



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

**RETIREES COMMITTEE/BOARD MEETING
NOTICE and AGENDA**

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Thursday, July 18, 2019
1:00 p.m.**

LOCATION	COMMITTEE MEMBERS	
ACERA C.G. "BUD" QUIST BOARD ROOM 475 14TH STREET, 10TH FLOOR OAKLAND, CALIFORNIA 94612-1900 MAIN LINE: 510.628.3000 FAX: 510.268.9574	LIZ KOPPENHAVER, CHAIR	ELECTED RETIRED
	DALE AMARAL, VICE CHAIR	ELECTED SAFETY
	KEITH CARSON	APPOINTED
	JAIME GODFREY	APPOINTED
	ELIZABETH ROGERS	ELECTED GENERAL

Should a quorum of the Board attend this meeting, this meeting shall be deemed a joint meeting of the Board and Committee.

The order of agenda items is subject to change without notice. Board and Committee agendas and minutes are available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

RETIREES COMMITTEE/BOARD MEETING

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Call to Order: 1:00 p.m.

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

1. Adoption of 2020 Monthly Medical Allowance for Group Plans

Motion to adopt the Monthly Medical Allowance (MMA) paid to eligible retirees in group plans for Plan Year 2020. The Group Plan MMA is stated as a monthly dollar amount which varies by years of service credit and can only be used to pay for ACERA-sponsored health plan premiums.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2020 Group Plan Monthly Medical Allowance (MMA) by 3.70% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$578.65 for the Plan Year 2020. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

2. Adoption of 2020 Monthly Medical Allowance for Early Retiree Individual Plans

Motion to adopt a Monthly Medical Allowance (MMA), which will be provided to qualified early (non-Medicare eligible) retirees enrolled in Individual Plans through the Health Exchange for the 2020 Plan Year. The MMA is a suggested dollar limit used for specific medical cost reimbursement through Health Reimbursement Accounts. The MMA is set as a monthly amount which varies by years of service credit.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$578.65 for Plan Year 2020. 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 Employees Retirement Law, ACERA treats an equal amount of

RETIREES COMMITTEE/BOARD MEETING

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Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

3. Adoption of 2020 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

Motion to adopt a Monthly Medical Allowance (MMA), which will be provided to qualified Medicare eligible retirees enrolled in Individual Plans through the Medicare Exchange for the 2020 Plan Year. The MMA is a suggested dollar limit used for specific medical cost reimbursement through Health Reimbursement Accounts. The MMA is set as a monthly amount which varies by years of service credit.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$443.28 for Plan Year 2020. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Information Items: These items are not presented for Committee action but consist of status updates and cyclical reports

1. Report on Dental and Vision Plans Experience, Utilization, and Proposed Delta Dental Renewal Information

Staff will report on claims experience and plan utilization for ACERA retirees enrolled in ACERA-sponsored Dental and Vision Plans.

- Kathy Foster
- Segal Consulting

2. Timeline for Supplemental Retiree Benefit Reserve Benefits Survey

Staff will provide a timeline for sending the Supplemental Retiree Benefit Reserve benefits survey to all ACERA active members and retirees/

- Kathy Foster
- Mike Fara

3. Miscellaneous Updates

Staff will update the Committee on any recent benefit issues affecting ACERA retirees.

- Ismael Piña

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Trustee Remarks

Future Discussion Items

- Adoption of Dental Plan Contributions for 2020
- Adoption of Vision Plan Contributions for 2020

Establishment of Next Meeting Date

August 7, 2019, at 10:30 a.m.

Adjournment



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 18, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer *KFoster*

SUBJECT: **Monthly Medical Allowance for 2020**

Last month, Staff provided information regarding the Monthly Medical Allowance (MMA) for 2020. Staff provided the cost impacts to the MMA as a result of leaving the amount at the current rate or increasing the MMA by 3.70% for 2020. These amounts are summarized below. Attached is a chart with current plan premiums and enrollment numbers, a chart with assumptions using premium increases, and a chart with both premium and MMA increases, which were also provided last month.

