

**SUMMARY OPEN-SESSION MINUTES
SOUTHERN CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
February 4, 2009**

Members Present: Co-Chair Ed Nelson, Co-Chair Steve Kaplan, Ronnie Adair, Elizabeth Ahlgren, Doretha Albee, Mark Anderson, Janice Cook, John deBeck, Lora Duzyk, David Fernandez, Joyce LaFleur, Sam Lucero, Kim Myers, Kevin Ogden, Erik Olson Fernandez

Absent: Jesus Gandara,

Administrative Staff: George McGregor, Betty Ormsbee, Barbara Severino, Sherrie Shumaker, Annemieke Tomey, Nancy White, Bob Whiting

Consultants: Ron Mason, Lan Brown, Susan Giesting

Guests: Laura Bowersox (ESTA Escondido High), Sandra Chamber (Kaiser), Christopher Dick (UnitedHealthcare), Gloria Feldman (Medco), Jessica Ghaemmaghami (PacifiCare Behavioral Health), Cynthia Haro (Aetna), Megan Newkirk (UnitedHealthcare), Kim Rizzuti (Best Doctors), Todd Torgerson (Sweetwater Union High)

The meeting was called to order by Steve Kaplan at 8:01 a.m.

Minutes:

MOTION: (Janice Cook) Approval of open-session minutes of December 3, 2008. Seconded by Doretha Albee and approved.

Investment Summary:

Reference was made to the Dowling & Yahnke investment report. No changes are recommended at this time.

Committee Reports:

California Health Care Coalition (CHCC)

- Reported comments made by VEBA attendees at the latest meeting included; “best meeting ever” and “well worth the trip”
- CHCC members determined that CHCC should not be in the business of selling products
- Kaiser receptive in initial meetings with representatives from CHCC, PERS, and VEBA regarding transparency and Kaiser’s method of pricing products
- Important meeting with Dr. Dudley (Kaiser) was reported

California Public Employers/Employees Health Care Coalition (CPEEHCC)

- Appreciation expressed to the VEBA administrator and staff for the successful CPEEHCC training conference; many positive comments received
- The attendance of ten VEBA Board members was noted
- Comments made by VEBA district benefits administrators expressing appreciation for the opportunity to attend the conference were reported

VEBA Executive Committee

The following items were forwarded from the VEBA Executive Committee for Board review and consideration:

- Action Item Summary
- October 2008 Financial Report

MOTION: (Doretha Albee) Approval of the October 2008, Schedule 3, Disbursement Report. Seconded by John deBeck and approved.

- November 2008 Financial Report

MOTION: (Ronnie Adair) Approval of the November 2008, Schedule 3, Disbursement Report. Seconded by Doretha Albee and approved.

Consultants' Reports:

Ron Mason, Towers Perrin

- Provided a detailed claims update report on VEBA medical and prescription drug plans
- Reported that per-day hospital charges in San Diego County are one-third higher than in Orange and Los Angeles counties and, over-all, VEBA's costs are running higher than other groups. Discussion followed regarding options that might be taken to address these issues. Mason will present options for consideration in the next meeting.

Susan Giesting, Towers Perrin

- Activities underway and completed were noted
- Reported that the EAP tool kit (reduction in force resource) has been posted to the leadership section of VEBAonline.com
- Presented December 2008 Web Usage Report

Administrative Reports:

VEBA Advocacy Programs

- Information was provided regarding the VEBA Strength Challenge program
- Best Doctors report was reviewed

VEBA Ombudsman

- Reported organization visits, carrier meetings, district visits, and communication council meeting activities
- Called attention to the upcoming district benefits administrators meeting scheduled for February 24, 2009

VEBA Administrator

- Customer Portals
 - Information, including screen prints, was provided on the new Customer Portals technology available to district benefits personnel
 - The system will allow districts to view, log, and run reports on issues and concerns reported by their employees related to VEBA benefits coverage
- Cobra Administration
 - Significant interest reported from districts regarding the VEBA WebCOBRA administration system
 - Information provided by the VEBA attorney was reviewed regarding the offering and implementation of VEBA WebCOBRA
 - The attorney's recommended indemnification agreement was reviewed. This will be required of districts choosing to utilize the VEBAWebCOBRA site. The executed agreement will be attached to the district's participation agreements as Exhibit D.

MOTION: (John deBeck) Approval of Exhibit D. Seconded by Doretha Albee and approved.

VEBA Open-Session Minutes

February 4, 2009

Page 3

--It was noted that Exhibit D does not require employee organization/association signatures and district signatures are required per applicable district procedures.

--VEBA WebCOBRA is a value-added benefit costing the VEBA less than \$25,000 per year and offered at no charge to districts electing to use the system on a self-administered basis.

- Training Report

A report of continuing education training received by VEBA Board members was presented.

MOTION: (Doretha Albee) Acceptance of the training report. Seconded by Kevin Ogden and approved

- IFEBP Annual Employee Benefits Conference

Information was distributed about the 2009 annual training conference to be held in Orlando, Florida on November 8-11, 2009.

- San Ysidro Eligibility Verification

Status of the eligibility verification was reported. A final report is expected to be available by the end of February 2009. Verifications will begin shortly in three additional districts and requests have been made by several others.

- Lobbying Activities

The IRS response regarding acceptable lobbying activities is expected by end of the month.

New Business:

Materials Included:

- 2008 Detailed Budget Tracking
- Towers Perrin Statement of Work (communications)
- Towers Perrin Communications Budget
- Letter from member protesting discontinuance of hearing aid benefit (to be considered by Executive Committee for appropriate response)
- Request from, reconciliation explanation, and refund of deposit to, Santee School District
- Information regarding implications of the recent California vote on marriage drafted by Towers Perrin Legal Compliance Unit
- Management Response to Vavrinek, Trine, Day & Co. LLP Audit Report dated January 14th, 2009
- Towers Perrin report, Top 10 Cost Drivers
- Letter from Jesus Gandara, Superintendent, Sweetwater Union High School District, regarding retaining VEBA Board seat
- UnitedHealthcare/PacifiCare HMO & POS Performance Guarantees, January 1, 2009-December 31, 2009
- Copy of check from PacifiCare in payment of performance guarantee liability for 2007
- Bonsall Union School District's improvement plan (approved previously by VEBA Board pending submission)

Other:

Materials Included:

- American Business Bank third quarter report 2008
- Communication from Leapfrog citing 2008 accomplishments and plans for 2009
- Second quarter 2008 report and rebate payment from Medco
- Non-Disclosure Agreement between Towers Perrin, VEBA, and United Healthcare

Carrier Comments:

Representatives from Kaiser and Medco expressed appreciation for CPEEHCC conference.

The meeting was adjourned at 10:17 a.m. for a short break before commencement of closed session.

The next meeting will be held at 8:00 a.m. on March 4, 2009, at San Diego County Office of Education.