

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
March 29, 2017
5:30 p.m. – 6:30 p.m.**

Members Present: Ethel Larkins, Robin Watkins, Mark Anderson, Brian Marshall, Katie Dexter, Ursula Salbato, Laura Bowen, Steve Boyle, Katie Nunan, Ronda Walen, Barbara Collins, Lora Duzyk, Nadine Bennett

Absent: Karen Janney, Marianne Monfils, Patricia Koch, Ron Reese, Leticia Munguia

Consultants: Ron Mason (Tall Pine Consulting LLC)

Administrative Staff: Annemieke Tomey, George McGregor, Laura Josh, Lurinda Green, Paul Bergman, Rich Garrett, Heather Simonson, Matthew Bittner, Mike Carey

Guests: Amy Daily (Express Scripts), Dot Taylor (San Diego County CTA), James Gaumer, Christine Caloza (UHC), Debbie Collins (Kaiser)

The open-session meeting was called to order by Robin Watkins at 5:39 p.m. A quorum was present.

Opening Comments from Co-Chairs

Robin Watkins welcomed the Board Members, Administrative Staff and Guests. Ms. Watkins introduced Katie Nunan and Ronda Walen, the new CSBT-appointed board members who are replacing Christine Balentine and Matthew Krause.

Approve Minutes:

Draft minutes of the January 23, 2017, open-session Board meeting were reviewed.

MOTION: (Barbara Collins) Approval of the January 23, 2017 open-session minutes. Seconded by Brian Marshall and approved.

Administrator's Report:

Annemieke Tomey reviewed the VEBA financial statements and disbursements report for December 2016.

MOTION: (Laura Bowen) Approval of the financial statements and disbursements report for December 2016. Seconded by Steve Boyle and approved.

George McGregor requested approval to forward the December 2016 financial statements to the trust's auditors.

MOTION: (Laura Bowen) Approval to send the December 2016 financial statements to the trust's auditors. Seconded by Barbara Collins and approved.

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

MOTION: (Steve Boyle) Approval of the financial statements and disbursements report for January 2017. Seconded by Ethel Larkins and approved.

Letter of Intent - San Bernardino:

George McGregor reported that a letter of intent was received from the San Bernardino City Unified School District to join VEBA for Kaiser only coverage effective July 1, 2017.

MOTION: (Nadine Bennett) Approval to allow the San Bernardino City Unified School District to join VEBA effective July 1, 2017. Seconded by Ethel Larkins and approved.

New Trust Bank Accounts:

George McGregor proposed a different structure on bank accounts for the VEBA trust. The accounts are currently structured as “FBO (For Benefits Only”) Accounts and held by McGregor and Associates. Instead, Mr. McGregor proposed the structure be changed to Trust Accounts allowing the board full authorization to control the account funds as well as having the co-chairs added as authorized signers. He also requested approval to have himself and Annemieke Tomey continued to be listed as authorized signers on the new Trust bank accounts. The accounts will continue to be held at American Business Bank (the current banking institution).

Mr. McGregor further requested approval to transfer the funds to the new account as soon as it is open.

MOTION: (Ethel Larkins) Approval to open New Trust Bank Accounts authorizing Annemieke Tomey and George McGregor as signers. Seconded by Nadine Bennett and approved.

Consultant’s Report:

Ron Mason presented the following claims updates:

- **Prescription Drugs**
 - Specialty drug trend decreased to 7.5% annually which is far below the national average of 25%. The decrease alone drags VEBA’s trend down by 3.7%
 - VEBA’s trend continued at a negative pace in January
 - ESI’s expectation of national trend in 2017 is 10.6%. This is primarily driven by fewer generic conversions, higher pricing by manufacturers, and new drugs coming to market
 - 4 classes that have seen the highest increases are antidepressants, miscellaneous urologicals, gastrointestinal agents and miscellaneous agents
 - The increase in Urologicals is due to continued increases by ED drugs as patent expiration approaches

- **HMO**
 - For January, ACA fees were reduced to almost nothing. The monthly cost is less than \$8,000
 - The trend on shared risk lives slowed to 15% through January 31

- **PPO/EPO/Out of Area (non-CA participants)**
 - 18 claimants (4% of members) incurred 52% of FFS costs
 - Members with claims of \$25,000+ average \$74,556
 - Members with claims <\$25,000 average \$2,841

- **PPO/CA**
 - Large claim content stayed basically level from the prior report on a rolling 12-month basis
 - January claims tend to be a little lower because members usually put off discretionary claims over the holidays

Appendix Items

- **IFEBC Annual Conference**
The 63rd Annual Employee Benefits Conference will be held in Las Vegas from Sunday, October 22 through Wednesday, October 25, 2017. The board members were reminded to contact Lurinda Green if they want to register for the conference.

- **2017 Annual Retreat**
The annual board retreat is scheduled for May 10-12, 2017 at the South Coast Winery and Resort in Temecula.

- **2017 VEBA Calendar**
The updated 2017 VEBA Board Calendar has been included in the board package.

Kaiser Central Hospital Update:

Debbie Collins presented the following Kaiser updates:

- **San Diego County Facilities and Locations**
 - Contact list of Kaiser Permanente medical centers and affiliated hospitals

- **Department Relocation**
 - On April 3, 2017, departments are scheduled to move from Zion Medical Center to the Viewridge Medical Offices — located near the new San Diego Medical Center campus

- **New San Diego Medical Center**
 - Kaiser Permanente's new state-of-the-art San Diego Medical Center will provide high-quality, affordable health care to members in San Diego County
 - Hospital capacity: 461 beds (Phase I: 321 beds)
 - Projected opening: April 2017

Other:

None.

The next Open Session meeting is scheduled to be held on Friday, May 12, 2017, at 10:30 a.m. at the South Coast Winery and Resort, 34843 Rancho California Road, Temecula, CA 92591.