

MEETING  
STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
PENSION & HEALTH BENEFITS COMMITTEE  
OPEN SESSION

CALPERS AUDITORIUM  
LINCOLN PLAZA NORTH  
400 P STREET  
SACRAMENTO, CALIFORNIA

MONDAY, APRIL 18, 2022

11:02 A.M.

JAMES F. PETERS, CSR  
CERTIFIED SHORTHAND REPORTER  
LICENSE NUMBER 10063

APPEARANCES

COMMITTEE MEMBERS:

Rob Feckner, Chairperson

Ramon Rubalcava, Vice Chairperson

Lisa Middleton

David Miller

Eraina Ortega

Jose Luis Pacheco

Theresa Taylor

Betty Yee, represented by Lynn Paquin

BOARD MEMBERS:

Fiona Ma, represented by Sertan Usanmaz

STAFF:

Marcie Frost, Chief Executive Officer

Matt Jacobs, General Counsel

Donald Moulds, PhD, Chief Health Director

Anthony Suine, Deputy Executive Officer

Pam Hopper, Committee Secretary

Renee Ostrander, Employer Account Management Division

ALSO PRESENT:

Tim Behrens, California State Retirees

Larry Woodson, California State Retirees

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PROCEEDINGS

1  
2 CHAIRPERSON FECKNER: Good morning, everyone.  
3 We're going to call the Pension and Health Committee  
4 meeting to order.

5 The first order of business will be to call the  
6 roll, please.

7 COMMITTEE SECRETARY HOPPER: Rob Feckner?

8 CHAIRPERSON FECKNER: Good morning.

9 COMMITTEE SECRETARY HOPPER: Lisa Middleton?

10 COMMITTEE MEMBER MIDDLETON: Present.

11 COMMITTEE SECRETARY HOPPER: David Miller?

12 COMMITTEE MEMBER MILLER: Here.

13 COMMITTEE SECRETARY HOPPER: Eraina Ortega?

14 COMMITTEE MEMBER ORTEGA: Here.

15 COMMITTEE SECRETARY HOPPER: Jose Luis Pacheco?

16 COMMITTEE MEMBER PACHECO: Present.

17 COMMITTEE SECRETARY HOPPER: Ramon Rubalcava?

18 VICE CHAIRPERSON RUBALCAVA: Present.

19 COMMITTEE SECRETARY HOPPER: Theresa Taylor?

20 COMMITTEE MEMBER TAYLOR: Here.

21 COMMITTEE SECRETARY HOPPER: Shawnda Westly?

22 CHAIRPERSON FECKNER: Excused.

23 COMMITTEE SECRETARY HOPPER: Lynn Paquin for  
24 Betty Yee?

25 ACTING COMMITTEE MEMBER PAQUIN: Here.

1 COMMITTEE SECRETARY HOPPER: Mr. Chair, all is in  
2 attendance, with an excused for Shawnda Westly.

3 CHAIRPERSON FECKNER: Thank you.

4 Before we move forward, I do want to read this  
5 into the record and I think each Committee Chair will be  
6 reading this as well. Before we get away on our meetings  
7 today, I'm pleased to share that we will be offering  
8 public comment by phone in addition to in-person public  
9 comment here in the auditorium. If you're watching our  
10 webcast and you have public comment on a topic we are  
11 addressing this week, you can call a toll free number  
12 provided in our materials to make your public comment.  
13 That number is 1(800)259-4105.

14 Speakers typically have up to three minutes each  
15 to comment. However, if we have a large number of  
16 speakers and the time allocated for our meeting is  
17 limited, we're going to have to limit your time for public  
18 comment. I bring that to your attention for a number of  
19 reasons. One, there was a hearing in the Capitol last  
20 week, they had 60 people come to present, give testimony.  
21 And three minutes a piece, we'd be here for an additional  
22 three hours. We're probably not going to do that. So for  
23 members of the Board, David Teykaerts from our Stakeholder  
24 Relations team will be managing the public comment phone  
25 line. You can -- I will call on Mr. Teykaerts at the

1 appropriate time. We will take public comment in the room  
2 first, then move to the phone.

3 At this time, we're going to recess into closed  
4 session for items 1 through 3 from the closed session  
5 agenda. The open session Pension and Health Benefits  
6 Committee meeting will convene immediately following our  
7 lunch break. So we thank you. I would assume that we  
8 will go to lunch a little before 12, so I'd say we --  
9 12:45 probably we will be back to begin our open session.

10 So with that, we thank you all. Enjoy your  
11 lunch.

12 (Off record: 11:04 a.m.)

