



October 3, 2012

To: Members of the Retirees Committee

From: David Safer, Acting Chair, Retired Trustee

**Subject: Summary of the October 3, 2012 Retirees Committee Meeting**

Acting Committee Chair David Safer called the October 3, 2012 meeting to order at 10:05 a.m. Committee members present were David Safer, Acting Committee Chair, Annette Cain-Darnes, Dale Amaral, Elizabeth Rogers, and George Wood. Other Board members present were George Dewey, and alternate member Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Rose Kwong, Benefits Manager; Betty Tse, Chief Investment Officer; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Internal Audit Manager.

### **ACTION ITEMS**

#### **1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve (SRBR) Funding Report/Study**

The Segal Company, ACERA's Actuary, presented the annual GASB Statements No. 25 and 43 Actuarial Valuation of benefits provided through the Supplemental Retiree Benefit Reserve (SRBR) account as of December 31, 2011. Based on this valuation report, the terminal year of OPEB is projected to be 2027 and the terminal year for non-OPEB remains unchanged from the previous projection of 2031.

It was moved by Annette Cain-Darnes and seconded by Dale Amaral that the Committee recommends to the Board of Retirement a motion to accept the December 31, 2011 Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation prepared by The Segal Company.

### **INFORMATION ITEMS**

#### **1. Supplemental Retiree Benefit Reserve (SRBR) Financial Status**

Vince Brown, Chief Executive Officer, presented a history of the Supplemental Retiree Benefit Reserve (SRBR) activity for the 10 ½ year period ending June 30, 2012. The ending balance of the SRBR as of June 30, 2012 was approximately \$582.6 million. The semi-annual interest crediting as of June 30, 2012 based on the rate of 0.4111% was completed on August 30, 2012. There was approximately \$2.5 million of interest credited and \$22.8 million deducted from the SRBR fund.

## **2. Report on Medicare Part D Certificates of Creditable Coverage and Updates for 2013**

Keenan & Associates, ACERA's Benefits Consultant, provided the changes occurring to Medicare Part D standard benefits effective January 1, 2013. They have also confirmed that ACERA's group Medicare Part D plans continue to meet the standard of "creditable coverage" set forth by Medicare. ACERA plans to meet the mandated disclosure requirement by issuing the Creditable Coverage notices by the October 15<sup>th</sup> deadline.

## **3. Healthcare Reform Update – 3<sup>rd</sup> Quarter**

Keenan & Associates, ACERA's Benefits Consultant, provided information regarding the Patient Protection and Affordable Care Act (PPACA), health care reform specific to 2014, Medicare Part C update, California Health Benefit Exchange, proposed California legislation, retiree health care, and Early Retiree Reinsurance Program (ERRP).

## **4. Final Report on Open Enrollment Preparation and Communications Material and Health Fair Arrangements**

Sharen Stanek-Lowe, Assistant Benefits Manager and Mike Fara, Communications Manager, provided a report and sample communication materials regarding ACERA's annual Open Enrollment for plan year 2013 and the Retiree Health Fair.

## **5. Report on ACERA's Wellness Program**

Sharen Stanek-Lowe, Assistant Benefits Manager, gave a presentation on ACERA's Wellness Program, which included the fourth quarter 2012 Wellness & Disease Management Work Plan, ACERA's goals for 2012, carrier measurements for the period 2008 through 2011, Kaiser Permanente's semi-annual chronic conditions report, and a summary of the second and third quarter 2012 accomplishments.

## **6. Miscellaneous Updates**

Sharen Stanek-Lowe, Assistant Benefits Manager, provided an update regarding the transition to Extend Health, Inc., ACERA's Medicare Exchange service provider.

## **TRUSTEE/PUBLIC INPUT**

Ken Moresi, REAC Board President, reminded Trustees and Staff of its fall luncheon to be held on October 8, 2012.

**RECOMMENDATIONS**

**1. Presentation and Acceptance of Supplemental Retiree Benefit Reserve (SRBR) Funding Report/Study**

The Committee recommends, and I move that the Board of Retirement accepts the December 31, 2011 Supplemental Retiree Benefit Reserve (SRBR) Actuarial Valuation prepared by The Segal Company.

**FUTURE DISCUSSION ITEMS**

- Adoption of Medicare Part B Reimbursement Plan Benefit for 2013

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for November 7, 2012 at 10:00 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 12:00 p.m.