

INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE MINUTES 4-15-10

PRESENT

- Les Robbins, Chair
- William de la Garza, Vice Chair
- Edward L. Blecksmith
- Simon S. Russin

ABSENT

- Will Pryor, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

- Yves Chery
- Ed C. Morris

STAFF, ADVISORS, PARTICIPANTS

- Robert Hill
- Robb Van Der Volgen
- Cynthia Lau

- Mercer Human Resource Consulting
- Clay Levister
- Laurie Silva
- CVS-Caremark
- Lynne Hammond
- Todd Hill

The meeting was called to order by Chairman Robbins at 11:30 a.m.

1. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

All regular members of the Committee were present.

2. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF MARCH 4, 2010

A motion was made by Mr. de la Garza, seconded by Mr. Russin, to approve the minutes of the special meeting of March 4, 2010.

The motion passed unanimously.

3. ACTION ITEMS

1. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 1667, relating to reduced safety retirement benefits for Alameda County. (Memorandum dated March 29, 2010)

A motion was made by Mr. de la Garza, seconded by Mr. Robbins, to approve the recommendation.

The motion passed unanimously.

2. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 2149, which replaces term “firemen” with “firefighters”. (Memo dated April 7, 2010)

A motion was made by Mr. de la Garza, seconded by Mr. Blecksmith, to approve the recommendation.

The motion passed unanimously.

3. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 1987, which would address pension “spiking” and “double dipping”. (Memo dated April 1, 2010)

A motion was made by Mr. de la Garza, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

4. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Senate Bill 1425, which would address pension “spiking” and “double dipping”. (Memo dated April 6, 2010)

A motion was made by Mr. de la Garza, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

5. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Senate Bill 1479, which addresses the issue of overlapping service and provides other technical clean-up language to CERL. (Memorandum dated March 31, 2010)

A motion was made by Mr. Russin, seconded by Mr. Robbins, to approve the recommendation.

The motion passed unanimously.

4. FOR INFORMATION

1. LACERA & CVS Caremark: Semi Annual Prescription Drug Review (oral presentation)

- Lynne Hammond, Strategic Account Director
- Todd Hill, R.Ph., Clinical Manager

Ms. Hammond and Mr. Hill from CVS Caremark presented a prescription drug review. They provided a corporate update, highlighted some unique services Caremark provides LACERA members, reviewed semi-annual financial information, as well as specific LACERA utilization trends.

CVS Caremark is the largest purchaser of prescription drugs in the United States, with consistently high customer satisfaction. The PBM is organized to support the local nature of health care, with either mail service or retail pharmacies, with a network of over 64,000 pharmacies. The CVS Caremark vision is to strive to improve the quality of human life. Some of the products and services CVS Caremark offers to attain this vision, are:

- Notification to members when brand drugs become generic
- Increase adherence and education for maintenance medications
- Real-time messages to pharmacies about drug/drug interactions
- Regional dispensing
- Proactive support for overrides in case of emergencies, i.e. wildfires, earthquakes
- Specialty medication pick up at CVS and injection training at MinuteClinic
- Free diabetic meter annually for members with diabetes
- Disease management program

Ms. Hammond and Mr. Hill also recommended some items to consider for future benefit planning.

- Enhance utilization management
- Increase use of generics and OTCs
- Improve adherence

2. Staff Activities Report for March, 2010

The staff activities report was discussed.

3. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through February 2010 were discussed.

4. Health Care Reform Short Term

Clay Levister presented a summary of the Patient Protection and Affordable Care Act (PPACA) signed into law on March 30, 2010. Currently there are no regulations and some specific questions will remain unanswered until the regulations become available.

Mr. Levister discussed some elements of health reform that will directly impact the LACERA plans in the next two to three years.

- Adult dependent coverage to age 26 for covered employee's child without access to other employer coverage
- No pre-existing condition exclusions for covered children under age 19
- No lifetime dollar limits, restricted annual dollar limits
- No cost sharing for preventive services with a recommendation of A or B from the United States Preventive Services Task Force
- Elimination of the tax deduction for employers for Medicare Part D subsidy
- Early retiree (55-64) medical claim reinsurance program
- Elimination of Part D donut hole, beginning with \$250 rebate in 2010
- Means-testing for Part D premiums
- Freezing of Medicare Advantage capitation payments, then phasing-in benchmark payments of current average fee-for-service costs
- Maximum period for submitting Medicare claims reduced to not more than 12 months
- Medicaid eligibility expanded to include individuals up to 133% of the federal poverty level
- Form W-2 reporting of health coverage

Some plans in effect prior to enactment of the legislation will be grandfathered. While some changes will impact grandfathered plans immediately, others will not impact those plans until 2014. Some changes affecting grandfathered plans with plan years beginning on or after January 1, 2014 are:

- Dependent coverage to age 26 for any covered employee's child, regardless of other coverage
- No annual dollar limits
- No pre-existing condition, regardless of age

5. Federal Legislation

- Weekly Highlights – March 29, 2010
- Weekly Highlights – March 22, 2010
- Weekly Highlights – March 15, 2010
- Weekly Highlights – March 8, 2010
- Weekly Highlights – March 1, 2010

Submitted for information only.

5. MISCELLANEOUS

6. PUBLIC COMMENT

7. GOOD OF THE ORDER

(For discussion purposes only)

8. ADJOURNMENT

 PROMISED BENEFITS | In 1937, a promise was made to County employees; we exist to uphold that promise.

5/6/10