

**SUMMARY MINUTES
SOUTHERN CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION (VEBA)
June 6, 2007**

Members Present: Doretha Albee, Steve Kaplan, Lois Shive, Mark Anderson, Janice Cook, Kevin Ogden, Elizabeth Ahlgren, Lora Duzyk, Wayne Murphy, Erik Olson Fernandez, Cynthia McDaniel, Edward Nelson, John deBeck, Joyce LaFleur, Bill Kowba, Jesus Gandara

Absent:

Administrator: George McGregor, Gina Lane, Annemieke Tomey

Consultant: Ron Mason, Susan Giesting, Lan Brown

Guests: Barbara Severino, Nancy White, Linda Townley (PacifiCare), Betty Ormsbee, Ronnie Adair, Desiree Klaar, Cathy Arana, Sharon Vega, Betty Ormsbee, Michael Kin (Kaiser), Tom Eggleston, Jim Groth (Chula Vista Educators/CTA/NEA)

The meeting was opened at 8:00 a.m.

There was a quorum present.

PUBLIC COMMENTS: Jim Groth, President of the Chula Vista Educators (CVE), addressed rumors that the Chula Vista School District was interested in moving out of the VEBA. He wanted the Board to know that the CVE was happy with the VEBA and not looking to leave. However, with teachers currently paying \$400-\$500 a month for their healthcare, there is a crisis in the system that they need help in addressing.

SUPERINTENDENT'S REPORT: None.

CO-CHAIRS REPORT:

MINUTES

****MOTION:*** (Wayne Murphy) that the OPEN minutes of May 18 2007, Board meeting be approved. Seconded by Joyce La Fleur and approved.

OLD BUSINESS

Committee Reports

* Ed Nelson appointed Lora Duzyk as the Management representative, replacing Ruth Peshkoff, on the CHCC and CPEEHCC organizations.

VEBA/SCEET

Steve Kaplan mentioned that there was a brief meeting at the last Board Retreat amongst the two trusts.

California Health Care Coalition (CHCC)

The May 30, 2007 joint VEBA CHCC meeting is an item for discussion later in the agenda.

California Public Employers Employees Health Care Coalition (CPEEHCC)

There was a board meeting on June 4th. The revised by-laws are fully functional with marketing to other populations. The Annual Training conference dates will be January 16-18, 2008.

California State Teachers Retirement System (Calstrs)

Lois Shive reported on the GASB accounts affordability of healthcare; Medicare Part B; and the accessibility of "super pool" study out later this year.

Lag Schedule Review

Ron Mason presented the Claim Update and Rx Renewal Costs as of April 2007.

Prescription Drugs – Claims were reasonably favorable for April. Absolute trend dropped slightly to 8.76%. Increases in price are now responsible for more of the cost increase than usage. Change in the number of days of therapy per member per month (PMPM) is up 3.85%. Mail use in most recent months is 55% of therapy days.

HMO – Scripps claims for January-April in the new plan are quite high (est. +115% incurred L/R). Capitation costs PMPM for most recent vs. prior 12 month period +13.50%. Cost PMPM FFS claims for most recent vs. prior 12 month period: -4.0%

POS – PacifiCare has reported a backlog on OOA claims due to a system issue in transferring claims electronically to be paid. Ron Mason reported that right now the POS plan is the biggest area of "system issues" in which PacifiCare is having

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difficulty processing claims and still do not know what claims really are for January and February. Linda Townley said she thinks they are caught up as of May 31st; end reserve should drop when May claims come in high again. The capitation costs PMPM were up +21.29%. The Cost PMPM FFS claims for the most recent vs. the prior 12 month period: +4.86% the blended aggregate paid claim/cap trend is +13.8%.

Out of Area/PPO – This group had no big claims this month. Ron Mason mentioned that 10 members account for 60% of the claims, which is why this plan has the capacity for a lot of variation from month to month.

MediCare Supplement – This plan is doing fine. Cost PMPM for IP hospital compared to prior 12 months: +32.33% Cost PMPM for all other claims compared to prior 12 months -4.00%

Executive Committee Report

George McGregor reported that the Executive Committee did not meet prior to this meeting; therefore, there were no financials to present.

Communications Update

Susan Giesting gave a progress report of the VEBA Communications Strategy for June 2007. There was positive feedback from CBOS regarding the preliminary rate renewal message sent out after the Board retreat. The FOCUS newsletter will be going out to almost 40,000 member homes this week. Susan Geisting gave a demonstration of the www.VEBAonline.com website, which has been refreshed with new content, including the Dr. Ward interview and Summary Plan Descriptions for every district, advocacy program content and links, recent newsletter articles, calendar, and the VEBA comparison plan tool.