GROUP PLANS COSTS

Plan Year	20+ Years MMA	Annual Cost Summary	
2019	\$558.00	Current premiums and MMA:	\$25,343,693
2020	\$558.00	Increase in premiums only:	\$26,525,373
2020	\$578.65	Increase in premiums and MMA:	\$26,872,329

INDIVIDUAL PLAN COSTS – Early (Non-Medicare) Retirees Living Outside ACERA’s HMO Service Area

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	14	\$ 279.00	\$ 3,348.00	\$ 46,872.00
15 - 19 Years	22	\$ 418.50	\$ 5,022.00	\$ 110,484.00
20 + Years	94	\$ 558.00	\$ 6,696.00	\$ 629,424.00
Totals	130			\$ 786,780.00
Totals with 3.70% Increase	130			\$ 815,898.00

INDIVIDUAL PLAN COSTS – Medicare Eligible Retirees

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	184	\$ 213.73	\$ 2,564.76	\$ 471,915.84
15 - 19 Years	201	\$ 320.59	\$ 3,847.08	\$ 773,263.08
20 + Years	978	\$ 427.46	\$ 5,129.52	\$ 5,016,670.56
Totals	1,363			\$ 6,261,849.48
Totals with 3.70% Increase	1,363			\$ 6,493,608.72

According to the numbers compiled above, ACERA’s current total estimated annual costs are \$32,392,322. This estimated annual cost assumes all those enrolled in the Health and Medicare Exchange will use their full Health Reimbursement Account balances. If premiums increase and the MMA is increased, the total estimated annual cost would be \$34,181,836. The total estimated increase would be \$1,789,514 (\$1,181,680 due to group plans premium increase and \$607,834 due to MMA increase).

Discussion and Recommendations

Last month, some points to consider in making a decision to increase the MMA or to leave it the same amount for 2020 were discussed. The Supplemental Retiree Benefit Reserve (SRBR) is projected to have a current lifespan of 21 years, based on the preliminary report from Segal Consulting, ACERA’s Actuary. However, next year, a reduction of one year is anticipated due to market losses to be recognized. In 2018, \$76,627,164 was credited to the SRBR (includes interest at the assumed rate, plus excess earnings for June 30th). The cost of providing the health, vision, dental and Medicare Part B Reimbursement Plan (MBRP) benefits increased approximately 6.6% on average over the last five years, which is up from 3.10%. The estimated annual cost to increase the MMA for 2020 is \$607,834. Since the SRBR was reported to be about \$919.5 million at 2018 year end and the life span of the SRBR is projected at over 21 years, Staff’s recommendation is to increase the MMA for 2020 by 3.70%.

Recommendation Number One

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2020 Group Plan Monthly Medical Allowance (MMA) by 3.70% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA’s actuary, which results in a MMA maximum of \$578.65 for the Plan Year 2020. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Recommendation Number Two

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$578.65 for Plan Year 2020. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Recommendation Number Three

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2020 Individual Plan Monthly Medical Allowance (MMA) by 3.70% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$443.28 for Plan Year 2020. 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 Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

Attachments (3)

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2019

Current Premiums and MMA

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	2019 MMA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees)	Projected # Enrolled (2019 plan year)	1	67	91	937	1096
	Total Premium (2019)	\$ 765.06	\$ 765.06	\$ 765.06	\$ 765.06	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
	Projected Premium Paid by Retiree	\$ 765.06	\$ 486.06	\$ 346.56	\$ 207.06	
UnitedHealthcare SignatureValue HMO (Early Retirees)	Projected # Enrolled (2019 plan year)	1	5	10	98	114
	Total Premium (2019)	\$ 1,047.16	\$ 1,047.16	\$ 1,047.16	\$ 1,047.16	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
	Projected Premium Paid by Retiree	\$ 1,047.16	\$ 768.16	\$ 628.66	\$ 489.16	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)	Projected # Enrolled (2019 plan year)	1	1	1	10	13
	Total Premium (2019)	\$ 980.94	\$ 980.94	\$ 980.94	\$ 980.94	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
	Projected Premium Paid by Retiree	\$ 980.94	\$ 701.94	\$ 562.44	\$ 422.94	
Total Plan Enrollees (Early Retirees)						1223
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage	Projected # Enrolled (2019 plan year)	35	484	525	2852	3896
	Total Premium (2019)	\$ 394.07	\$ 394.07	\$ 394.07	\$ 394.07	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 394.07	\$ 394.07	
	Projected Premium Paid by Retiree	\$ 394.07	\$ 115.07	0.00	0.00	
Total Kaiser Senior Advantage Medicare Plan Enrollees						3896

