



Alameda County Employees' Retirement Association  
BOARD OF RETIREMENT

**RETIREES COMMITTEE/BOARD MEETING  
NOTICE and AGENDA**

**ACERA MISSION:**

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

Wednesday, July 5, 2023  
9:30 a.m.

<b>LOCATION AND TELECONFERENCE</b>	<b>COMMITTEE MEMBERS</b>	
<p>ACERA C.G. "BUD" QUIST BOARD ROOM 475 14<sup>TH</sup> STREET, 10<sup>TH</sup> FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574</p> <p>The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number.</p> <p>Link: <a href="https://zoom.us/join">https://zoom.us/join</a> Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: <a href="https://support.zoom.us/hc/en-us/articles/201362193">https://support.zoom.us/hc/en-us/articles/201362193</a></p>	ELIZABETH ROGERS, CHAIR	ELECTED RETIRED
	HENRY LEVY, VICE CHAIR	TREASURER
	OPHELIA BASGAL	APPOINTED
	KEITH CARSON	APPOINTED
	KELLIE SIMON	ELECTED GENERAL

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired members.

This is a meeting of the Retirees Committee if a quorum of the Retirees Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Retirees Committee and the Board if a quorum of each attends.

*Note regarding accommodations:* If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at [accommodation@acera.org](mailto:accommodation@acera.org) or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda is subject to change without notice. Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at [www.acera.org](http://www.acera.org) and also may be inspected at 475 14<sup>th</sup> Street, 10<sup>th</sup> Floor, Oakland, CA 94612-1900.

# ***RETIREES COMMITTEE/BOARD MEETING***

NOTICE and AGENDA, Page 2 of 4 – Wednesday, July 5, 2023

**Call to Order:** 9:30 a.m.

**Roll Call**

**Public Input (Time Limit: 4 minutes per speaker)**

## **Action Items: Matters for discussion and possible motion by the Committee**

### **1. Adoption of 2024 Monthly Medical Allowance for Group Plans**

Discussion and possible motion to recommend that the Board of Retirement adopt the Monthly Medical Allowance (MMA) paid to eligible retirees in group plans for Plan Year 2024. The Group Plan MMA is stated as a monthly dollar amount which varies by years of service credit and can only be used to pay for ACERA-sponsored health plan premiums.

- Carlos Barrios

#### **Recommendation**

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Group Plan Monthly Medical Allowance (MMA) by 3.125% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$635.37 for the Plan Year 2024. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

### **2. Adoption of 2024 Monthly Medical Allowance for Early Retiree Individual Plans**

Discussion and possible motion to recommend that the Board of Retirement adopt a Monthly Medical Allowance (MMA), which will be provided to qualified early (non-Medicare eligible) retirees enrolled in Individual Plans through the Health Exchange for the 2024 Plan Year. The MMA is a suggested dollar limit used for specific medical cost reimbursement through Health Reimbursement Accounts. The MMA is set as a monthly amount which varies by years of service credit.

- Carlos Barrios

#### **Recommendation**

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Individual Plan Monthly Medical Allowance (MMA) by 3.125% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of

# **RETIREES COMMITTEE/BOARD MEETING**

**NOTICE and AGENDA, Page 3 of 4 – Wednesday, July 5, 2023**

health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$635.37 for Plan Year 2024. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

### **3. Adoption of 2024 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

Discussion and possible motion to recommend that the Board of Retirement adopt a Monthly Medical Allowance (MMA), which will be provided to qualified Medicare eligible retirees enrolled in Individual Plans through the Medicare Exchange for the 2024 Plan Year. The MMA is a suggested dollar limit used for specific medical cost reimbursement through Health Reimbursement Accounts. The MMA is set as a monthly amount which varies by years of service credit.

- Carlos Barrios

#### Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Individual Plan Monthly Medical Allowance (MMA) by 3.125% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$486.74 for Plan Year 2024. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

### **Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports**

#### **1. Report on Dental and Vision Plans Experience and Utilization**

Segal, ACERA's Benefits Consultant, will report on claims experience and plan utilization for ACERA retirees enrolled in ACERA-sponsored Dental and Vision Plans.

- Carlos Barrios  
- Stephen Murphy, Segal

# ***RETIREES COMMITTEE/BOARD MEETING***

**NOTICE and AGENDA, Page 4 of 4 – Wednesday, July 5, 2023**

## **Trustee Remarks**

## **Future Discussion Items**

- Adoption of Dental Plan Contributions for 2024
- Adoption of Vision Plan Contributions for 2024

## **Establishment of Next Meeting Date**

August 2, 2023, at 10:30 a.m.

## **Adjournment**




---



---

MEMORANDUM TO THE RETIREES COMMITTEE

---



---

DATE: July 5, 2023

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer *CB*

SUBJECT: **Monthly Medical Allowance for 2024**

Last month, Staff provided information regarding the Monthly Medical Allowance (MMA) for 2024. Staff provided the cost impacts to the MMA as a result of leaving the amount at the current rate or increasing the MMA by 3.125% for 2024. These amounts are summarized below. Attached is a chart with current plan premiums and enrollment numbers, a chart with assumptions using premium increases, and a chart with both premium and MMA increases, which were also provided last month.

**GROUP PLANS COSTS**

Plan Year	20+ Years MMA	Annual Cost Summary	
2023	\$616.12	Current premiums and MMA:	\$23,112,048
2024	\$616.12	Increase in premiums only:	\$24,003,285
2024	\$635.37	Increase in premiums and MMA:	\$24,279,884

**INDIVIDUAL PLAN COSTS – Early (Non-Medicare) Retirees Living Outside ACERA’s HMO Service Area**

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	39	\$ 308.06	\$ 3,696.72	\$ 144,172.08
15 - 19 Years	53	\$ 462.09	\$ 5,545.08	\$ 293,889.24
20 + Years	321	\$ 616.12	\$ 7,393.44	\$ 2,373,294.24
<b>Totals</b>	<b>413</b>			<b>\$ 2,811,355.56</b>
<b>Totals with 3.125% Increase</b>	<b>413</b>			<b>\$ 2,899,197.24</b>

**INDIVIDUAL PLAN COSTS – Medicare Eligible Retirees**

<b>Years of Service Category</b>	<b>Number of Members</b>	<b>Monthly MMA Amount</b>	<b>Annual MMA Amount</b>	<b>Maximum Annual MMA Amount</b>
10 - 14 Years	192	\$ 236.00	\$ 2,832.00	\$ 543,744.00
15 - 19 Years	198	\$ 353.99	\$ 4,247.88	\$ 841,080.24
20 + Years	962	\$ 471.99	\$ 5,663.88	\$ 5,448,652.56
<b>Totals</b>	<b>1,352</b>			<b>\$ 6,833,476.80</b>
<b>Totals with 3.125% Increase</b>	<b>1,352</b>			<b>\$ 7,047,033.60</b>

According to the numbers compiled above, ACERA’s current total estimated annual costs are \$32,756,880. This estimated annual cost assumes all those enrolled in the Health and Medicare Exchange will use their full Health Reimbursement Account balances. If premiums increase and the MMA is increased, the total estimated annual cost would be \$34,226,115. The total estimated increase would be \$1,469,235 (\$891,237 due to group plans premium increase and \$577,998 due to MMA increase).

