



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

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

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE PER GOV'T CODE § 54953(e)

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 6, 2022
10:30 a.m.**

| ZOOM INSTRUCTIONS | COMMITTEE MEMBERS | |
|---|-------------------------------|------------------------|
| The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Meeting ID: 879 6337 8479 Password: 699406 Call-in Number: 1 669 900 6833 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193 | LIZ KOPPENHAVER, CHAIR | ELECTED RETIRED |
| | HENRY LEVY, VICE CHAIR | TREASURER |
| | DALE AMARAL | ELECTED SAFETY |
| | KEITH CARSON | APPOINTED |
| | KELLIE SIMON | ELECTED GENERAL |

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.

The order of agenda items 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 available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 4 – Wednesday, July 6, 2022

Call to Order: 10:30 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 2023 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 2023. 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.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2023 Group Plan Monthly Medical Allowance (MMA) by 3.25% 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 \$616.12 for the Plan Year 2023. 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 2023 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 2023 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.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2023 Individual Plan Monthly Medical Allowance (MMA) by 3.25% 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 6, 2022

health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$616.12 for Plan Year 2023. 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 2023 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 2023 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.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2023 Individual Plan Monthly Medical Allowance (MMA) by 3.25% 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 \$471.99 for Plan Year 2023. 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

Staff will report on claims experience and plan utilization for ACERA retirees enrolled in ACERA-sponsored Dental and Vision Plans.

- Kathy Foster
- Segal

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 4 of 4 – Wednesday, July 6, 2022

2. Report on Dental and Vision Plans Renewal Information for 2023

Staff will provide estimated cost information for enhancements to the Dental and Vision Plans benefits in consideration for Plan Year 2023 renewals.

- Kathy Foster
- Segal

3. Miscellaneous Updates

Staff will update the Committee on any recent benefit issues affecting ACERA retirees.

- Ismael Piña
- Jessica Huffman

Trustee Remarks

Future Discussion Items

- Adoption of Dental Plan Contributions for 2023
- Adoption of Vision Plan Contributions for 2023

Establishment of Next Meeting Date

August 3, 2022, at 10:30 a.m.

Adjournment



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 6, 2022

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer *Kathy Foster*

SUBJECT: **Monthly Medical Allowance for 2023**

Last month, Staff provided information regarding the Monthly Medical Allowance (MMA) for 2023. Staff provided the cost impacts to the MMA as a result of leaving the amount at the current rate or increasing the MMA by 3.25% for 2023. 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 | |
|-----------|---------------|-------------------------------|--------------|
| 2022 | \$596.73 | Current premiums and MMA: | \$23,944,946 |
| 2023 | \$596.73 | Increase in premiums only: | \$24,929,389 |
| 2023 | \$616.12 | Increase in premiums and MMA: | \$25,215,319 |

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 | 32 | \$ 298.37 | \$ 3,580.44 | \$ 114,574.08 |
| 15 - 19 Years | 46 | \$ 447.55 | \$ 5,370.60 | \$ 247,047.60 |
| 20 + Years | 252 | \$ 596.73 | \$ 7,160.76 | \$ 1,804,511.52 |
| Totals | 330 | | | \$ 2,166,133.20 |
| Totals with 3.25% Increase | 330 | | | \$ 2,236,515.60 |

INDIVIDUAL PLAN COSTS – Medicare Eligible Retirees

| Years of Service Category | Number of Members | Monthly MMA Amount | Annual MMA Amount | Maximum Annual MMA Amount |
|-----------------------------------|--------------------------|---------------------------|--------------------------|----------------------------------|
| 10 - 14 Years | 196 | \$ 228.57 | \$ 2,742.84 | \$ 537,596.64 |
| 15 - 19 Years | 208 | \$ 342.85 | \$ 4,114.20 | \$ 855,753.60 |
| 20 + Years | 965 | \$ 457.13 | \$ 5,485.56 | \$ 5,293,565.40 |
| Totals | 1,369 | | | \$ 6,686,915.64 |
| Totals with 3.25% Increase | 1,369 | | | \$ 6,904,275.24 |

According to the numbers compiled above, ACERA’s current total estimated annual costs are \$32,797,995. 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 \$34,356,110. The total estimated increase would be \$1,558,115 (\$984,443 due to group plans premium increase and \$573,672 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 2023 were discussed as follows:

- The Supplemental Retiree Benefit Reserve (SRBR) is projected to have a current lifespan of 23 years, based on the preliminary report from Segal, ACERA’s Actuary.
- In 2021, \$254,739,718 was credited to the SRBR (includes interest credited at the assumed rate of return of 3.5000% for regular earnings, and at the rate of 10.6810% for excess earnings).
- The Implicit Subsidy for 2022 is estimated to be about \$2,388,000 higher than the cost for 2021.
- Annual payee numbers are increasing by about 3% on average.
- ACERA’s overall SRBR costs increased by 1.43% in 2021 compared to a 3.77% increase in 2020.

At the June 16, 2022 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 2022. Based on the information provided, assuming the fund would earn a market return of 7.0% in 2022, it is projected that the SRBR assets would increase from \$1,135 million as of December 31, 2021 to about \$1,316 million as of December 31, 2022, with approximately \$157 million of excess earnings expected to be credited to the SRBR in 2022. Under this scenario, the terminal year for Other Post-Employment Benefits (OPEB) is projected to increase from 2045 (i.e., 23 full years and 1 partial year) as of December 31, 2021 to 2050 (i.e., 27 full years and 1 partial year) as of December 31, 2022. In addition, the terminal year for non-OPEB benefits is projected to increase from 2043 (i.e., 21 full years and 1 partial year) as of December 31, 2021 to 2045 (i.e., 22 full years and 1 partial year) as of December 31, 2021.

Assuming the fund were to earn 0% in 2022, the terminal year for the OPEB benefits would still be expected to increase to 2048 (i.e., 25 full years and 1 partial year). The terminal year for the non-OPEB benefits would still be expected to increase to 2044 (i.e., 21 full years and 1 partial year),

Based on the analysis and information provided, Staff's recommendation is to increase the MMA for 2023 by 3.25%.

Recommendation Number One

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2023 Group Plan Monthly Medical Allowance (MMA) by 3.25% 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 \$616.12 for the Plan Year 2023. 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 2023 Individual Plan Monthly Medical Allowance (MMA) by 3.25% 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 \$616.12 for Plan Year 2023. 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 2023 Individual Plan Monthly Medical Allowance (MMA) by 3.25% 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 \$471.99 for Plan Year 2023. 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.

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2022

Current Premiums and MMA

| Plan | Years of Service | Under 10 Years | 10 - 14 Years | 15 - 19 Years | 20 + Years | Total Enrolled |
|---|--|--------------------|------------------|------------------|------------------|----------------|
| | 2022 MMA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| Early Retirees Plans | | | | | | |
| Kaiser Permanente HMO (Early Retirees) | Projected # Enrolled (2022 plan year) | 1 | 45 | 68 | 781 | 895 |
| | Total Premium (2022) | \$ 843.16 | \$ 843.16 | \$ 843.16 | \$ 843.16 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| | Projected Premium Paid by Retiree | \$ 843.16 | \$ 544.79 | \$ 395.61 | \$ 246.43 | |
| UnitedHealthcare SignatureValue HMO (Early Retirees) | Projected # Enrolled (2022 plan year) | 2 | 2 | 6 | 72 | 82 |
| | Total Premium (2022) | \$ 1,184.32 | \$ 1,184.32 | \$ 1,184.32 | \$ 1,184.32 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| | Projected Premium Paid by Retiree | \$ 1,184.32 | \$ 885.95 | \$ 736.77 | \$ 587.59 | |
| UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) | Projected # Enrolled (2022 plan year) | 0 | 4 | 6 | 54 | 64 |
| | Total Premium (2022) | \$ 781.42 | \$ 781.42 | \$ 781.42 | \$ 781.42 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| | Projected Premium Paid by Retiree | \$ 781.42 | \$ 483.05 | \$ 333.87 | \$ 184.69 | |
| Total Plan Enrollees (Early Retirees) | | | | | | 1041 |
| Kaiser Senior Advantage Medicare Plan | | | | | | |
| Kaiser Senior Advantage | Projected # Enrolled (2022 plan year) | 34 | 473 | 554 | 3110 | 4171 |
| | Total Premium (2022) | \$ 344.44 | \$ 344.44 | \$ 344.44 | \$ 344.44 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 344.44 | \$ 344.44 | |
| | Projected Premium Paid by Retiree | \$ 344.44 | \$ 46.07 | 0.00 | 0.00 | |
| Total Kaiser Senior Advantage Medicare Plan Enrollees | | | | | | 4171 |