13 (Thereupon the meeting recessed  
14 into closed session.)

15 (Thereupon the meeting reconvened  
16 open session.)

17 (On record: 12:46 p.m.)

18 CHAIRPERSON FECKNER: Good afternoon. We're  
19 going to reconvene the Pension and Health Committee  
20 meeting.

21 The first order of business will be Item 2 is the  
22 approval of the April 18th timed agenda. What's the  
23 pleasure of the Committee?

24 COMMITTEE MEMBER TAYLOR: Move approval.

25 CHAIRPERSON FECKNER: Moved by Taylor.

1 COMMITTEE MEMBER MILLER: Second.

2 CHAIRPERSON FECKNER: Seconded by Miller.

3 Any discussion on the motion?

4 Seeing none.

5 All in favor say aye?

6 (Ayes.)

7 CHAIRPERSON FECKNER: Opposed, no?

8 Motion carries.

9 Item 3, Executive Report. Mr. Suine.

10 DEPUTY EXECUTIVE OFFICER SUINE: Thank you. Good  
11 afternoon, Mr. Chair, members of the Committee. Anthony  
12 Suine, CalPERS team member. Since I was able to update  
13 you in detail last month, I'm just going to focus this  
14 update on what's happening in our regional offices. And  
15 as you know, throughout the month of March, our first  
16 month of being open to our members, we assisted over 6,500  
17 members through our various appointment types, either  
18 telephone, video, or in person.

19 And with the downtime of our closures, I  
20 mentioned this last month, we were able to augment the  
21 training of our triage team. And those team members are  
22 those who first greet the members when they arrive for --  
23 into the office. And while we're -- while we're relying  
24 on an appointment-focused approach for our members to  
25 properly educate and fully utilize our resources, we do

1 want each member that walks in the regional office to have  
2 an opportunity to be served. So our triage team is really  
3 the key to serving those members.

4           And this has worked well in the first month and  
5 it's provided our team members as well with a new  
6 perspective. Since reopening, our Chief of the Customer  
7 Education and Outreach Division, David Rubio, has been out  
8 visiting the offices to check in on the members and the  
9 team members. And he had an opportunity to touch base  
10 with one of our triage team members who had previously  
11 never worked in the office before. And she shared her  
12 experience of being able to greet a member, sit in on the  
13 detailed counseling session, and really left feeling with  
14 a sense of purpose of her job being in the office. So she  
15 kind of reconfirmed that this is the right job fit for  
16 her, which she was a bit unsure about during the pandemic.

17           So besides one-on-one counseling services, last  
18 week, we also resumed in-person education and training  
19 classes for members and employers, after two years of  
20 exclusively doing that group training virtually. So this  
21 provides an opportunity to educate the larger groups of  
22 members and employers in person. And we have also begun  
23 to present our educational workshops at conferences and in  
24 employer sites as well. And these events have been well  
25 attended by our members and employers. And our internal



1 teams have commented how much they value our in-person  
2 instruction and notice a considerable difference in the  
3 engagement, and the opportunity to speak with our members  
4 and employers directly has been very rewarding, more  
5 interactive, and easier to gauge the understanding of the  
6 consent they're delivering.

7           So overall we're excited to resume these  
8 in-person services for our members and employers, but yet  
9 still be able to deliver the very means of meetings to  
10 meet our members' and employers' needs.

11           So this concludes my updates and I'm happy to  
12 take any questions.

13           CHAIRPERSON FECKNER: Thank you.

14           I don't see any. Good for you.

15           Mr. Moulds, anything you want to add at this  
16 time?

17           CHIEF HEALTH DIRECTOR MOULDS: No.

18           CHAIRPERSON FECKNER: All right. Well, before I  
19 move on, because I wasn't going to make the comment in  
20 closed session, because it would have fallen on deaf ears  
21 per se, but for your edification and for Ms. Malm, as you  
22 continue this unfortunate song and dance with our health  
23 providers on rates, I do want to say that on Sunday  
24 morning, the CBS Sunday morning show of Jane Pauley used  
25 to Charles Kuralt shows, the actually put facts on that

1 show. And what they posted this time was due to the  
2 vaccine -- from the COVID vaccine that 2.2 million deaths  
3 were prevented, but the big number is \$899 billion was  
4 saved in the health care industry. So why are you jacking  
5 our rates up, if so much money was saved? And I think  
6 that needs to be pursued. So thank you.

7 Item 4, action consent items, is approval of the  
8 Committee Meeting minutes from March 15th. What's the  
9 pleasure of the Committee?