**Discussion and Recommendations**

Last month, some points to consider in making a decision to increase the MMA or to leave it the same amount for 2024 were discussed as follows:

- Health care premium costs for 2024 are unknown. However, in a recent meeting with Kaiser, they alerted us to expect double digit increases to the Medicare and non-Medicare premiums.
- The Supplemental Retiree Benefit Reserve (SRBR) is projected to have a current lifespan of 27 years, based on the preliminary report from Segal, ACERA’s Actuary.
- In 2022, \$91,814,482 was credited to the SRBR (includes interest credited at the assumed rate of return of 3.4545% for regular earnings, there was no crediting of earnings above the assumed rate of return).
- The Implicit Subsidy for 2023 is estimated to be about \$3,726,000 lower than the cost for 2022.
- Annual payee numbers are increasing by about 3% on average.
- ACERA’s overall SRBR costs decreased by 2.02% in 2022, compared to a 1.44% increase in 2021. (Note the 1.44% is a correction from the 1.43% increase reported last year.)

At the June 15, 2023 Actuarial Committee meeting, Segal provided a Risk Assessment report, which included projections of SRBR assets and sufficiency periods under various hypothetical market return scenarios for 2023. Based on the information provided, assuming the fund would earn a market return of 7.0% in 2023, it is projected that the SRBR assets would increase from \$1,170 million as of December 31, 2022 to about \$1,183 million as of December 31, 2023, with a shortfall of approximately \$13 million relative to the assumed rate of 7.0% expected to be recognized by the SRBR in 2023. Under this scenario, the terminal year for Other Post-Employment Benefits (OPEB) is projected to decrease from 2050 (i.e., 27 full years and one partial

year) as of December 31, 2022 to 2049 (i.e., 25 full years and one partial year) as of December 31, 2023. In addition, the terminal year for non-OPEB benefits is projected to remain at 2038 (i.e., 15 full years and one partial year as of December 31, 2022; 14 full years and one partial year as of December 31, 2023).

As noted in Segal's Risk Report and the preview letter of the sufficiency of the SRBR that was presented to the Retirees Committee at its June meeting, Segal would work with ACERA and its outside auditor to explore options that might be available for the Board of Retirement to transfer some assets from the reserves currently designated to pay OPEB benefits to the reserves currently designated to pay non-OPEB SRBR benefits. If a transfer is deemed feasible, the terminal year for the non-OPEB benefits could be lengthened beyond 2038.

Assuming the fund were to earn 0% in 2023, the terminal year for the OPEB benefits would still be expected to slightly decrease to 2049 (i.e., 25 full years and one partial year). The terminal year for the non-OPEB benefits would remain at 2038 (i.e., 14 full years and one partial year),

Based on the analysis and information provided, Staff's recommendation is to increase the MMA for 2024 by 3.125%.

#### Recommendation Number One

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Group Plan Monthly Medical Allowance (MMA) by 3.125% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$635.37 for the Plan Year 2024. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

#### Recommendation Number Two

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Individual Plan Monthly Medical Allowance (MMA) by 3.125% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$635.37 for Plan Year 2024. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

#### Recommendation Number Three

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Individual Plan Monthly Medical Allowance (MMA) by 3.125% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange,

Monthly Medical Allowance for 2024

July 5, 2023

Page 4 of 4

in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$486.74 for Plan Year 2024. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Attachments (3)

**ACERA**  
**Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2023**

*Current Premiums and MMA*

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	2023 MMA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
<b>Early Retirees Plans</b>						
<b>Kaiser Permanente HMO (Early Retirees)</b>	Projected # Enrolled (2023 plan year)	1	49	61	742	853
	Total Premium (2023)	\$ 909.74	\$ 909.74	\$ 909.74	\$ 909.74	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 909.74</b>	<b>\$ 601.68</b>	<b>\$ 447.65</b>	<b>\$ 293.62</b>	
<b>UnitedHealthcare SignatureValue HMO (Early Retirees)</b>	Projected # Enrolled (2023 plan year)	2	1	7	65	75
	Total Premium (2023)	\$ 1,290.92	\$ 1,290.92	\$ 1,290.92	\$ 1,290.92	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 1,290.92</b>	<b>\$ 982.86</b>	<b>\$ 828.83</b>	<b>\$ 674.80</b>	
<b>UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)</b>	Projected # Enrolled (2023 plan year)	0	6	9	67	82
	Total Premium (2023)	\$ 843.94	\$ 843.94	\$ 843.94	\$ 843.94	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 843.94</b>	<b>\$ 535.88</b>	<b>\$ 381.85</b>	<b>\$ 227.82</b>	
<b>Total Plan Enrollees (Early Retirees)</b>						<b>1010</b>
<b>Kaiser Senior Advantage Medicare Plan</b>						
<b>Kaiser Senior Advantage</b>	Projected # Enrolled (2023 plan year)	33	475	564	3187	4259
	Total Premium (2023)	\$ 316.81	\$ 316.81	\$ 316.81	\$ 316.81	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 316.81	\$ 316.81	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 316.81</b>	<b>\$ 8.75</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Kaiser Senior Advantage Medicare Plan Enrollees</b>						<b>4259</b>