Total Projected Annual Cost: \$23,944,946

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

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 (2023) MMA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| Early Retirees Plans | | | | | | |
| Kaiser Permanente HMO (Early Retirees) <i>Assumes 7.5% Increase</i> | Projected # Enrolled (2022 plan year) | 1 | 45 | 68 | 781 | 895 |
| | Total Premium (2023) | \$ 906.40 | \$ 906.40 | \$ 906.40 | \$ 906.40 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| | Projected Premium Paid by Retiree | \$ 906.40 | \$ 608.03 | \$ 458.85 | \$ 309.67 | |
| UnitedHealthcare SignatureValue HMO (Early Retirees) <i>Assumes 7.5% Increase</i> | Projected # Enrolled (2022 plan year) | 2 | 2 | 6 | 72 | 82 |
| | Total Premium (2023) | \$ 1,273.14 | \$ 1,273.14 | \$ 1,273.14 | \$ 1,273.14 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| | Projected Premium Paid by Retiree | \$ 1,273.14 | \$ 974.77 | \$ 825.59 | \$ 676.41 | |
| UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) <i>Assumes 7.5% Increase</i> | Projected # Enrolled (2022 plan year) | 0 | 4 | 6 | 54 | 64 |
| | Total Premium (2023) | \$ 840.03 | \$ 840.03 | \$ 840.03 | \$ 840.03 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 447.55 | \$ 596.73 | |
| | Projected Premium Paid by Retiree | \$ 840.03 | \$ 541.66 | \$ 392.48 | \$ 243.30 | |
| Total Plan Enrollees (Early Retirees) | | | | | | 1041 |
| Kaiser Senior Advantage Medicare Plan | | | | | | |
| Kaiser Senior Advantage <i>Assumes 6.5% Increase</i> | Projected # Enrolled (2022 plan year) | 34 | 473 | 554 | 3110 | 4171 |
| | Total Premium (2023) | \$ 366.83 | \$ 366.83 | \$ 366.83 | \$ 366.83 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 298.37 | \$ 366.83 | \$ 366.83 | |
| | Projected Premium Paid by Retiree | \$ 366.83 | \$ 68.46 | 0.00 | 0.00 | |
| Total Kaiser Senior Advantage Medicare Plan Enrollees | | | | | | 4171 |

Total Projected Annual Cost: \$24,929,389

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

Assumes 3.25% 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 (2023) MMA | \$ - | \$ 308.06 | \$ 462.09 | \$ 616.12 | |
| Early Retirees Plans | | | | | | |
| Kaiser Permanente HMO (Early Retirees) <i>Assumes 7.5% Increase</i> | Projected # Enrolled (2022 plan year) | 1 | 45 | 68 | 781 | 895 |
| | Total Premium (2023) | \$ 906.40 | \$ 906.40 | \$ 906.40 | \$ 906.40 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 308.06 | \$ 462.09 | \$ 616.12 | |
| | Projected Premium Paid by Retiree | \$ 906.40 | \$ 598.34 | \$ 444.31 | \$ 290.28 | |
| UnitedHealthcare SignatureValue HMO (Early Retirees) <i>Assumes 7.5% Increase</i> | Projected # Enrolled (2022 plan year) | 2 | 2 | 6 | 72 | 82 |
| | Total Premium (2023) | \$ 1,273.14 | \$ 1,273.14 | \$ 1,273.14 | \$ 1,273.14 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 308.06 | \$ 462.09 | \$ 616.12 | |
| | Projected Premium Paid by Retiree | \$ 1,273.14 | \$ 965.08 | \$ 811.05 | \$ 657.02 | |
| UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) <i>Assumes 7.5% Increase</i> | Projected # Enrolled (2022 plan year) | 0 | 4 | 6 | 54 | 64 |
| | Total Premium (2023) | \$ 840.03 | \$ 840.03 | \$ 840.03 | \$ 840.03 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 308.06 | \$ 462.09 | \$ 616.12 | |
| | Projected Premium Paid by Retiree | \$ 840.03 | \$ 531.97 | \$ 377.94 | \$ 223.91 | |
| Total Plan Enrollees (Early Retirees) | | | | | | 1041 |
| Kaiser Senior Advantage Medicare Plan | | | | | | |
| Kaiser Senior Advantage <i>Assumes 6.5% Increase</i> | Projected # Enrolled (2022 plan year) | 34 | 473 | 554 | 3110 | 4171 |
| | Total Premium (2023) | \$ 366.83 | \$ 366.83 | \$ 366.83 | \$ 366.83 | |
| | Projected Subsidy Paid by ACERA | \$ - | \$ 308.06 | \$ 366.83 | \$ 366.83 | |
| | Projected Premium Paid by Retiree | \$ 366.83 | \$ 58.77 | 0.00 | 0.00 | |
| Total Kaiser Senior Advantage Medicare Plan Enrollees | | | | | | 4171 |

Total Projected Annual Cost: \$25,215,319



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 6, 2022

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Kathy Foster".

