



August 5, 2015

To: Members of the Retirees Committee

From: David Safer, Acting Chair, Retired Trustee

**Subject: Summary of the August 5, 2015 Retirees Committee Meeting**

Due to the excused absences of the Committee Chair and Vice Chair, Acting Committee Chair Alternate Member David Safer called the August 5, 2015 meeting to order at 11:35 a.m. Committee members present were Dale Amaral, Annette Cain-Darnes, and George Wood. Also present was alternate member David Safer. 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; and Harsh Jadhav, Chief of Internal Audit.

### **ACTION ITEMS**

#### **1. Adoption of Dental Plan Contract/Premiums for 2016**

Keenan & Associates, ACERA's Benefits Consultant, and Staff presented information on Delta Dental's renewal contract provisions and proposed rates for 2016. Staff made a recommendation to increase the crown coverage for those using Premier dentists in the PPO plan, which increased the rates slightly. However, as a result of renewal negotiations, the overall proposed rates for 2016, including the increase in the crown coverage, are less than the current rates.

It was moved by Annette Cain-Darnes and seconded by George Wood that the Committee recommend to the Board of Retirement a motion to adopt the Delta Dental plan contract renewal for retirees effective February 1, 2016, which includes an increase in crown coverage for those using Premier dentists, resulting in premium amounts of \$39.49 (single-party monthly billed rate) for mandatory enrollment and \$55.42 for voluntary enrollment for the PPO plan; and a single-party monthly rate for the DeltaCare USA plan of \$21.33 for mandatory enrollment and \$29.86 for voluntary enrollment.

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

#### **2. Adoption of Dental Plan Contributions for 2016**

Staff reported that based on the premium rates for plan year 2016, which is less than the current rate including the increase in crown coverage, the current projected annual cost to provide this non-vested benefit for 2016 is \$3,163,149.

It was moved by Dale Amaral and seconded by Annette Cain-Darnes that the Committee recommend to the Board of Retirement a motion to continue the dental plan contributions for plan year 2016, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$39.49 for the PPO plan and \$21.33 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014.

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

### **3. Adoption of Vision Plan Contract/Premiums for 2016**

Keenan & Associates, ACERA's Benefits Consultant, and Staff provided information on Vision Service Plan's contract renewal provisions, including the retiree Voluntary Buy Up plan option, and the proposed rates for 2016.

It was moved by Annette Cain-Darnes and seconded by George Wood that the Committee recommend to the Board of Retirement a motion to adopt the Vision Service Plan contract renewal for retirees effective February 1, 2016, which includes a single-party monthly billed rate of \$4.24 for mandatory enrollment and \$4.70 for voluntary enrollment. In addition, the contract will include a Voluntary Buy Up plan option.

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

### **4. Adoption of Vision Plan Contributions for 2016**

Staff reported that based on the premium rates for plan year 2016, which is the same as that for 2015, the current projected annual cost to provide this non-vested benefit for 2016 is \$351,581.

It was moved by Annette Cain-Darnes and seconded by George Wood that the Committee recommend to the Board of Retirement a motion to continue the vision plan contributions for plan year 2016, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.24 for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014.

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

## **INFORMATION ITEMS**

### **1. Report on Dental Plan Experience, Utilization and Contract Renewal**

Keenan & Associates, ACERA's Benefits Consultant, and Staff provided information on ACERA-sponsored dental plan claims experience, plan utilization, and contract renewal provisions, including an increase in crown coverage for retirees using Premier plan dentists. Trustees directed Staff to provide information on the industry average of dental benefit utilization for discussion at a future Committee meeting.

## **2. Report on Vision Plan Experience, Utilization and Contract Renewal**

Keenan & Associates, ACERA's Benefits Consultant, and Staff provided information on ACERA-sponsored vision plan claims experience, plan utilization, and contract renewal provisions, including the retiree Voluntary Buy Up plan option.

## **3. Report on Health Reimbursement Arrangement Account Balances as of June 2015**

Staff provided information on retirees' Health Reimbursement Arrangement (HRA) account balances as of June 30, 2015 categorized by years of service, along with the balances for the same time period for 2013 and 2014.

## **4. Plans for Open Enrollment and Retiree Health Fair**

Staff provided information on the planning for ACERA's annual Open Enrollment and Retiree Health Fair.

## **5. Report on Kaiser's Medicare Part B Plan Enrollment**

Staff provided an update on the project plan with Kaiser Permanente to have current ACERA Kaiser members enroll in Medicare Part B and move them into the Kaiser Permanente Senior Advantage Plan, stating that as of July 2015, 46% of the 37 retirees identified have enrolled. After the update memo was distributed, one of the four retirees reported as non-responders also enrolled.

## **6. Miscellaneous Updates**

Staff provided information regarding Anthem's July 25, 2015 announcement that it plans to purchase Cigna.

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

On behalf of a REAC member, a concern was noted regarding the disparity between the maximum coverage for PPO plan dentists of \$1,300 and the Premier plan dentists of \$1,000.

## **RECOMMENDATIONS**

### **1. Adoption of Dental Plan Contract/Premiums for 2016**

The Committee recommends, and I move that the Board of Retirement adopt the Delta Dental plan contract renewal for retirees effective February 1, 2016, which includes an increase in crown coverage for those using Premier dentists, resulting in premium amounts of \$39.49 (single-party monthly billed rate) for mandatory enrollment and \$55.42 for voluntary enrollment for the PPO plan; and a single-party monthly rate for the DeltaCare USA plan of \$21.33 for mandatory enrollment and \$29.86 for voluntary enrollment.

## **2. Adoption of Dental Plan Contributions for 2016**

The Committee recommends, and I move that the Board of Retirement continue the dental plan contributions for plan year 2016, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$39.49 for the PPO plan and \$21.33 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the ACERA employers to the 401(h) account. After contributions are made in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

## **3. Adoption of Vision Plan Contract/Premiums for 2016**

The Committee recommends, and I move that the Board of Retirement adopt the Vision Service Plan contract renewal for retirees effective February 1, 2016, which includes a single-party monthly billed rate of \$4.24 for mandatory enrollment and \$4.70 for voluntary enrollment. In addition, the contract will include a Voluntary Buy Up plan option.

## **4. Adoption of Vision Plan Contributions for 2016**

The Committee recommends, and I move that the Board of Retirement continue the vision plan contributions for plan year 2016, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.24 for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the ACERA employers to the 401(h) account. After contributions are made in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

### **FUTURE DISCUSSION ITEMS**

None.

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

The next meeting is scheduled for September 2, 2015 at 10:30 a.m.

### **MEETING ADJOURNED**

The meeting adjourned at 12:35 p.m.