10 COMMITTEE MEMBER PACHECO: Moved approval.

11 COMMITTEE MEMBER TAYLOR: Move approval.

12 CHAIRPERSON FECKNER: Moved by Mr. Pacheco,  
13 seconded by Ms. Taylor.

14 Any discussion on the motion?

15 Seeing none.

16 All in favor say aye?

17 (Ayes.)

18 CHAIRPERSON FECKNER: Opposed, no?

19 Motion carries

20 Item 5, information consent items. I have had no  
21 requests to remove anything.

22 Brings us to Item 6, action agenda. Proposed  
23 regulation of defined -- definition of limited duration  
24 employment. Ms. Ostrander, please.

25 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

1 OSTRANDER: Good afternoon, Mr. Chair, members of the  
2 Committee. Renee Ostrander, CalPERS team member.

3           Today, we are bringing forward to you an action  
4 item to approve draft language to define limited duration,  
5 so it may be released for public comment. The term  
6 "limited duration" is utilized multiple times in the PERL  
7 and associated regulations without any context to aid all  
8 stakeholders in the meaning of the term. By moving this  
9 proposed regulation forward, it will provide clarity and  
10 uniformity in its application amongst all parties  
11 involved.

12           The term actually shows up in two different  
13 contexts within the member and retiree appointments. The  
14 first is -- the first use of the term is related to  
15 post-retirement employment. And the retiree is hired to  
16 perform work of limited duration. The second use of the  
17 term is related to temporary upgrade pay, a type of  
18 special compensation used when an employee temporarily  
19 steps into another role to do those duties instead of  
20 their own.

21           The proposed regulation in front of you is -- in  
22 both instances defines limited duration as two years with  
23 an option of two 12-month extensions when the retiree  
24 appointment has not concluded. This item was brought  
25 forward to you last -- in September and then again in

1 March. In March no action was taken and instead the  
2 Committee directed the team to take the regulations back  
3 and address two situations that could occur. And both  
4 situations involved unique needs beyond the two one-year  
5 extensions.

6 The team has addressed those situations in the  
7 amended language in this agenda item by providing two  
8 exceptions that allow continued post-retirement employment  
9 beyond the extensions. If the -- if this is approved by  
10 the Committee and the Board, this draft language will be  
11 released for a 45-day public comment period. After the  
12 public comment period is completed and all the responses  
13 have been received and then provided -- information  
14 provided back to each of those commenters, the final  
15 version of the language will be brought back to this  
16 committee for approval. We expect that will be in  
17 September, prior to the submission to OAL for review and  
18 adoption.

19 This concludes my presentation. I'd be happy to  
20 answer any questions you have.

21 CHAIRPERSON FECKNER: Thank you.

22 And am I correct in assuming that this  
23 information was shared with stakeholders as well?

24 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

25 OSTRANDER: That is correct.

1           CHAIRPERSON FECKNER: That's what I thought.  
2 Thank you.

3           Ms. Greene Ross.

4           ACTING COMMITTEE MEMBER GREENE ROSS: I just have  
5 a clarifying question. And because of the way it's going  
6 to OAL and then back to us for final approval, it may be  
7 addressed in the upcoming process, but -- and I appreciate  
8 that it's a little more clear on the extension and the  
9 time frame. But in the minor rare situation where a local  
10 government or State department has already used the  
11 extensions, and you need to then have one more exception  
12 in some rare occurrences. Like I think CalHR Director had  
13 mentioned litigation that could be ongoing, and the lawyer  
14 had long retired, and is an expert and they want to come  
15 back for just a few hours. If you don't hire until it's  
16 approved, is there any exception to these exceptions,  
17 these two extra extensions?

18           EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF  
19 OSTRANDER: So it's -- the way the language is currently  
20 written, they would have to make the request prior to the  
21 expiration of the timing, so I think is the question that  
22 you're asking.

23           ACTING COMMITTEE MEMBER GREENE ROSS: Yes. So  
24 it's not going to cover those rare situations where you --  
25 but not unprecedented situations where you might need to

1 hire somebody back for a limited purpose --

2 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

3 OSTRANDER: So there --

4 ACTING COMMITTEE MEMBER GREENE ROSS: -- because  
5 if you didn't let -- if you didn't let anybody know during  
6 this time frame, so it's just this limited narrow  
7 situation that actually does come up periodically,  
8 unfortunately.

9 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

10 OSTRANDER: Correct. And we could -- if this were  
11 released for a public comment and then we put that out,  
12 this is certainly something we could try to shore up that  
13 unique situation --

14 ACTING COMMITTEE MEMBER GREENE ROSS: Okay.

15 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

16 OSTRANDER: -- during the public comment period with the  
17 change -- modify the language to account for that narrow  
18 situation.

