

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
July 26, 2017
5:00 p.m. – 6:00 p.m.**

Members Present: Ethel Larkins, Leticia Munguia, Robin Watkins, Ron Reese, Brian Marshall, Katie Dexter, Ursula Salbato, Steve Boyle, Marianne Monfils, Barbara Collins, Ronda Walen, Nadine Bennett, Laura Bowen, Lora Duzyk

Members Absent: Mark Anderson, Gamy Rayburn

Consultant: Ron Mason (Tall Pine Consulting, LLC), via conference call

Guests: Debbie Collins, Dr. Rott, Mark Frey (Kaiser); Harris Zeyae (ESI); Susan Bolger, Dot Taylor (North County CTA-R); Sandra Ambrosi (SDEA-R); James Gaumer, Christine Caloza (UHC)

Administrative Staff: George McGregor, Matthew Bittner, Stephanie Yoshida, Dr. Carey, Rick Winet, Lurinda Green

The open-session meeting was called to order by Robin Watkins at 5:30 p.m. A quorum was present.

Opening Comments from Co-Chairs

Robin Watkins welcomed the Board Members, Administrative Staff and Guests. She reminded the Board that the Advisory Council Meeting will be held on Thursday, August 24, 2017 at the Hilton San Diego, Mission Bay. Event details are included in the board package.

Kaiser Permanente Presentation

Dr. Rott, M.D. with Kaiser Permanente (KP) introduced himself to the Board, Administrative Staff and Guests. Dr. Rott reviewed the Prevention and Lifestyle Risks presentation with the Board at length. He reported on average, an overweight or obese employee costs an employer \$2,295 more per year in direct and indirect medical expenses than an employee at a healthy weight. He reviewed the connection between obesity and prediabetes and stressed the importance of weight loss; stating that 5% weight loss lowers the risk of diabetes and other chronic conditions in an overweight person. Dr. Rott highlighted the Healthy Weight Programs offered at Kaiser Permanente for members and nonmembers. Some sessions include healthy eating, daily habits and physical activity. Dr. Rott also discussed the estimated additional direct and indirect costs for members who smoke and noted that VEBA has an impressive percentage rate of 5.9%. He also reviewed telehealth utilization and announced that Kaiser now offers wireless home glucose monitoring across Southern California for high risk members. Robin Watkins requested to hear more information on mental health topics.

Approve Minutes:

Draft minutes of the June 28, 2017, open-session Board meeting were reviewed.

MOTION: (Katie Dexter) Approval of the June 28, 2017 open-session minutes. Seconded by Leticia Munguia and approved.

Administrator's Report:

Stephanie Yoshida reviewed the VEBA financial statements and disbursements report for June 2017.

MOTION: (Brian Marshall) Approval of the financial statements and disbursements report for June 2017. Seconded by Barbara Collins and approved.

Consultant's Report:

Ron Mason presented the following claims updates:

- **Prescription Drugs**
 - Specialty drug trends increased to 12% through May. The normal trend would be 20%-25%
 - Since February 1st, VEBA's net overall trend has been running 7.3% on an annualized basis. Part of this trend is because VEBA negotiated improved terms on June 1, 2016. We want this number to be less than 11%.

- **HMO**

May shows adjusted capitations. UHC's June 28th report shows that the actual caps are less than what is showing for May. This problem is expected to continue through June claims.

 - 116 claimants (0.3% of members but 1% of FFS members) over \$50,000 accounted for 40 of FFS claims and 8% of total claim cost
 - Capitation cost per member per month (PMPM) for most recent vs. prior 12 month period: 3.3%
 - Aggregate paid claim/cap trend on a rolling 12-month basis: 4% which includes design changes and new lives on a paid claim basis (but incorrect caps).

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

This population is made up of retirees, a few COBRA and out of state students.

 - 18 claimants (4.2% of members) incurred 49% of FFS costs
 - Members with claims of \$25,000+ average \$68,333
 - Members with claims <\$25,000 average \$3,047

- **PPO/CA**

Large hospital claims continue to dominate claim experience.

 - 113 claimants (3.9% of members) incurred 53% of FFS costs
 - Members with claims \$25,000+ average \$87,619
 - Members with claims <\$25,000 average \$3,098

Other:

None.

The Open-Session was adjourned at 6:07 p.m.

The next Open-Session meeting will be held on Wednesday, September 27, 2017, at 5:00 p.m., in the McGregor and Associates Conference Room.