MEMORANDUM TO THE RETIREES COMMITTEE

DATE: December 3, 2025

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Revision of Resolution No. 07-29, Appendix A**

In February 2007, the ACERA Board of Retirement (Board) passed Resolution No. 07-29 - 401(h) (Resolution). That Resolution set forth the legal requirements and procedural operations of the 401(h) accounts managed by ACERA. The Resolution consists of a detailed recitation of the requirements under the Internal Revenue Code that ACERA and its Participating Employers must satisfy to properly operate the 401(h) accounts.

Attached to Resolution No. 07-29 is Appendix A, which sets forth the cost and eligibility requirements for the Retiree Health Benefits (RHBs) paid to ACERA retirees through the 401(h) accounts. Those benefits include:

1. Monthly Medical Allowance
2. Medicare Part B Premium Reimbursement
3. Dental Care Contribution
4. Vision Care Contribution

Throughout the course of calendar year 2025, as is done each year, the Retirees Committee (Committee) and the Board have evaluated and approved changes to the Monthly Medical Allowance (MMA) and the contribution amounts associated with the RHBs for Plan Year 2026. The Board approved increasing the MMA for Group Plans and Individual Plans through the Health Exchange for early (non-Medicare) retirees living outside the HMO service area from its 2025 maximum amount of $662.37 to $687.21. The Board also approved increasing the MMA for Individual Plans through the Medicare Exchange from its 2025 maximum amount of $507.43 to $526.46. The pro-rated MMA distributions were also increased accordingly. The Board approved setting the cost of the Delta Dental Care DPO plan at $54.35 (a 6.5% increase from 2025), and the cost of the Delta Dental DMO plan at $19.96 (a 10.0% decrease from 2025). The Board approved a $4.63 premium (the same amount as 2025) for the Vision Service Plan. Lastly, we anticipate the Board will approve the Medicare Part B Reimbursement Plan (MBRP) benefit of $202.90 (the lowest standard monthly Medicare Part B premium rate) for 2026 (an increase in the premium rate) at the December 18, 2025, Board meeting.

Accordingly, in order for Resolution No. 07-29 to remain current for the upcoming 2026 Plan Year, Appendix A must be amended to reflect the decision regarding the MMA, Medicare Part B premium reimbursement, and dental and vision premium amounts as adopted by the Board for 2026. Staff has revised Appendix A and requests that the Board adopt the suggested changes.

Attached to this memorandum for your review is a revised version of Resolution 07-29, Appendix A, that reflects the changes described above to the MMA and RHB premiums for Plan Year 2026.

Annually, Staff will request that the Committee and the Board approve modification of Appendix A so that the 401(h) Resolution accurately reflects the eligibility requirements and contributions for the upcoming Plan Year.

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) to adopt the revised and updated Appendix A to Resolution No. 07-29, which reflects the changes approved by the Board to the Monthly Medical Allowance amounts for Group and Individual Plans as well as the Retiree Health Benefit contribution amounts for Plan Year 2026.

Attachment

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

RESOLUTION # 07-29

401(h) ACCOUNT

APPENDIX A - AMOUNT OF BENEFITS FROM 401(h) ACCOUNT

FOR PLAN YEAR 2026

1. Monthly Medical Allowance

- Group Plans

The Monthly Medical Allowance ("MMA") is a subsidy amount covering all or a portion of the eligible retiree's health plan premiums when enrolled in an ACERA-sponsored health plan. Premium costs for an enrolled surviving spouse and dependents are not paid by ACERA and are deducted from the retiree's monthly retirement allowance. Premium costs that exceed the MMA are paid by the retiree and are deducted from the retiree's monthly retirement allowance. If premium costs for any retiree are less than the maximum MMA, no additional cash or other benefit shall be paid to the retiree.

- Individual Plans – Early (non-Medicare) Retirees Living Outside the HMO Service Area

The MMA is provided as a reimbursement for premiums, co-pays and deductibles for Individual Plans for retirees enrolled in a plan through the Health Exchange. The reimbursement amount will not exceed the total annual MMA amount.

