

**SUMMARY OPEN-SESSION MINUTES
CALIFORNIA SCHOOLS
VOLUNTARY EMPLOYEES BENEFITS ASSOCIATION (VEBA)
September 26, 2018
4:50 p.m. – 5:15 p.m.**

- Members Present:** Robin Watkins, Ursula Salbato, Nadine Bennett, Cindy Marten, Katie Dexter, Ethel Larkins, Patrick Prezioso, Lora Duzyk, Tim Glover, Steve Boyle, Ronda Walen, Ron Reese
- Members Absent:** Leticia Munguia, Brian Marshall, Laura Bowen, Gregg Robinson, Clark Hampton
- Consultant:** Ron Mason (Tall Pine Consulting, LLC) via Skype
- Administrative Staff:** George McGregor, Annemieke Tomey, Matt Bittner, Lurinda Green, Dr. Michael Carey, Suzanna Tomey, Paula Wilson, Daniel Duzyk, Heather Simonson, Rick Winet, Stephanie Yoshida
- Guests:** Debbie Collins and Ibis Rodriguez (Kaiser); James Gaumer (UHC); Sandra Ambrosi (SDEA-R); Susan Bolger (North County CTA-R); Shawana Grace (CSEA); Harris Zeyae (Express Scripts)

The open-session meeting was called to order by Robin Watkins at 4:52 p.m. A quorum was present.

Opening Comments from Co-Chairs

Robin Watkins welcomed the Board Members, Consultant, Administrative Staff and Guests.

Approve Minutes:

Draft minutes of the August 29, 2018 Open-Session Board meeting were reviewed.

MOTION: (Patrick Prezioso) Approval of the August 29, 2018 Open-Session minutes. Seconded by Nadine Bennett and approved.

Administrator's Report:

Annemieke Tomey reviewed the VEBA financial statements and disbursements report for July 2018.

MOTION: (Ethel Larkins) Approval of the financial statements and disbursements report for July 2018. Seconded by Katie Dexter and approved.

2017 Tax Returns:

Ms. Tomey reviewed the federal and state 2017 tax returns for the California Schools VEBA. She noted a refund in the amount of \$9K due back to the Trust for unrelated business income taxes paid and reminded the board of the \$10 filing fee.

MOTION: (Steve Boyle) Approval to file the 2017 tax returns with the Internal Revenue Service and the Franchise Tax Board, respectively. Seconded by Ethel Larkins and approved.

Consultant's Report:

Ron Mason presented the following claims updates:

- **Prescription Drugs**
 - This claim experience excludes COSD;
 - Specialty drug trend ticked up in August, but the overall month was very good;
 - The 4.10% trend is better than expected at this point.

- **HMO: Minimum Premium (Contributions vs Costs)**
 - MP claims reflect the addition of Oceanside Unified School District on May 1;
 - In July, FFS claims normalized;
 - VEBA received reimbursement for one pooled claim in July (not reflected in these totals);
 - UHC also reported several premature births (not paid yet) that may reach \$500,000 each;
 - Financially, the MP plan is on target year-to-date.

- **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 \$111,839,009 for January-July. VEBA's actual costs for capitations, riders, and fee-for-service claims have been \$99,001,412. The exposure gap between these two figures is \$12,837,597;
 - 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 through June and the start-up from the MP plan;
- As noted earlier, capitations have been under-billed by an estimated \$1.4M; The July run-out claims are not yet available, but should be minor.

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 \$270,000 per month.

- Facts at a glance:
 - 12 claimants (2.7% of members) incurred 43% of FFS costs;
 - Members with claims of \$25,000+ average \$101,917;
 - Members with claims <\$25,000 average \$3,368.

○ **PPO/CA**

Overall, claims are running acceptably. While large claims are up, the most significant growth has been in chronic costs vs acute.

- Facts at a glance:
 - 95 claimants (3.6% of members) incurred 52% of FFS costs;
 - Members with claims \$25,000+ average \$84,615;
 - Members with claims <\$25,000 average \$2,935.

○ **Kaiser**

March was the lowest cost month (relative to premiums) in years –likely a fortuitous fluctuation. The re-implementation of the health insurer tax added about \$300,000 to monthly premiums.

- Facts at a glance:
 - 15 claimants (0.1% of members) incurred 3.3% of FFS costs;
 - The 15 members averaged about \$700,000 in claims apiece.

Other:

Mr. McGregor reviewed and discussed the increase in Liability and Fiduciary coverages for the Trust. He stated that the new insurance policies offer an increase in coverage and better premium rates.

MOTION: (Katie Dexter) Ratification to accept the new Liability and Fiduciary policies with the increases in coverage. Seconded by Ethel Larkins and approved.

The Open-Session was adjourned at 5:14 p.m.

The next Open-Session meeting will be held on Wednesday, October 31, 2018, at 5:00 p.m.