19 ACTING COMMITTEE MEMBER GREENE ROSS: Okay.

20 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

21 OSTRANDER: And then -- and they will come back. So after  
22 public comment period prior to going to OAL for adoption,  
23 this language does come back to you for approval. So you  
24 would see -- we would be able to address that type of  
25 situation in the changes that we would make and then bring

1 it back to you for final approval.

2 ACTING COMMITTEE MEMBER GREENE ROSS: But it  
3 would have to be done in the OAL reg process and not --  
4 and public comment process?

5 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

6 OSTRANDER: Correct. So if --

7 ACTING COMMITTEE MEMBER GREENE ROSS: So you  
8 can't tweak it once it comes back here, right?

9 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

10 OSTRANDER: So what would -- so essentially how this would  
11 work is we would release the current language that we have  
12 for public comment. And then during when all of those  
13 comments come back, then we reevaluate whether or not we  
14 need to make modifications to the language. And so we  
15 could include it at that point of time.

16 ACTING COMMITTEE MEMBER GREENE ROSS: Okay.

17 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

18 OSTRANDER: And then we would bring it back to the  
19 Committee and the Board for approval, and we would put it  
20 back out. If it's not substantive changes, if it's minor  
21 changes, which I would believe this would be considered  
22 minor, we would put it back out -- if the Committee were  
23 to approve, we would put it back out for another 15-day  
24 comment period. And then if there are no changes from  
25 that, then it goes to OAL. Further changes would come

1 back to you again.

2 ACTING COMMITTEE MEMBER GREENE ROSS: Got it.

3 All right. Thank you.

4 EMPLOYER ACCOUNT MANAGEMENT DIVISION CHIEF

5 OSTRANDER: Um-hmm.

6 CHAIRPERSON FECKNER: Thank you.

7 Ms. Taylor.

8 COMMITTEE MEMBER TAYLOR: Yes, I'd like to make a  
9 motion to approve the staff's recommendation.

10 COMMITTEE MEMBER MILLER: I'll second it.

11 CHAIRPERSON FECKNER: It's been moved by Taylor,  
12 seconded by Miller.

13 Any discussion on the motion?

14 I have Ms. Ortega.

15 COMMITTEE MEMBER ORTEGA: Yeah. I just wanted to  
16 state for the record that I would not be supporting the  
17 motion today. And if we have any specific edits to  
18 recommend, we'll put those through the public process as  
19 it's in the comment period.

20 CHAIRPERSON FECKNER: Thank you.

21 Any further discussion on the motion?

22 Seeing none.

23 Motion being before, you all in favor say aye?

24 (Ayes.)

25 CHAIRPERSON FECKNER: Opposed, no?



1 (No.)

2 CHAIRPERSON FECKNER: Motion carries. Thank you.  
3 Brings us to Agenda Item 7a, Summary of Committee  
4 Direction. Mr. Suine, Mr. Moulds, do either one of you  
5 have any summary.

6 DEPUTY EXECUTIVE OFFICER SUINE: I didn't hear  
7 any specific direction.

8 CHAIRPERSON FECKNER: You should have been  
9 listening closer.

10 (Laughter.)

11 CHAIRPERSON FECKNER: Very good. Item 7b, public  
12 comment. I have one request for an in-person. That's Mr.  
13 Tim Behrens.

14 You're live.

15 MR. BEHRENS: Oh, thank you. Thank you, Chairman  
16 Feckner, Board members. Tim Behrens, California State  
17 Retirees.

18 I just wanted to take a minute to thank Kim and  
19 the CalPERS Health team for clarifying a number of Board  
20 members being assigned to this Pension and Health Benefits  
21 Committee. There was some discussion about this last week  
22 at the Stakeholders Committee. And Kim has made it -- has  
23 clarified the issue and that is that at least seven  
24 members of the Board will be assigned to this Committee,  
25 and that the President has the ability to assign more, if

1 needed. So I would like to urge the President to consider  
2 assigning the entire Board to this Committee, because in  
3 our opinion, the Pension and Health Board Committee is the  
4 most important committee in CalPERS. Our mission is to  
5 protect our pension and our health care benefits, so we  
6 need all of you on board.

7 I also wanted to thank David and Kelly and the  
8 CalPERS team for including the ability for stakeholders to  
9 call in and make public testimony. This is also a  
10 discussion item for the last month and a half. And they  
11 made it happen and we really appreciate that. It's an  
12 added additional thing to the regular face-to-face Board  
13 meetings that we didn't have before that we did during the  
14 COVID. It gives more of our members and more stakeholders  
15 in the state an opportunity to give public comment at the  
16 Board and Committee meetings.

