

**Summary Open-Session Minutes
California Schools
Voluntary Employees Benefits Association (VEBA)
November 19, 2014
5:00 p.m. – 6:00 p.m.**

Members Present: Leticia Munguia, Barbara Collins, Ursula Salbato, Robin Watkins, Mark Anderson, Chris Oram, Lora Duzyk, Steve Boyle, Brian Marshall, Katie Dexter.

Absent: Jenny Salkeld, Patrick Prezioso, Ethel Larkins, Mary Ellen Berumen, Nadine Bennett, Ron Reese.

Administrative Staff: George McGregor, Annemieke Tomey, Paul Bergman, Laura Josh, Bob Whiting, John Stultz, Matt Bittner, Sallie Whitton, Seth Eberhardt, Nancy White, Heather Simonson, Zarin Godrej, Stephanie Cortez, Celia Bloom.

Consultant: Ron Mason (Tall Pine Consulting, LLC).

Guests: Amy Daily (Express Scripts), Sandra Ambrosi (SDEA-R), Debbie Anderson (Kaiser), Marianne Monfils (CSEA).

The Open-Session was called to order by Brian Marshall at 5:10 p.m. A quorum was present.

Opening Comments from Co-Chairs

Brian Marshall welcomed all the Board Members to the VEBA Open-Session meeting.

Approve Minutes

Draft minutes of the October 29, 2014, open-session Board meeting were reviewed.

MOTION: (Chris Oram) Approval of the October 29, 2014, open-session minutes. Seconded by Robin Watkins and approved.

Administrator's Report

Annemieke Tomey reviewed the September 2014 VEBA financial statements and disbursement report.

MOTION: (Mark Anderson) Approval of the September 2014 financial statements and disbursement report. Seconded by Katie Dexter.

Consultant's Report

Ron Mason with Tall Pine Consulting, LLC, presented his report to the Board.

- Prescription Drugs: Actives, Retirees <65
 - Trends continue to rise due to increased compound prescribing, Sovaldi use, and rising drug prices. Some manufacturers are now raising prices 20 percent or more per year.
 - Compound prescribing will reduce significantly starting in October.
- Prescription Drugs: EGWP
 - Trend lines continue to improve for this plan. The non-specialty drug costs have dropped 3 percent in the last 12 months, but specialty drugs have increased by 35 percent.
- 3rd Quarter active/early retiree utilization
 - There were more VEBA members in 3Q14 than 3Q13.
 - Trend drivers are miscellaneous antivirals, compound drugs, and insulin therapy. The Board has approved action that will impact each of these classes.
 - Insulin is now the highest cost drug class – primarily driven by manufacturers raising prices.
 - Antineoplastics are cancer drugs which tend to rise in price as new drugs enter the market.
 - Compounds have added significantly to costs compared to one year ago.
 - Miscellaneous antivirals grew significantly due to 3 – 4 patients on Sovaldi.
- Mail Rx utilization
 - Mail use appears to be leveling off in the 54 percent to 56 percent range. The addition of Rite Aid and Costco should begin to raise this figure after January 1. The Rite Aid and Costco change applies only to actives/early retirees.
 - VEBA's preference for mail is based on:
 - ✓ Improved pricing.
 - ✓ Lower net member costs.
 - ✓ Higher drug compliance when members use mail.
 - ✓ The use of Therapeutic Resource Centers for members with chronic conditions (better counseling about medications and their conditions).
- HMO
 - September claims dropped. There are still some summer claims to be processed that will show up in October – November.
 - Overall, the flex funding for 2014 appears to be at least at break-even so far.
- Medicare Supplement
 - Claims have continued to run well. September was significantly better than last year.
- PPO/EPO/Out of Area (non-CA participants)
 - This population is made up of retirees, a few COBRA, and out of state students.

- 11 claimants (3% of members) incurred 44% of FFS costs.
- PPO CA
 - Claims improved, but costs have exceeded premiums for the last 12 months.
 - During 4Q, TPC will begin to gather data on PPO utilization from UHC (providers, costs, diagnoses et al.).

Other

Final VEBA Board Calendar – 2015

The Board Members reviewed the final VEBA Board Calendar for the year 2015.

George McGregor reminded the Board of his intent to host the VEBA Founders Dinner during early 2015. After checking their respective calendars and confirming their availability, it was decided to host the Founders Dinner on March 19, 2015, at Ruth's Chris Steak House.

Celia Bloom distributed copies of the final VEBA promotional video to the Board.

Debbie Anderson from Kaiser Permanente informed the Board that Kaiser and Target have teamed up to provide medical care in health clinics at four Southern California Target store locations. Care will be provided by Kaiser Permanente clinicians and staff to all patients, whether or not they are Kaiser Permanente members. Traditional retail clinic services will include vaccinations and treatments for minor illnesses. Telemedicine consultations will also be available within the clinics, where patients can participate in private video sessions with Kaiser Permanente doctors and other health care professionals located outside of the Target Clinic.

The meeting was adjourned at 5:33 p.m.

The next open-session meeting will be held on Wednesday, December 17, 2014 at 5:00 p.m., in the McGregor & Associates conference room.