- Individual Plans – Medicare Eligible Retirees

The MMA is provided as a reimbursement for premiums, co-pays and deductibles for Individual Plans for retirees enrolled in a Medicare plan through the Medicare Exchange. The reimbursement amount will not exceed the total annual MMA amount.

For the health Plan Year beginning February 1, 2026 for Group Plans and January 1, 2026 for Individual Plans and for all later years (unless and until amended by the Board of Retirement), the maximum MMA for Group Plans and Individual Plans provided through the Health Exchange for early (non-Medicare) retirees living outside the HMO service area is $687.21 per month. The maximum MMA for Individual Plans for Medicare eligible retirees provided through the Medicare Exchange is $526.46 per month. The MMA amounts that are paid to retirees based on years of service are set out below:

YEARS OF SERVICE	**AMOUNT OF MONTHLY MEDICAL ALLOWANCE BENEFIT**		
	Group Plans	***Individual Plans – Out-of-Service Area Early Retirees***	***Individual Plans – Medicare Eligible Retirees***
20 or more years or retired on service connected disability	$687.21	$687.21	$526.46
15 through 19	$515.41	$515.41	$394.85
10 through 14	$343.61	$343.61	$263.23
Under 10	$0	$0	$0

~~As a result of the Affordable Care Act, in 2014 ACERA's plans are required to be "retiree only plans" to provide reimbursement through a Health Reimbursement Account (HRA). In order to comply with this federal law, retirees who return to work for an ACERA Participating Employer for any amount of time on or after January 1, 2014, will not be eligible for medical plan and prescription drug plan reimbursements through a HRA during the time period they are working. This is because retirees who return to work (including retired annuitants) are considered "active employees" as defined by the Affordable Care Act and therefore cause ACERA's plans to not meet the "retiree only" plan qualifications for benefits.~~

2. Medicare Part B Premium

The Medicare Part B premium that will be reimbursed for the calendar year beginning on January 1, 2026, is $202.90 per month. ACERA shall reimburse only the lowest standard monthly Medicare Part B premium and will not make any reimbursement of the income-related monthly adjustment amount of the Medicare Part B premium. No premium will be reimbursed to a retiree unless he or she provides proof to ACERA of enrollment in Medicare Part B. Premiums will only be reimbursed for retirees and not for spouses, dependents or survivors.

No Medicare Part D premiums will be reimbursed to retirees enrolled in Group Plans.

3. Dental Care

The dental care contribution is payment of the eligible retiree's Delta Dental premium when enrolled in the Delta Dental plan. Premium costs for an enrolled spouse and dependents are not paid by ACERA and are deducted from the retiree's monthly retirement allowance.

For the health Plan Year beginning February 1, 2026, and for all later years (unless and until amended by the Board), the monthly Delta Dental premiums paid by ACERA are as follows: for retirees enrolled in the Delta Dental DPO Plan, $54.35; and for retirees enrolled in the Delta Dental DMO Plan, $19.96.

4. Vision Care

The vision care contribution is payment of the eligible retiree's Vision Service Plan (VSP) premium when enrolled in the VSP plan. Premium costs for an enrolled spouse and dependents are not paid by ACERA and are deducted from the retiree's monthly retirement allowance.

For the health Plan Year beginning February 1, 2026, and for all later years (unless and until amended by the Board), the monthly VSP premium paid by ACERA is $4.63.

5. Spouse, Dependents and Surviving Beneficiaries

ACERA shall not provide payment for any health or medical or other retiree health benefits to any spouse, dependent, or surviving beneficiary of a retired member. However, to the extent available from the applicable health plan or carrier, ACERA will allow the retired member to purchase for his or her spouse and dependents the same coverage as the member has through ACERA by paying the full premium cost of such coverage. A surviving beneficiary may purchase coverage available from the applicable health plan or carrier by paying the full premium cost of such coverage.