



July 18, 2019

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the July 18, 2019 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the July 18, 2019 meeting to order at 1:01 p.m. Committee members present were Liz Koppenhaver, Dale Amaral, Keith Carson and Jaime Godfrey. Also present were Ophelia Basgal, Tarrell Gamble, Henry Levy, and George Wood, and alternate member Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

PUBLIC INPUT

None.

ACTION ITEMS

1. Adoption of 2020 Monthly Medical Allowance for Group Plans

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2019 and 2020 Plan Years. Staff recommended increasing the 2020 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 \$578.65 for Plan Year 2020.

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2020 Group Plan Monthly Medical Allowance (MMA) by 3.70% 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 \$578.65 for the Plan Year 2020. 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.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Wood*), 0 no, 0 abstentions.

2. Adoption of 2020 Monthly Medical Allowance for Early Retiree Individual Plans

Staff presented early (non-Medicare) retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2019 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2020 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 \$578.65 for Plan Year 2020.

It was moved by Henry Levy and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% 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 \$578.65 for Plan Year 2020. 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.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Wood*), 0 no, 0 abstentions.

3. Adoption of 2020 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

Staff presented Medicare eligible retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2019 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2020 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 \$443.28 for Plan Year 2020.

It was moved by Dale Amaral and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement a motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% 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 \$443.28 for Plan Year 2020. 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.

The motion carried 8 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Levy, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Report on Dental and Vision Plans Experience, Utilization, and Proposed Delta Dental Renewal Information

Segal Consulting, ACERA's Benefits Consultant, provided information on ACERA's dental and vision plans experience, utilization, and proposed Delta Dental Plan Year 2020 renewal. The additional information regarding utilization of diagnostic and preventive services requested by Trustees will be provided once Staff obtains answers from Delta Dental.

2. Timeline for Supplemental Retiree Benefit Reserve Benefits Survey

Staff provided a timeline of events and actions for conducting a Supplemental Retiree Benefit Reserve benefits survey, and will present a draft of the survey at the August 7th Retirees Committee meeting.

3. Miscellaneous Updates

Staff provided a report on ACERA's first Wellness Open House and the second Open House, which was focused on financial wellness. Altogether, there were approximately 100 retirees who attended the sessions. The next wellness event will be the Wellness Walk at Lake Merritt, which is scheduled for August 23rd.

TRUSTEE REMARKS

None.

FUTURE DISCUSSION ITEMS

- Adoption of Dental Plan Contributions for 2020
- Adoption of Vision Plan Contributions for 2020

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 7, 2019 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 2:03 p.m.