



July 3, 2012

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the July 3, 2012 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the July 3, 2012 meeting to order at 10:05 a.m. Committee members present were Liz Koppenhaver, Dale Amaral, Elizabeth Rogers, and George Wood. Other Board members present were George Dewey and Keith Carson; and alternate members David Safer and Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

1. Adoption of 2013 Monthly Medical Allowance (MMA) for Group Plans

Kathy Foster, Assistant Chief Executive Officer, presented revised Monthly Medical Allowance (MMA) cost comparisons for the 2012 and 2013 plan year reflecting the decision made at last month's Retiree Committee meeting to eliminate the UnitedHealthcare (UHC) Medicare group plans. As was discussed at that meeting, Staff recommended that there be no increase to the MMA amount for 2013, thereby maintaining the current MMA maximum for the group plans of \$522.16 for plan year 2013. The estimated annual cost if only the current premiums were increased (with no increase to the MMA) based on trend percentage increases is \$18,124,260, which results in an increase of \$669,561 compared to the projected costs for 2012.

It was moved by George Dewey and seconded by George Wood that the Committee recommends to the Board of Retirement (Board) a motion to adopt a 2013 Group Plan Monthly Medical Allowance (MMA) equal to the 2012 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$522.16 for plan year 2013. 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 Benefits Reserve (SRBR) assets as employer contributions for pensions.

2. Adoption of 2013 Monthly Medical Allowance (MMA) for Individual Plans

Kathy Foster, Assistant Chief Executive Officer, presented Individual Plans Monthly Medical Allowance (MMA) contribution scenarios for the 2013 plan year. The MMA will be provided to eligible retirees enrolled in Individual Plans through the Medicare Exchange for medical cost reimbursement through Health Reimbursement Accounts (HRAs).

There were two motions made and seconded; one to adopt a MMA maximum contribution of \$340 per month (Scenario # 2), and the other a maximum of \$400 per month (Scenario #3). Since there was not a majority vote on either motion, this item will be presented as an action item at the July 19th Board of Retirement (Board) meeting. The Trustees directed Staff to provide additional information to the Board regarding out-of-pocket costs to retirees and projected savings.

3. Supplemental Retiree Benefit Reserve (SRBR) Policy Update

Since no decision was made on the amount of the Individual Plans Monthly Medical Allowance (MMA) at this meeting, and the topic will be discussed at the July 19th Board of Retirement meeting, the Trustees directed Staff to include this item for discussion at the August Retirees Committee meeting.

INFORMATION ITEMS

1. Healthcare Reform Update – 2nd Quarter

Keenan & Associates, ACERA's Benefits Consultant, provided information regarding the Affordable Care Act (ACA) milestones, Cadillac Tax, other impacts of health care reform, the California Health Benefit Exchange (HBEX), proposed Federal legislation, and a briefing of the recent U.S. Supreme Court decision.

2. Report on Dental and Vision Plan Experience

Keenan & Associates, ACERA's Benefits Consultant, provided a summary of ACERA's recent experience and utilization statistics for Delta Dental and Vision Service Plan.

3. Vision and Dental Plan Design Options

Sharen Stanek-Lowe, Assistant Benefits Manager, presented plan design options for which 2013 premium quotes were requested from the vision and dental plan carriers.

4. Miscellaneous Updates

Sharen Stanek-Lowe, Assistant Benefits Manager, reported on the number of ACRE and REAC members enrolled in the UnitedHealthcare Senior Supplement+PDP and Group Medicare Advantage Plan; the UnitedHealthcare EGWP+WRAP reimbursement, Vision Service Plan's new TruHearing MemberPlus Program; and the postponement of the second quarter report on ACERA's Wellness & Disease Management Program.

TRUSTEE/PUBLIC INPUT

Trustees directed Staff to provide additional information on the Supplemental Retiree Benefits Reserve (SRBR) benefits for discussion at the September Retirees Committee meeting.

RECOMMENDATIONS

1. Adoption of 2013 Monthly Medical Allowance (MMA) for Group Plans

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2013 Group Plan Monthly Medical Allowance (MMA) equal to the 2012 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$522.16 for plan year 2013. 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 Benefits Reserve (SRBR) assets as employer contributions for pensions.

FUTURE DISCUSSION ITEMS

- Adoption of Dental Plan Contracts/Premiums for 2013
- Adoption of Vision Plan Contracts/Premiums for 2013
- Adoption of Dental Plan Contributions for 2013
- Adoption of Vision Plan Contributions for 2013

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 1, 2012 at 10:00 a.m.

MEETING ADJOURNED

The meeting adjourned at 12:10 p.m.