Total Projected Annual Cost: \$25,343,693

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2020

Assumes 0% Increase to MMA and Projected Increase to Premiums

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	Projected (2020) MMA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees) <i>Assumes 8.2% Increase</i>	Projected # Enrolled (2019 plan year)	1	67	91	937	1096
	Total Premium (2020)	\$ 827.79	\$ 827.79	\$ 827.79	\$ 827.79	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
	Projected Premium Paid by Retiree	\$ 827.79	\$ 548.79	\$ 409.29	\$ 269.79	
UnitedHealthcare SignatureValue HMO (Early Retirees) <i>Assumes 8.2% Increase</i>	Projected # Enrolled (2019 plan year)	1	5	10	98	114
	Total Premium (2020)	\$ 1,133.03	\$ 1,133.03	\$ 1,133.03	\$ 1,133.03	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
	Projected Premium Paid by Retiree	\$ 1,133.03	\$ 854.03	\$ 714.53	\$ 575.03	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) <i>Assumes 8.2% Increase</i>	Projected # Enrolled (2019 plan year)	1	1	1	10	13
	Total Premium (2020)	\$ 1,061.38	\$ 1,061.38	\$ 1,061.38	\$ 1,061.38	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 418.50	\$ 558.00	
	Projected Premium Paid by Retiree	\$ 1,061.38	\$ 782.38	\$ 642.88	\$ 503.38	
Total Plan Enrollees (Early Retirees)						1223
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage <i>Assumes 7.4% Increase</i>	Projected # Enrolled (2019 plan year)	35	484	525	2852	3896
	Total Premium (2020)	\$ 423.23	\$ 423.23	\$ 423.23	\$ 423.23	
	Projected Subsidy Paid by ACERA	\$ -	\$ 279.00	\$ 423.23	\$ 423.23	
	Projected Premium Paid by Retiree	\$ 423.23	\$ 144.23	\$ 0.00	\$ 0.00	
Total Kaiser Senior Advantage Medicare Plan Enrollees						3896

Total Projected Annual Cost: \$26,525,373

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2020

Assumes 3.70% Increase to MMA and Projected Increase to Premiums

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	Projected (2020) MMA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees) Assumes 8.2% Increase	Projected # Enrolled (2019 plan year)	1	67	91	937	1096
	Total Premium (2020)	\$ 827.79	\$ 827.79	\$ 827.79	\$ 827.79	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 827.79	\$ 538.46	\$ 393.80	\$ 249.14	
UnitedHealthcare SignatureValue HMO (Early Retirees) Assumes 8.2% Increase	Projected # Enrolled (2019 plan year)	1	5	10	98	114
	Total Premium (2020)	\$ 1,133.03	\$ 1,133.03	\$ 1,133.03	\$ 1,133.03	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 1,133.03	\$ 843.70	\$ 699.04	\$ 554.38	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) Assumes 8.2% Increase	Projected # Enrolled (2019 plan year)	1	1	1	10	13
	Total Premium (2020)	\$ 1,061.38	\$ 1,061.38	\$ 1,061.38	\$ 1,061.38	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 1,061.38	\$ 772.05	\$ 627.39	\$ 482.73	
Total Plan Enrollees (Early Retirees)						1223
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage Assumes 7.4% Increase	Projected # Enrolled (2019 plan year)	35	484	525	2852	3896
	Total Premium (2020)	\$ 423.23	\$ 423.23	\$ 423.23	\$ 423.23	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 423.23	\$ 423.23	
	Projected Premium Paid by Retiree	\$ 423.23	\$ 133.90	0.00	0.00	
Total Kaiser Senior Advantage Medicare Plan Enrollees						3896


Total Projected Annual Cost: \$26,872,329



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 18, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer 

SUBJECT: **Report on Dental and Vision Plans Experience, Utilization, and Proposed Delta Dental Renewal Information**

Segal Consulting, ACERA's Benefits Consultant, will review the attached annual dental and vision plans experience, utilization, and proposed Delta Dental Plan Year 2020 renewal presentations, and discuss the following topics.

