



**MINUTES OF JUNE 4, 2025 RETIREES COMMITTEE MEETING**

To: Members of the Retirees Committee

From: Elizabeth Rogers, Chair

**Subject: Summary of the June 4, 2025 Retirees Committee Meeting**

Committee Chair Elizabeth Rogers called the June 4, 2025 Committee meeting to order at 9:31 a.m.

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

Committee members present were Elizabeth Rogers, George Wood and Kellie Simon (as Board Chair). Also present were Ross Clippinger and alternate member Cynthia Baron. Committee members Keith Carson, Henry Levy, and Steven Wilkinson, and Board members Ophelia Basgal and Tarrell Gamble joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Mike Fara, Communications Manager; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Lisa Johnson, Assistant Chief Executive Officer; David Nelsen, Chief Executive Officer; and Jeff Rieger, Chief Counsel.

**PUBLIC INPUT**

None.

**ACTION ITEMS**

**1. Implicit Subsidy Cost for 2024**

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2024 is \$2,453,953. This amount was verified by Segal, ACERA's Benefits Consultant.

It was moved by George Wood and seconded by Kellie Simon that the Retirees Committee recommend to the Board of Retirement that it authorize Staff to transfer \$2,453,953 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 2024.

The motion carried 3 yes (*Rogers, Simon, Wood*), 0 no, 0 abstentions.

## **2. Declaration of Intent to Fund Implicit Subsidy for 2026**

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2026. The Implicit Subsidy cost for Plan Year 2025 is estimated by the County of Alameda (County) to be \$9,390,686. The estimated cost of the Implicit Subsidy for Plan Year 2026 will not be known until the County has completed its medical plan contract negotiations.

It was moved by George Wood and seconded by Kellie Simon that the Retirees Committee recommend to the Board of Retirement that it adopt a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2026, following a determination by ACERA at the end of Plan Year 2026 that the amount is not greater than the actual retiree Implicit Subsidy.

The motion carried 6 yes (*Basgal, Carson, Clippinger, Rogers, Simon, Wood*), 0 no, 1 abstention (*Gamble*). *Trustees Levy and Wilkinson were not present for the motion.*

## **3. Award of Contract for Plan Year 2026 after Dental Care Provider Request for Proposal**

Segal, ACERA's Benefits Consultant, provided a presentation describing the process, which included the review and scoring of the Request for Proposal (RFP) responses from the bidders, and the recommendation on the finalist.

In response to Trustees Gamble and Carson's comments, Staff will look into getting information regarding Alameda Health System's network of dentists.

In response to Alicia Baptista's, President of the Retired Employees of Alameda County, Inc. (REAC), request and Trustees Simon and Basgal's comments, Staff will follow up with Delta Dental to get additional information to provide at a future meeting regarding its online tools that provide a list of dentists in its network, estimates of costs for specific type of services, and the SmileWay wellness benefits.

It was moved by Ophelia Basgal and seconded by Ross Clippinger that the Committee recommend to the Board of Retirement to approve Staff's recommendation to continue ACERA's retiree dental care coverage through Delta Dental, and to award the dental care coverage contract to Delta Dental for Plan Year 2026.

The motion carried 7 yes (*Basgal, Clippinger, Gamble, Levy, Rogers, Simon, Wood*), 0 no, 0 abstentions. *Trustees Carson and Wilkinson were not present for the motion.*

## **4. Award of Contract for Plan Year 2026 after Vision Care Provider Request for Proposal**

Segal, ACERA's Benefits Consultant, provided a presentation describing the process, which included the review and scoring of the Request for Proposal (RFP) responses from the bidders, and the recommendation on the finalist.

It was moved by Kellie Simon and seconded by Ross Clippinger that the Committee recommend to the Board of Retirement to approve Staff's recommendation to continue ACERA's retiree vision care coverage through Vision Service Plan (VSP), and to award the vision care coverage contract to VSP for Plan Year 2026.

The motion carried 7 yes (*Basgal, Carson, Clippinger, Levy, Rogers, Simon, Wood*), 0 no, 0 abstentions. *Trustees Gamble and Wilkinson were not present for the motion.*

### **INFORMATION ITEMS**

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

Staff provided health care inflation factors for 2025 and 2026 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided will be set at 7.75% for non-Medicare plans and 7.50% for Medicare Advantage plans. The annual trend assumptions for dental will be updated to start at 6.00%. The vision trend assumption will be lowered from 4.00% to 3.00%. The trend used for Medicare Part B will be increased to 6.20%. Segal's benefits consulting team also provided health care trend information.

In response to Trustee Carson's comments, Staff will look into providing regular updates on how artificial intelligence would impact the different trend areas, and how ACERA's service providers are looking at opportunities using artificial intelligence.

#### **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 20 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2048, 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 2026 Plan Year.

#### **3. Discussion of Monthly Medical Allowance for 2026**

Staff presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2025 and 2026 Plan Years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2026 MMA at the July 2025 meeting.

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

Staff provided information on retirees' 2024 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of April 29, 2025.

#### **5. 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 be held as a hybrid event where retirees can attend either in person or via Zoom. The on-site event will be held at the DoubleTree by Hilton Hotel Pleasanton at the Club on October 23, 2025.

#### **TRUSTEE REMARKS**

None.

#### **FUTURE DISCUSSION ITEMS**

- Adoption of 2026 Monthly Medical Allowance for Group Plans
- Adoption of 2026 Monthly Medical Allowance for Early Retiree Individual Plans
- Adoption of 2026 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

#### **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for July 2, 2025 at 9:30 a.m.

#### **MEETING ADJOURNED**

The meeting adjourned at 11:11 a.m.