

**SUMMARY OPEN MINUTES  
SOUTHERN CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION (VEBA)  
November 14, 2007**

Members Present: Kevin Ogden, Elizabeth Ahlgren, Joyce LaFleur, Tom Eggleston, David Fernandez, Doretha Albee, Steve Kaplan, Ed Nelson, John DeBeck, Sam Wong, Sam Lucero, Mark Anderson, Janice Cook, Erik Olson Fernandez, Lora Duzyk

Absent: Jesus Gandara

Administrator: George McGregor, Gina Lane, Annemieke Tomey,

Consultant: Ron Mason, Susan Giesting, Lan Brown, Hirsch Adell

Guests: Betty Ormsbee, Todd Torgerson (Sweetwater Union High School District), Jessica Ghaemmaghami (PBH), Deric Fernandez (Aetna), Michael Kin (Kaiser), Desi Klaar, Nancy White, Shannon Hoffman, Linda Townley (PacifiCare United), Liz Granatouski (Escondido Secondary)

The meeting was opened at 8:08 a.m.

**PUBLIC COMMENTS:** None.

**SUPERINTENDENT'S REPORT:** None.

**CO-CHAIRS REPORT:** Steve Kaplan thanked everyone for coming and noted the difficult time everyone had experienced with the Southern California Wildfires since the last meeting.

**MINUTES**

\****MOTION:*** (Doretha Albee) that the OPEN minutes of October 3, 2007, Board meeting be approved with the following change: On Page 2, change the subject heading "2008 Renewal" to "2009 Renewal". Seconded by John DeBeck and approved.

**OLD BUSINESS**

**Committee Reports**

**California Health Care Coalition (CHCC)**

VEBA designees are unable to attend their November meeting. George McGregor told the Board that the comparison of the Catalyst Rx contract to the VEBA's MedCo contract would be handled by Towers Perrin.

**California Public Employers Employees Health Care Coalition (CPEEHCC)**

McGregor asked who would be attending the annual training meeting January 16-18, 2008 at the Flamingo Hotel in Las Vegas, and let Board Members know that they can bring their spouse to the Board Dinner on January 16th.

**California State Teachers Retirement System (CalSTRS)**

Sam Lucero has taken over the role of VEBA appointee to the CalSTRS Public Education Health Benefits Task Force. He brought forward a draft report entitled "Health Care Have and Have Nots" A Crisis for California's Retired Educators" and requested feedback from the Board so that he could go to the December meeting with an opinion. It was decided that the VEBA Executive Committee would review this on November 28, 2007, and prepare their recommendation at that time.

**Lag Schedule Review**

Mason presented information on claims, Rx data, EAP Utilization and Dual Coverage Options for November 2007.

**Prescription Drugs** – The Rx plan should produce a modest surplus for CY07. The current trend is the best it has been since 2001. Mason did mention a possible increase in trend for 2008 due to people purchasing more expensive drugs. Mason also presented the Board with a therapeutic class cost efficiency study comparing the VEBA plan costs for a day of therapy against a database of similar plans in California. This allowed Mason to pinpoint areas of opportunity for savings, and note areas in which the VEBA is performing well. Overall, the VEBA has been 10% more efficient than the database on gross costs. Mason also gave a review of trend by change in use and change in cost.

**Claims Review** – The Value HMO plan is running very steady due to its being heavily capitated. The claims increased only slightly over the previous month. The Full Network Deductible Plan contains about 87% members who have signed up for Scripps Clinic. The incurred costs are estimated at 175% of premium through September 30 and the losses on this plan amount to about \$1.8 million. Mason expects enrollment to drop in this plan in 2009. The POS plans had continued growth in Tier 2 claims (27 PMPM compared to 9 PMPM in 2006) and Mason surmised that this had tripled due to Scripps usage. The Out of Area plan will break even. Mason on noted that a number of the claims appear to have been candidates for Best Doctors.

**EAP Utilization** – The tops reasons for contacting the EAP were emotional (60%), family (13%) and marital relationships (16%) – an 89% total. Mason said this was fairly standard. The average District usage of the EAP was 5.17%; with only 7 districts exceeding that average.

**Dual Coverage** – Mason did a review and found that there were 713 members that are both employees and dependants within VEBA. This number does not count employees who are an employee/dependent in PacifiCare and Kaiser. The VEBA ends up paying an additional 1.4 million to cover these employees redundantly, and the member receives no additional benefit. Mason said that in the instance where employees were covered by two different carriers, there was some benefit in that they had more choice. In this case, to encourage people to only have one carrier, Mason presented an analysis of possible approaches that could be used to address dual coverage. Mason suggested possibly offering Healthcare flexible spending account (FSA) fund debit cards in the amount of \$1,000. This raised several questions, including why we would provide dual coverage at all and that it would be inequitable to allow some people FSA funds due to their marital circumstances. It was decided to bring this issue to the Executive Committee prior to January 2009.

### **Communications Update**

Susan Giesting gave a progress report of the VEBA Communications Strategy as of November 2007 including monthly newsletter articles, Best Doctors, Retiree Medical Plan Communications, Leadership Communications and the VEBAOnline trend.

### **Advocacy Programs Status Report**

Nancy White gave an overview of Best Doctors outreach, Provider Education Program on depression, and the Weight Loss Challenge update. There was a significant increase in Best Doctors usage.

### **2008 Renewal**

### **Executive Committee Report**

\* The October Executive Committee meeting was cancelled due to the Southern California Wildfires.

George McGregor reported that the Lemon Grove meeting, attended by Janice Cook and David Fernandez, went well. The District had wanted more information, which they were able to get at this meeting.

George McGregor will be writing letters to Districts requesting meetings in the next month. The letters will contain specific information detailing objectives for the District, and the rate loads that could occur if objectives are not met (via the new point scale tier system).

George McGregor told the Board that Dowling and Yahnkee would be present at the December 5<sup>th</sup> Board meeting to go over investments.

### **NEW BUSINESS**

#### **PacifiCare United HealthCare**

PacifiCare will be doing a mailing in November to all retirees using Secure Horizons (effecting approximately 250 VEBA members) to let them know that there is a change in the vision network from VSP to Spectera, a smaller network. Benefit Administrators at the Districts will be sent the letter in advance of it going out, and Linda Townley offered to assist with any questions or concerns.

#### **Carrier Comments**

None

The meeting adjourned at 9:17 a.m.

The next meeting will be held December 5, 2007 at 8:00 a.m. at the San Diego County Office of Education.