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

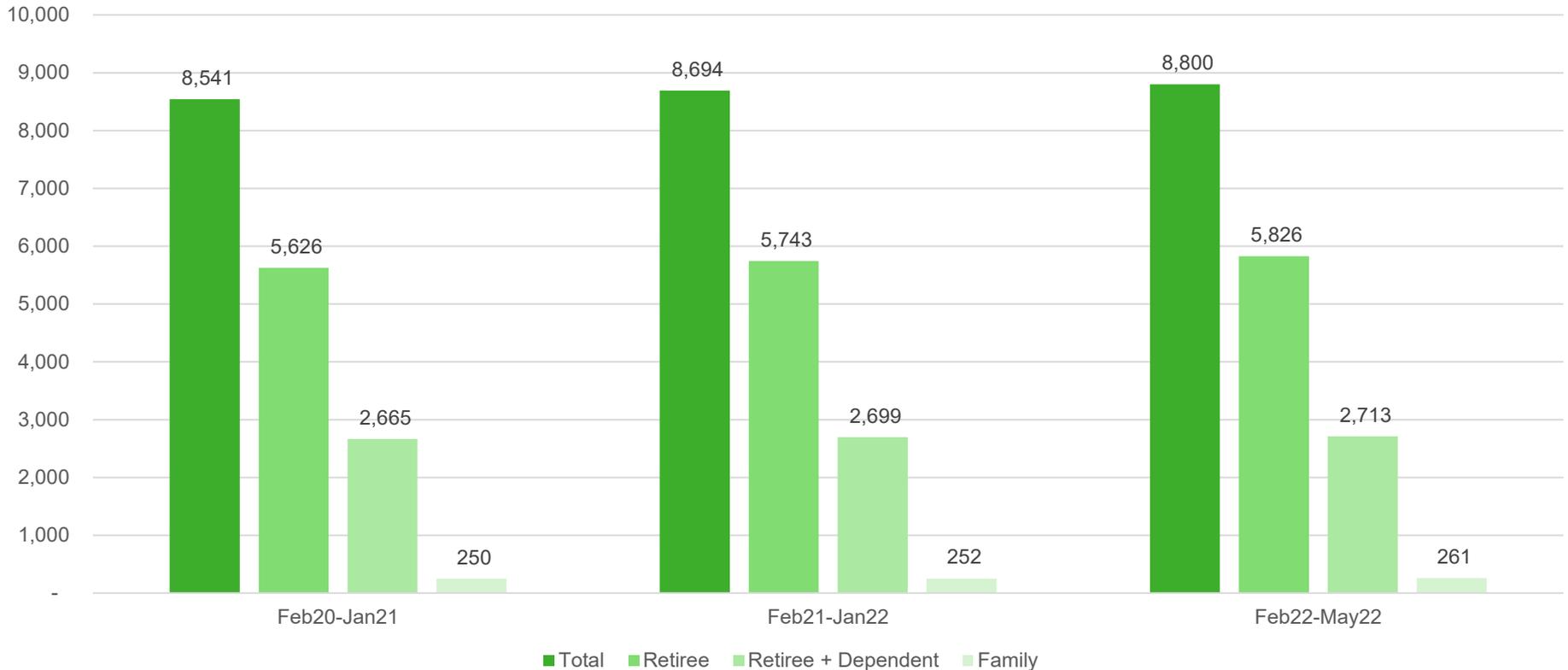
ACERA Retirees Committee Meeting

Presented on: July 6, 2022
Presenter: Stephen Murphy

Delta Dental PPO Plan Experience

Enrollment

Enrollment by Coverage Tier
Per Retiree Per Month

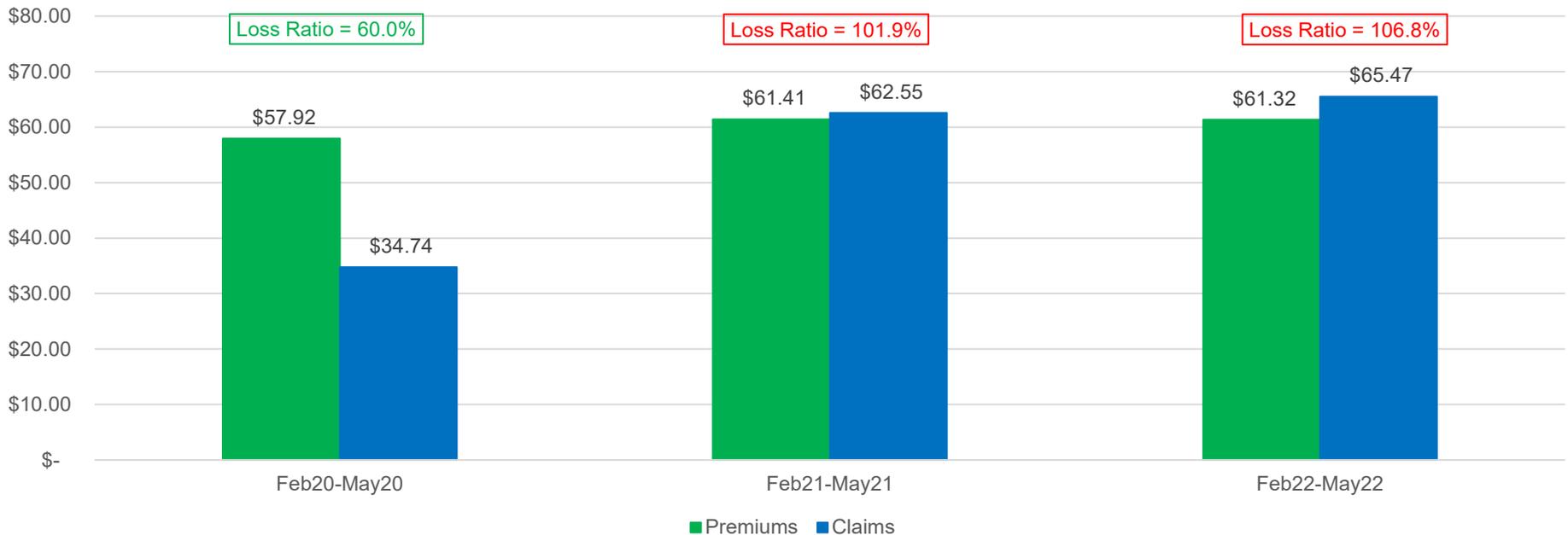


- Delta Dental PPO enrollment has steadily increased during the past three periods
- Coverage Tier distribution has also remained consistent during the past three periods
 - ACERA does not cover dependent premiums, resulting in higher Retiree Only enrollment

Delta Dental PPO Plan Experience

Premiums & Claims – February through May Comparison

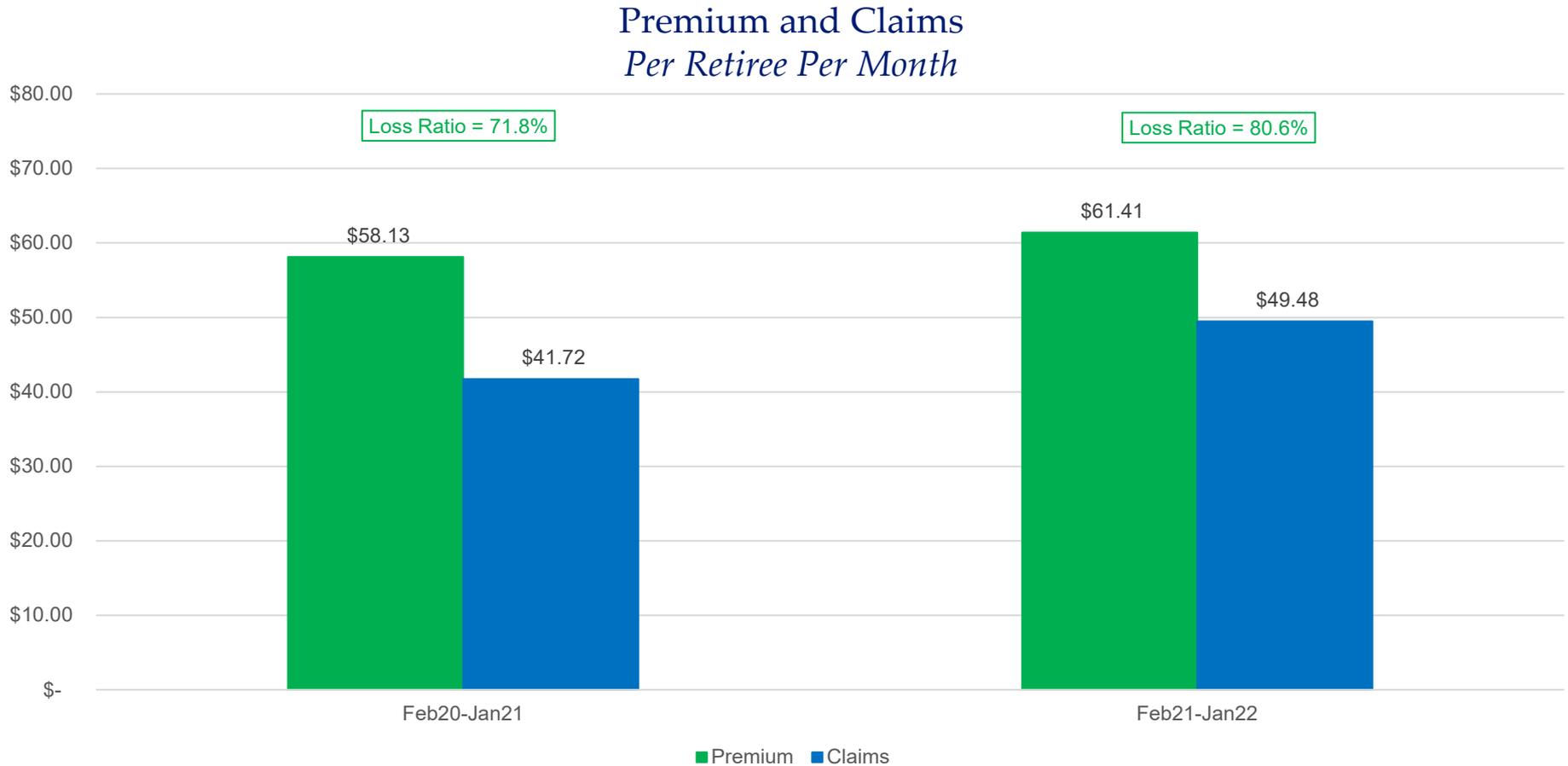
Premiums and Claims (February – May)
Per Retiree Per Month



