



August 6, 2014

To: Members of the Retirees Committee

From: Dale Amaral, Vice Chair

Subject: Summary of the August 6, 2014 Retirees Committee Meeting

Committee Vice Chair Dale Amaral called the August 6, 2014 meeting to order at 11:05 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 Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment 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 Dental Plan Contract/Premiums for 2015

Kathy Foster, Assistant Chief Executive Officer, provided information on Delta Dental's renewal contract and the proposed rates for 2015. Staff made a recommendation for the Delta Dental PPO plan to increase the annual maximum from \$1,200 to \$1,300 for in-network only and to change crowns from every five years to every seven years, which resulted in a net increase to the negotiated rates of 0.4%.

After discussion at the meeting, the Trustees directed Staff to provide cost estimates on an additional option to exempt diagnostic and preventive procedures from the calendar year maximum. This item will be presented as an action item at the August 21st Board of Retirement meeting.

2. Adoption of Dental Plan Contributions for 2015

Based on the discussion of the prior agenda topic, Adoption of Dental Plan Contract/Premiums for 2015, this item will also be presented as an action item at the August 21st Board of Retirement meeting.

3. Adoption of Vision Plan Contract/Premiums for 2015

Kathy Foster, Assistant Chief Executive Officer, provided information on Vision Service Plan's renewal contract and the proposed rates for 2015.

It was moved by Elizabeth Rogers and seconded by David Safer that the Committee recommends to the Board of Retirement a motion to adopt the Vision Service Plan contract renewal for retirees effective February 1, 2015, which includes a single-party monthly billed rate of \$4.24 for mandatory enrollment and \$4.70 for voluntary enrollment.

The motion carried 5 yes (*Amaral, Cain-Darnes, Rogers, Safer, Walker*), 0 no, 0 abstentions.

4. Adoption of Vision Plan Contributions for 2015

Kathy Foster, Assistant Chief Executive Officer, reported that the current projected annual cost to provide this non-vested benefit is \$326,497. Since the 2015 premiums will be the same as the current rates, and using the same enrollment numbers, the estimated 2015 annual cost is estimated to be \$326,497.

It was moved by Elizabeth Rogers and seconded by David Safer that the Committee recommends to the Board of Retirement a motion to continue the vision plan contributions for plan year 2015, 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.

The motion carried 5 yes (*Amaral, Cain-Darnes, Rogers, Safer, Walker*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Status Update on Retirements Due to AB 197 Implementation

Kathy Foster, Assistant Chief Executive Officer, provided a status report on the work progress and dollars spent on overtime and temporary employees as of August 1, 2014, due to implementing AB 197. Updated information will be provided at future meetings until the majority of the work is complete.

2. Plans for Open Enrollment and Retiree Health Fair

Kathy Foster, Assistant Chief Executive Officer, provided information on the planning for ACERA's annual Open Enrollment and Retiree Health Fair and Wellness Center.

3. Miscellaneous Updates

Kathy Foster, Assistant Chief Executive Officer, provided a report on the leadership changes at the Center for Medicare and Medicaid Services and Covered California, the UnitedHealthcare and Tenet contract negotiations, the upcoming California Municipality Partnership meeting, and the Covered California subsidy usage.

TRUSTEE/PUBLIC INPUT

None.

RECOMMENDATIONS

1. Adoption of Vision Plan Contract/Premiums for 2015

The Committee recommends, and I move that the Board of Retirement adopts the Vision Service Plan contract renewal for retirees effective February 1, 2015, which includes a single-party monthly billed rate of \$4.24 for mandatory enrollment and \$4.70 for voluntary enrollment.

2. Adoption of Vision Plan Contributions for 2015

The Committee recommends, and I move that the Board of Retirement continues the vision plan contributions for plan year 2015, 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

- Presentation and Acceptance of Supplemental Retiree Benefit Reserve (SRBR) Funding Report/Valuation

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for September 3, 2014 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:55 a.m.