



July 11, 2018

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the July 11, 2018 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the July 11, 2018 meeting to order at 1:50 p.m. Committee members present were Liz Koppenhaver, George Wood, Jaime Godfrey and Dale Amaral. Also present were Tarrell Gamble, Henry Levy, and Elizabeth Rogers, and alternate members Nancy Reilly and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Susan Weiss, Investment Counsel; Harsh Jadhav, Chief of Internal Audit; and Sandra Dueñas-Cuevas, Benefits Manager.

### **ACTION ITEMS**

#### **1. Adoption of 2019 Monthly Medical Allowance for Group Plans**

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2018 and 2019 Plan Years. Staff recommended increasing the 2019 Group Plan MMA 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 \$558.00 for Plan Year 2019.

Pete Albert, President of the Alameda County Retired Employees retiree council, and Michael Smart, Director of the Retired Employees of Alameda County, Inc., reported that both of their retiree associations voted in support of the recommendation to increase the MMA by the maximum allowable, and expressed appreciation to ACERA Staff and Trustee Koppenhaver for the extensive and helpful information related to the MMA provided at the June Committee meeting.

It was moved by Tarrell Gamble and seconded by George Wood that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2019 Group Plan Monthly Medical Allowance (MMA) 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 \$558.00 for Plan Year 2019.

The motion carried 6 yes (*Amaral, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, 1 abstention (*Godfrey*).

## **2. Adoption of 2019 Monthly Medical Allowance for Early Retiree Individual Plans**

Staff presented early (non-Medicare) retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2018 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2019 Individual Plan MMA, 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 \$558.00 for Plan Year 2019.

It was moved by Tarrell Gamble and seconded by Elizabeth Rogers that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2019 Individual Plan Monthly Medical Allowance (MMA) 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 \$558.00 for Plan Year 2019.

The motion carried 6 yes (*Amaral, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, 1 abstention (*Godfrey*).

## **3. Adoption of 2019 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

Staff presented Medicare eligible retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2018 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2019 Individual Plan MMA, 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 \$427.46 for Plan Year 2019.

It was moved by Tarrell Gamble and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2019 Individual Plan Monthly Medical Allowance (MMA) 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 \$427.46 for Plan Year 2019.

The motion carried 6 yes (*Amaral, Gamble, Koppenhaver, Levy, Rogers, Wood*), 0 no, 1 abstention (*Godfrey*).

## **INFORMATION ITEMS**

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

Keenan & Associates (Keenan), ACERA's Benefits Consultant, provided information on ACERA's current contracts, recent claims experience and plan utilization, and renewal rates for both Delta Dental (ACERA's dental plan) and VSP (ACERA's vision plan). In addition, Keenan provided information on the percentages of members who reached the PPO and Premier maximum benefit levels. The additional plan costs to modify the plan design so that the dental Premier benefit levels match those of the PPO benefit levels, and to add Delta Dental's SmileWay benefit were also provided.

### **2. Miscellaneous Updates**

Staff reported that ACERA's inaugural activity of its new wellness plan is the Wellness Walk, which will be held at Lake Merritt on August 3, 2018, beginning at 10:00 a.m. In addition, ACERA worked with Keenan & Associates, ACERA's Benefits Consultant, to create a wellness logo to brand all ACERA's wellness initiatives.

## **RECOMMENDATIONS**

### **1. Adoption of 2019 Monthly Medical Allowance for Group Plans**

The Committee recommends, and I move that the Board of Retirement (Board) increase the 2019 Group Plan Monthly Medical Allowance (MMA) 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 \$558.00 for Plan Year 2019. 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 2019 Monthly Medical Allowance for Early Retiree Individual Plans**

The Committee recommends, and I move that the Board of Retirement (Board) increase the 2019 Individual Plan Monthly Medical Allowance (MMA) 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 \$558.00 for Plan Year 2019. 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 2019 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

The Committee recommends, and I move that the Board of Retirement (Board) increase the 2019 Individual Plan Monthly Medical Allowance (MMA) 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 \$427.46 for Plan Year 2019. 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.

#### **TRUSTEE REMARKS**

None.

#### **PUBLIC INPUT**

None.

#### **FUTURE DISCUSSION ITEMS**

- Adoption of Dental Plan Contributions for 2019
- Adoption of Vision Plan Contributions for 2019

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

The next meeting is scheduled for August 1, 2018 at 10:30 a.m.

#### **MEETING ADJOURNED**

The meeting adjourned at 2:31 p.m.