- 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
- Feb-May 2020 claims activity was suppressed due to the suspension of non-essential health care services during the COVID-19 pandemic

Delta Dental PPO Plan Experience

Premiums & Claims – Plan Year Comparison



- Loss Ratio increased from 2020-21 to 2021-22 as the suspension of non-essential health care services was lifted after the COVID-19 pandemic

Delta Dental PPO Plan Experience

Procedure Utilization by Network

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



- The increase in Monthly Procedures Per Retiree during the most recent period reflects a post-pandemic return to normal claim activity
- Utilization of Delta Dental PPO providers results in deeper savings for retirees and ACERA

Delta Dental PPO Plan Experience

Annual Maximum by Network

| | Feb20 – Jan21 | Feb21 – Jan22 | % Change |
|--|---------------|---------------|----------|
| PPO (\$1,300 Annual Maximum) | | | |
| Total Utilizers (Members) | 4,101 | 4,642 | 13.2% |
| Utilizers Reaching Maximum | 691 | 878 | 27.1% |
| % Reaching Maximum | 16.8% | 18.9% | N/A |
| Premier (\$1,000 Annual Maximum) | | | |
| Total Utilizers (Members) | 3,623 | 3,883 | 7.2% |
| Utilizers Reaching Maximum | 602 | 733 | 21.8% |
| % Reaching Maximum | 16.6% | 18.9% | N/A |
| Non-Contracted (\$1,000 Annual Maximum) | | | |
| Total Utilizers (Members) | 339 | 429 | 26.5% |
| Utilizers Reaching Maximum | 27 | 41 | 51.9% |
| % Reaching Maximum | 8.0% | 9.6% | N/A |
| Total | | | |
| Total Utilizers (Members) | 8,063 | 8,954 | 11.1% |
| Utilizers Reaching Maximum | 1,320 | 1,652 | 25.2% |
| % Reaching Maximum | 16.4% | 18.4% | N/A |

- Total Utilizers increased by 11.1% for 2021-22
- Total members reaching annual maximum increased to 18.4% for the 2021-22 plan year
- Members utilizing Delta Dental's PPO network increased slightly to 51.8%, while members utilizing the Premier network decreased slightly to 43.4%

Delta Dental PPO Plan Experience

Top Three Utilization Category

| | Jun20 – May21 | Jun21 – May22 | Year over Year % Change |
|---|---------------------|---------------------|----------------------------|
| Top Utilization Categories by Approved Claims | | | |
| Crowns & Inlays/Onlays | \$2,333,963 | \$2,573,593 | 10.3% |
| Diagnostic | \$1,580,890 | \$1,663,219 | 5.2% |
| Implant Services | \$1,285,494 | \$1,452,543 | 13.0% |
| Preventive | \$1,232,621 | \$1,338,799 | 8.6% |
| All Other* | \$4,242,827 | \$4,622,927 | 9.0% |
| Total DPPO Claims | \$10,675,794 | \$11,651,081 | 9.1% |
| Top Utilization Categories by Procedure Counts | | | |
| Diagnostic | 32,355 | 34,087 | 5.4% |
| Preventive | 16,571 | 17,081 | 3.1% |
| Periodontics | 4,452 | 5,211 | 17.0% |
| Restorative | 581 | 635 | 9.3% |
| All Other* | 14,624 | 15,595 | 6.6% |
| Total DPPO Procedures | 68,583 | 72,609 | 5.9% |

- Increase in Total Paid Claims and Procedure Counts as COVID-19 restrictions were eased.
- Top four utilization categories by paid claims and procedure counts have remained consistent from the prior period

* 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 | Jun20 – May21 | Jun21 – May22 | % Change |
|-----------------------|---------------|---------------|-------------|
| <= \$259.99 | 2,069 | 2,473 | 19.5% |
| \$260 to \$999.99 | 4,417 | 4,791 | 8.5% |
| \$1,000 to \$1,299.99 | 806 | 846 | 5.0% |
| >= \$1,300 | 1,012 | 921 | -9.0% |
| Total | 8,304 | 9,031 | 8.8% |

- Total Utilization increased by 8.8%, as COVID restrictions were eased.
 - Despite the overall increase in Total Utilization, members requiring services in excess of \$1,300 was down significantly compared to the prior period
- Annual maximum by provider type:
 - \$1,300 Delta Dental PPO provider
 - \$1,000 Delta Dental Premier and Non-Contracted providers

Delta Dental PPO Plan Experience

Utilizers by Procedure Count

| Procedure Counts | Jun20 – May21 | Jun21 – May22 | % Change |
|------------------|---------------|---------------|-------------|
| No Utilization | 4,129 | 3,859 | -6.5% |
| 1 | 216 | 260 | 20.4% |
| 2 | 474 | 615 | 29.7% |
| 3 | 595 | 715 | 20.2% |
| 4+ | 7,041 | 7,259 | 3.1% |
| Total | 12,455 | 12,708 | 2.0% |

- During the most recent period :
 - Total Procedure Counts increased 2.0%, as COVID-19 restrictions were relaxed
 - 57.1% of members had four or more dental procedures
 - 30.4% of members had no utilization



Alameda County Employees'
Retirement Association (ACERA)

VSP Plan Experience

ACERA Retirees Committee Meeting

Presented on: July 6, 2022
Presenter: Stephen Murphy

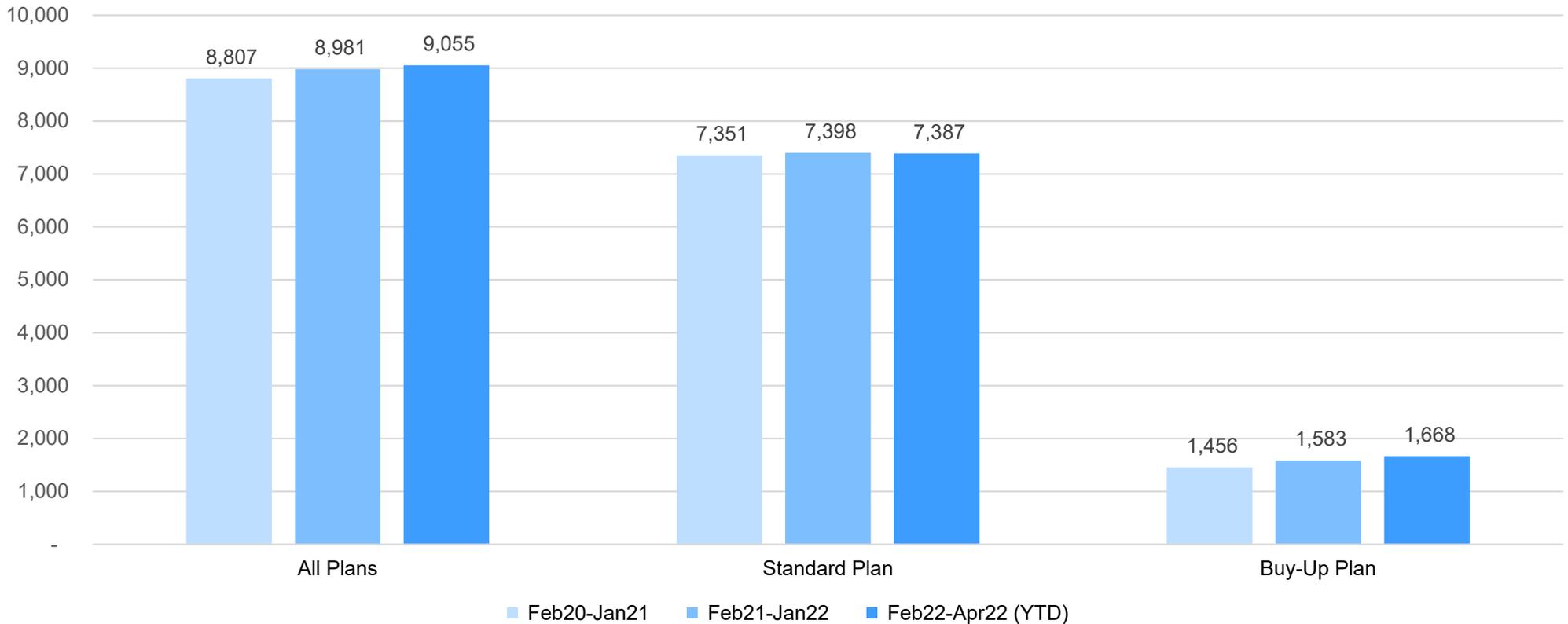
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VSP Plan Experience

