

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
July 29, 2015
4:30 p.m. – 6:00 p.m.**

- Members Present:** Robin Watkins, Brian Marshall, Mary Ellen Berumen, Ursula Salbato, Katie Dexter, Marianne Monfils, Barbara Collins, Chris Oram, Steve Boyle, Lora Duzyk, Jenny Salkeld.
- Members Absent:** Ron Reese, Ethel Larkins, Mark Anderson, Nadine Bennett, Leticia Munguia, Matthew Krause, Christine Balentine.
- Administrative Staff:** George McGregor, Ed Nelson, Annemieke Tomey, Laura Josh, Paul Bergman, Celia Bloom, Nancy White, Stephanie Yoshida, John Stultz, Virginia Lewis, Seth Eberhardt, Sallie Whitton, Alexandra Kroeger, Matt Bittner.
- Consultant:** Ron Mason (Tall Pine Consulting, LLC).
- Guests:** Carissa Green, James Gaumer (UHC); Amy Daily (Express Scripts); Debbie Anderson (Kaiser).

The Open-Session was called to order by Robin Watkins at 4:30 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 April 29, 2015, open-session Board meeting were reviewed.

MOTION: (Mary Ellen Berumen) Approval of the April 29, 2015 open-session minutes. Seconded by Steve Boyle and approved.

Draft minutes of the May 8, 2015, open-session Board retreat were reviewed.

MOTION: (Mary Ellen Berumen) Approval of the May 8, 2015 open-session retreat minutes. Seconded by Jenny Salkeld and approved.

Administrator's Report

Annemieke Tomey reviewed the VEBA financial statements and disbursement report for the months of March through May 2014.

MOTION: (Katie Dexter) Approval of the March through May 2014 financial statements and disbursement report. Seconded by Mary Ellen Berumen and approved.

Annemieke Tomey reviewed the 2014 tax returns for the California Schools VEBA.

MOTION: (Mary Ellen Berumen) Approval to file the 2014 tax returns with the Department of Managed Health Care. Seconded by Brian Marshall and approved.

The Board discussed the disclosure of compensation as required by the Form 990 and inquired as to the result if compensation is not received by one or more board members. Ms. Tomey stated that if there is due diligence by the administrator to follow up with the board members whose compensation is missing, then it is deemed sufficient and it is disclosed as such to the IRS.

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 23.04%
 - High trend lines are attributed to the increase in specialty drug use, however trends will begin to slow down with July 2015 claims.

- Prescription drugs: EGWP
 - Retiree utilization continues to increase.
 - The percentage of retirees using a brand that has a generic is 5 times the rate of the active population.

- Mail Rx Utilization
 - Mail use is expected to improve as new districts transition to either mail use or the Smart90 Network.
 - Smart90 plus mail data is received quarterly thus the data is not visible this month.

- HMO
 - FFS claims have increased substantially in the last few months.
 - Capitation cost per member per month for the most recent 12 months versus the prior 12-month period has increased by 11.6%.
 - Ninety-seven claimants accounted for 37% of FFS claims and 7% of total claim cost.

- Medicare Supplement
 - Claims decreased which seems to be related to how Medicare payments are processed.
 - This population will be transition to the NPPO plan on January 1, 2016.

- PPO/EPO/Out of Area (non-CA participants)
 - There has been substantial deterioration due to large claims in this population.
 - Seventeen claimants (4.1 percent of members) incurred 57 percent of FFS costs.

- PPO/CA
 - Ninety-five claimants (3.5 percent of members) incurred 55 percent of the FFS costs.

Other:

Brian Marshall reminded the Board that the Advisory Council Meeting is scheduled for 8:00am on August 18th at the Hilton San Diego Resort. He reiterated that a strong presence of board members is encouraged at the event.

The meeting was adjourned at 5:12 p.m.

The next Open-Session meeting will be held on Wednesday, August 26th, 2015, at 5:00 p.m., in the McGregor and Associates Conference Room.