

**SUMMARY OPEN MINUTES  
SOUTHERN CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION (VEBA)  
October 3, 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

Absent: Mark Anderson, Janice Cook, Lora Duzyk, Jesus Gandara, Erik Olson Fernandez

Administrator: George McGregor, Gina Lane, Annemieke Tomey, Barbara Severino

Consultant: Ron Mason, Susan Giesting, Lan Brown

Guests: Betty Ormsbee, Denise Joyce (PacifiCare), Todd Torgerson (Sweetwater Union High School District), Jessica Ghaemmaghami (PBH), Ronnie Adair, Cynthia Haro (Aetna), Michael Kin (Kaiser), Desi Klaar, Sally Kuchik, Cathy Arana, Nancy White, Barbara Severino, Linda Townley, Edwina Cardena, Kaiser Permanente, Kimberley Atkins (Escondido Secondary Teachers Association), Meghan Newkirk (United PacifiCare), Fred Lusch (PBH)

The meeting was opened at 8:10 a.m.

\*There was not quorum present when meeting began; Sam Wong and Sam Lucero showed up later in the meeting which allowed for a quorum.

**PUBLIC COMMENTS:** None.

**SUPERINTENDENT'S REPORT:** None.

**CO-CHAIRS REPORT:** Steve Kaplan introduced and welcomed Tom Eggleston as the replacement VEBA trustee on the Board for Wayne Murphy.

**OLD BUSINESS**

**Committee Reports**

**California Health Care Coalition (CHCC)**

George McGregor reported that CHCC's annual meeting was coming up and that CHCC has asked VEBA to take the lead in approaching hospitals. This will be continued to be discussed at the executive committee.

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

The CPEEHCC now has a website at [www.cpeehcc.com](http://www.cpeehcc.com). You can go there for more information about their annual training meeting January 16-18, 2008 at the Flamingo Hotel in Las Vegas.

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

Nothing to report

**Lag Schedule Review**

Ron Mason presented information on claims, and an update on the 2007 retro for October 2007.

**2007 Retro** – The costs through August 2007 show very heavy utilization. If this pattern continues, the estimated costs are \$81M vs. the premium of \$75M – which means that claims will exceed premiums by much more than the \$1M retro.

**Claims Review** - Ron made special note of POS Large claims. Claims over \$25,000 occurred in 0.82% of membership which accounted for 22.9% of the total plan costs compared to 24.8% last year. Ron

explained that since there was an increase in capitation, it implied a continued deterioration in the health of the POS population. There were 10 OOA claims this year vs. 9 last year (annual cost went from \$19PMPY to \$63 PMPY but this is a function of the size of the claims OOA). There were 23 Out of Network (OON) claims this year vs. 13 last year (annual cost went from \$55 PMPY to \$127 PMPY; primarily driven by more services OON). The costs drivers appear to be Scripps Clinic Utilization; the Tier 2 claim costs (where Scripps is paid in the POS) have gone from \$11.46 to \$23.65 PMPM as of September 1, 2007 and could reach \$30 by the end of the year. Tier 3 costs have gone from \$5.12 to \$6.32 and OOA costs have gone from \$3.85 to \$8.68

### **Communications Update**

Susan Giesting gave a progress report of the VEBA Communications Strategy as of October 2007 including Communications Council activities and Advocacy Programs Support.

### **Advocacy Programs Status Report**

Nancy White gave an overview of Best Doctors outreach, Provider Education Program on depression, and the Advocacy Office Utilization.

### **2009 Renewal**

George McGregor said that the RFP for a Medical Carrier will go out in November, with responses due in February 2008.

The 2008 Rate schedules have been finalized and will be going out over the next ten days.

### **Executive Committee Report**

#### **July 2007 Financials**

**\*MOTION:** (Doretha Albee) That the July 2007 financial statements are approved as submitted. Seconded by Kevin Ogden and approved.

#### **Ombudsman Position**

George McGregor told the Board that the Executive Committee was working on a job description but needed to move quickly in order to have this person available for open enrollments. He requested that the co-chairs be able to approve this expenditure. It was determined the co-chairs hold that authority. A question was asked regarding what the ombudsman position would do. George McGregor responded that the Ombudsman would improve communications based on a need voiced in the communications survey for upper level consulting services. The Districts need analytical services, prices, options and NOT from an outside broker. When they go outside, Brokers add or offer services from outside the VEBA. Also, this position will help build our relationships with the School Districts – this position is not caught up in operations but deal in more communication and key relationships. The cost would be \$260,000.00 per year. Tom Eggleston felt that this position would provide a useful service. Stave Kaplan clarified that the term “District” included associations and bargaining units as well as District Management, and that \$260,000.00 was an actual cost. Kevin Ogden wanted to know if the Ombudsman would proactively visit the schools and George said that, yes, they would have an initial 90 day plan in which they visit all districts with surveys on effectiveness following 90 days. Kevin also inquired as to whether the position would provide cost comparisons and get ancillary business with pooled programs. George said yes to both questions. Doretha Albee felt it was important to get this position filled as soon as possible.

### 2008 Meeting Schedule

The Board reviewed the 2008 VEBA meeting schedule.

### Letters of Appointment

The Board reviewed the letters of appointment to the VEBA Board for both Thomas Eggleston, Director of Risk Management for the San Diego Community College District and Sam Lucero, representative for the California Teachers Association.

## **NEW BUSINESS**

### MEDCO

George McGregor provided literature from MedCo on their Therapeutic Resource Centers Model for providing safer, more effective and more affordable pharmacy care. Doretha Albee asked if the analysis between Medco and Catalyst Rx that CHCC had requested was performed yet. George McGregor responded that until the Catalyst Contract was finalized that there was nothing to compare it to. George McGregor let the Board know that Catalyst Rx hired Bonnie Hayes to represent them in the San Diego area.

### Best Doctors – Misdiagnosis CME for Sharp

George McGregor reviewed the Best Doctors Program Utilization dashboard for August 2007. George said that Best Doctors had agreed to offer a misdiagnosis CME for Sharp Physicians on how to correct misdiagnosis and teach their staff how to refer patients to Best Doctors. George said he was impressed with the talent that Sharp hospital brought to the table in support of this process.

### Leapfrog

George McGregor gave information about the Leapfrog Annual Meeting on November 29, 2007, being held in Washington, D.C. and asked if any Board members could attend to represent the VEBA.

### EAP Rebranding

United Behavioral Health/PacifiCare Behavioral Health will be operating under a new company brand name: Opium Health Behavioral Solutions. The migration will be a phased process, with transitions beginning in mid 2008. There are no operational changes at this time.

### United HealthCare

George McGregor made note of a news article which pointed out that United Health Group would be paying \$260,293 to California's general fund as a part of a multi-state settlement about the insurer's mishandling of claims. Steve Kaplan requested that a letter from Meghan Newkirk, regarding the restructuring of claims processing back to the old PacifiCare system, be included in the next Board Package.

### Carrier Comments

None

The meeting adjourned at 9:30 a.m.

The next meeting will be held November 14, 2007 at 8:00 a.m. at the VEBA Advocacy Programs Office.