

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
October 19, 2011**

Members Present: Co-Chair Janice Cook, Mark Anderson, Marc Capitelli, Zoe Carpenter, Desiree Klaar, Ethel Larkins, Ron Little, Kevin Ogden, Ana Zuniga-Juarez

Absent: Lora Duzyk, David Fernandez, Kevin Holt, Joyce LaFleur, Ed Nelson, Tim O'Neill, Patrick Prezioso

Administrative Staff: George McGregor, Paul Bergman, Celia Bloom, Laura Josh, Betty Ormsbee, Sherrie Shumaker, Annemieke Tomey, Nancy White, Bob Whiting

Consultant: Ron Mason

Guests: Ronnie Adair, Sandra Ambrosi (SDEA Retirees), Laura Bowersox (Escondido Secondary Teachers Association), Sandra Chambers (Kaiser), Christopher Dick (UHC), Gloria Feldman (Medco), Carissa Green (UHC), May Young (UHC)

The meeting was called to order by Janice Cook at 5:00 p.m. A quorum was present.

Consent Agenda:

Draft minutes of September 21, 2011, open- and closed-session board meetings.

MOTION: (Kevin Ogden) Approval of consent agenda. Seconded by Mark Anderson and approved.

Executive Committee:

Further discussion was requested regarding reinstating the Executive Committee. The first meeting was held October 13, 2011, with only three Board members able to attend. The intended purpose was reviewed and suggestions were made about alternate times for the meetings. Utilizing technology such as webinars was also suggested—the VEBA administrator will investigate opportunities for using this format. Consensus was: 1) discontinue monthly Executive Committee meetings; 2) if time allows, cover some topics/issues during regularly-scheduled Board meetings; and, 3) for topics/issues requiring more time and in-depth study, schedule special sessions or workshops.

Monthly Operations Reports:

- **Chief Financial Officer's Report**

The chief financial officer reviewed the Status of the Trust report and the July 2011 VEBA financial statements and disbursement reports. A YTD decrease in Trust net assets of \$219,308 and a YTD portfolio increase of \$469,947 was noted.

MOTION: (Marc Capitelli) Approval of the July 2011 financial statements and disbursement reports. Seconded by Zoe Carpenter and approved.

- **General Manager's Report**

--New participation requests

- La Mesa-Spring Valley School District, effective 01/01/2012
- Vista Unified School District, Classified Unit, effective 01/01/2012

MOTION: (Mark Anderson) Approval of participation for La Mesa-Spring Valley School District and Vista Unified School District-Classified Unit. Seconded by Ron Little and approved.

- General Manager's Report continued

- VEBA Collaborative

- Nine district representatives and one VEBA Board member in attendance
 - Members requested that the Board address current policy pertaining to the release of rates with a rate change after the release (i.e., reduction in retiree rates)

The VEBA administrator reported that this situation occurs when, after preliminary rates are released, the consultant continues to negotiate with the carriers and is able to get a reduced rate. It was noted that, primarily, these rates are applicable to self-pay retirees. Districts are given the choice to stay with the quoted preliminary rates with credit applied in the following year or accept the reduced rates. The Board concurred that each district should continue to be offered the choice.

- iPad Security

- A policy recommendation was presented for VEBA-issued devices to counter possible security breaches of VEBA information

MOTION: (Kevin Ogden) Adoption of the Security Policy as proposed. Seconded by Ethel Larkins and approved.

- Board Liability Policies

- Fiduciary and Plan Purchaser Protection Liability policies renewed
 - Board members to be billed

- VEBA Training

- Health Care Reform training program—draft abridged version to be provided to Co-Chairs and included in next month's Board packet

- CECHCR Update

- CSEA made a formal request to CECHCR to pull legislative attempt
 - CSEA will pull support if CECHCR refuses

- Co-Op/Appropriateness Project

- 250,000 needed to move forward
 - Membership by end of year will be 140,000
 - Steve Kaplan will be invited to give an update at next Board meeting

- ERRP

- Another \$1.4 million in claims accepted

- Additional Information

- Dowling & Yahnke—rebalancing the investment portfolio
 - American Business Bank—Second Quarterly Report 2011

MOTION: (Zoe Carpenter) Approval of American Business Bank second-quarter statement. Seconded by Mark Anderson and approved.

