

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
July 25, 2018
5:00 p.m. – 6:00 p.m.**

- Members Present:** Robin Watkins, Ursula Salbato, , Nadine Bennett, Gregg Robinson, Cindy Marten, Katie Dexter, Ethel Larkins, Patrick Prezioso, Leticia Munguia, Lora Duzyk, Tim Glover, Steve Boyle, Laura Bowen, Ronda Walen
- Members Absent:** Ron Reese, Brian Marshall, Barbara Collins, Clark Hampton
- Consultant:** Ron Mason (Tall Pine Consulting, LLC) via Skype
- Administrative Staff:** George McGregor, Matt Bittner, Stephanie Yoshida, Lurinda Green, Laura Josh, Carrie Asato, Dr. Michael Carey, Don Prezioso,
- Guests:** Debbie Collins and Ibis Rodriguez (Kaiser); James Gaumer (UHC); Sandra Ambrosi (SDEA-R); Lois Chive and Dennis Shive (North County CTA-R)

The open-session meeting was called to order by Robin Watkins at 5:18 p.m. A quorum was present.

Opening Comments from Co-Chairs

Robin Watkins welcomed the Board Members, Consultant, Administrative Staff and Guests.

Approve Minutes:

Draft minutes of the June 27, 2018 Open-Session Board meeting were reviewed.

MOTION: (Steve Boyle) Approval of the June 27, 2018 Open-Session minutes. Seconded by Patrick Prezioso and approved.

Administrator's Report:

Stephanie Yoshida reviewed the VEBA financial statements and disbursements report for May 2018. Katie Dexter requested that the Administrator present a solar proposal for review due to the SD&E expenses. Mr. McGregor proposed that going forward the disbursement review only include the non-budgeted items and any related parties unless questions are raised by the Board. After some discussion, the Board collectively agreed on this direction.

MOTION: (Nadine Bennett) Approval of the financial statements and disbursements report for May 2018. Seconded by Patrick Prezioso and approved.

Consultant's Report:

Ron Mason presented the following claims updates:

- Prescription Drugs
 - Specialty drug trend dropped because the dollar volume went down 20% in May. This category is subject to significant fluctuation.
 - Cost trends dropped accordingly. At 4.03%, trend is lower than expected at this point.

- COSD will be reported when TPC has a clear picture of the number of lives enrolled. This information was missing in the claim file.
- **HMO**
 - As of the end of May, about \$5.9M in claims have been paid as run-out from the insured contract.
 - It is projected that final run-out will be somewhere between \$6.7 and \$7.2M.
 - UHC will discontinue reporting run-out after June.
- **HMO: Minimum Premium (Contributions vs Costs)**
 - MP claims reflect the addition of Oceanside Unified School District on May 1.
 - As a result, paid claims lag behind, creating a larger IBNR liability at year-end.
 - Nevertheless, the \$1,503,821 (OOA claims plus FFS plus injectable) is very favorable FFS claims. Claims tend to rise during the summer months which are paid in September-November.
 - UHC has notified TPC of several pending claims in the half-million dollar range.
 - Through April, capitation costs have been under-billed by at least \$1M due to provider contracts that are not finalized. Sharp Rees-Stealy and UHC have still not settled the 1/1/2018 contract.
- **HMO: Minimum Premium (MP Status YTD)**
 - This compares the contractual funding limit versus what VEBA has paid.
 - The funding limit is how much VEBA can be asked to fund before UHC would owe reimbursement to the plan.
 - The top bars indicate that VEBA's maximum liability is \$79,626,879 for January-May. VEBA's actual costs for capitations, riders, and fee-for-service claims have been \$67,748,506. The exposure gap between these two figures is \$11,878,373.
 - VEBA has collected over \$90M through May. The balance of the dollars are used to pay UHC expenses, pooling, coverage for students, and fund the projected IBNR and P4P incentives.

HMO: Combined

- The HMO combined chart is the sum of the run-out from the insured plan and the start-up from the MP plan.
- As noted earlier, capitations have been under-billed.
- FFS claims are generally running as expected. This is the part of the experience most prone to negative fluctuations. VEBA retains a stop loss/pooling level at \$300,000 per claimant annually. VEBA averages about 10 members exceeding this point annually in the HMO.
- **PPO/EPO/Out of Area (non-CA participants)**

Overall, claims continue to be favorable for this population primarily made up of 25% out-of-state retirees and 75% students. Enrollment increased about 10% in January. After January 1, 2019 the premium will drop to around \$260,000 per month.

 - Facts at a glance:
 - 4 claimants (3.3% of members) incurred 53% of FFS costs;
 - Members with claims of \$25,000+ average \$93,571;
 - Members with claims <\$25,000 average \$2,736.

○ **PPO/CA**

Overall, claims are running favorably.

- Facts at a glance
 - 91 claimants (3.4% of members) incurred 50% of FFS costs;
 - Members with claims \$25,000+ average \$84,374;
 - Members with claims <\$25,000 average \$ 2,960.

Other:

Mr. McGregor reported the Board's decision in closed-session as follows:

- 2019 Renewal Rates;
- Authorization for Consultant and Administrator to draft demand letter to UHC;
- Plan design and establishment agreement to be presented to the board for ratification at the next board meeting;
- Broker issues to be addressed and letters to be distributed across California with permission to restrict VEBA proposals unless they are presented in person to the districts.

MOTION: (Katie Dexter) Approval to accept all Closed-Session items as presented. Seconded by Patrick Prezioso and approved.

The Open-Session was adjourned at 5:45 p.m.

The next Open-Session meeting will be held on Wednesday, August 29, 2018, at 5:00 p.m.