

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
March 28, 2018
5:35 p.m. – 6:15 p.m.**

- Members Present:** Robin Watkins, Ursula Salbato, Steve Boyle, Nadine Bennett, Mark Anderson, Brian Marshall, Katie Dexter, Lora Duzyk, Ethel Larkins, Patrick Prezioso, Tim Glover, Barbara Collins, Laura Bowen, Ronda Walen
- Members Absent:** Matthew Krause, Greg Ottinger, Leticia Munguia, Ron Reese
- Consultant:** Ron Mason (Tall Pine Consulting, LLC)
- Legal:** Neelam Chandna, Esq. (Reich Adell & Cvitan)
- Administrative Staff:** George McGregor, Annemieke Tomey, Matt Bittner, Lurinda Green, Suzanna Tomey, Laura Josh, Heather Simonson, Rick Winet
- Guests:** Debbie Collins (Kaiser); James Gaumer, Megan Newkirk (UHC); Amy Daily (ESI);

The open-session meeting was called to order by Brian Marshall at 6:08 p.m. A quorum was present.

Opening Comments from Co-Chairs

Brian Marshall and Robin Watkins welcomed the Board Members, Consultant, Administrative Staff, Legal Counsel and Guests.

Approve Minutes:

Draft minutes of the February 28, 2018, open-session Board meeting were reviewed.

MOTION: (Mark Anderson) Approval of the February 28, 2018 open-session minutes. Seconded by Ursula Salbato and approved.

Administrator's Report:

Due to time constraints the Board pended the review of the November 2017, December 2017 and January 2018 Financial Statements.

Consultant's Report:

Ron Mason presented the following claims updates:

- **Opioid Use**
 - Prescribing of opioids is about 10% to 15% higher in the ESI plan;
 - This only compares scripts, but data on the days' supply is not known;
 - This is generally true for both long-acting and short-acting opioids;
 - There is a slightly higher use of anti-addiction drugs in the ESI/UHC plan.

- **HMO**
 - Capitations stabilized in 4Q17, but FFS varied significantly due to large claims;
 - There are two \$1M+ claims in the HMO experience;
 - In 2018, this report will continue as a total for trend purposes. It will be the sum of run-out from the current insured plan, startup of the new Minimum Premium plan, and COSD activity;
 - A separate report will track Minimum Premium by itself to monitor financial status.

- **HMO: Minimum Premium (Contribution vs. Cost)**
 - For the first month, contributions exceeded first month claims, capitations, and expenses by about \$3.6M;
 - At year-end, VEBA will have to establish an IBNR in the estimated range of \$6M-\$7M on this plan;
 - Capitation costs are never correct in January. It is expected that these costs will rise in the coming months.

- **HMO: Minimum Premium (Actual Funding vs Liability Limit)**
 - 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;
 - UHC's funding factor is actually slightly higher than the renewal, but this will be corrected.

- **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, the capitations stayed about the same in January. Last year, capitations did not adjust to a corrected level until March and actual figures did not stabilize until 3Q due to contract negotiations;
 - FFS claims were low in January, but especially for claims incurred in January. Those claims were 35% below what would have been expected. Part of this may be attributable to the shift in enrollment. Network 3 enrollment dropped from around 1,800 in December to less than 400 in January. Most of this enrollment moved to a heavily capitated Alliance plan with reduced FFS exposure.

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

Overall, claims continued to be favorable for this population primarily made up of 30% out-of-state retirees and 70% students. Enrollment increased about 10% in January.

 - Facts at a glance:
 - 15 claimants (3.6% of members) incurred 50% of FFS costs;
 - Members with claims of \$25,000+ averaged \$76,000;
 - Members with claims <\$25,000 averaged \$2,802.

PPO/CA

Claims continue to be favorable due to the reduction in large claims.

- Facts at a glance
 - 85 claimants (3.1% of members) incurred 50% of FFS costs;
 - Members with claims \$25,000+ averaged \$95,047;
 - Members with claims <\$25,000 averaged \$ 3,069.

Other:

None.

The Open-Session was adjourned at 6:18 p.m.

The next Open-Session meeting will be held on Wednesday, June 28, 2018, at 5:00 p.m.