



July 6, 2016

To: Members of the Retirees Committee

From: Tarrell Gamble, Vice Chair

Subject: Summary of the July 6, 2016 Retirees Committee Meeting

Committee Vice Chair Tarrell Gamble called the July 6, 2016 meeting to order at 10:40 a.m. Committee members present were Tarrell Gamble, Dale Amaral, and Annette Cain-Darnes. Also present were Ophelia Basgal, Keith Carson, and Elizabeth Rogers, and alternate members David Safer and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Sandra Dueñas-Cuevas, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

ACTION ITEMS

1. Adoption of 2017 Monthly Medical Allowance for Group Plans

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2016 and 2017 Plan Years. Staff recommended that there be no increase to the MMA amount for 2017, thereby maintaining the current MMA maximum for the group plans of \$540.44 for Plan Year 2017. Trustees directed Staff to look further into the service connected disability retirees included in the Kaiser Permanente HMO early retiree count for the 20+ years of service category.

It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to adopt a 2017 Group Plan Monthly Medical Allowance (MMA) equal to the 2016 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2017.

The motion carried 6 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer*), 0 no, 0 abstentions.

2. Adoption of 2017 Monthly Medical Allowance for Early Retiree Individual Plans

Staff presented Individual Plans Monthly Medical Allowance (MMA) costs for the 2016 Plan Year based on the maximum MMA provided. Staff recommended that there be no increase to the MMA amount for 2017, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2017 for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange.

It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to adopt a 2017 Individual Plan Monthly Medical Allowance (MMA) equal to the 2016 MMA for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2017.

The motion carried 6 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer*), 0 no, 0 abstentions.

3. Adoption of 2017 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

Staff presented Individual Plans Monthly Medical Allowance (MMA) costs for the 2016 Plan Year based on the maximum MMA provided. Staff recommended that there be no increase to the MMA amount for 2017, thereby maintaining the current MMA maximum of \$414 for Plan Year 2017 for eligible retirees enrolled in individual plans through the Medicare Exchange.

It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to adopt a 2017 Individual Plan Monthly Medical Allowance (MMA) equal to the 2016 MMA for eligible retirees enrolled in individual plans through the Medicare Exchange, thereby maintaining the current MMA maximum of \$414 for Plan Year 2017.

The motion carried 6 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Rogers, Safer*), 0 no, 0 abstentions.

4. Supplemental Retiree Benefit Reserve Policy Update

Staff provided recommended revised language for the Supplemental Retiree Benefit Reserve Policy, to reflect the changes to the Retired Member (Lump Sum) Death Benefit payment when reciprocity applies, and to make other minor clarifying language changes. Trustees directed Staff to consider future legislation to change the requirement that ACERA pay a minimum of \$750, regardless of the amount the reciprocal agency pays.

It was moved by Elizabeth Rogers and seconded by Ophelia Basgal that the Retirees Committee recommend to the Board of Retirement that it adopts the revisions to the Supplemental Retiree Benefit Reserve Policy to reflect the change to the Retired Member (Lump Sum) Death Benefit section of the Policy, requiring ACERA to pay a minimum of \$750 as a death benefit when a reciprocal agency was the last employer, regardless of the amount the reciprocal agency pays the member, and the other language changes.

The motion carried 5 yes (*Amaral, Basgal, Carson, Gamble, Rogers,*), 2 no (*Cain-Darnes, Safer*) 1 abstention (*Walker*).

INFORMATION ITEMS

1. Report on Dental and Vision Plan Experience and Dental Coverage Options

Keenan & Associates (Keenan), ACERA's Benefits Consultant, provided information on ACERA's current contracts, recent claims experience and plan utilization for both Delta Dental (ACERA's dental plan) and VSP (ACERA's vision plan). In addition, Keenan provided the requested information on the impact to the premiums should ACERA decide to change the dental Premier benefit levels to match those of the PPO benefit levels. Trustees directed Staff to provide additional information regarding the dental plan benefits to include 1) the number of eligible retirees utilizing the services provided; 2) the type of services utilized by the retirees; and 3) the current surplus amount on deposit.

2. Miscellaneous Updates

Staff reported that in an effort to reduce the cost of hosting the Retiree Health Fair, Staff is continuing to look into the different options for a venue to hold the Fair, and will provide an update at the September Committee meeting.

RECOMMENDATIONS

1. Adoption of 2017 Monthly Medical Allowance for Group Plans

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2017 Group Plan Monthly Medical Allowance (MMA) equal to the 2016 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2017. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

2. Adoption of 2017 Monthly Medical Allowance for Early Retiree Individual Plans

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2017 Individual Plan Monthly Medical Allowance (MMA) equal to the 2016 MMA for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2017. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

3. Adoption of 2017 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2017 Individual Plan Monthly Medical Allowance (MMA) equal to the 2016 MMA for eligible retirees enrolled in individual plans through the Medicare Exchange, thereby maintaining the current MMA maximum of \$414 for Plan Year 2017. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

4. Supplemental Retiree Benefit Reserve Policy Update

The Committee recommends, and I move that the Board of Retirement adopts the revisions to the Supplemental Retiree Benefit Reserve Policy to reflect the change to the Retired Member (Lump Sum) Death Benefit section of the Policy, requiring ACERA to pay a minimum of \$750 as a death benefit when a reciprocal agency was the last employer, regardless of the amount the reciprocal agency pays the member, and the other language changes.

TRUSTEE/PUBLIC/STAFF INPUT

None.

FUTURE DISCUSSION ITEMS

- Adoption of Dental Plan Contributions for 2017
- Adoption of Vision Plan Contributions for 2017

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 3, 2016 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:48 a.m.