Enrollment by Plan

Enrollment by Plan
(Per Retiree Per Month)

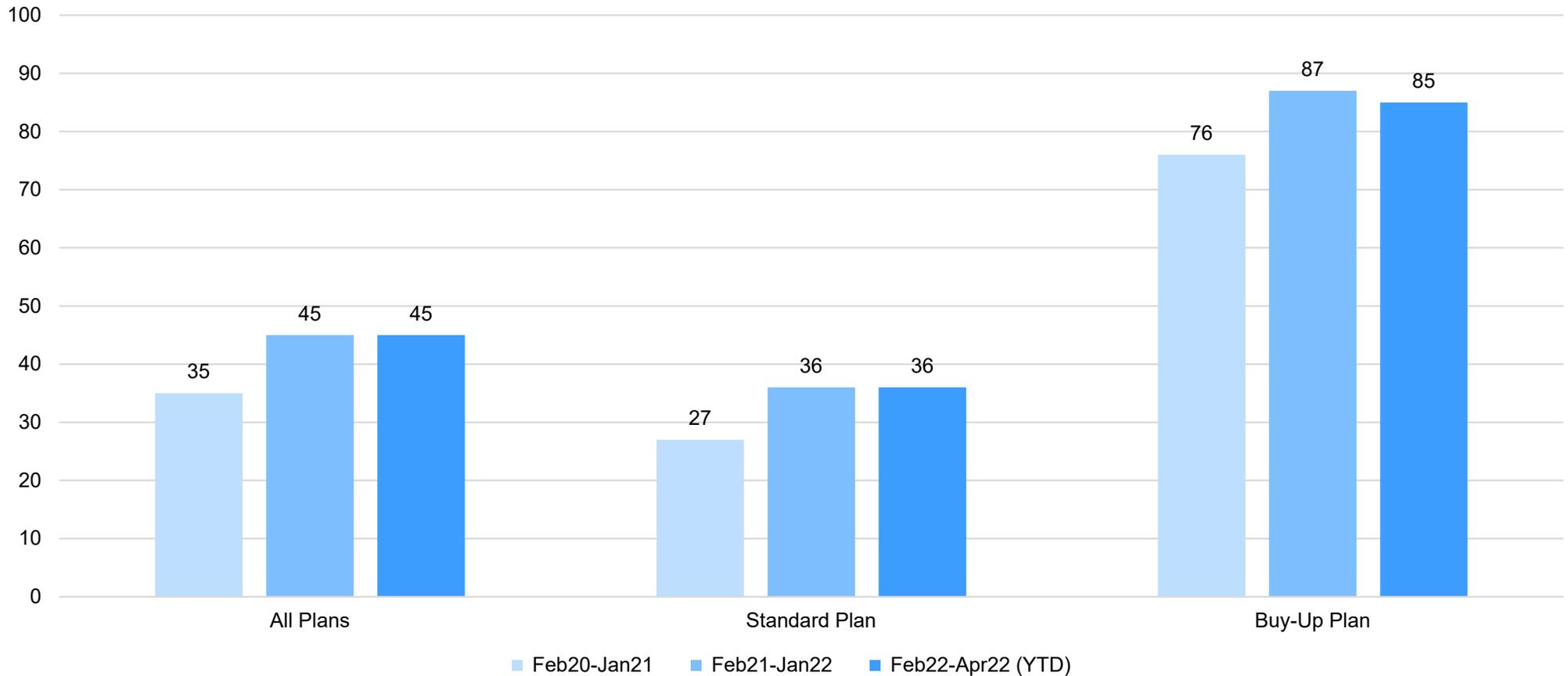


- Total Vision Enrollment continues to increase gradually each experience period.
 - Enrollment in the Standard Plan has remained steady.
 - ACERA’s Buy-Up plan is gaining in popularity and now represents 18% of total enrollment.

VSP Plan Experience

Claim Frequency by Plan

Monthly Claim Frequency
(Per 1,000 Retirees)



- Claim frequency for all plans during the current plan year has remained consistent.
- Claim frequency for all plans increased approximately 29% from FYE January 31, 2021 to FYE January 31, 2022, as non-essential health care services resumed after COVID-19 restrictions

VSP Plan Experience

Utilization Metrics

| Utilization Benchmarks (Standard & Buy-Up Plans) | | |
|--|----------------------------|--|
| | ACERA | VSP Book of Business |
| Network Utilization | 89% | 90% |
| Exam Utilization | 33% | 41% |
| Materials - Top 3 Lens Options (Standard & Buy-Up Plans) | | |
| Feb19 – Jan20 | Feb20 - Jan21 | Feb21 - Jan22 |
| 1. Polycarbonate | 1. Polycarbonate | 1. Polycarbonate |
| 2. UV Protection | 2. UV Protection | 2. UV Protection |
| 3. Anti-Reflective Coating | 3. Anti-Reflective Coating | 3. Anti-Reflective Coating |
| Frames | | |
| | Allowance | % with No Out-of-Pocket ⁽¹⁾ |
| Standard Plan | \$150 | 27% |
| Buy-Up Plan | \$200 | 46% |