**Total Projected Annual Cost:                      \$23,112,048**

**ACERA**  
**Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2024**

*Assumes 0% Increase to MMA and Projected Increase to Premiums*

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	Projected (2024) MMA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
<b>Early Retirees Plans</b>						
<b>Kaiser Permanente HMO (Early Retirees)</b> <i>Assumes 7.5% Increase</i>	Projected # Enrolled (2023 plan year)	1	49	61	742	853
	Total Premium (2024)	\$ 977.97	\$ 977.97	\$ 977.97	\$ 977.97	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 977.97</b>	<b>\$ 669.91</b>	<b>\$ 515.88</b>	<b>\$ 361.85</b>	
<b>UnitedHealthcare SignatureValue HMO (Early Retirees)</b> <i>Assumes 7.5% Increase</i>	Projected # Enrolled (2023 plan year)	2	1	7	65	75
	Total Premium (2024)	\$ 1,387.74	\$ 1,387.74	\$ 1,387.74	\$ 1,387.74	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 1,387.74</b>	<b>\$ 1,079.68</b>	<b>\$ 925.65</b>	<b>\$ 771.62</b>	
<b>UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)</b> <i>Assumes 7.5% Increase</i>	Projected # Enrolled (2023 plan year)	0	6	9	67	82
	Total Premium (2024)	\$ 907.24	\$ 907.24	\$ 907.24	\$ 907.24	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 462.09	\$ 616.12	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 907.24</b>	<b>\$ 599.18</b>	<b>\$ 445.15</b>	<b>\$ 291.12</b>	
<b>Total Plan Enrollees (Early Retirees)</b>						<b>1010</b>
<b>Kaiser Senior Advantage Medicare Plan</b>						
<b>Kaiser Senior Advantage</b> <i>Assumes 6.25% Increase</i>	Projected # Enrolled (2023 plan year)	33	475	564	3187	4259
	Total Premium (2024)	\$ 336.61	\$ 336.61	\$ 336.61	\$ 336.61	
	Projected Subsidy Paid by ACERA	\$ -	\$ 308.06	\$ 336.61	\$ 336.61	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 336.61</b>	<b>\$ 28.55</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total Kaiser Senior Advantage Medicare Plan Enrollees</b>						<b>4259</b>

**Total Projected Annual Cost: \$24,003,285**

**ACERA**  
**Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2024**

*Assumes 3.125% Increase to MMA and Projected Increase to Premiums*

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	Projected (2024) MMA	\$ -	\$ 317.69	\$ 476.53	\$ 635.37	
<b>Early Retirees Plans</b>						
<b>Kaiser Permanente HMO (Early Retirees)</b> <i>Assumes 7.5% Increase</i>	Projected # Enrolled (2023 plan year)	1	49	61	742	853
	Total Premium (2024)	\$ 977.97	\$ 977.97	\$ 977.97	\$ 977.97	
	Projected Subsidy Paid by ACERA	\$ -	\$ 317.69	\$ 476.53	\$ 635.37	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 977.97</b>	<b>\$ 660.28</b>	<b>\$ 501.44</b>	<b>\$ 342.60</b>	
<b>UnitedHealthcare SignatureValue HMO (Early Retirees)</b> <i>Assumes 7.5% Increase</i>	Projected # Enrolled (2023 plan year)	2	1	7	65	75
	Total Premium (2024)	\$ 1,387.74	\$ 1,387.74	\$ 1,387.74	\$ 1,387.74	
	Projected Subsidy Paid by ACERA	\$ -	\$ 317.69	\$ 476.53	\$ 635.37	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 1,387.74</b>	<b>\$ 1,070.05</b>	<b>\$ 911.21</b>	<b>\$ 752.37</b>	
<b>UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)</b> <i>Assumes 7.5% Increase</i>	Projected # Enrolled (2023 plan year)	0	6	9	67	82
	Total Premium (2024)	\$ 907.24	\$ 907.24	\$ 907.24	\$ 907.24	
	Projected Subsidy Paid by ACERA	\$ -	\$ 317.69	\$ 476.53	\$ 635.37	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 907.24</b>	<b>\$ 589.55</b>	<b>\$ 430.71</b>	<b>\$ 271.87</b>	
<b>Total Plan Enrollees (Early Retirees)</b>						<b>1010</b>
<b>Kaiser Senior Advantage Medicare Plan</b>						
<b>Kaiser Senior Advantage</b> <i>Assumes 6.25% Increase</i>	Projected # Enrolled (2023 plan year)	33	475	564	3187	4259
	Total Premium (2024)	\$ 336.61	\$ 336.61	\$ 336.61	\$ 336.61	
	Projected Subsidy Paid by ACERA	\$ -	\$ 317.69	\$ 336.61	\$ 336.61	
	<b>Projected Premium Paid by Retiree</b>	<b>\$ 336.61</b>	<b>\$ 18.92</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	
<b>Total Kaiser Senior Advantage Medicare Plan Enrollees</b>						<b>4259</b>

**Total Projected Annual Cost: \$24,279,884**



---

---

MEMORANDUM TO THE RETIREES COMMITTEE

---

---

DATE: July 5, 2023

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer 

SUBJECT: **Report on Dental and Vision Plans Experience and Utilization**

Segal, ACERA's Benefits Consultant, will review the attached annual dental and vision plans experience and utilization presentations, and discuss the following topics.

- Enrollment
- Claims
- Premiums
- Utilization
- Dental PPO Annual Maximum by Network
- VSP Plan Loss Ratio by Plan

Attachments (2)



Alameda County Employees'  
Retirement Association (ACERA)

