

**SUMMARY OPEN-SESSION MINUTES  
CALIFORNIA SCHOOLS  
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)  
February 24, 2016  
5:00 p.m. – 6:00 p.m.**

**Members Present:** Robin Watkins, Barbara Collins, Ethel Larkins, Ron Reese, Nadine Bennett, Mary Ellen Berumen, Lora Duzyk, Brian Marshall, Katie Dexter, Jenny Salkeld, Matthew Krause, Christine Balentine, Leticia Munguia, Steve Boyle

**Members Absent:** Ursula Salbato, Chris Oram, Marianne Monfils, Mark Anderson

**Consultant:** Ron Mason (Tall Pine Consulting, LLC)

**Administrative Staff:** George McGregor, Annemieke Tomey, Laura Josh, Celia Bloom, Paul Bergman, John Stultz, Alexandra Kroeger, Ed Nelson, Don Prezioso, Nancy White, Richard Reilly (McGregor & Associates)

**Guests:** Sandra Ambrosi (SDEA), Debbie Collins, Mark Frey, Ibis Rodriguez (Kaiser); Amy Daily (Express-Scripts), James Gaumer, Carissa Green (UHC)

The Open-Session was called to order by Brian Marshall at 5:17 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 December 16, 2015, open-session Board meeting were reviewed.

**MOTION:** (Steve Boyle) Approval of the December 16, 2015 open-session minutes. Seconded by Ron Reese and approved.

**Administrator's Report**

Annemieke Tomey reviewed the VEBA financial statements and disbursement report for the month of November, 2015. The Board inquired about the out-of-scope disbursements to McGregor & Associates. George McGregor clarified that they are pre-budgeted expenses but out-of-scope services as defined in the administrative services agreement.

**MOTION:** (Ethel Larkins) Approval of the financial statements and disbursement reports for November, 2015. Seconded by Nadine Bennett and approved.

**Consultant's Report:**

Ron Mason with Tall Pine Consulting, LLC, presented his report to the Board.

- 2016 Enrollment  
The distribution of members has stayed relatively the same for 2016 with UHC accounting for 39% of members, Kaiser continues at 60% and SIMNSA continues at 1%.
  
- Performance HMO Enrollment

PHMO enrollment dropped in total at Capistrano Unified School District by approximately 25%. San Diego enrollment in PHMO1 grew both in numbers and percentage. Corona-Norco had a small movement to Kaiser and a small growth in enrollment in PHMO3.

○ Kaiser Enrollment

The Kaiser10 and Kaiser15 plans enroll approximately 75% of the total VEBA enrollment. The Kaiser15 plan grew the fastest because of increase in enrollment at Capistrano Unified School District.

○ Prescription drugs: Actives, Retirees <65

- Data shows the net trend at 12.4%
- Trend levels decreased in December driven by a slowdown in utilization. Specialty drugs continue at a trend of approximately 60%.
- Trends are expected to continue to decline and a drug increase comparison will be provided at the next board meeting.

○ Prescription drugs: EGWP

- Drug trend increased significantly in December with the trend line at 14.21%. The increase is driven almost entirely due to specialty drugs, specifically cancer medications.

○ Home Delivery and Smart90 Utilization

- Smart90 growth appears to increase at the expense of growth in home delivery.

○ HMO

- November and December capitations decreased significantly due to a credit to fix capitation amounts in the beginning of 2015
- We have been notified of two expected large claims (\$1M plus) that were incurred at UCSD during December. The claims have not been submitted as of yet.
- One hundred thirteen claimants accounted for 40% of FFS claims and 8% of total claim costs.

○ Medicare Supplement

- Both November and December claims were favorable, driven by lower outpatient claims and physician claims. This plan terminated on 12/31/15 and was replaced by the NPPO.

○ PPO/EPO/Out of Area (non-CA participants)

- There has been a substantial increase in large claims in this population which have doubled in the last nine months.
- Eighteen claimants (3.9 percent of members) incurred 66 percent of FFS costs.
- Members with claims of \$25,000+ average \$111,444.
- Members with claims of <\$25,000 average \$2,377.

○ PPO/CA

- Large claims leveled off at 110 in the last few months.
- Effective January 1, 2016, San Diego districts added Premium Designation and MEBA districts moved to the prior VEBA plan.

- One hundred nine claimants (3.7 percent of members) incurred 56 percent of the FFS costs.
- Members with claims of \$25,000+ average \$100,853.
- Members with claims of <\$25,000 average \$3,281.

**Other:**

George McGregor reviewed the appendix items included in the board packet. Christine Balentine inquired about the costs of the CSEA Health Benefits University. Mr. McGregor indicated that the key note speaker fee was sponsored entirely by UnitedHealthcare. He noted that additional costs were covered by other sponsors and the VEBA marketing budget.

The meeting was adjourned at 5:39 p.m.

The next Open-Session meeting will be held on Wednesday, March 30, 2016, at 5:00 p.m., in the McGregor and Associates Conference Room.