



**MINUTES OF JUNE 1, 2022 RETIREES COMMITTEE MEETING**

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair

**Subject: Summary of the June 1, 2022 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the June 1, 2022 Committee meeting to order at 10:36 a.m.

**ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE**

Committee members present were Liz Koppenhaver, Henry Levy, Dale Amaral, Keith Carson and Kellie Simon. Also present were Ophelia Basgal, Tarrell Gamble, Jamie Godfrey and alternate members Nancy Reilly and Darryl Walker.

Staff present were Sandra Dueñas-Cuevas, Benefits Manager; Kathy Foster, Assistant Chief Executive Officer; Erica Haywood, Fiscal Services Officer; Jessica Huffman, Benefits Manager; Vijay Jagar, Chief Technology Officer; Lisa Johnson, Assistant Chief Executive Officer; David Nelsen, Chief Executive Officer; Ismael Piña, Assistant Benefits Manager; Jeff Rieger, Chief Counsel and Betty Tse, Chief Investment Officer.

**PUBLIC INPUT**

None.

**ACTION ITEMS**

**1. Approval of Payment for Implicit Subsidy Cost for 2021**

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2021 is \$5,593,922. This amount was verified by Segal, ACERA's Benefits Consultant.

It was moved by Tarrell Gamble and seconded by Keith Carson that the Retirees Committee recommend to the Board of Retirement that it authorize Staff to transfer \$5,593,922 from the Supplemental Retiree Benefit Reserve account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for Plan Year 2021.

The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Simon, Walker*), 0 no, 0 abstentions.

## **2. Possible Declaration of Intent to Fund Implicit Subsidy Program for 2023**

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2023. The Implicit Subsidy cost for Plan Year 2022 is estimated by the County of Alameda (County) to be \$7,981,476. The estimated cost of the Implicit Subsidy for Plan Year 2023 will not be known until the County has completed its medical plan contract negotiations.

It was moved by Tarrell Gamble and seconded by Ophelia Basgal that the Committee recommend to the Board of Retirement that it adopt a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2023, following a determination by ACERA at the end of Plan Year 2023 that the amount is not greater than the actual retiree Implicit Subsidy.

The motion carried 9 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Simon, Walker*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### **1. Presentation and Report on Health Care Inflation/Trends**

Staff reported on health care inflation factors for 2022 and 2023 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided will increase to 7.50% for non-Medicare plans and 6.50% for Medicare Advantage plans. The annual trend assumptions for dental and vision remain at 4.00%. However, due to the three-year 2021 rate guarantee for dental, the first year of trend will be 0.00%. Likewise, due to the five-year 2021 rate guarantee for vision, the first three years of trend will be 0.00%. The trend used for Medicare Part B will remain at 4.50%. These trends will be used in accordance with ACERA's GASB 43 substantive plan definition. Segal's benefits consulting team also provided health care trend information.

### **2. Preliminary Report on Projected Benefit Costs Funded through the Supplemental Retiree Benefit Reserve**

Segal, ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2045 with full benefits paid through 2044, for a total of 23 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2043, for a total of 21 full years and one partial year.

Staff stated that the preliminary review of the valuation is based on projections using substantive plan and medical inflation trends. This information is used in the decision making process to set the Monthly Medical Allowance (MMA), and the dental and vision benefit amounts for the 2023 Plan Year.

### **3. Discussion of Monthly Medical Allowance (MMA) for 2023**

Staff presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2022 and 2023 Plan Years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2023 MMA at the July 2022 meeting. Staff will also provide estimated cost information for enhancements to the dental, vision, and death benefits, and the projected cost for the Active Death Equity Benefit (ADEB) if it were to be reinstated.

### **4. 2023 Medical Plans Update/Renewal Requests of ACERA/County of Alameda**

Staff reported that the 2023 annual medical plan renewal request letter was provided to the County of Alameda, and a summary of the information provided is included in the meeting materials.

### **5. Report on Health Reimbursement Arrangement Account Balances and Reimbursements**

Staff provided information on retirees' 2021 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of May 6, 2022.

### **6. Plans for Open Enrollment and Retiree Health and Wellness Fair**

Staff provided information on the planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair, which will again be held virtually. In response to Trustee Reilly's suggestion, Staff will check with the carriers to see if they have a program or a presentation on "Balancing" that can be provided for the members.

### **7. Report on Annual Health Care Planning Meeting with Retiree Groups**

Staff provided a report on the participants and topics discussed at the virtual Annual Health Care Planning meeting, which was held on April 6, 2022.

### **8. Miscellaneous Updates**

Staff reported that during Kaiser Permanente's latest system update, notifications were inadvertently sent to some members. Kaiser has since corrected the problem, and advised these members to disregard the notifications that were sent.

### **TRUSTEE REMARKS**

In response to Trustee Koppenhaver's comments, Staff will follow-up with Kaiser Permanente regarding Trustee Basgal and her requests to add their gyms as part of the Silver&Fit® program, and provide an update at the July Committee meeting.

**FUTURE DISCUSSION ITEMS**

- Adoption of 2023 Monthly Medical Allowance for Group Plans
- Adoption of 2023 Monthly Medical Allowance for Early Retiree Individual Plans
- Adoption of 2023 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for July 6, 2022 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 12:01 p.m.