable access across
10 the state.

11 Thank you for your time and for your continued
12 commitment to supporting CalPERS members.

13 CHAIR RUBALCAVA: Thank you.

14 C.T. WEBER: C.T. Weber. I'm speaking as a 40
15 plus year member of CalPERS, not representing anybody.
16 Just addressing some concerns I have.

17 One, you've heard all of the concerns about the
18 high cost and inaccessibility of health care. I'd just
19 like to say that's probably one of the reasons I think
20 that we seriously need for a deteriorating health care
21 system a single payer system in California to help us.

22 The other thing -- concern I wanted to raise was
23 my concern on the pension itself. Like I said, I've been
24 a member for 40 years and I've seen what I think is an
25 erosion in the stability. I think there's a lack of

1 fiduciary responsibility in some ways. And I think that
2 the private equity is really sort of damaging and taking
3 over some things, so I'm very concerned.

4 These are just concerns I'm expressing. I hope
5 that you look at them a little more carefully and find a
6 way to address them in the future. Thank you very much.

7 CHAIR RUBALCAVA: Thank you. We have two
8 callers.

9 Please proceed.

10 CALPERS STAFF: Yes, Chair Rubalcava. We have
11 Greg Wall with Amador County Teachers Association
12 commenting on Item 6b. Greg, you are now live and can
13 proceed with your comments.

14 GREG WALL: Yes. Hello. My name is Greg Wall
15 and I am the Amador County Teachers' Association Vice
16 President. I'm calling in to lend my voice to a
17 collective effort to seek the Board's consideration of an
18 action that would not only benefit our small county, but
19 would also further CalPERS' efforts to align their
20 strategic goals of quality, access, affordability, and
21 equity. I understand you have a large agenda, so I will
22 try to be as brief as possible.

23 A number of our members face a torturous decision
24 that may be related to the ancient legend of King Gordias.
25 Yes, if you can't tell, I am a history teacher. He

1 supposedly tied the knot in such a complex way that it
2 could not be undone. In our county, families must either
3 choose the most expensive plan that it takes an average of
4 50 percent of their take-home pay to cover a monthly, in
5 order to have our local hospitals, doctors, and services
6 in-network, or chose the other only plan, where in-network
7 services lie in Sacramento or Roseville, each
8 approximately an hour away.

9 So to push the historical analogy further, it was
10 Alexander the Great that solved the Gordian knot by
11 slicing through it with his mighty sword. A swift and
12 definitive solution is also what is being asked of this
13 Board to consider. Please consider allowing our local
14 hospital, Sutter Amador, to be covered as in-network for
15 the Gold plan, in addition to the Platinum plan.

16 This would allow high quality care to be
17 accessible, more affordable, and provide more equitable
18 coverage. Thank you for your time.

19 CHAIR RUBALCAVA: Thank you.

20 And we have one more call.

21 CALPERS STAFF: Next, we have Bobby Roy to
22 comment on 6b. Bobby, you are now live and proceed with
23 your comments.

24 BOBBY ROY: Here at CalPERS. Oh, good afternoon.
25 My name is Bobby Roy. I'm a 19-year CalPERS enrollee. As

1 a State worker at the California Department of Education,
2 and I am ensured United Health Care, which may be
3 relevant, in my testimony. My spouse, who says flu before
4 you Boo, and I went in for flu and covid vaccinations last
5 month. I, having an underlying health condition, was
6 easily able to get my COVID vaccine. My spouse, however,
7 was told by their provider, that they were too healthy to
8 get it.

9 This concerns me, because Dr. Logan and others in
10 previous meetings talked about AB 144 and the baseline
11 vaccine recommendations from the Department of Public
12 Health and other expert groups and how they differ from
13 the current FDA recommendations.

14 I worry that this is a more systemic issue than a
15 one-off experience that we experienced, and that insurers,
16 providers, and/or organizations they work for are not
17 fulfilling the intent of AB 144. What makes this more
18 concerning is that my spouse is a pediatrician that sees
19 newborns through adults, some who are caught up on their
20 vaccine schedules, some who are not, some who neither seek
21 to be.

22 My request is that CalPERS work with partners to
23 ensure that health plan participants can get the
24 recommended vaccines in accordance with AB 144 and the
25 recommendations from the Department of Public Health and

1 the other experts.

2 Thank you for your time and attention to this.

3 CHAIR RUBALCAVA: Thank you.

4 That concludes our public comments.

5 CHIEF EXECUTIVE OFFICER FROST: Chair Rubalcava,
6 we will follow up with this caller --

7 CHAIR RUBALCAVA: Thank you.

8 CHIEF EXECUTIVE OFFICER FROST: -- and get more
9 details on their experience.

10 CHAIR RUBALCAVA: Thank you very much.

11 So this concludes our public comment period. And
12 now we adjourn the meeting into lunch.

13 Audit would be after lunch, but what time?

14 1:15.

15 One o'clock or 1:15, which one?

16 CHIEF EXECUTIVE OFFICER FROST: It's your last
17 committee of the day.

18 CHAIR RUBALCAVA: So okay, 1 o'clock. So we're
19 adjourned.

20 Thank you.

21 (Thereupon California Public Employees'
22 Retirement System, Pension and Health Benefits
23 Committee open session meeting adjourned
24 at 12:17 p.m.)
25

CERTIFICATE OF REPORTER

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of November, 2025.



JAMES F. PETERS, CSR
Certified Shorthand Reporter
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