

**SUMMARY BOARD-SESSION MINUTES  
STRATEGIC PLANNING RETREAT  
CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)  
May 13, 2010**

Members Present: Co-Chair Janice Cook, Co-Chair David Fernandez, Elizabeth Ahlgren, Mark Anderson, John deBeck, Lora Duzyk, Joyce LaFleur, Ethel Larkins, Sam Lucero, Kim Myers, Ed Nelson, Kevin Ogden, Tim O'Neill, Sue Wybraniec

Absent: Kevin Holt, Erik Olson Fernandez

Administrative Staff: George McGregor, Talena Conlon, Laura Harris, Betty Ormsbee, Sherrie Shumaker, Annemieke Tomey, Nancy White, Bob Whiting

Consultants: Ron Mason, Lan Brown, Linda Townley

The meeting was called to order by Janice Cook at 11:00 a.m.

**Minutes:**

**MOTION:** (Kevin Ogden) Approval of open-session minutes of April 7, 2010. Seconded by Elizabeth Ahlgren and approved.

**MOTION:** (Ed Nelson) Approval of closed-session minutes of April 7, 2010. Seconded by Ethel Larkins and approved.

**New Format for Agenda and Board Reports:**

David Fernandez introduced a new format for the meeting agenda. He noted that "Consent Agenda" has been added under which items reviewed and discussed in detail at the Executive Committee meeting and forwarded to the full Board, will be submitted for approval without the need for lengthy discussion. Items may be pulled from the Consent Agenda for additional discussion upon any Board member's request. Board members expressed acceptance of the new format with a few suggestions for improvement.

**Consent Agenda:**

The following report was reviewed in detail at the April 28, 2010 Executive Committee meeting and forwarded for Board approval:

**Monthly Financial Report**

**MOTION:** (Ed Nelson) Approval of May 13, 2010, Consent Agenda (which included the February 2010 Financial Statements). Seconded by Sam Lucero and approved.

**Monthly Operations Reports:**

George McGregor called attention to report format changes. He said that each report summarizes key issues and decisions and/or actions needed. Back-up materials are provided in the Report Appendix.

**Status of the Trust**

Dashboard reports were included reflecting VEBA Revenues/Expenses/Net Assets, Total Membership/Participating Districts' Demographics, and Contributions/Claims/Changes in Net Assets on the self-insured plans (Medco, Delta Dental, and VSP)

**General Manager's Report**

- San Ysidro School District regarding outstanding accounts receivable
- IRS Approval pertaining to lobbying expenditures and tax exempt status of the trust

#### General Manager's Report Continued

- Discussion needed regarding reaching out to other trusts--schedule for next Executive Committee meeting
- Additional Group Kaiser Medicare Advantage plan to be offered to VEBA districts for their retirees

#### Chief Financial Officer's Summary Report

- YTD increase in trust net assets
- Self-insured plans activity; deficit/surplus

#### Ombudsman's Report

- Kaiser's expansion into Fallbrook area being considered
- Jurupa Area Recreation and Parks District effective May 1, 2010
- VEBA to conduct eligibility audit for Sweetwater Union High School District

#### Communications Manager's Report

- Advisory Committee meeting scheduled for June 1, 2010, to present preliminary communication of the Performance HMO (concentric network)
- Communications action squad reported to have had productive discussions regarding Performance HMO implementation
- PacifiCare underwriting and account management reported as becoming active partners in developing new VEBA participants

#### Advocacy Director's Report

- Proposal to add a sleep apnea pilot to health and fitness challenge program
- Medco to add two medications to VEBA's Medicare D formulary in response to request from retirees

#### VEBA Board of Directors Issues and Decision Tracking

The "VEBA Board of Directors Issues and Decision Tracking" report replaces the previous Action Item Summary. This new reporting format was reviewed and approved by the Executive Committee at the May 13, 2010 meeting.

