

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
January 28, 2015
5:00 p.m. – 6:00 p.m.**

Members Present: Robin Watkins, Mark Anderson, Lora Duzyk, Katie Dexter, Nadine Bennett, Ron Reese, Leticia Munguia, Mary Ellen Berumen, Ursula Salbato, Barbara Collins, Matthew Krause, Christine Balentine.

Members Absent: Ethel Larkins, Marianne Monfils, Steve Boyle, Brian Marshall, Chris Oram, Jenny Salkeld.

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).

Guest: Debbie Anderson, Kaiser; Lourdes Reyes, UHC; Shane Gonzales, Express Scripts.

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 introduced the MEBA Co-Chairs, Christine Balentine and Matthew Krause to the VEBA Board and Open-Session guests. Ms. Balentine serves as the Labor Co-Chair on MEBA and the Vice-Chair on the California Purchasers Health Care Coalition. Mr. Krause has worked at Capistrano Unified School District for 17 years and serves on the MEBA Board as the Management Co-Chair.

Approve Minutes

Draft minutes of the December 17, 2014, open-session Board meeting were reviewed.

MOTION: (Nadine Bennett) Approval of the December 17, 2014, open-session minutes. Seconded by Ron Reese and approved.

Administrator's Report

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

MOTION: (Mark Anderson) Approval of the November 2014 financial statements and disbursement report. Seconded by Nadine Bennett and approved.

George McGregor informed the Board that Conflict of Interest Affirmations will be distributed to each Board Member for signature. The affirmations must be re-signed each year which attest each board member's understanding and compliance with VEBA's Conflict of Interest Policy.

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 lowered by 14.89%.
 - Claims continue to increase but slowed in November mainly due to a drop in specialty drug use for the month.

- Prescription drugs: EGWP
 - Specialty drug usage leveling out with the specialty trend showing to be relatively low and indicating lower usage than the previous year.

- Mail Rx Utilization
 - Mail use appears to be leveling off in the 54%-56% range.
 - With the addition of Rite Aid and Costco, the mail use figures should begin to rise after January 1, 2015.

- HMO
 - Fee-for-service claims decreased for the month of November. This was mainly due to re-contracting with San Diego County providers leading to increased capitation and reduced FFS costs.
 - Overall, the flex funding for 2014 appears to be at break-even so far.

- PPO/EPO/Out of Area (non-CA participants)
 - November data has seen a downward fluctuation which parallels to November, 2013, however there is no data to suggest that it is anything but a random fluctuation.
 - Eleven claimants (3 percent of members) incurred 44 percent of FFS costs.

- PPO/CA
 - Claims dropped significantly, which mirrors the data from November 2013. This is due to an assumed seasonal fluctuation in the PPO population.
 - Seventy-nine claimants (3.4% of members) incurred 52 percent of the FFS costs (a fairly average number in a non-capitated environment.)

- Kaiser
 - Claims have been generally favorable. Large claims have decreased from 4.5 percent to 2.2 percent of total costs.
 - Data shows a utilization decline from the previous year for emergency room visits, surgical admissions and SNF.
 - Substance abuse inpatient days surpassed mental health inpatient days in 2014 from 2013.
 - The 15 highest cost individual drugs account for 22% of all Kaiser drug spend for VEBA. The overall costs of these top drugs have increased by about 25% from the prior 12 months.

Other

- George McGregor updated the Board that penetration testing for the tech protection security system was completed by Kryptos Logic and they have concluded that there has been no loss of data.
- G. McGregor reported to the Board that he, Ron Mason and Laura Josh have been asked to speak at IFEBP's Health Care Management Conference in Santa Monica in April. George stated that they will share VEBA's successes in healthcare.
- Due to a significant decline in service by the VEBA insurance consultant, George McGregor reported that McGregor & Associates is in the process of transferring VEBA's insurance policies from Teague Insurance Agency, Inc. to BB&T-John Burnham Insurance Services. George McGregor stated that he will ask Geoff Shelton of BB&T to attend the next board meeting and make an introduction to the Board.
- George reported to the Board that the Founders' Dinner has been scheduled for March 19, 2015 and that the Board Members will receive more details shortly via email.
- George McGregor informed the Board that the Dowling & Yahnke 4th quarter 2014 report has been added to the board package for their review.
- George McGregor informed the Board that the Express Scripts year end reconciliation letter has been added to the board package for their review.
- Mark Anderson informed the Board that he attended the most recent VEBA Collaborative meeting. He commended the VEBA Staff and attendees on their input and innovative ideas aimed at continuing VEBA's success. Mark Anderson requested from the Board that he see more Board members present at such meetings in the future.

The meeting was adjourned at 5:30 p.m.

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