# Delta Dental PPO Plan Experience

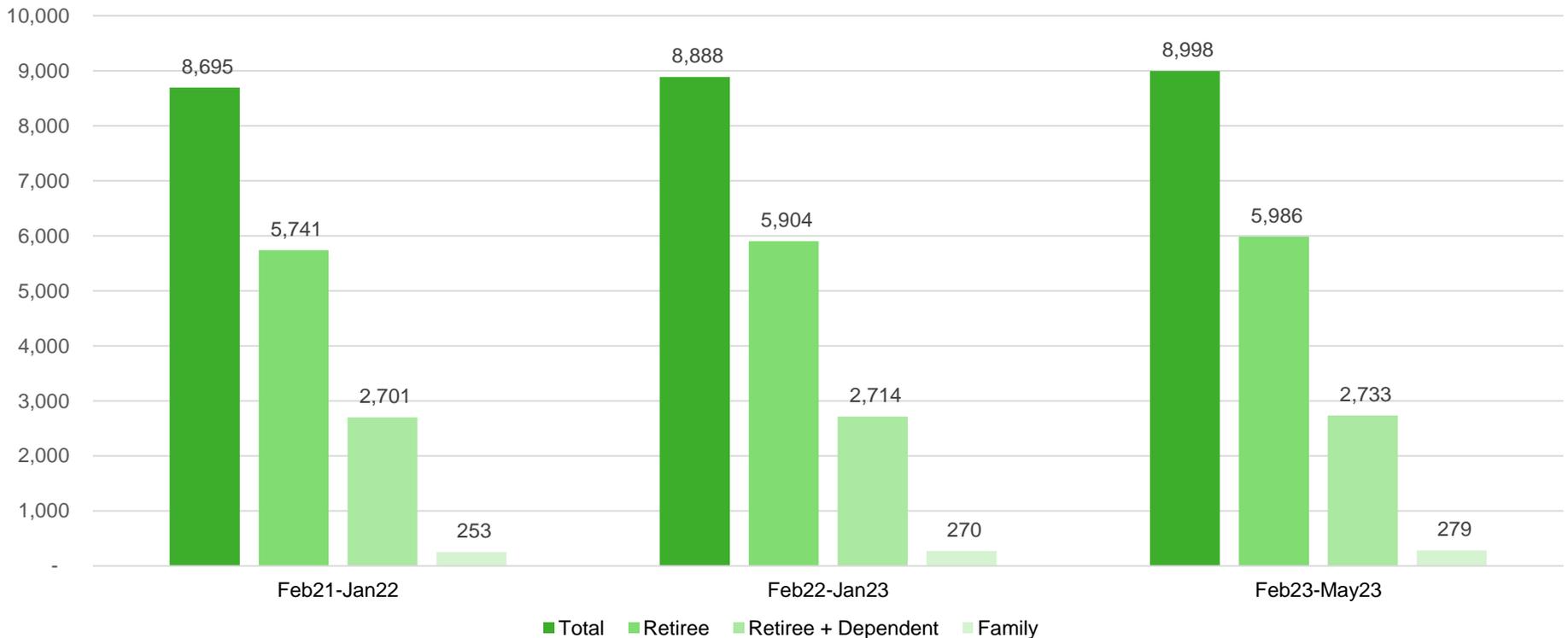
**ACERA Retirees Committee Meeting**

Presented on: July 5, 2023  
Presenter: Stephen Murphy

# Delta Dental PPO Plan Experience

## *Enrollment*

Enrollment by Coverage Tier  
*Per Retiree Per Month*

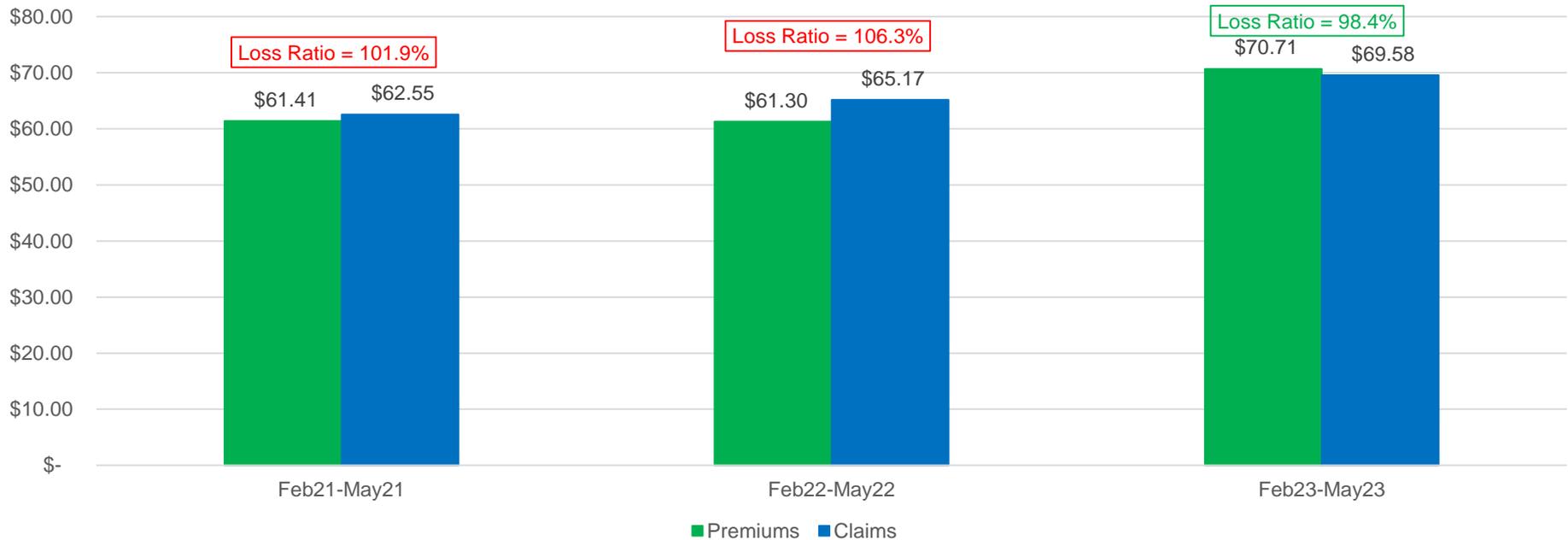


- Delta Dental PPO enrollment has steadily increased during the past three periods
- Coverage Tier distribution has also remained consistent during the past three periods
  - ACERA does not cover dependent premiums, resulting in higher Retiree Only enrollment

