



July 2, 2014

To: Members of the Retirees Committee

From: Dale Amaral, Vice Chair

Subject: Summary of the July 2, 2014 Retirees Committee Meeting

Committee Vice Chair Dale Amaral called the July 2, 2014 meeting to order at 11:15 a.m. Committee members present were Dale Amaral and Elizabeth Rogers. Also present were George Wood, and alternate members David Safer and Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Marguerite Malloy, Associate Counsel; Rose Kwong, Benefits Manager; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

1. Adoption of 2015 Monthly Medical Allowance (MMA) for Group Plans

Kathy Foster, Assistant Chief Executive Officer, presented Monthly Medical Allowance (MMA) cost comparisons for the 2014 and 2015 plan years. Staff recommended that there be no increase to the MMA amount for 2015, thereby maintaining the current MMA maximum for the group plans of \$522.16 for plan year 2015.

It was moved by David Safer and seconded by Elizabeth Rogers that the Committee recommends to the Board of Retirement a motion to adopt a 2015 Group Plan Monthly Medical Allowance (MMA) equal to the 2014 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$522.16 for plan year 2015.

The motion carried 4 yes (*Amaral, Rogers, Safer, Wood*), 0 no, 0 abstentions.

2. Adoption of 2015 Monthly Medical Allowance (MMA) for Individual Plans

Kathy Foster, Assistant Chief Executive Officer, presented Individual Plans Monthly Medical Allowance (MMA) costs for the 2014 plan year based on the maximum MMA provided, and the actual reimbursements for the 2013 plan year, the first year of coverage (11 months of coverage for 2013). Staff recommended that there be no increase to the MMA amount for 2015, thereby maintaining the current MMA maximum for the individual plans of \$400 for plan year 2015. This recommendation is based on the fact that the average reimbursement amounts reported for 2013 was \$213 per month, with no significant premium increases occurring in 2014.

It was moved by Elizabeth Rogers and seconded by David Safer that the Committee recommends to the Board of Retirement a motion to adopt a 2015 Individual Plan Monthly Medical Allowance (MMA) equal to the 2014 MMA to be provided to eligible retirees enrolled in individual plans through the Medicare Exchange, thereby maintaining the current MMA maximum of \$400 for plan year 2015.

The motion carried 4 yes (*Amaral, Rogers, Safer, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Healthcare Reform Update – 2nd Quarter

Keenan & Associates, ACERA's Benefits Consultant, provided updates to the Affordable Care Act (ACA), and information regarding Covered California and the federal marketplace, to include updated enrollment statistics. Trustees directed Staff to provide additional information on whether the subsidy eligible enrollees are receiving the subsidy and the amounts of the subsidy received.

2. Report on Dental and Vision Plan Experience

Keenan & Associates, ACERA's Benefits Consultant, provided information on ACERA's recent plan experience, utilization, and benefit alternatives for both Delta Dental (ACERA's dental plan) and VSP (ACERA's vision plan). Trustees directed Staff to provide additional specific information for discussion at the August Committee meeting.

3. Kaiser Medicare Part B Plan

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an update on the project plan with Kaiser Permanente to have current ACERA Kaiser members enroll in Medicare Part B, stating that currently 10 out of 104 unassigned/grandfathered participants have enrolled.

4. Miscellaneous Updates

Sharen Stanek-Lowe, Assistant Benefits Manager, provided a report on the annual results of the performance guarantees with Delta Dental, stating that not all of DeltaCare[®] USA's metrics were met, which resulted in a penalty amount of \$383.35.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

1. Adoption of 2015 Monthly Medical Allowance (MMA) for Group Plans

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2015 Group Plan Monthly Medical Allowance (MMA) equal to the 2014 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$522.16 for plan year 2015. 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 2015 Monthly Medical Allowance (MMA) for Individual Plans

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2015 Individual Plan Monthly Medical Allowance (MMA) equal to the 2014 MMA to be provided to eligible retirees enrolled in individual plans through the Medicare Exchange, thereby maintaining the current MMA maximum of \$400 for plan year 2015. 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 2015
- Adoption of Dental Plan Contributions for 2015
- Adoption of Vision Plan Contracts/Premiums for 2015
- Adoption of Vision Plan Contributions for 2015

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 6, 2014 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 12:30 p.m.