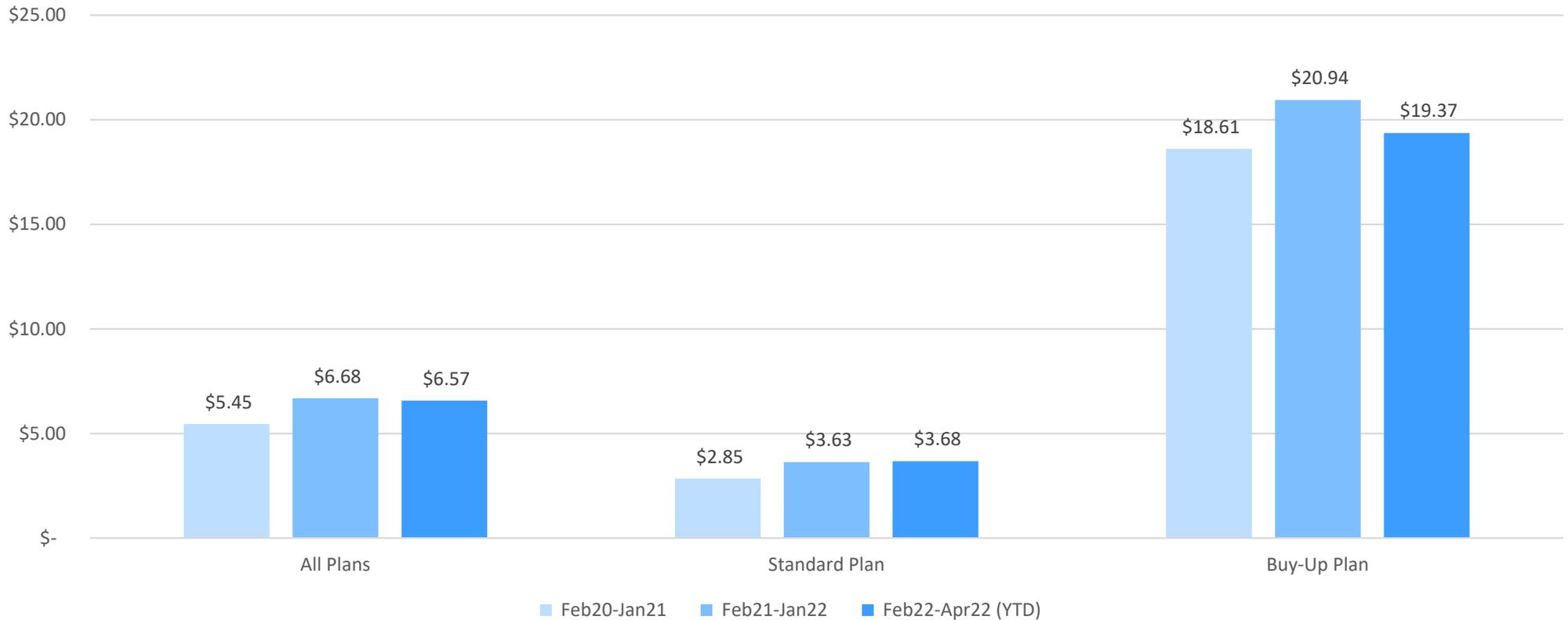
- ACERA's Exam Utilization of 33% decreased slightly with prior periods, and still trails behind VSP's Book of Business benchmark of 41%.
- Top 3 Lens Material Options have remained consistent during the past three plan periods.
- Buy-Up plan members purchasing frames with no Out-of-Pocket costs declined compared to the prior period.

⁽¹⁾ Includes individuals who selected frames with no out-of-pocket costs.

VSP Plan Experience

Claims by Plan

Claims by Plan
(Per Retiree Per Month)

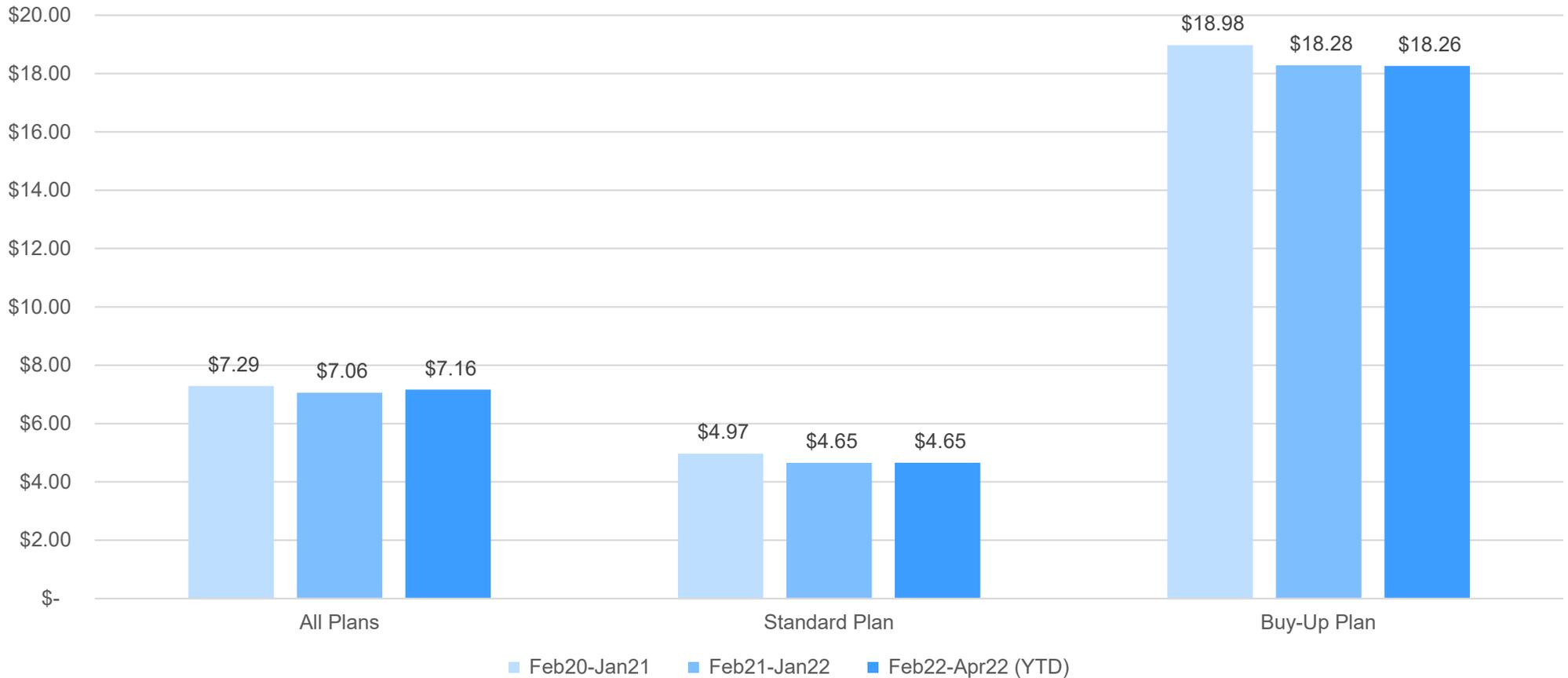


- Claims paid on a Per Retiree Per Month basis for All Plans combined during the most recent period have decreased by approximately 2%, with the steepest decline associated with the Buy-Up plan.

VSP Plan Experience

Premiums by Plan

Premiums by Plan
(Per Retiree Per Month)

