

**SUMMARY MINUTES  
SOUTHERN CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION (VEBA)  
February 7, 2007**

Members Present: Doretha Albee, Edward Nelson, Ruth Peshkoff, Steve Kaplan, Lois Shive, Mark Anderson, Erik Olsen Fernandez, Janice Cook, Kevin Ogden, Elizabeth Ahlgren, Cynthia McDaniel, Lora Duzyk, Wayne Murphy, John DeBeck, Joyce Lafleur

Absent: Jesus Gandara

Administrator: George McGregor, Gina Lane, Annemieke Tomey,

Consultant: Ron Mason, Susan Geisting, Ana Thomason, Lan Brown

Guests: Barbara Severino, Nancy White, Betty Ormsbee, Tom Eggleston

The meeting was opened at 3:34 p.m.  
There was a quorum present.

**PUBLIC COMMENTS:** None  
**SUPERINTENDENT'S REPORT:** None.  
**CO-CHAIRS REPORT:** None.

**MINUTES**

\****MOTION:*** (Steven Kaplan) that the OPEN minutes of December 13, 2006, Board meeting be approved. Seconded by Ruth Peshkoff and approved.

\****MOTION:*** (Doretha Albee) that the OPEN minutes of January 10, 2007, Board meeting be approved. Seconded by Kevin Ogden and approved.

**OLD BUSINESS**

Lag Schedule Review

Ron Mason presented the Claim Update as of February 2007. Drug claims were high in December, but not as much as in 2005. Change in the number of days of therapy per member per month (PMPM) is up 5.20%. Mail use in most recent months is 54% of therapy days.

HMO (PMPM) costs were up +9.84% over the previous 12-month period. Ron Mason mentioned that the HMO costs were high again in December (more than POS). Fee for Service (FFS) Claims are up 12.72 within the HMO%

The POS capitation costs PMPM were up +8.36%, with the PMPM Fee for Service claims reflecting a -5.14%. The aggregate 12-month trend is 2.06%.

Out of Area costs were up \$125,000.00 in out-of-network claims – mostly due to home healthcare visits.

Medicare Supplement plan had a PMPM rise in costs of +37.50% for in-patient hospital care. Ron Mason noted that the out of pocket expenses for these members is zero and that the average costs per year are \$22,000.00.

PacifiCare Behavioral Health will now be providing reports on a quarterly basis. The biggest variable in claims for VEBA is inpatient mental health, with outpatient mental remaining steady. Overall, Ron Mason felt this plan was doing well.

Ron Mason provided some additional metrics on this lag schedule review:

- The average age of the HMO plan member is 34.5 years old and the average age of the POS plan member is 39.2 years old. The higher POS age projects to a 13.2% higher claim cost vs. the HMO population for the exact same benefits.
- The HMO Cost Breakdown for 2005 vs. 2006 shows costs up about 10%. Hospital capitation appears to be at least 25% **less** costly than fee for service (FFS) hospital costs
- The POS Cost Breakdown for 2005 vs. 2006 shows costs are up about 3%. While hospital capitation costs increased 13%, other categories increased at low rates or declined. Hospital caps are still very cost effective.
- HMO: The expected number of bed days is 198 per 1000 admissions and VEBA did much better at only 159; for POS the expected number of bed days is 222 per 1000 admissions and VEBA, again, did much better with 167.
- Outpatient HMO Utilization: Surgery rates continued to increase. ER rates, however, declined to less than 100 ER visits per 100 members annually which Ron Mason mentioned was really good.

## *VEBA Summary Minutes*

*February 7, 2007*

*Page 2*

- Outpatient POS Utilization: Excellent– there was a significant decrease in outpatient surgeries. ER use continued to be very favorable with the average cost per visit to the ER less than \$1,134.00. Diagnostic and Lab costs alone reduced over 50% to around \$464 a visit, which Ron Mason noted as incredibly low.
- Incidence of Claims over \$100,000 is the area that can fluctuate the most for the VEBA. The number of these cases went up in the HMO from 13 to 16 in 2006; with the actual claim dollars almost tripling. The actual number of cases went down by one-third in the POS; with the claim dollars declining by one-third. Ron Mason noted that Best Doctors and improved disease management could impact these numbers positively.

