



**MINUTES OF JUNE 7, 2023 RETIREES COMMITTEE MEETING**

To: Members of the Retirees Committee  
From: Elizabeth Rogers, Chair  
Subject: **Summary of the June 7, 2023 Retirees Committee Meeting**

Committee Chair Elizabeth Rogers called the June 7, 2023 Committee meeting to order at 10:31 a.m.

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

Committee members present were Elizabeth Rogers, Ophelia Basgal, Keith Carson, and Kellie Simon. Also present were Cynthia Baron, Kevin Bryant, Tarrell Gamble, and George Wood.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Erica Haywood, Fiscal Services Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; 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 2022**

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2022 is \$7,842,215. This amount was verified by Segal, ACERA's Benefits Consultant.

It was moved by Ophelia Basgal and seconded by Kellie Simon that the Retirees Committee recommend to the Board of Retirement that it authorize Staff to transfer \$7,842,215 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 2022.

The motion carried 7 yes (*Basgal, Bryant, Carson, Gamble, Rogers, Simon, Wood*), 0 no, 0 abstentions.

## **2. Possible Declaration of Intent to Fund Implicit Subsidy Program for 2024**

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2024. The Implicit Subsidy cost for Plan Year 2023 is estimated by the County of Alameda (County) to be \$4,116,000. The estimated cost of the Implicit Subsidy for Plan Year 2024 will not be known until the County has completed its medical plan contract negotiations.

It was moved by Ophelia Basgal and seconded by Kellie Simon 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 2024, following a determination by ACERA at the end of Plan Year 2024 that the amount is not greater than the actual retiree Implicit Subsidy.

The motion carried 7 yes (*Basgal, Bryant, Carson, Gamble, Rogers, Simon, Wood*), 0 no, 0 abstentions.

### **INFORMATION ITEMS.**

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

Staff reported on health care inflation factors for 2023 and 2024 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided will increase to 7.50% for non-Medicare plans and 6.25% for Medicare Advantage plans. The annual trend assumptions for dental and vision remain at 4.00%. However, due to the five-year 2021 rate guarantee for vision, the first two 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 2050 with full benefits paid through 2049, for a total of 27 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2038, for a total of 15 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 2024 Plan Year.

Trustees requested Segal to report back with information on equalizing the sufficiency periods of paying benefits between the OPEB and non-OPEB, since there is a 12-year gap between the two periods.

### **3. Discussion of Monthly Medical Allowance for 2024**

Staff presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2023 and 2024 Plan Years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2024 MMA at the July 2023 meeting. Staff will also provide estimated cost information for enhancements to the dental benefits.

### **4. 2024 Medical Plans Update/Renewal Requests of ACERA/County of Alameda**

Staff reported that the 2024 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' 2022 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of May 4, 2023.

### **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 Gamble's question, Staff will provide information on the number of video views of the various recorded presentations from the past virtual Retiree Health and Wellness Fair posted on ACERA's website.

### **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 5, 2023.

### **8. Medicare Eligible Retirees Out of Group Plan Service Area**

Staff reported that as of May 12, 2023, there were 752 Medicare eligible retirees enrolled through Via Benefits living outside of ACERA's group plan service areas.

### **TRUSTEE REMARKS**

None.

**FUTURE DISCUSSION ITEMS**

- Adoption of 2024 Monthly Medical Allowance for Group Plans
- Adoption of 2024 Monthly Medical Allowance for Early Retiree Individual Plans
- Adoption of 2024 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is tentatively scheduled for July 5, 2023 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 11:40 a.m.