



**MINUTES OF JUNE 2, 2021 RETIREES COMMITTEE MEETING**

THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO

To: Members of the Retirees Committee  
From: Liz Koppenhaver, Chair, Retired Trustee  
Subject: **Summary of the June 2, 2021 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the June 2, 2021 Committee meeting to order at 9:30 a.m.

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

Committee members present were Liz Koppenhaver, Henry Levy, Keith Carson and Darryl Walker. Also present were Dale Amaral and Tarrell Gamble, and alternate member Nancy Reilly. Ophelia Basgal and Jamie Godfrey, and Committee member George Wood joined the meeting after roll call.

Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; Margo Allen, Fiscal Services Officer; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; Betty Tse, Chief Investment Officer; Vijay Jagar, Chief Technology Officer; and Harsh Jadhav, Chief of Internal Audit.

**ACTION ITEMS**

**1. Approval of Payment for Implicit Subsidy Cost for 2020**

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2020 is \$7,484,411. This amount was verified by Segal, ACERA's Benefits Consultant.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement that it authorizes Staff to transfer \$7,484,411 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 2020.

The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, 0 abstentions. Trustee Carson was not present for the vote on the motion.

## **2. Possible Declaration of Intent to Fund Implicit Subsidy Program for 2022**

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2022. The Implicit Subsidy cost for Plan Year 2021 is estimated by the County of Alameda (County) to be \$5,652,613. The estimated cost of the Implicit Subsidy for Plan Year 2022 will not be known until the County has completed its medical plan contract negotiations.

It was moved by Henry Levy 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 2022, following a determination by ACERA at the end of Plan Year 2022 that the amount is not greater than the actual retiree Implicit Subsidy.

The motion carried 8 yes (*Amaral, Basgal, Gamble, Godfrey, Koppenhaver, Levy, Walker, Wood*), 0 no, 0 abstentions. Trustee Carson was not present for the vote on the motion.

## **INFORMATION ITEMS**

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

Staff reported on health care inflation factors for 2021 and 2022 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided will remain at 6.75% for non-Medicare plans and 6.25% 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 two years of trend will be 0.00%. Likewise, due to the five-year 2021 rate guarantee for vision, the first four years of trend will be 0.00%. The trend used for Medicare Part B is 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 2039 with full benefits paid through 2038, for a total of 18 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2044, for a total of 23 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 2022 Plan Year.

### **3. Discussion of Monthly Medical Allowance (MMA) for 2022**

Staff presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2021 and 2022 Plan Years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2022 MMA at the July 2021 meeting.

### **4. 2022 Medical Plans Update/Renewal Requests of ACERA/County of Alameda**

Staff reported that the 2022 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 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 7, 2021.

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

Staff provided information on retirees' 2020 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of May 4, 2021.

### **7. 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.

### **8. Miscellaneous Updates**

Staff had no miscellaneous updates to report.

### **TRUSTEE INPUT AND DIRECTION TO STAFF**

None.

### **PUBLIC INPUT**

In response to Pete Albert, President of Alameda County Retired Employees (ACRE) retiree association, Staff stated that the recommendation regarding the Monthly Medical Allowance will be presented at the July 7, 2021 Committee meeting.

**FUTURE DISCUSSION ITEMS**

- Adoption of 2022 Monthly Medical Allowance for Group Plans
- Adoption of 2022 Monthly Medical Allowance for Early Retiree Individual Plans
- Adoption of 2022 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for July 7, 2021 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 10:43 a.m.