

**SUMMARY MINUTES  
SOUTHERN CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION (VEBA)  
January 10, 2007**

Members Present: Doretha Albee, Edward Nelson, Steve Kaplan, Joyce M. La Fleur, Lois Shive, Mark Anderson, Erik Olsen Fernandez, Janice Cook, Kevin Ogden, Elizabeth Ahlgren, Cynthia McDaniel

Absent: Jesus Gandara, Lora Duzyk, Wayne Murphy, Ruth Peshkoff

Administrator: George McGregor, Gina Lane, Annemieke Tomey,

Consultant: Ron Mason,

Guests: Barbara Severino, Bryce Van De Moere, Linda Townly (PacifiCare United), Sally Kuchik (Sweetwater), Sharon Vega (Sweetwater), Michael Kin (Kaiser Permanente)

The meeting was opened at 8:04 a.m.  
It was noted that there was not a quorum present.

**PUBLIC COMMENTS:** None

**SUPERINTENDENT'S REPORT:** None.

**CO-CHAIRS REPORT:** Ed Nelson, Laura Duzyk, Ruth Peshkoff, Steve Kaplan and Doretha Albee met with Dr. Ward after the last VEBA meeting and Dr. Ward shared his willingness to help VEBA by communicating his support for the Scripps Clinic Freeze. George McGregor reported that the 2007 Focus newsletter would highlight Dr. Ward and his support of VEBA.

**MINUTES**

The minutes of December 13, 2006, Board meeting, and the closed minutes of the October 4, 2006 and the December 13, 2006, Board meetings could not be approved due to a lack of quorum and will be carried over to the next meeting.

**OLD BUSINESS**

**Lag Schedule Review**

Ron Mason presented the Claims Update as of January 2007. Drug claims ticked up in November due to 8 more days of therapy than the previous year; the increase was not primarily due to the cost of drugs. Change in the number of days of therapy per member per month (PMPM) is up 6.57%. Mail use in most recent months is 54% of therapy days. Ron Mason also compared aggregate costs by plan, showing the use of drugs in the HMO population at about the same rate; with higher utilization in the POS, OOA/PPO and Senior Supplement plans due to an older population than the HMO participants. In aggregate the plans are running at about 99% of premiums, which is break even. However, the Senior Supplement Rx plan premiums are not covering claims and VEBA is losing money in this area; Ron Mason suggested possibly increasing this plan in 2008 and discussing it for action at the March 2007 Board Meeting. Steve Kaplan made note that it was VEBA policy years ago to not subsidize retirees' benefit plans and that we are required to follow the policy on this. Lois Shive asked if the plan design could be changed to control the price and Ron Mason said he would look into it.

HMO (PMPM) costs were up +8.00% over the previous 12-month period. Ron Mason mentioned that a 6% increase in capitation costs for the month of October 2006 was highly unusual and that he would know more about why this occurred in the next 60 days; he surmised it could have been members trying to get in their last appointments with their Scripps Clinic physicians.

POS also had a spike in incurred claims in October, due to utilization and not price changes. The capitation costs PMPM were up +7.8%, with the PMPM Fee for Service claims reflecting a 5.9% decrease in utilization of hospital use.

Out of Area costs were slightly up.

Medicare Supplement plan had a PMPM rise in costs of +27.6%; Congress not cutting reimbursements 5% as they had planned affected costs. Ron Mason noted that the plan was running well.

Continuity of Care (COC) activity was reviewed. PacifiCare was still developing reports through the end of December 2006; however, Ron Mason had preliminary information that as of December 16, 2006, 100 members had contacted PacifiCare about COC. Of the cases received, more were approved than disapproved and in some cases members were redirected (meaning they were able to keep their specialists by going through Scripps Penn Elm or Scripps Mercy). Reports will be delivered to the Board at the next meeting.

2007 Project Update

Ron Mason presented an enrollment issues matrix detailing the 6 major problems occurring with PacifiCare United. He also informed the group that PacifiCare would be providing weekly updates to these issues.

- 1) Providers are not accepting 'Signature Value Advantage' and refusing to treat members. The provider groups involved are receiving a letter to make sure this does not continue. When PacifiCare created the value plan, it made network changes outside of San Diego, even though the VEBA did not request or accept any network changes other than the elimination of Scripps Clinic within San Diego County.
- 2) Members are receiving ID Cards with physicians not selected (and being told the doctor does not take the 'Advantage' plan). PacifiCare is calling people one by one to fix this, even calling nights and weekends. It is estimated that 700 members remain with this problem.
- 3) Members outside of San Diego are not being allowed to re-enroll in the HMO plan because their doctor is not enrolled in the Signature Value Advantage Plan, and the member is forced into POS. A solution PacifiCare presented was to give Northern San Diego members the California Full Network HMO, but they would want VEBA to pay for it. Linda Townley reported that there are 100 people outside of San Diego that are affected by this.
- 4) Customer Service is giving incorrect information, indicating that no Full Network plan is available. Also members report receiving many different answers to the same question from different CSRs. It was noted that the San Antonio Customer Service unit is only 300 people and sometimes calls are routed to other cities, where the CSRs are not familiar with our plans. Effective January 9, 2007, PacifiCare is ensuring that ALL calls go to San Antonio only.
- 5) Wrong Doctors on ID cards. PacifiCare is correcting this process and it is ongoing. They do not understand how the errors occurred.
- 6) Members who validly enrolled in the Deductible/Full Network plan are being told they cannot select Scripps Clinic as their PCP. PacifiCare could only surmise this issue arose from calls rolling outside the San Antonio facility. As of January 9, 2007, only the San Antonio customer service center will take VEBA calls.