- 2010 Federal Tax Return—in compliance with federal law, the Board reviewed the 2010 Federal Tax Return prior to filing

MOTION: (Marc Capitelli) Approval to submit to the IRS the 2010 Federal Tax Return as presented. Seconded by Desiree Klaar and approved.

Additional Monthly Operations Reports:

Written activity reports were furnished as follows:

- Ombudsman's Report

- Rate meetings held with insurance committees at 4 districts
 - Presentations to school boards of two new VEBA districts
 - Presentation to ACSA Region 18 Delegate Assembly and to ACSA retirees
 - Participated in new district implementations

- IT Manager's Report
 - Development Updates
 - New version of online enrollment tool released
 - New employee lookup tool complete
 - Census download tool complete
 - File upload function complete
 - Reporting tool complete
 - Enhanced carrier interface development continues
 - New EDI carrier transfer format development—completed and active for Medco
- Marketing/Communications Manager's Report
 - Third VEBA Collaborative meeting held with continuing constructive dialog
 - Open enrollment communications
 - Customized materials being created for each district
 - Performance HMO materials being created for members outside of San Diego
- Advocacy Director's Report
 - Increased call volume being driven by new districts
 - Report of Special Programs/Studies
 - Pathway Fit genetic diet study—study results should be available in December 2011
 - Diabetics Pharmacist Consultation—VEBA received an Innovative Collaboration Award from DMHC for participation in this study
 - Right Care Initiative—Kaiser approached VEBA to be a more integral part of their “arm” of this study
 - Health Coaching/Health and Fitness Challenges
 - Surviving the Holidays 30-day Bucket List—last challenge for the year open for enrollment
 - Mini Health Risk Assessments—539 “tool” users, 28.76% scored in the moderate risk level or higher.
 - District Wellness Support
 - Ten districts currently active
 - Five districts in planning or discussion

Consultant's Report:

Ron Mason, Towers Watson, presented information including the following:

- Medco
 - Net Trend, 5.43%
 - Gross Trend, 4.90%
 - Member copays have been in the range of 12% of Rx costs since 2002
 - Days per member per year (at +2.02% is higher than any 12-month period in 2008-2010
 - Mail use dropped in August, but is slightly higher than mail use in August 2010
- HMO
 - Capitation cost per member per month for most recent vs. prior 12-month period at +12%
 - 217 claimants (0.7% of members) accounted for 51% of fee-for-service claims and 14% of total claim cost
- Medicare Supplement population now 40% of over age 65 enrollment. No rate increase for 2012.
- PPO/EPO/Out-of-Area plan (non-California)—nine claimants (2% of members) incurred 91% of fee-for-service costs
- PPO (California)
 - Projected costs have exceeded premiums by 76% for the 12 months ending August 31, 2011
 - 72 claimants (5% of members) incurred 67% of fee-for-service claims—average is 3% to 5% of the population will incur 50% of FFS claims in non-capitated environments

Appendix:

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

- Letter of Intent To Join VEBA 01/01/2012—La Mesa-Spring Valley School District
- Letter of Intent To Join VEBA 01/01/2012—Vista Unified School District, Classified Unit
- VEBA Collaborative Meeting Agenda and Summary, October 5, 2011
- Proposed VEBA iPad Security Policy
- Fiduciary Liability Policy Renewal Effective October 1, 2011-October 1, 2012
- Plan Purchaser Liability Policy Effective October 1, 2011-October 1, 2012
- ERRP Program Reimbursement Request Approval Letters, October 2011
- Dowling & Yahnke Correspondence, Rebalancing the VEBA Investment Portfolio
- Dowling & Yahnke Third Quarter Investment Statement, October 7, 2011
- American Business Bank Second Quarterly Report to Stockholders/Customers 2011
- VEBA Administrator Update, October 13, 2011
- Draft VEBA 2012 Open Enrollment Communications
- Draft 2012 Open Enrollment District/Plan-Specific Communications
- Draft Medco Letter and FAQ—Re: Medco Formulary Changes for 2012
- New Advocacy Cases Report—January 1, 2011 through October 7, 2011
- Right Care Initiative Award and Presentation: VEBA Diabetes Pilot Program
- Surviving the Holidays 30-day Bucket List Challenge Notice and Welcome Kit
- Health & Fitness Challenges Update, October 2011

The meeting adjourned at 5:52 p.m.

The next Board meeting is scheduled for 4:00 p.m., November 16, 2011, in the McGregor and Associates conference room.