Health Advocacy Programs Review

Nancy White reported that her office was working to increase utilization of Best Doctors. She has teamed up with Susan Geisting of Towers Perrin to increase inbound utilization of the program and they have started by targeting groups at SDCCD, SDUSD and SDCOE. Nancy White is also working with Ron Mason to review a vendor proposal from Med Initiatives to assess the value in VEBA possibly doing its own claim analysis and outbound calls to members with qualifying conditions.

The Weight Loss Challenge programs were underway with just a few problems with American Specialty Health (ASH), which is affecting ability to log in and register in some cases, causing dissatisfaction with new members to the WLC program. However, Nancy White is working closely with ASH to resolve the issues (mostly training issues due to rapid growth within ASH) and believes that they will be taken care of.

The Advocacy Programs office has hired one full time staff position. The call volume continues to increase each week. Nancy White is still compiling a database of all the services and programs available through the carriers. Nancy White is also working on assessing new programs such as MedCo RX Choices, HealthMedia, NaviMedix, and Weight Loss Coaching.

Steve Kaplan requested that Nancy White and Ron Mason look into offering acupuncture coverage as an ancillary. Ron Mason said he would get back to him with pricing.

George McGregor brought attention to the newspaper article in the Union Tribune on Roger Gee highlighting how the VEBA Weight Loss Challenge saved his life.

George McGregor announced that the VEBA had won a prestigious national award from United Health Care, the APEX Award, in the category of quality.

NEW BUSINESS

MedCo Annual Survey

GM The results are quite high 92.1% satisfaction. There were few complaints or delivery problems.

Steve Kaplan requested a summary document from the administrator with an analysis of the survey.

Summary results include:

- Overall member satisfaction with mail order is 93.1%
- Overall satisfaction with member services is 87.2%
- Overall member satisfaction of the retail pharmacy program is 97.0%
- Overall satisfaction with the MedCo/VEBA is 92.1%

CHCC Issues

George McGregor sent an email to Sally Covington regarding the May 30th CHCC/VEBA co-sponsored meeting in San Diego asking that they please focus on their message of quality and in order to not create market confusion, stay away from individually recruiting VEBA districts or marketing Catalyst and Blue Shield.

Another issue that has come up is in regards to the Consultant they hired (Evergreen). The consultant favored the PBM Catalyst over all other options. The CHCC board then endorsed Catalyst despite there having no California operations. It was just released that the Evergreen consultant recently was offered the position as a national VP for Catalyst's parent company. The CHCC Board is investigating.

VEBA Board Retreat

George McGregor reviewed the Summary of the May 17-18, 2007 VEBA Board Retreat, written by facilitator Allen Goldstein. George requested that the report be taken to the Executive Committee in order to further develop the business plans. It was noted that most of the action plans listed in the summary are already being dealt with in the closed session of June 6, 2007.

Carrier Comments

Linda Townley mentioned that a new person, Sue Berkel, was put in charge of PacifiCare United integration. She has known Sue for a long time and believes she is an excellent person to be in this position and is very pleased.

The meeting adjourned at 9.25 a.m.

The meeting went into closed session and reopened at 10:45 a.m.

PacifiCare Renewal

***MOTION:** (John DeBeck) That the PacifiCare 2008 Renewal be accepted. Seconded by Lois Shive and approved.

Retro for 2008 Renewal

***MOTION:** (Lois Shive) That a 1 million dollar retro be applied to the 2008 PacifiCare renewal, taken from the VEBA reserves. Seconded by Kevin Ogden and approved.

Audit of PacifiCare Claims

***MOTION:** (John DeBeck) That Towers Perrin is hired to do an audit of the 2006-2007 PacifiCare claims. Seconded by Elizabeth Ahlgren and approved.

RFP for Medical Health Carrier

***MOTION:** (Kevin Ogden) That Towers Perrin prepares a Request for Proposal of Medical Health Carriers for VEBA, for the 2009 Plan year. Seconded by Lois Shive and approved.

* The Board asked Towers Perrin to come back with a cost savings recommendation on Rx

Rate Tiers

***MOTION:** (Cynthia McDaniel) that re-tiering Districts into their correct tier will be suspended for the 2008 plan year. Seconded by Jesus Gandara and approved.

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* Lois Shive wanted it on the record that groups in compliance with VEBA underwriting rules would continue to subsidize those that are not

The Board adjourned at 10:55 a.m. and went back into closed session
The next meeting will be held July 11, 2007 at 8:00 a.m. at the SDCOE