17 Thank you very much. Have a good day.

18 CHAIRPERSON FECKNER: Thank you. You do the  
19 same.

20 Mr. Teykaerts, do we have anyone online that  
21 would like to -- on the phone that would like to speak  
22 under public comment.

23 STAKEHOLDER STRATEGY MANAGER TEYKAERTS: Mr.  
24 Chair, yes we do. We have one public commenter on the  
25 phone. Larry Woodson from California State Retirees.

1           Go ahead, Larry.

2           MR. WOODSON: Good Afternoon. Can you hear me  
3 okay?

4           CHAIRPERSON FECKNER: No.

5           Yes, sir, we can hear you.

6           (Laughter.)

7           MR. WOODSON: Okay. Larry Woodson, California  
8 State Retirees. Chairman Feckner, Committee members,  
9 thank you for the opportunity to comment. On behalf of  
10 our President Stephanie Hueg and the CSR organization, we  
11 would like to thank CalPERS for what Mr. Behrens just  
12 spoke about, reconsideration of the recently policy of  
13 only allowing auditorium public comments while there's  
14 still an ongoing pandemic. We appreciate having the  
15 phone-in option to minimize risk. And I'd like to thank  
16 Board Chair Theresa Taylor for her comments at the March  
17 meeting when she asked staff to look into the possibility  
18 of returning to virtual public comment. I assume staff is  
19 already working on that. I also understand staff is going  
20 a step further in exploring the option of Zoom or other  
21 video comments, so we appreciate that.

22           Another -- on another topic, CSR brought to the  
23 Board's attentions at the Stakeholders' Forum, what was  
24 then being called the Medicare Direct Contracting Program  
25 and due to strong public opposition it's been rebranded

1 ACO REACH. This program was designed and implemented  
2 during the Trump administration by the Centers for  
3 Medicare and Medicaid Services, Center for Innovation  
4 within HHS agency.

5 And as I pointed out then, this program will  
6 allow private equity companies with little or no  
7 experience in managing Medicare plans to recruit providers  
8 and move beneficiaries out of original Medicare without  
9 their approval or prior knowledge. CMS has already  
10 approved 53 direct contracting entities, which began  
11 recruiting providers 11 months ago. This will affect many  
12 of our CalPERS retirees who chose original Medicare. If  
13 this program continues, it will result in the  
14 privatization on original Medicare for prof -- for -- by  
15 for-profit entities and ensure the acceleration of health  
16 care costs.

17 Health benefit advocacy groups and 54 members of  
18 Congress all petitioned Secretary Becerra to halt the  
19 program. And on March 14th, CSR sent a letter to  
20 Secretary Becerra asking him to halt the program as well.  
21 We cited a number of risks and dangers. We copied  
22 Chairperson Taylor, CEO Frost, and Health Director Moulds.  
23 If our letter hasn't been distributed to the rest of the  
24 Board, I would request today that all Board members  
25 receive it.

1 I'd like to thank Board Chair Taylor for her  
2 response to our letter, when she stated she also finds  
3 many of the issues we raised concerning and that the  
4 health team staff would look into it further, which I know  
5 they're already doing.

6 Lastly, we did receive a response to our letter  
7 from CMS. The Center for Innovation has requested a  
8 meeting with us to discuss the issues we raised in our  
9 letter and we will be meeting with them next week.

10 Thank you.

11 CHAIRPERSON FECKNER: Thank you.

12 Seeing no other requests to speak, this meeting  
13 is adjourned. Risk and Audit will begin at 1:10.

14 (Thereupon California Public Employees'  
15 Retirement System, Pension and Health Benefits  
16 Committee open session meeting adjourned  
17 at 1:02 p.m.)  
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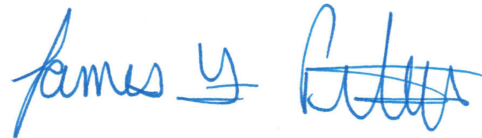
CERTIFICATE OF REPORTER

I, JAMES F. PETERS, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing California Public Employees' Retirement System, Board of Administration, Pension and Health Benefits Committee open session meeting was reported in shorthand by me, James F. Peters, a Certified Shorthand Reporter of the State of California, and was thereafter transcribed, under my direction, by computer-assisted transcription;

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 21st day of April, 2022.



JAMES F. PETERS, CSR  
Certified Shorthand Reporter  
License No. 10063