



July 1, 2015

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the July 1, 2015 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the July 1, 2015 meeting to order at 11:20 a.m. Committee members present were Liz Koppenhaver, Tarrell Gamble, Dale Amaral and George Wood. Also present were Elizabeth Rogers, and alternate members David Safer and Darryl Walker. Staff present were Kathy Foster, Interim Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Betty Tse, Chief Investment Officer; Sandra Dueñas-Cuevas, Benefits Manager; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Chief of Internal Audit.

### **ACTION ITEMS**

#### **1. Adoption of 2016 Monthly Medical Allowance (MMA) for Group Plans**

Staff presented Monthly Medical Allowance (MMA) cost comparisons for the 2015 and 2016 plan years. Staff recommended increasing the 2016 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 \$540.44 for plan year 2016.

It was moved by Elizabeth Rogers and seconded by Tarrell Gamble that the Committee recommends to the Board of Retirement a motion to increase the 2016 Group Plan Monthly Medical Allowance (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 \$540.44 for plan year 2016.

The motion carried 5 yes (*Amaral, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

#### **2. Adoption of 2016 Monthly Medical Allowance (MMA) for Early Retiree Individual Plans**

Staff presented Monthly Medical Allowance (MMA) cost comparisons for the 2015 and 2016 plan years. Staff recommended adopting a 2016 Individual Plan Monthly Medical Allowance (MMA) to be provided to qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange at a maximum of \$540.44 for plan year 2016.

It was moved by Elizabeth Rogers and seconded by Tarrell Gamble that the Committee recommends to the Board of Retirement a motion to adopt a 2016 Individual Plan Monthly Medical Allowance (MMA) to be provided to qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange at a maximum of \$540.44 for plan year 2016.

The motion carried 5 yes (*Amaral, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

### **3. Adoption of 2016 Monthly Medical Allowance (MMA) for Medicare Eligible Retiree Individual Plans**

Staff presented Individual Plans Monthly Medical Allowance (MMA) costs for the 2015 plan year based on the maximum MMA provided, and the actual reimbursements for the 2014 plan year. Staff recommended increasing the 2016 Individual Plan Monthly Medical Allowance (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 \$414 for plan year 2016.

It was moved by Elizabeth Rogers and seconded by Tarrell Gamble that the Committee recommends to the Board of Retirement a motion to increase the 2016 Individual Plan Monthly Medical Allowance (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 \$414 for plan year 2016.

The motion carried 5 yes (*Amaral, Gamble, Koppenhaver, Rogers, Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### **1. Healthcare Reform Update – 2<sup>nd</sup> Quarter 2015**

Keenan & Associates, ACERA's Benefits Consultant, provided information on the current California fiscal landscape, and updates to the King vs. Burwell lawsuit, state exchanges, the federal marketplace, and the Cadillac Tax.

### **2. Information Regarding 2016 Dental Plan Options for Consideration**

Delta Dental and Keenan & Associates, ACERA's Benefits Consultant, provided information on utilization, benefit options and cost impacts for consideration related to the ACERA-sponsored dental plan contract provisions and premiums for plan year 2016. Trustees directed Staff to provide estimated costs to increase the crown coverage from 50% to 60% for Premier dentists, and to include additional periodontal cleanings. Trustees also directed Staff to provide additional utilization information. Staff will provide the additional information, and present a recommendation at the August Retirees Committee meeting.

### **3. Information Regarding 2016 Vision Plan Option for Consideration**

Staff and Keenan & Associates, ACERA's Benefits Consultant, presented information on the voluntary Buy-Up option for consideration for ACERA-sponsored vision plan contract provisions and premiums for plan year 2016. Staff will present a recommendation at the August Retirees Committee meeting.

### **4. Miscellaneous Updates**

Staff reported that a team has been formed to begin planning for the upcoming open enrollment process, including the required communication materials to address the various changes and new information related to offering individual medical plan coverage to out-of-service area early retirees and those who currently have medical coverage through a Kaiser multi-site plan.

### **TRUSTEE/PUBLIC/STAFF INPUT**

None.

### **RECOMMENDATIONS**

#### **1. Adoption of 2016 Monthly Medical Allowance (MMA) for Group Plans**

The Committee recommends, and I move that the Board of Retirement (Board) increase the 2016 Group Plan Monthly Medical Allowance (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 \$540.44 for plan year 2016. 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 Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

#### **2. Adoption of 2016 Monthly Medical Allowance (MMA) for Early Retiree Individual Plans**

The Committee recommends, and I move that the Board of Retirement (Board) adopt a 2016 Individual Plan Monthly Medical Allowance (MMA) to be provided to qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange at a maximum of \$540.44 for plan year 2016. 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 Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

### **3. Adoption of 2016 Monthly Medical Allowance (MMA) for Medicare Eligible Retiree Individual Plans**

The Committee recommends, and I move that the Board of Retirement (Board) increase the 2016 Individual Plan Monthly Medical Allowance (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 \$414 for plan year 2016. 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 Employee Retirement Law (CERL), ACERA treats an equal amount of Supplemental Retiree Benefit Reserve (SRBR) assets as employer contributions for pensions.

#### **FUTURE DISCUSSION ITEMS**

- Adoption of Dental Plan Contracts/Premiums for 2016
- Adoption of Dental Plan Contributions for 2016
- Adoption of Vision Plan Contracts/Premiums for 2016
- Adoption of Vision Plan Contributions for 2016

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

The next meeting is scheduled for August 5, 2015 at 10:30 a.m.

#### **MEETING ADJOURNED**

The meeting adjourned at 12:35 p.m.