# Delta Dental PPO Plan Experience

## *Premiums & Claims – February through May Comparison*

Premiums and Claims (February – May)  
*Per Retiree Per Month*

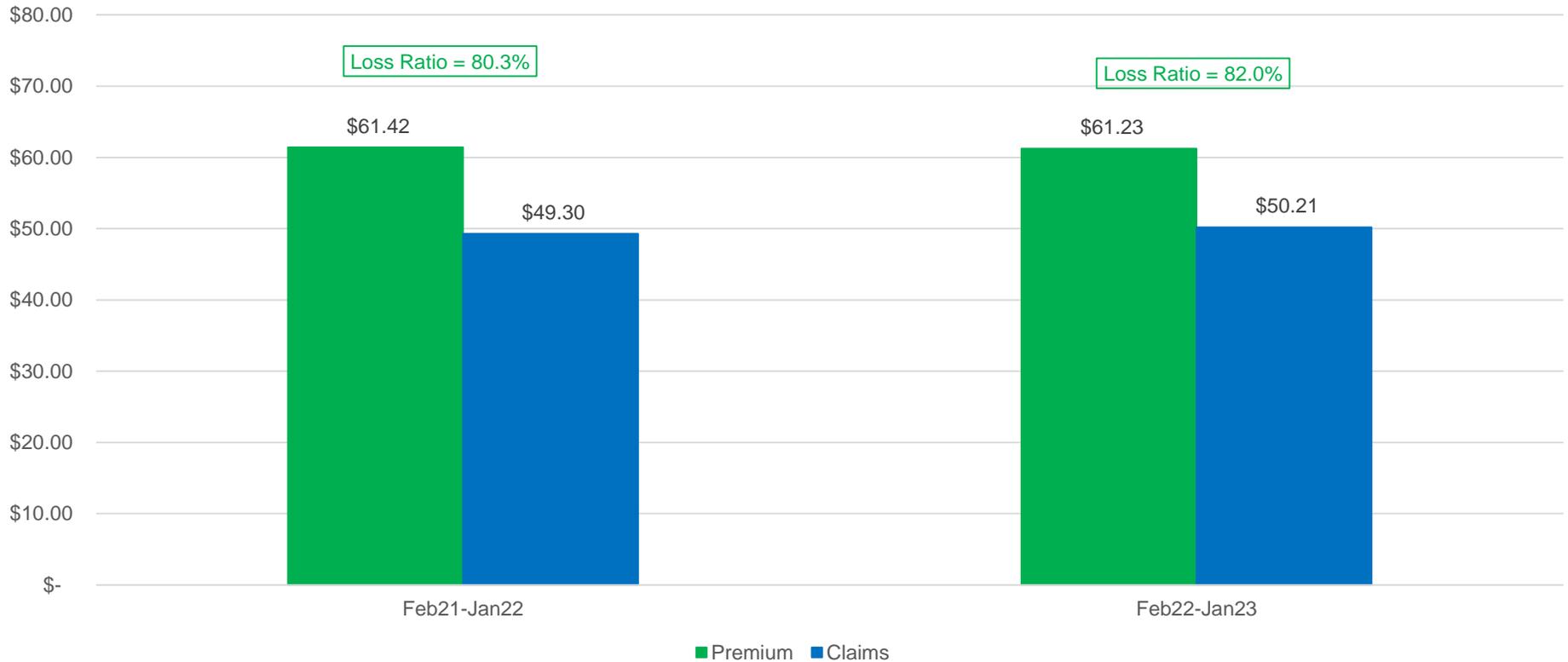


- Plan design features such as annual maximums contribute to seasonal claims fluctuation
  - Dental claims have historically been higher during the first four months of the plan when compared to the entire plan year
- Premiums increased beginning February 1, 2023 due to the following plan enhancements:
  - Diagnostic and Preventive Maximum Waiver
  - Increased Benefit Maximum from \$1,000 to \$1,300 for Premier and Non-Network benefits

# Delta Dental PPO Plan Experience

## *Premiums & Claims – Plan Year Comparison*

Premium and Claims  
*Per Retiree Per Month*

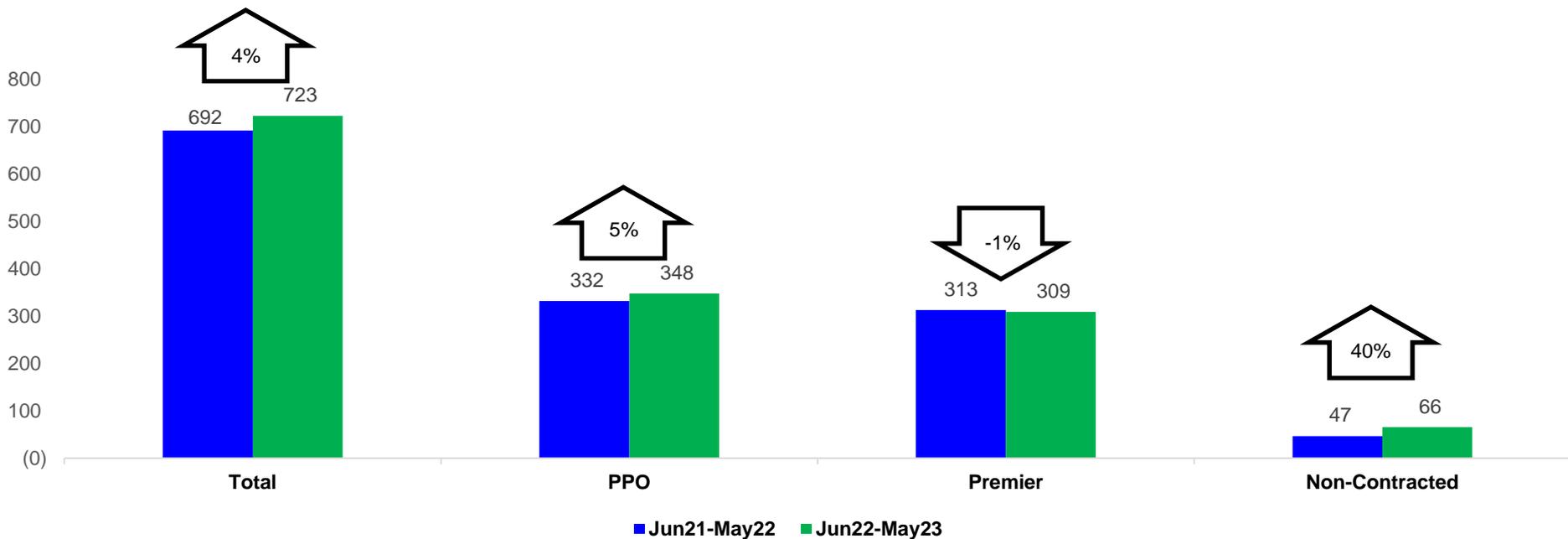


- Loss Ratio remained relatively steady from the prior period to the current period

# Delta Dental PPO Plan Experience

## *Procedure Utilization by Network*

Monthly Procedure Count by Network  
(Per 1,000 Retirees)



- The Year Over Year network provider utilization trend (i.e., PPO and Premier combined) declined from 93.2% during the prior period to 90.9% in the current period, due to an increase in Non-Contracted provider utilization.
- Utilization of Delta Dental network providers results in savings for retirees and ACERA

# Delta Dental PPO Plan Experience

## *Annual Maximum by Network*

	Feb21 – Jan22	Feb22 – Jan23	% Change
<b>PPO (\$1,300 Annual Maximum)</b>			
Total Utilizers (Members)	4,547	4,725	3.9%
Utilizers Reaching Maximum	886	894	0.9%
% Reaching Maximum	19.5%	18.9%	N/A
<b>Premier (\$1,000 Annual Maximum)<sup>(1)</sup></b>			
Total Utilizers (Members)	3,806	3,763	-1.1%
Utilizers Reaching Maximum	734	751	2.3%
% Reaching Maximum	19.3%	20.0%	N/A
<b>Non-Contracted (\$1,000 Annual Maximum)<sup>(1)</sup></b>			
Total Utilizers (Members)	625	804	28.6%
Utilizers Reaching Maximum	43	54	25.6%
% Reaching Maximum	6.9%	6.7%	N/A
<b>Total</b>			
Total Utilizers (Members)	8,978	9,292	3.5%
Utilizers Reaching Maximum	1,663	1,699	2.2%
% Reaching Maximum	18.5%	18.3%	N/A

- Total Utilizers increased by 3.5% for 2022-23
- Total members reaching annual maximum decreased slightly to 18.3% for the 2022-23 plan year
- Members utilizing Delta Dental's PPO network decreased slightly to 50.9%, while members utilizing the Premier network decreased to 40.5% for the 2022-23 plan year, due to an increase in Non-Contracted provider utilization.