### Continuity of Care

Ron Mason went over the Continuity of Care cases PacifiCare has processed thus far. There were far fewer cases than they had expected, with 89 cases received through January 28, 2007. Of the 89 cases, 10 were redirected and not opened and 1 was in triage. Of the remaining 78 cases, 26 had been approved, 6 were approved but in transition (still open in case management), 3 were denied, 8 were pending additional information, 2 POS so COC not needed, 32 COC redirected and 1 had no response after opening.

### 2007 Project Update

George McGregor reported that he met with Escondido Elementary to close out their account and that they had no outstanding balances. Per the participation agreement, they are not legally entitled to any reserves and they have 3 months in their account which will be taken back into the VEBA general account as income. George McGregor noted that PacifiCare customer service issues are still extreme. PacifiCare did not initially want to set up matching plans in Northern California but have decided they will do it at no additional cost to VEBA. George McGregor mentioned that there will be performance guarantee monies due the VEBA from PacifiCare United, but at this point he does not know how much money that would be as the main focus has been taking care of the problems at hand. George McGregor told the Board that MVI is working closely with Towers Perrin to help with the PacifiCare public relations issues affecting the VEBA.

### Board Appointments

George McGregor noted that formal Board Appointment letters have come in for all board members except two so far: Doretha Albee and John DeBeck

### CHCC

Nancy White gave a brief overview of the California Health Care Coalition (CHCC) meetings she has been attending on behalf of the VEBA. CHCC is a collection of Employer/Employee trusts. Nancy White said that the CHCC is looking for more public trusts to join, with their main goal to address cost and quality control issues. They currently represent approximately 2 million lives and have been collecting data in order to more effectively bargain with health care providers and obtain more quality contracts. They just released their first set of reports, which they have made available on their website at [www.chccnet.org](http://www.chccnet.org)

Currently, the CHCC is working on putting together model contracts for both a PBM and a medical health carrier. They are then going to select both a PBM and a medical carrier to exclusively endorse who agrees to use their model contract for all CHCC members and who agrees to tie performance and quality to their premiums. So far they have chosen Blue Shield as their medical carrier of choice. George McGregor mentioned that his only issue with this is that healthcare is regional and so a statewide exclusive contract might not help everyone. Steve Kaplan noted that the concept of developing a quality and cost based health plan was a good one. The Board discussed the concept further and stated that they did not endorse Blue Shield as a carrier in the San Diego area. Nancy White said she would draft a statement for the CHCC with VEBA's stance on CHCC using Blue Shield as an exclusive carrier and give it to Ed Nelson and Steve Kaplan for review.

### October 2006 Financials

**\*MOTION:** (Doretha Albee) That the October 2006 financial statements are approved as submitted. Seconded by Ruth Peshkoff and approved.

### November 2006 Financials

**\*MOTION:** (Doretha Albee) That the November 2006 financial statements are approved as submitted. Seconded by Ruth Peshkoff and approved.

### Prescription Drug Program Summary Plan Description (SPD) – San Marcos Unified

**\*MOTION:** (Ed Nelson) That the Prescription Drug Program SPD for San Marcos Unified is approved as submitted. Seconded by Doretha Albee and approved.

Prescription Drug Program Summary Plan Description (SPD)

\***MOTION:** (Doretha Albee) That the Prescription Drug Program SPD is approved as submitted. Seconded by John DeBeck and approved.

Policy and Procedures

Steve Kaplan reminded everyone to please review the policy and procedures documents prior to voting on them at the March board meeting.

**NEW BUSINESS**

Best Doctors Outbound Model

Ron Mason reviewed the Best Doctors Outbound Model Proposal and went over the current inbound model. For the 4<sup>th</sup> Quarter, member utilization of the inbound model was at 67% of goal for a cumulative year-to-date savings of \$607,795. It was discussed that the Best Doctors program was definitely bringing quality to the VEBA members and if more members utilized it they could improve their health, improving chronic conditions (or avoiding them altogether) and ensuring chronic conditions do not become acute. Using an outbound model, in which members are contacted directly based on certain indicators, would create a greater awareness of the service. Ron Mason reported that by using the Best Doctors outbound model we would break even on costs, at best. There was discussion of other ways to achieve a greater outreach to the VEBA members using a variety of different resources. Ruth Peshkoff mentioned that since this was an item on the Board's Strategic Planning Brainstorm list we should wait and see where it places in order of priority before we commit resources. Nancy White was tasked with overseeing the Best Doctors program under the Health Advocacy Department.

**OTHER**

None

Carrier Comments

None

The meeting adjourned at 4:33 p.m.

The next meeting will be held March 7, 2007 at 8:00 a.m.