

Minutes	Public Education Health Benefits Task Force	Friday, January 19, 2007
LOCATION: Truckee River Conference Room; 7801 Folsom Blvd, 2 nd Floor		

TASK FORCE MEMBERS PRESENT

Betty Soennichsen, CRTA	Marvin Talso
Beverly Carlson, CTA/NEA Retired	Mel Roseman
Bob Fesler, UESF Retired	Pat Miller-Fee, CTA
Deborah Harmon, McCallum Group	Patrick McCallum, McCallum Group
Dolores Duran-Flores, CSEA	Ruben Ingram, SEAC/ACSA
Ernest Kettenring	Steve DePue, CTA
Gerry Meister, UESF Retired	Steve Henderson, CSEA
Karen Russell, CTA Retired	Tom Dithridge, Dept of Finance
Lee Jernigan	
Loretta Toggenburger, UTLA	

BOARD MEMBERS PRESENT

Carolyn Widener, Board Chair
Dana Dillon, Vice Chair
Jerilyn Harris
Amy Cameron, representing Superintendent of Public Instruction, Jack O'Connell
Jim Zerio, representing State Treasurer, Bill Lockyer
Karen Greene Ross, representing State Controller, John Chiang

STAFF PRESENT

Ed Derman, DCEO, Plan Design and Communication
Peggy Plett, DCEO, Benefits and Services
Rick Reed, System Actuary
Jennifer Baker, Director, Governmental Affairs and Program Analysis
Mike Hardin, Assistant Director for Research and Development
Gerri Kidson, Planning and Research
Steve Cernicky, Planning and Research
Julie Gallego, Legislative Affairs
Carmen Atkins-Wasi, Administrative Assistant

OTHERS PRESENT

Anthony Wright, Executive Director of Health Access

I. WELCOME & REVIEW AGENDA

Ed Derman called to order the regular meeting of the Public Education Health Benefits Task Force at 10:35 a.m. on January 19, 2007 in the Truckee River conference room.

Mr. Derman provided an update on the status of the Health Benefits Study sponsored by CalPERS. There was a meeting scheduled after the last Task Force meeting with CalPERS, CalSTRS, CTA, CSEA, and the consultant where it was discussed that the cost for the study was significantly lower than what was originally projected. CalSTRS staff will be going to the Teachers' Retirement Board in February to request funds to match CalPERS contribution in support of the study as well as share the data collected from our recent Health Benefits survey. With the contributions from CalPERS and CalSTRS the study will go forward and is expected to be completed by the end of summer.

A minor correction was made in revising the title of one of the presentations.

II. APPROVAL OF MINUTES FOR DECEMBER 8, 2006 MEETING

Minutes were approved with minor corrections.

III. MASSACHUSETTS HEALTH CARE LAW: MODEL, MIRAGE OR MOMENTUM? – Anthony Wright, Executive Director of Health Access

Anthony Wright, Executive Director of Health Access presented to the task force information on the Massachusetts model for health benefits which spurred on the debate in California on health benefits. He began his presentation by stating that he is not an advocate for the Model but felt that it has some good qualities and resolves some issues that could benefit California, even though the demographics are significantly different. There are some issues that still need to be resolved particularly what is meant by *available* healthcare, *affordable* health care and *covered* health care.

In the many debates on health care, some proposals presented appear to be a wonderful instrument to improve health care access, such as Health Savings Accounts but in some cases it's seen as a "yoyo" (You're On Your Own) plan. Another proposal called The *Post Care Underwriting* system is where the insurer looks for a way to deny coverage to the employee after initially approving the employee for membership in the plan. After the employee utilizes medical services for an injury or illness, the insurer tries to drop him or her from coverage. The insurer looks for something "untruthful" in the enrollment form that could negate the coverage. Health Access supports proposals that demonstrate employer based coverage, will expand public programs, or a universal health care system which are all predicated on sharing the risk in the cost of health care.

Mr. Wright also addressed the Governor's health plan. While there are some similarities between the two plans, California's demographics are obviously different. California is larger and has double the number of uninsured as Massachusetts and Massachusetts spends four times as much per person on uninsured people than California. An outline was provided of what the Governor's plan covers, which includes:

- Coverage for children,
- Coverage for undocumented residents,
- Increases Medi-Cal reimbursement rate,
- Caps out-of-pocket expenses rate at \$10,000 and the
- Employer contributes 4 percent of payroll.

Upon completion of Mr. Wright's presentation, there was an extensive question and answer period.

IV. MINI-SURVEY RESULT: DOES HEALTH CARE ISSUES IMPACT CalSTRS MEMBERS' DECISION TO RETIRE.

Gerri Kidson of Planning and Research provided this update to address one of the many issues identified at the August 25, 2006 Task Force meeting for CalSTRS staff to research. The perception is that teachers leave or retire from teaching because of the benefits or lack thereof.

This mini survey was sent to three targeted audiences:

1. Active Members Age 55+ with at least 5.0 years of service credit (with email addresses)
2. Retired Members from January 1, 2000 – October 31, 2006 (with email addresses)
3. Members who refunded between January 1, 2000 – October 31, 2006 with at least 5.0 years of service credit.

While there were many different reasons teachers would choose to leave the teaching profession or retire, the survey demonstrated that health benefits was not the primary indicator. In fact, below is a summary of each group's opinion on health benefits:

- Active employees said they are happy to be teaching but are most concerned about health care,
- Retired members seem to believe their health care is sufficient, and
- The members that refunded did so for many different reasons, while health care was in the lowest percentile there was no additional information as *why* this was their choice.

V. HEALTH BENEFITS FUNDING: ALTERNATIVES FOR CalSTRS TO EXPLORE

Ed Derman provided an update to the Task Force on the following alternatives that CalSTRS could explore for Health Benefits Funding.

1. Establish Health Savings Accounts
2. Increase Defined Benefit Allowance
3. Pay a monthly benefit (taxed vs. tax free and/or specified amount set aside based on length of service for health benefits)
4. Pay all or a portion of Medicare Part B premium
5. Establish a 401(h) Account
6. Increase Purchasing Power from 80 to 85 percent (where the increase would go to health benefits)

An extensive discussion pursued in addressing questions for each alternative presented. Upon conclusion, the Task Force made a decision to have CalSTRS staff do the necessary research and provide more information on Health Savings Accounts, Paying a Monthly Benefit, Pay all or a Portion of Medicare Part B Premium, and Increasing the Purchasing Power from 80 to 85 percent. CalSTRS staff will provide more details for each alternative at future meetings.

Ed Derman adjourned the meeting at 12:50 p.m.

Minutes prepared by: Carmen Atkins-Wasi

Minutes approved by: Ed Derman