(1) Annual Benefit Maximum increased from \$1,000 to \$1,300 (effective February 1, 2023) for Delta Dental Premier and Non-Contracted providers

# Delta Dental PPO Plan Experience

## *Top Three Utilization Category*

	Jun21 – May22	Jun22 – May23	Year over Year % Change
<b>Top Utilization Categories by Approved Claims</b>			
Crowns & Inlays/Onlays	\$2,568,511	\$2,736,614	6.5%
Diagnostic	\$1,663,219	\$1,758,828	5.7%
Implant Services	\$1,452,543	\$1,724,581	18.7%
Preventive	\$1,338,799	\$1,447,110	8.1%
All Other*	\$4,613,291	\$4,890,516	6.0%
<b>Total DPPO Claims</b>	<b>\$11,636,363</b>	<b>\$12,557,648</b>	<b>7.9%</b>
<b>Top Utilization Categories by Procedure Counts</b>			
Diagnostic	34,087	36,975	8.5%
Preventive	17,081	17,955	5.1%
Periodontics	5,202	5,712	9.8%
Restorative	4,659	4,602	-1.2%
All Other*	11,562	12,521	8.3%
<b>Total DPPO Procedures</b>	<b>72,591</b>	<b>77,765</b>	<b>7.1%</b>

- Top four utilization categories by paid claims and procedure counts have remained consistent from the prior period
  - Paid claims for the top four utilization categories consists of approximately 61% of all approved claims
  - Procedure Counts for the top four utilization categories consists of approximately 78% of all approved procedures

\* Includes Basic and Major dental services that did not make the top three list on a paid and procedure count basis.

# Delta Dental PPO Plan Experience

## *Dollar Grade Utilization (Excludes Orthodontics)*

Dollar Range	Jun21 – May22	Jun22 – May23	% Change
<= \$259.99	2,473	2,651	7.2%
\$260 to \$999.99	4,791	4,994	4.2%
\$1,000 to \$1,299.99	846	731	-13.6%
>= \$1,300	921	993	7.8%
<b>Total</b>	<b>9,031</b>	<b>9,369</b>	<b>3.7%</b>

- Total Utilization increased by 3.7%
  - Despite the overall increase in Total Utilization, members requiring services in excess of \$1,300 increased significantly compared to the prior period
- Annual benefit maximum by provider type:
  - \$1,300 Delta Dental PPO provider
  - Increased from \$1,000 to \$1,300 (effective February 1, 2023) for Delta Dental Premier and Non-Contracted providers

# Delta Dental PPO Plan Experience

## *Utilizers by Procedure Count*

Procedure Counts	Jun21 – May22	Jun22 – May23	% Change
No Utilization	3,721	3,769	1.3%
1	226	268	18.6%
2	558	648	16.1%
3	660	718	8.8%
4+	7,546	7,542	-0.1%
<b>Total</b>	<b>12,711</b>	<b>12,945</b>	<b>1.8%</b>

- During the most recent period:
  - Total Procedure Counts increased 1.8% over the prior period
  - 58.3% of members had four or more dental procedures
  - 29.1% of members had no utilization



Alameda County Employees'  
Retirement Association (ACERA)

# VSP Plan Experience

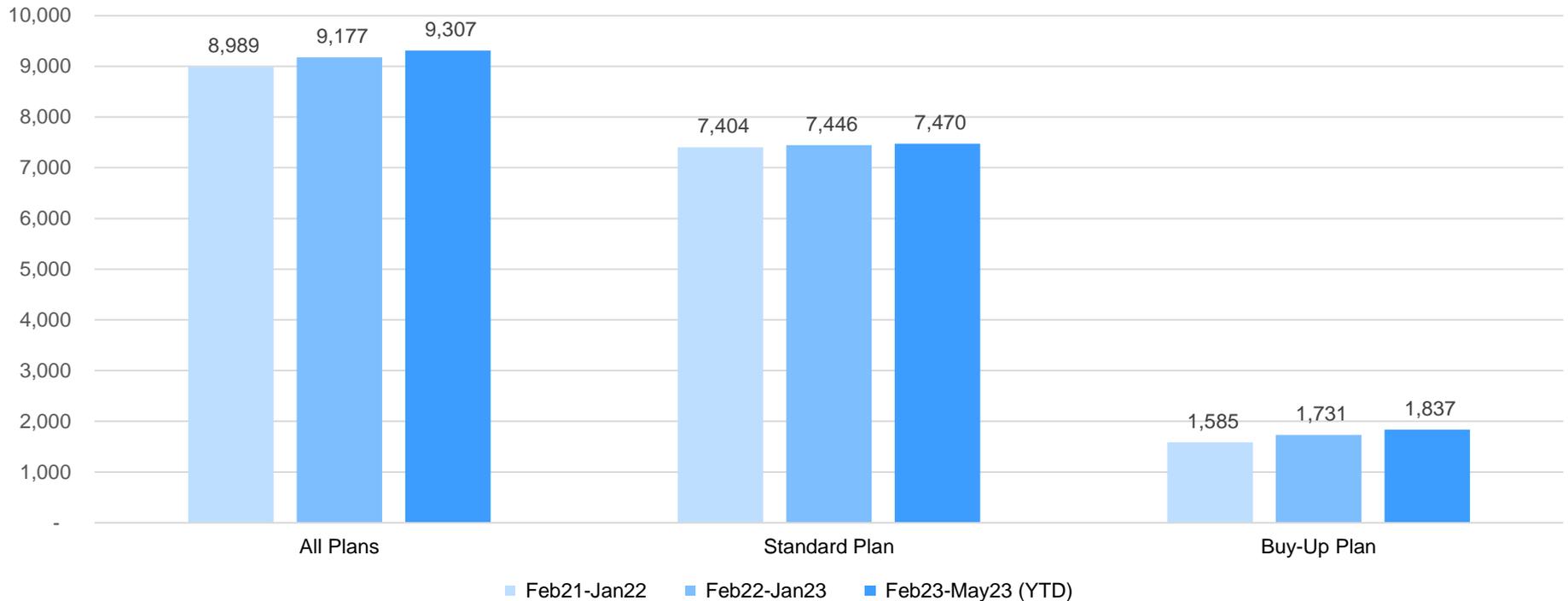
**ACERA Retirees Committee Meeting**

Presented on: July 5, 2023  
Presenter: Stephen Murphy

# VSP Plan Experience

## *Enrollment by Plan*

Enrollment by Plan  
(Per Retiree Per Month)

