

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
August 29, 2018
5:00 p.m. – 6:00 p.m.**

- Members Present:** Robin Watkins, Brian Marshall, 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, Clark Hampton, Ron Reese
- Members Absent:** None
- Consultant:** Ron Mason (Tall Pine Consulting, LLC) via Skype
- Administrative Staff:** George McGregor, Annemieke Tomey, Matt Bittner, Lurinda Green, Laura Josh, Dr. Michael Carey, Suzanna Tomey, Paula Wilson
- 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

Brian Marshall and Robin Watkins welcomed the Board Members, Consultant, Administrative Staff and Guests. Mr. Marshall and Ms. Watkins both thanked the Administrator for their hard work in organizing the 2018 Advisory Council Meeting.

Approve Minutes:

Draft minutes of the July 25, 2018 Open-Session Board meeting were reviewed.

MOTION: (Steve Boyle) Approval of the July 25, 2018 Open-Session minutes. Seconded by Leticia Munguia and approved.

Administrator's Report:

Annemieke Tomey reviewed the VEBA financial statements and disbursements report for June 2018. She noted the addition of the VEBA Snapshot of Performance sheet that will be included with the financial statements moving forward.

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

Restated Establishment Agreement:

George McGregor communicated that the Board has agreed to the proposed changes to the VEBA Establishment Agreement, stating that the Restated Establishment Agreement will be distributed to related parties once the edits have been finalized.

MOTION: (Nadine Bennett) Approval of the Restated Establishment Agreement. Seconded by Leticia Munguia 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;
 - The 3.64% trend is better 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 June, about \$6.2M 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. A calendar year report will be available when the actuaries calculate the year-end IBNR.
- **HMO: Minimum Premium (Contributions vs Costs)**
 - MP claims reflect the addition of Oceanside Unified School District on May 1, 2019;
 - In May, VEBA saw a significant jump in FFS and OOA claims:
 - About 38% of all OOA claims come from 6 individuals;
 - This is typical, but it points out how much fluctuation can come from out of area care.
 - One claim was (so far) for \$625,000. Under the pooling arrangement, VEBA will receive \$325,000 back from UHC;
 - UHC also reported several premature births (not paid yet) that may reach \$500,000 each.
- **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;
 - What the top bars are saying is that VEBA's maximum liability is \$95,813,539 for January-June. VEBA's actual costs for capitations, riders, and fee-for-service claims have been \$84,103,224. The exposure gap between these two figures is \$11,710,315;
 - VEBA has collected over \$110M through June. 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

- This 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;
- This is the last month that this report will be provided.

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

Overall, claims continued 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, the premium will drop to around \$260,000 per month.

- Facts at a glance:
 - 14 claimants (3.3% of members) incurred 46% of FFS costs;
 - Members with claims of \$25,000+ average \$82,571;
 - Members with claims <\$25,000 average \$3,160.

○ **PPO/CA**

Overall, claims are running acceptably. Large claims are increasing.

- Facts at a glance:
 - 95 claimants (3.6% of members) incurred 52% of FFS costs;
 - Members with claims \$25,000+ average \$84,758;
 - Members with claims <\$25,000 average \$ 2,962.

Other:

The Board discussed the August 23rd Advisory Committee meeting and reported that the overall response was high satisfaction with the level of service, stating that the wellness message was clear and communicated well. George McGregor stated that VEBA has grown significantly and the presentation was a clear demonstration that this is no longer a McGregor and Associates program due to the level of Board involvement. He thanked the Board for their support in the most important meeting of the year.

The Open-Session was adjourned at 5:35 p.m.

The next Open-Session meeting will be held on Wednesday, September 26, 2018, at 5:00 p.m.