#### Report Appendix

The following materials/reports supplement and document key issues listed in the above management operations reports:

- VEBA Correspondence dated April 8, 2010, San Ysidro—*Outstanding Accounts Receivable Balance*
- San Ysidro Employee Correspondence dated March 5, 2010—*New Health Care Rates Notification*
- IRS Ruling Approval Letter
- Draft Retreat Agenda
- VEBA District Retiree Continuation Provisions
- Comparison of Medical Plan Options
- VEBA Action Squad Document
- February 2010 Financial Statements
- VEBA Correspondence dated April 13, 2010—*Request to Expand the Fallbrook Service Area*
- Board of Directors Update Newsletter, April 2010
- Sales & Marketing Activity Report effective April 28, 2010
- Advisory Committee "Save the Date" Flyer
- Sleep Apnea Pilot Proposal
- New Advocacy Cases Report, January 1, 2010-April 21, 2010

Report Appendix Continued

- Get Smart Flyer, April 2010
- PacifiCare Behavioral Health “Wellness Monthly” Newsletter
- Medco Health Solutions Performance Standards Summary Report

**Consultant’s Report:**

During the time prior to the commencement of the Board meeting session at the VEBA retreat, Ron Mason, Towers Watson, presented detailed information and options pertaining to renewals, plan designs, and underwriting tier revisions for 2011. The Board discussed all of these at great length and made preliminary decisions to be carried forward for final action in the Board meeting. Accordingly, actions were taken as follows:

**MOTION:** (Elizabeth Ahlgren) Authorize Ron Mason to finalize renewal negotiations with PacifiCare/United for the HMO and PPO plans and notify Anthem of the Board’s decision to decline the PPO proposal. Seconded by Lora Duzyk and approved.

**MOTION:** (John deBeck) Authorize Ron Mason to finalize negotiations with PacifiCare/United for the Performance HMO plan. Seconded by Sam Lucero and approved.

**MOTION:** (Lora Duzyk) Approve Performance HMO Plan Designs A-E as presented, including fine tuning as necessary. Seconded by Sam Lucero and approved.

**MOTION:** (John deBeck) Approve revising the underwriting tiers and resloping the rates as presented by Ron Mason. Seconded by Sam Lucero and approved.

**MOTION:** (Elizabeth Ahlgren) Decline the addition of a low-option PPO plan. Seconded by Kevin Ogden and approved.

**MOTION:** (Elizabeth Ahlgren) Decline to make changes to the Kaiser prescription plan as presented. Seconded by John deBeck and approved.

**MOTION:** (Joyce LaFleur) Defer implementation of Mental Health Parity until January 1, 2012, subject to verification that at least one collective bargaining agreement for a VEBA district falls within the dates necessary to defer to such date. Seconded by John deBeck and approved.

**MOTION:** (Sam Lucero) Approve waiving of copays for preventative care for the Kaiser plan effective January 1, 2011. Seconded by John de Beck. After discussion, the motion was withdrawn.

**MOTION:** (Sam Lucero) Approve having Ron Mason present additional information/data regarding waiving of copays for preventative care at the May 26, 2010, Executive Committee meeting and to the full Board at the June 2, 2010, meeting. Seconded by John deBeck and approved.

**MOTION:** (Tim O’Neill) Approve not offering the PPO plan to new groups who do not meet underwriting contribution requirements. Seconded by Kevin Ogden and approved.

**MOTION:** (John deBeck) Instruct the VEBA attorney to draft and negotiate an acceptable representation letter with Vavrinek, Trine & Day. Seconded by Joyce LaFleur and approved.

**MOTION:** (John deBeck) Instruct Towers Watson and the VEBA Administrator to take steps necessary to implement continuation of coverage for adult children to age 26 irrespective of full-time student status, for those dependents covered under VEBA medical plans on May 31, 2010, and for whom coverage would otherwise terminate due to becoming age 19 or who would no longer qualify as full-time students. Other adult-child coverage situations mandated by Health Care Reform will be addressed at a later date. Seconded by Joyce LaFleur and approved.

**MOTION:** (Elizabeth Ahlgren) Instruct Towers Watson to prepare an application for VEBA to submit for funds available under Health Care Reform's Early Retiree Reinsurance Program. The funds would be used to support a program promoting medication compliance, participation in disease management, and maintenance of ongoing screening targeting disease states such as hypertension, coronary artery disease and diabetes. Seconded by Lora Duzyk and approved.

**MOTION:** (John deBeck) Adoption of the revised VEBA vision and mission statements drafted by the Mission/Vision Squad. Seconded by Sam Lucero and approved.

Vision: To enable California Public employees and their families to achieve and maintain health and wellness.

Mission: To collaboratively provide healthcare benefits and related services that are effective, affordable, and of high quality and value.

**MOTION:** (Ethel Larkins) Approve the VEBA core values as presented by the Mission/Vision Squad. Seconded by Kim Myers. After discussion, the motion was withdrawn for additional work on the list.

The meeting adjourned at 12:35 p.m.

The next meeting of the Board is scheduled for 8:00 a.m., June 2, 2010, at the San Diego County Office of Education.