George McGregor noted that there were several issues stemming from all these problems. First of all, PacifiCare does not know the cause of many of the problems, which means they are likely to happen again; secondly, MVI, as the administrators, are impacted by this; and finally, this is a public relations issue for the VEBA that George will discuss with Towers Perrin communications.

Lois Shive suggested everyone going back to his or her unions and offices and informing people to always ask both the name of the city and the name of the person when contacting Customer Service. Linda Townly said that this would be a good idea to help them in fixing the problem, because they would know exactly where the misinformation was coming from.

George McGregor said that we need a plan, a course of action to give members help as soon as possible, especially for administrative issues that are not their fault.

Communication Review

George McGregor explained that VEBA needs to be far more efficient in integrating services and communicating issues to our members. He noted that although we are the best managed and best run health program in California, our customers don't feel that or know that, despite our world class communication materials. To that end, a formal strategic plan initiative around communications will be reviewed with Towers Perrin at the Executive Committee meeting on January 29, 2007, and George McGregor will have serious feedback from constituents on their business and communications needs for the VEBA February retreat.

Ron Mason noted that there are things that we know that are not shared with members, and that we could do a lot to reduce anxiety by giving more answers and tools for them to access information. George McGregor asked for people to email him with any ideas they might come up with on how we could be more effective.

George McGregor told everyone that February would be the month that he will kick off the users group and go over what is done at the VEBA board meetings. Steve Kaplan, Cynthia McDaniel and Erik Olson said that they were seeking a group of CTA/CSEA members willing to participate in the user groups. George McGregor said if anyone wants to be in this group, get the information to Steve Kaplan or himself. The overall objective is for better integration of services.

George McGregor handed out the 2006 Year-End Web Usage Report, prepared by Towers Perrin. There were 9,963 visits to VEBAonline, with peak usage in January and August; the two times when school is back in session. It was discussed that there needs to be a balance of both web page information and printed materials, and also an alignment with our communication strategy

#### Health Advocacy Department

The Health Advocacy Department is on board and Nancy White is excited about the opportunity. She is working towards getting the office space functional and available by April 2007. She already has gotten the results from the Best Doctors analysis of the VEBA data and has reviewed it. The next executive meeting will focus on both the Best Doctors outbound model proposal and the health advocacy program goals.

#### Board Appointments

George McGregor reported that there are two management positions not yet filled, and one CSEA position still lacking a reappointment letter.

Ed Nelson requested we work on getting the rest of the Board positions filled as soon as possible.

#### Summary Plan Descriptions (SPD)

The SPDs could not be voted on due to the lack of a quorum. Steve Kaplan asked if the trust attorney had reviewed them, George McGregor responded that he had and his critical feedback had been incorporated.

#### Policy and Procedures

George McGregor gave an overview of the Policy and Procedures draft document. In the past there was a single document but it has now been broken into two separate documents:

1. **Board Practices:** How we as a Board do our business
2. **Administrative Policy and Procedures:** The nuts and bolts information for the benefit administrators and bargaining units

Steve Kaplan noted that Betty Ormsbee was central to creating these documents and she was thanked for her excellent work. Some information is found in both documents, and both documents are accessible to all stakeholders. Please review both the Board Practices and Administrative Policy and Procedures prior to the March Board Meeting. Steve Kaplan suggested giving the document to the users group prior to adoption to get their input, as well.

#### Financials

The December 2006 financials could not be approved because there was no quorum.

### **NEW BUSINESS**

#### Rate Tiers and Underwriting

George McGregor reported that the intern project, in which benefits information from San Diego County School Districts were collected, resulted in the finding that about 50% of the VEBA Districts do not qualify for the rate tiers they are in. George McGregor said he would bring the full details of Ron Mason's analysis to the Executive Committee meeting on January 14, 2007, and let the Board know that this could potentially affect the underwriting rules of VEBA found in the Policy and Procedures document currently under review.

**OTHER**

National Organization for Research (NORC)

George McGregor asked the Board if they wanted him to participate in a study by NORC, working in conjunction with the California Health Care Foundation. Doretha Albee asked who was invited and what it accomplished. George McGregor explained that they make recommendations on statewide initiatives (such as the Governor's new health plan bill) and that it would be good to have a relationship with them, because there is a possible chance for future grants to the VEBA and it also increases our visibility. Lois Shive felt that VEBA should participate, and felt that this type of organization directly linked to the CalSTRS statewide initiatives. George McGregor was encouraged to participate.

CPEETFG

George McGregor reported that the CPEETFG conference in Las Vegas was at full capacity, financial objectives were doubled, and that a lot of important issues would be covered.

CHCC

Nancy White is attending the CHCC Meetings on behalf of VEBA and would be at the January 11-12, 2007 meeting. It was noted that Doretha Albee needed to be added to their contact listing and invited to future meetings.

**OTHER**

VEBA Board Retreat

George McGregor asked for clarification around what the expectations for the Board Retreat on February 7<sup>th</sup> would be. It was decided that it would be used to go over the original mission and philosophy of the VEBA, followed by a discussion around if those items were still relevant/made sense, have everyone come to an agreement on purpose, and finally go over important business issues and communication strategy.

Chief Business Officer (CBO) Presentation

CBOs Barry Dragon, of Escondido, and Karl Christianson, of San Ysidro, spoke to the group regarding their concerns around communication and their desire to have more information. They asked to receive information in a push format, and said that email would be their preferred form of communication. They reported that the CBO group was more than willing to help VEBA be successful, and could do so since they play a critical role in administering the District's health benefit program. George McGregor told them that he would be willing to participate in the CBO meetings in order to bring them up-to-date on VEBA issues. Mr. Dragon and Mr. Christianson offered to assist George McGregor in getting on the agenda. George McGregor also being invited them to participate in the VEBA user's group meetings, held each month.

Carrier Comments

None

The meeting adjourned at 10:30 a.m.

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