

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
February 25, 2015
5:00 p.m. – 6:00 p.m.**

Members Present: Robin Watkins, Brian Marshall, Mark Anderson, Lora Duzyk, Katie Dexter, Nadine Bennett, Ron Reese, Mary Ellen Berumen, Ursula Salbato, Barbara Collins, Ethel Larkins, Jenny Salkeld, Steve Boyle, Matthew Krause, Christine Balentine.

Members Absent: Leticia Munguia, Marianne Monfils, Chris Oram.

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

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

Guests: Carissa Green, James Gaumer, UHC; Amy Daily, Express Scripts; Sandra Ambrosi, SDEA; Laura Bowersox, ESTA.

The Closed-Session was called to order by Robin Watkins at 5:00 p.m. A quorum was present.

Opening Comments from Co-Chairs

Robin Watkins welcomed the Board Members, Administrative Staff and Guests.

Approve Minutes

Draft minutes of the January 28, 2015, open-session Board meeting were reviewed.

MOTION: (Ethel Larkins) Approval of the January 28, 2015, open-session minutes. Seconded by Ursula Salbato and approved.

Administrator's Report

Annemieke Tomey stated that the year-end VEBA financial statements and disbursement report are being finalized and will be provided at the March 25th board meeting. The statements are pending the receipt of the year-end IBNR accrual. She indicated that all year-end accruals are currently being analyzed.

George McGregor updated the Board with progress on the implementation of the strategic plan presented as part of the administrative proposal. Mr. McGregor stated that he will present an in-depth progress analysis at the board retreat in May.

Consultant's Report:

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

- Prescription drugs: Actives, Retirees <65

- Data shows the net trend at 16.34%.
- Specialty drug use returned to normal levels compared to November.
- Prescription drugs: EGWP
 - The specialty trend line continues to be low at .18% for December and it is likely that the trend lines will begin to move up.
- Mail Rx Utilization
 - Mail use appears to be leveling off in the 54%-56% range.
 - The mail use figures should begin to rise in the next month.
- HMO
 - Actual capitation payments have not been posted in VEBA's costs and will appear in the January 2015 claims.
 - The flex funding for 2014 continues to appear to be at break-even and money will most likely come back to VEBA.
- PPO/EPO/Out of Area (non-CA participants)
 - December data looks positive and a favorable renewal is expected for 2016.
 - Nine claimants (2.3 percent of members) incurred 37 percent of FFS costs.
- PPO/CA
 - Claims returned to a normal level in the month of December. The plan experienced the lowest loss ratio over the last five years.
 - Seventy-nine claimants (3.2 percent of members) incurred 56 percent of the FFS costs.

Other

- Alexandra Kroeger updated the Board on the upcoming Founder's Dinner on March 19, 2015. She encouraged the Board to submit their RSVP to her no later than March 6, 2015.
- George McGregor reported to the Board that the terms of six of the VEBA-appointed Co-Op directors have expired. He reminded the Board that Nadine Bennett's term has not expired as she was appointed to the Co-Op Board on January 28, 2015.
MOTION: (Brian Marshall) To re-appoint the following VEBA Directors: Mark Anderson, John deBeck, Lora Duzyk, Steve Kaplan, Kim Myers, and Patrick Prezioso to serve on the Co-Op Board for five-year terms. Seconded by Mary Ellen Berumen and approved.

The meeting was adjourned at 5:10 p.m.

The next Open-Session meeting will be held on Wednesday, March 25, 2014, at 5:00 p.m., in the McGregor & Associates Conference Room.