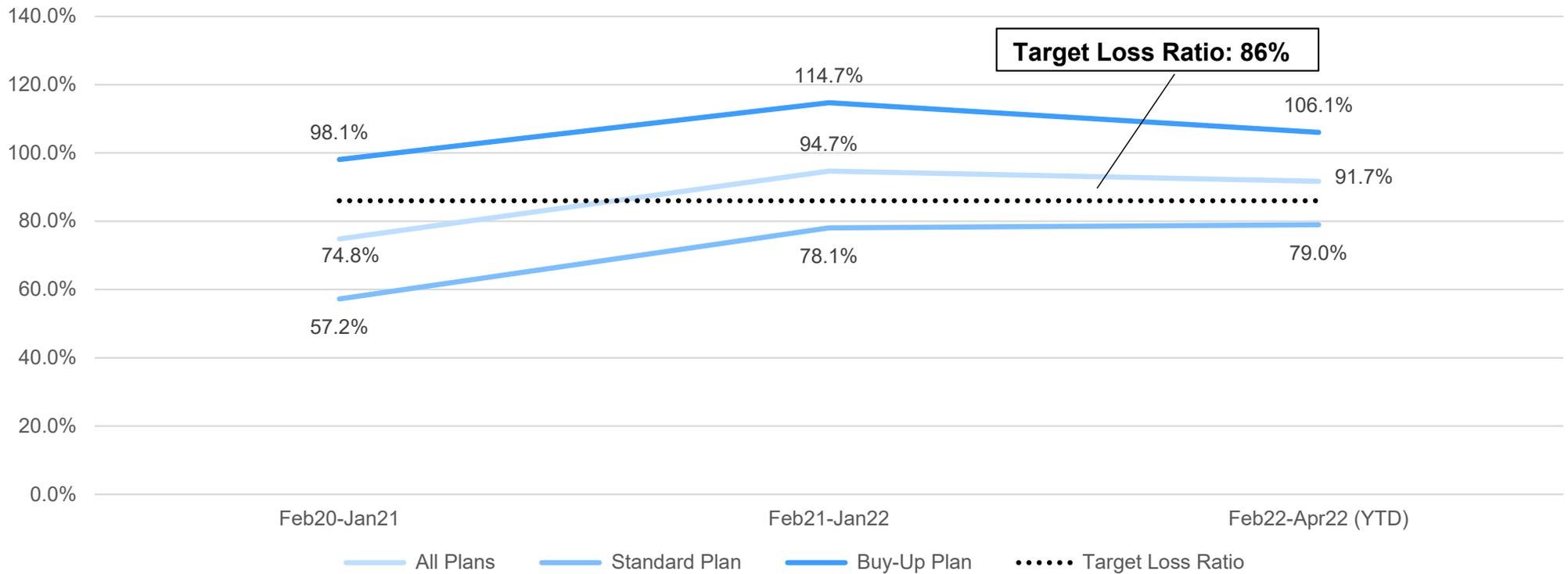


- Overall premiums on a Per Retiree Per Month basis were approximately 1.5% higher than the prior period, due to increased Buy-Up plan participation.

VSP Plan Experience

Loss Ratio by Plan

Historical Loss Ratio



- The YTD 2022-23 loss ratio for All Plans combined has decreased to 91.7%.
 - The Standard Plan has subsidized the Buy-Up Plan for the past three experience periods.
- The FYE January 31, 2022 loss ratio for All Plans combined increased to 94.7% , as non-essential health care services resumed after COVID-19 restrictions.



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 6, 2022

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Kathy Foster".

SUBJECT: **Report on Dental and Vision Plans Renewal Information for 2023**

Segal, ACERA's Benefits Consultant, will review the attached dental and vision plans presentations, and discuss estimated cost information for various enhancement options to the benefits in consideration for the Plan Year 2023 renewals.

Below are the current dental and vision plans monthly premiums for Plan Year 2023, if no changes are made to the plans:

- Dental Plans – three year premium rate guarantee February 1, 2021 through January 31, 2024:
 - Delta Dental PPO – \$44.15
 - DeltaCare USA – \$22.18

- Vision Plan – five year premium rate guarantee February 1, 2021 through January 31, 2026:
 - Base Plan – \$3.97

Attachments (2)



Alameda County Employees'
Retirement Association (ACERA)

Delta Dental PPO Renewal Information

ACERA Retirees Committee Meeting

Presented on: July 6, 2022
Presenter: Stephen Murphy

Plan Enhancement Overview

- As of December 31, 2020, ACERA's Supplemental Retiree Benefits Reserve (SRBR) actuarial value of assets (AVA) is approximately \$892 million which includes medical, dental and vision benefits
 - Dental and Vision benefits represent 8.7% or approximately \$77.2 million of total AVA
- At the direction of ACERA staff, Segal solicited the following prospective Dental PPO plan enhancements from Delta Dental:
 - Waive Diagnostic and Preventive (D&P) services from being applied to the Annual Benefit Maximum (ABM)
 - D&P services are currently covered at no charge, but their costs reduce the ABM by as much as \$350 annually
 - Waiving D&P services from the ABM would encourage routine dental visits, promote oral health, and increase the value of the current ABM from \$1,300 to approximately \$1,600
 - Increase ABM
 - Replicate Alameda County's Active Dental PPO plan

Delta Dental DPPO Plan Options

Diagnostic & Preventive Services Waiver Illustration

| | Current DPPO Plan | Option 1 – Diagnostic and Preventive (D&P) Services Waiver | Option 2 – Increase Benefit Maximum to \$1,500 |
|--|--------------------|--|--|
| Annual Benefit Maximum | \$1,300 | \$1,300 | \$1,500 |
| D&P Waiver (Yes/No) | No | Yes | No |
| Annual Estimated Network D&P Services ^{1, 2} | \$350 | \$350 | \$350 |
| Remaining Annual Benefit Maximum | \$950 | \$1,300 | \$1,150 |
| Projected Annual Premium ³ | \$6,820,000 | \$7,348,000 | \$7,911,000 |
| \$ Change from Current Plan | | \$564,000 | \$1,091,000 |
| % Change from Current Plan | | 8.3% | 16.0% |
| Projected Annual ACERA Contributions ³ | \$4,801,000 | \$5,198,000 | \$5,569,000 |
| \$ Change from Current Plan | | \$397,000 | \$768,000 |
| % Change from Current Plan | | 8.3% | 16.0% |

¹ Estimated Network D&P Service figures were provided by Delta Dental.

² D&P Services through Network providers are fully-covered by Delta Dental.

³ Figures are projected based on May 2022 enrollment as provided by Delta Dental.

Delta Dental DPPO Plan Options

| DPPO Benefits | Current Plan | Option 1 - Include D&P Maximum Waiver | Option 2 - Increase Benefit Maximum to \$1,500 | Option 3 - Increase Benefit Maximum to \$1,750 | Option 4 - Increase Benefit Maximum to \$2,000 | Option 5 - Replicate Alameda County DPPO Plan (Exclude Ortho) | Option 6 - Replicate Alameda County DPPO Plan |
|--|--------------------------------|---------------------------------------|--|--|--|---|---|
| In-Network Benefits | | | | | | | |
| Deductible | None | None | None | None | None | \$45 | \$45 |
| Benefit Maximum | \$1,300 | \$1,300 | \$1,500 | \$1,750 | \$2,000 | \$1,900 | \$1,900 |
| Diagnostic and Preventive Maximum Waiver | No | Yes | No | No | No | No | No |
| Diagnostic and Preventive Basic Restorative | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge |
| Major Restorative | 20% | 20% | 20% | 20% | 20% | 15% | 15% |
| Orthodontics | 40% | 40% | 40% | 40% | 40% | 20% | 20% |
| Orthodontics | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered | 50%, \$2,500 Maximum |
| Premier and Non-Network Benefits | | | | | | | |
| Deductible | \$50 Individual / \$150 Family | \$50 Individual / \$150 Family | \$50 Individual / \$150 Family | \$50 Individual / \$150 Family | \$50 Individual / \$150 Family | \$45 | \$45 |
| Benefit Maximum | \$1,000 | \$1,000 | \$1,500 | \$1,750 | \$2,000 | \$1,900 | \$1,900 |
| Diagnostic and Preventive Maximum Waiver | No | Yes | No | No | No | No | No |
| Diagnostic and Preventive Basic Restorative | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge | No Charge |
| Major Restorative | 30% | 30% | 30% | 30% | 30% | 20% | 20% |
| Orthodontics | 40% | 40% | 40% | 40% | 40% | 20% | 20% |
| Orthodontics | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered | 50%, \$2,500 Maximum |
| Projected Annual Premium ¹ | \$6,820,000 | \$7,384,000 | \$7,911,000 | \$8,320,000 | \$8,729,000 | \$10,818,000 | \$11,186,000 |
| \$ Change from Current Plan | | \$564,000 | \$1,091,000 | \$1,500,000 | \$1,909,000 | \$3,998,000 | \$4,366,000 |
| % Change from Current Plan | | 8.3% | 16.0% | 22.0% | 28.0% | 58.6% | 64.0% |
| Annual ACERA Contributions ¹ | \$4,801,000 | \$5,198,000 | \$5,569,000 | \$5,858,000 | \$6,145,000 | \$7,616,000 | \$7,875,000 |
| \$ Change from Current Plan | | \$397,000 | \$768,000 | \$1,057,000 | \$1,344,000 | \$2,815,000 | \$3,074,000 |
| % Change from Current Plan | | 8.3% | 16.0% | 22.0% | 28.0% | 58.6% | 64.0% |

¹ Figures are projected based on May 2022 enrollment as provided by Delta Dental.

