

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
June 28, 2017
5:00 p.m. – 6:00 p.m.**

- Members Present:** Ethel Larkins, Robin Watkins, Mark Anderson, Brian Marshall, Katie Dexter, Ursula Salbato, Katie Nunan, Ronda Walen, Lora Duzyk, Nadine Bennett, Leticia Munguia, Marianne Monfils, Ron Reese, Laura Bowen
- Members Absent:** Karen Janney, Gamy Rayburn, Steve Boyle, Barbara Collins
- Consultant:** Ron Mason (Tall Pine Consulting, LLC)
- Guest:** Ashlynn Ball (RBTK, LLP), Debbie Collins, Mark Frey (Kaiser), Harris Zeyae (ESI), Susan Bolger (North County CTA-R), Sandra Ambrosi (SDEA-R)
- Administrative Staff:** Annemieke Tomey, George McGregor, Lurinda Green, Paul Bergman, Rich Garrett, Heather Simonson, Matthew Bittner, Sallie Whitton, Rick Winet, Mike Carey, Chris Josh

The Open-Session meeting was called to order by Robin Watkins at 5:01 p.m. A quorum was present.

Opening Comments from Co-Chairs

Robin Watkins welcomed the Board Members, Administrative Staff and Guests, wishing them a happy summer.

Audit Report

Ashlynn Ball, Audit Partner with RBTK, LLP, and (the VEBA's independent accountants) presented the Audit Report for VEBA for the year ending December 31, 2016 and 2015. The auditor provided a "clean," unmodified opinion on the Trust's financial statements, which is the highest opinion an auditor can provide. Ashlynn Ball reviewed the audit report in detail with the Board and noted that the total net assets available for benefits for the year ending December 31, 2016 were \$32,167,785.

MOTION: (Lora Duzyk) to accept the Audit Report as presented by RBTK, LLP for the year ending December 31, 2016 and 2015. Seconded by Ethel Larkins and approved.

MOTION: (Lora Duzyk) to direct the Administrator to file the audit report with the Department of Managed Health Care (DMHC) by June 30, 2017. Seconded by Ethel Larkins and approved.

Ashlynn Ball left the board meeting at 5:11 p.m.

Approve Minutes

Draft minutes of the March 29, 2017 Open-Session Board meeting were reviewed.

MOTION: (Mark Anderson) Approval of the March 29, 2017 Open-Session minutes. Seconded by Katie Dexter and approved.

Draft minutes of the May 10-12, 2017 Annual Board Retreat Open-Session Board meeting were reviewed.

MOTION: (Mark Anderson) Approval of the May 10-12, 2017 Annual Board Retreat Open-Session minutes. Seconded by Katie Dexter and approved.

Administrator's Report

George McGregor, VEBA General Manager reported out the Board decisions made during the Closed-Session Board Meeting.

Annemieke Tomey reviewed the VEBA financial statements and disbursements report for April 2017.

MOTION: (Katie Dexter) Approval of the financial statements and disbursements report for April 2017. Seconded by Mark Anderson and approved.

Consultant's Report

Ron Mason presented the following claims update:

Prescription Drugs

- Specialty drug trend increased to 11% through April. The normal trend would be 20%-25%.
- Since February 1, VEBA's net overall trend has been running 7% on an annualized basis.

HMO

- UHC is having problems getting capitations posted properly. Zero \$ hospital caps posted for two of our largest groups in April. This makes April costs look better than actual.
- This problem is expected to continue at least through June claims.
- UHC has promised a report on what caps should be by June 28th.
 - Facts at a Glance
 - 116 claimants (0.3% of members but 1% of FFS members) over \$50,000 accounted for 38% 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%
 - Aggregate paid claim/cap trend on a rolling 12-month basis: 5% 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.

- Facts at a Glance
 - 20 claimants (5% of members) incurred 48% of FFS costs
 - Members with claims of \$25,000+ average \$60,300
 - Members with claims <\$25,000 average \$3,121

CA PPO

- A single claim of \$675,000 significantly impacted loss ratio in April
- Current aggregate trend is 3.8%
 - Facts at a Glance
 - 109 claimants (3.7% of members) incurred 49% of FFS costs.
 - Members with claims \$25,000+ average \$82,706
 - Members with claims <\$25,000 average \$3,315

Dowling & Yahnke

George McGregor reported that the Dowling & Yahnke 1Q2017 Investment Report was included in the board packet.

MOTION: (Katie Dexter) to accept the Dowling & Yahnke 1Q2017 Investment Report. Seconded by Ethel Larkins and approved.

Other

George McGregor informed the Board of the Kaiser Innovation Center invitation and reminded board members to contact Lurinda Green if they would like to attend the 2017 IFEBP Conference.

Katie Nunan, the CSBT Management Co-Chair announced her retirement and shared that she has agreed to stay involved with the VRC plans for Orange County.

The Open-Session was adjourned at 5:27 p.m.

The next Open-Session meeting will be held on Wednesday, July 26, 2017, at 5:00 p.m., in the McGregor and Associates Conference Room, Suite 337.