

# California Public Employees' Retirement System

## Board of Administration Pension and Health Benefits Committee Draft Meeting Minutes

June 11, 2024

The Pension & Health Benefits Committee (PHBC) met in Open Session on Tuesday, June 11, 2024, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 8:30 a.m. with the following members present:

Ramón Rubalcava, Chair  
Kevin Palkki, Vice Chair  
Deborah Gallegos for Malia Cohen  
David Miller  
Eraina Ortega  
Jose Luis Pacheco  
Theresa Taylor  
Yvonne Walker (Remote)  
Mullissa Willette

Other Board Members Present:

Frank Ruffino for Fiona Ma  
Lisa Middleton (Remote)  
Dr. Gail Willis (Remote)

### Agenda Item 2 – Executive Report(s)

Kim Malm, Deputy Executive Officer, Customer Services and Support (CSS) introduced Brad Hanson, the new Division Chief over the Employer Account Management Division and also provided an update on the responses received for the Benefit Verification Project, the production and posting of the video for Planning Your Retirement basics class in Spanish, an update on CBEEs, as well as information on the Funding Your Retirement Future upcoming virtual class.

Don Moulds, Chief Health Director, Health Policy & Benefits Branch (HPBB), provided updates on agenda items regarding rates, the PPO solicitation, and the Long-Term care program. He also provided information on an article in the National Quality Forum and Health Affairs written by our strategic consultant Peter Lee, and CalPERS's acceptance to become a member of the National Quality Forum.

### Agenda Item 3 – Action Consent Items

On **MOTION** by Jose Luis Pacheco and **SECONDED** and **CARRIED**, the Committee voted to accept the following Action Consent Items:

- 3a. Approval of the March 19, 2024, PHBC Meeting Minutes
- 3b. Approval of the June 11, 2024, PHBC Meeting Timed Agenda

#### **Agenda Item 4 – Information Consent Items**

The Committee accepted the following Information Consent Items:

- 4a. Annual Calendar Review
- 4b. Draft Agenda for the September 17, PHBC Meeting

#### **Agenda Item 5a – Preferred Provider Organization Third Party Administrator Solicitation Intent to Award**

Rob Jarzombek, Chief, Health Plan Research & Administration (HPRA) presented an update on the 2025-29 Preferred Provider Organization (PPO) Third-Party Administrator (TPA) Solicitation (Solicitation). This Solicitation incorporates approaches and potential interventions to address premium affordability, reduce year-over-year volatility, and improve equity and quality of care. This agenda item provided an overview of the proposals, analysis, current standing, and strategic considerations. The agreement(s) will be for five years beginning January 1, 2025, and ending December 31, 2029.

On **MOTION** by Theresa Taylor and **SECONDED** and **CARRIED**, the Committee voted to approve the team's recommendation of an Intent to Award five-year contracts to Blue Shield of California, as the third-party administrator, and Included Health, as the population health management vendor, for CalPERS PPO plans with an effective date of January 1, 2025. Awards are subject to final negotiations and satisfaction of all requirements, including, but not limited to, implementation activities occurring in 2024.

#### **Agenda Item 6a – Preliminary 2025 Health Maintenance Organization and Preferred Provider Organization Plan Premiums**

Mr. Jarzombek, Chief, HPRA, provided an update on the CalPERS health plans' 2025 Rate Development Process (RDP) and the proposed preliminary Basic Health Maintenance (HMO) and PPO plan premiums with the Board of Administration (Board) approved service area expansions and benefit design changes. This agenda item also outlined the activities the CalPERS team will engage in with the health plans and the Pharmacy Benefit Manager (PBM) between now and July 2024, when the Board is scheduled to adopt the 2025 premiums.

#### **Agenda Item 6b – Prospective Long Term Care Program Rates**

Mr. Moulds provided the PHBC with information on the CalPERS Long-Term Care (LTC) Program's Valuation, historical rate increases, LTC Fund Margin, and implications for the future of the program. This information is provided within the context of promoting program objectives of stability and sustainability and exploring options to reach those goals.

#### **Agenda Item 6c – Summary of Committee Direction**

Mr. Moulds provided a summary of the Committee direction from the June 11, 2024, meeting. The Committee directed staff as follows:

- Provide regular Board updates on the PPO implementation and disruption mitigation efforts starting immediately.
- Bring the Board a discussion with outside experts of the implication the Inflation Reduction Act and CMS regulatory decisions are having on CalPERS' Medicare drug

costs. Include in that discussion a focus on how CalPERS can best position itself and its drug benefit with respect to those changes.

### **Agenda Item 6d – Public Comment**

The Committee received Public Comment regarding stakeholder discussion appreciation, AB236 Bill, ACO Reach, LTC increase, and single risk pool.

The meeting was adjourned at 3:38 p.m.

The next meeting of the PHBC is scheduled for September 17, 2024, in Sacramento, California.

Prepared by: Jenna Hayes  
Committee Secretary

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Don Moulds  
Chief Health Director  
Health Policy & Benefits Branch