Cost estimates are calculated by applying standard pricing models and, where applicable, network discounts, impact of utilization management, and benefit modifications to historical claims experience. These estimates are based on information provided by Delta Dental. Segal has not audited the information provided and is not responsible for misrepresentations or incorrect or incomplete documentation provided by Delta Dental. There is no guarantee that future cost will be realized. The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.



Alameda County Employees'
Retirement Association (ACERA)

VSP Renewal Information

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Presented on: July 6, 2022
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 - Dental and Vision benefits represent 8.7% or approximately \$77.2 million of total AVA
- At the direction of ACERA staff, Segal solicited prospective Vision plan enhancement options from VSP
- ACERA currently offers Standard and Buy-Up Vision plan options
 - Approximately 82% of participants are enrolled in the Standard plan
- Based on past utilization trends the following Vision plan enhancements were considered:
 - Lens Enhancements (i.e., UV Coating, Polycarbonate material)
 - Frame and Lens allowance increases
 - Consolidated coverage under the Buy-Up Vision plan

VSP Plan Options

| In-Network Benefits ^{(1),(2)} | Current Benefits | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 | Option 6 |
|--|--|--|--|--|--|--|--|
| | | Include UV Coating | Buy-Up Plan: \$0 Exam Copay \$15 Materials Copay | Increase Contact Lens Allowance | Increase Retail Frame Allowance | Include Polycarbonate Lenses | Eliminate Standard Plan ⁽³⁾ |
| Standard Plan | | | | | | | |
| Exam | No Copay, every 12 months | No Copay every 12 months | No Copay every 12 months | No Copay every 12 months | No Copay every 12 months | No Copay every 12 months | |
| Prescription Glasses | \$25 Copay | \$25 Copay | \$25 Copay | \$25 Copay | \$25 Copay | \$25 Copay | |
| Lens Enhancements ⁽⁴⁾ | 100% | 100% | 100% | 100% | 100% | 100% | |
| Premium & Custom Lenses | \$95 - \$175 Allowance | \$95 - \$175 Allowance | \$95 - \$175 Allowance | \$95 - \$175 Allowance | \$95 - \$175 Allowance | \$95 - \$175 Allowance | |
| Polycarbonate Lenses | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered | Covered | N/A |
| Lens Frequency | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | |
| UV Coating | Not Covered | Covered | Not Covered | Not Covered | Not Covered | Not Covered | |
| Frames ⁽⁵⁾ | \$150 Allowance | \$150 Allowance | \$150 Allowance | \$150 Allowance | \$175 Allowance | \$150 Allowance | |
| Frame Frequency | 24 months | 24 months | 24 months | 24 months | 24 months | 24 months | |
| Contact Lens, Exam and Fitting | \$105 Allowance | \$105 Allowance | \$105 Allowance | \$150 Allowance | \$105 Allowance | \$105 Allowance | |
| Buy-Up Plan | | | | | | | |
| Exam | \$15 copay (Exam & Materials), every 12 months | \$15 copay (Exam & Materials), every 12 months | No Copay every 12 months | \$15 copay (Exam & Materials), every 12 months | \$15 copay (Exam & Materials), every 12 months | \$15 copay (Exam & Materials), every 12 months | \$15 copay (Exam & Materials), every 12 months |
| Prescription Glasses | \$25 Copay | \$25 Copay | \$15 Copay | \$25 Copay | \$25 Copay | \$25 Copay | \$25 Copay |
| Lens Enhancements ⁽⁴⁾ | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Premium & Custom Lenses | 100% after \$25 Copay | 100% after \$25 Copay | 100% after \$25 Copay | 100% after \$25 Copay | 100% after \$25 Copay | 100% after \$25 Copay | 100% after \$25 Copay |
| Polycarbonate Lenses | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered | Covered | Not Covered |
| Lens Frequency | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| UV Coating | Not Covered | Covered | Not Covered | Not Covered | Not Covered | Not Covered | Not Covered |
| Frames ⁽⁵⁾ | \$200 Allowance | \$200 Allowance | \$200 Allowance | \$200 Allowance | \$250 Allowance | \$200 Allowance | \$200 Allowance |
| Frame Frequency | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months | 12 months |
| Contact Lens, Exam and Fitting | \$200 Allowance | \$200 Allowance | \$200 Allowance | \$250 Allowance | \$200 Allowance | \$200 Allowance | \$200 Allowance |
| Projected Annual Premium | \$784,000 | \$792,000 | \$798,000 | \$799,000 | \$824,000 | \$828,000 | \$1,469,000 |
| \$ Change from Current | \$8,000 | \$14,000 | \$14,000 | \$15,000 | \$40,000 | \$44,000 | \$685,000 |
| % Change from Current | 1.0% | 1.8% | 1.8% | 1.9% | 5.1% | 5.6% | 87.4% |
| Annual ACERA Contributions | \$413,000 | \$417,000 | \$413,000 | \$423,000 | \$431,000 | \$435,000 | \$1,175,000 |
| \$ Change from Current | \$4,000 | \$0 | \$0 | \$10,000 | \$18,000 | \$22,000 | \$762,000 |
| % Change from Current | 1.0% | 0.0% | 0.0% | 2.4% | 4.4% | 5.3% | 184.5% |

⁽¹⁾ For Tints and Photochromic, members receive a 20% discount for the Standard plan and covered at 100% for the Buy-Up Plan.

⁽²⁾ For Anti-Reflective Lens Coating, members pay a \$41 copay under the Standard plan and \$25 copay under the Buy-Up plan.

⁽³⁾ ACERA Contributions are based on the retiree only premium with 10 or more years of service.

⁽⁴⁾ Lens Enhancements include Single Vision, Bifocal, Trifocal, and Standard Progressive.

⁽⁵⁾ 20% discount on amounts above allowance.

Cost estimates are calculated by applying standard pricing models and, where applicable, network discounts, impact of utilization management, and benefit modifications to historical claims experience. These estimates are based on information provided by VSP. Segal has not audited the information provided and is not responsible for misrepresentations or incorrect or incomplete documentation provided by VSP. There is no guarantee that future cost will be realized. The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 6, 2022

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager 
Jessica Huffman, Benefits Manager 

SUBJECT: **Miscellaneous Updates**

This memo is to provide the Retirees Committee information on various monthly topics, which impact both retirees and ACERA Staff. This month's report provides an update regarding: 1) adding requested gyms as part of the Silver&Fit® program; and 2) transitioning ACERA's financial bank from Wells Fargo to J.P. Morgan.

Adding Requested Gyms as Part of the Silver&Fit® Program

Members who have encountered issues with accessing a gym due to the gym not being a participant of the Silver&Fit® program were able to get assistance to have these gyms join the program. In the event members find that the gym location they would like to attend is not a participant of the Silver&Fit® program, they may request their gym to be included by contacting Silver&Fit® at 1-877-750-2746. A representative will contact the gym to negotiate becoming a participating gym location. The Silver&Fit® contact information is also posted on ACERA's website for members to nominate a gym.

Transitioning ACERA's Financial Bank from Wells Fargo to J.P. Morgan

The testing phase of the project to transition ACERA's financial bank from Wells Fargo to J.P. Morgan is in progress and going well. The Monthly Benefit Statements issued to retirees have also been tested, and look nearly identical to the current format received by our members. Staff is working to determine when the first payroll will be processed with J.P. Morgan and will report back once this has been determined.