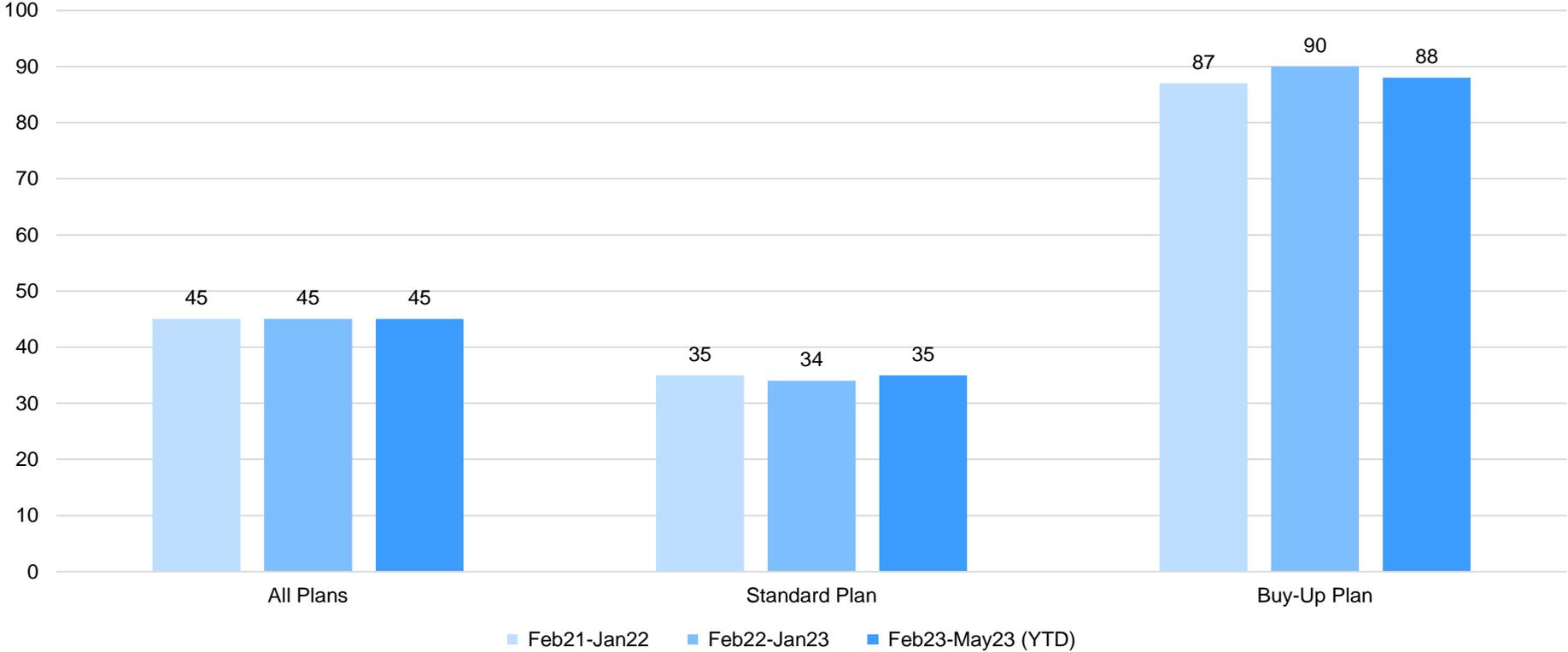


- Average enrollment continues to increase gradually each experience period.
  - Enrollment in the Standard Plan has remained steady.
  - ACERA's Buy-Up plan is gaining in popularity and increased to 20% of total enrollment.

# VSP Plan Experience

## *Claim Frequency by Plan*

### Monthly Claim Frequency (Per 1,000 Retirees)



- Claim frequency for all plans has remained consistent for all periods.

# VSP Plan Experience

## *Utilization Metrics (May 2022 through April 2023)*

<b>Utilization Benchmarks (Standard &amp; Buy-Up Plans)</b>		
	<b>ACERA</b>	<b>VSP Book of Business</b>
Network Utilization	89%	90%
Exam Utilization	33%	41%
<b>Materials - Top 3 Lens Options (Standard &amp; Buy-Up Plans)</b>		
Rank	<b>ACERA</b>	<b>VSP Book of Business</b>
1	Polycarbonate	Anti-Reflective Coating
2	Anti-Reflective Coating	Polycarbonate
3	UV Protection	UV Protection
<b>Frames <sup>(1)</sup></b>		
	<b>Allowance</b>	<b>% with No Out-of-Pocket <sup>(2)</sup></b>
Standard Plan	\$175	28%
Buy-Up Plan	\$250	45%

- ACERA's Exam Utilization of 33% remains unchanged with prior periods, and still trails behind VSP's Book of Business benchmark of 41%.
- Top 3 Lens Material Options have remained consistent with VSP's Book of Business.

<sup>(1)</sup> Frame Allowances for the following plans increased effective February 1, 2023:

-Standard Plan: Frame Allowance increased from \$150 to \$175

-Buy-Up Plan: Frame Allowance increased from \$200 to \$250

<sup>(2)</sup> Includes individuals who selected frames with no out-of-pocket costs.

# VSP Plan Experience

## *Claims by Plan*

Claims by Plan  
(Per Retiree Per Month)

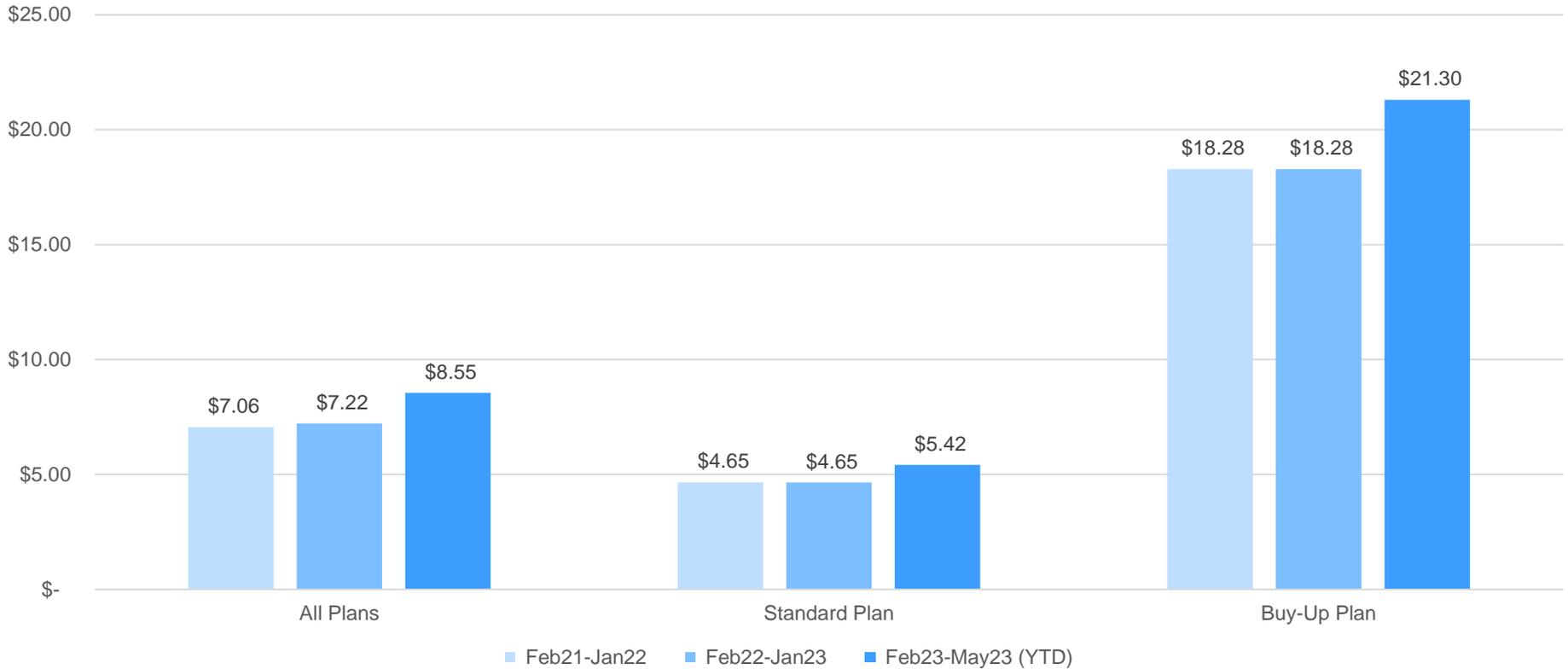


- For all plans, claims for the most recent period increased by 8.5% due to frame allowance enhancements effective February 1, 2023

# VSP Plan Experience

## *Premiums by Plan*

Premiums by Plan  
(Per Retiree Per Month)

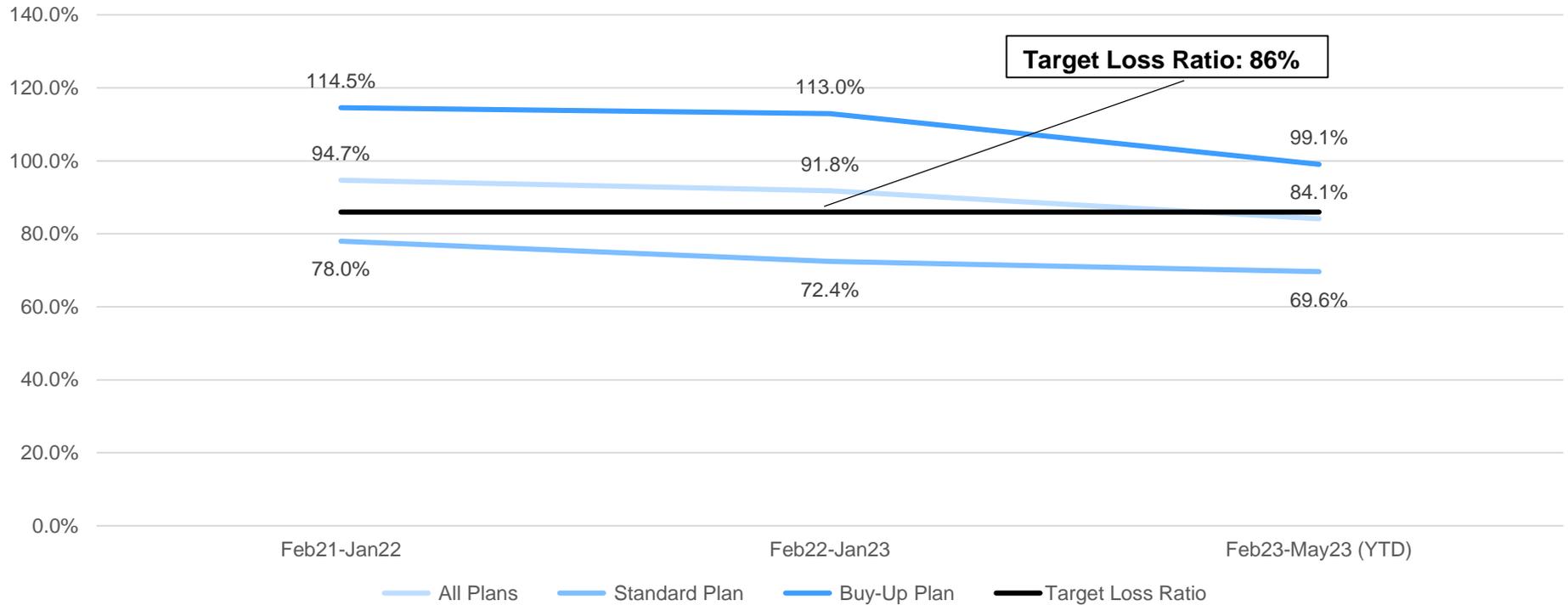


- Premiums for the Standard and Buy-Up plans on a Per Retiree Per Month basis increased by 16.5% due to plan enhancements effective February 1, 2023

# VSP Plan Experience

## *Loss Ratio by Plan*

### Historical Loss Ratio



- The YTD 2023-24 loss ratio for All Plans combined has decreased to 84.1%.
  - The Standard Plan has subsidized the Buy-Up Plan for the past three experience periods.
- The FYE January 31, 2023 loss ratio for All Plans combined decreased to 91.8%.