- Enrollment
- Claims
- Premiums
- Utilization
- Dental DPPO Annual Maximum by Network
- Delta Dental's Plan Year 2020 Renewal Information
- VSP Plan Loss Ratio by Plan

Attachments

Delta Dental DPPO Plan Experience

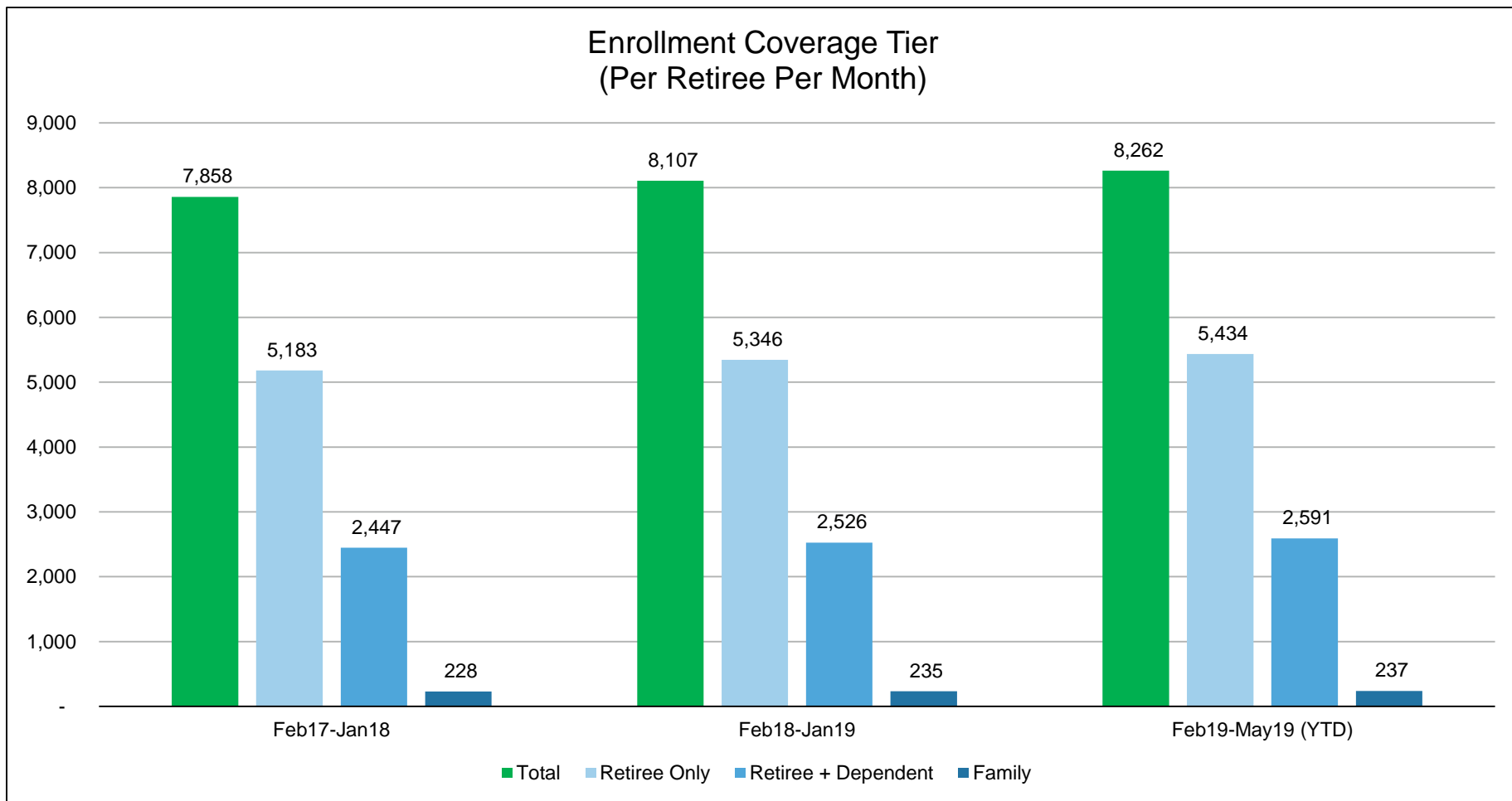
ACERA Retirees Committee Meeting

July 18, 2019

 Segal Consulting

Delta Dental DPPO Plan Experience

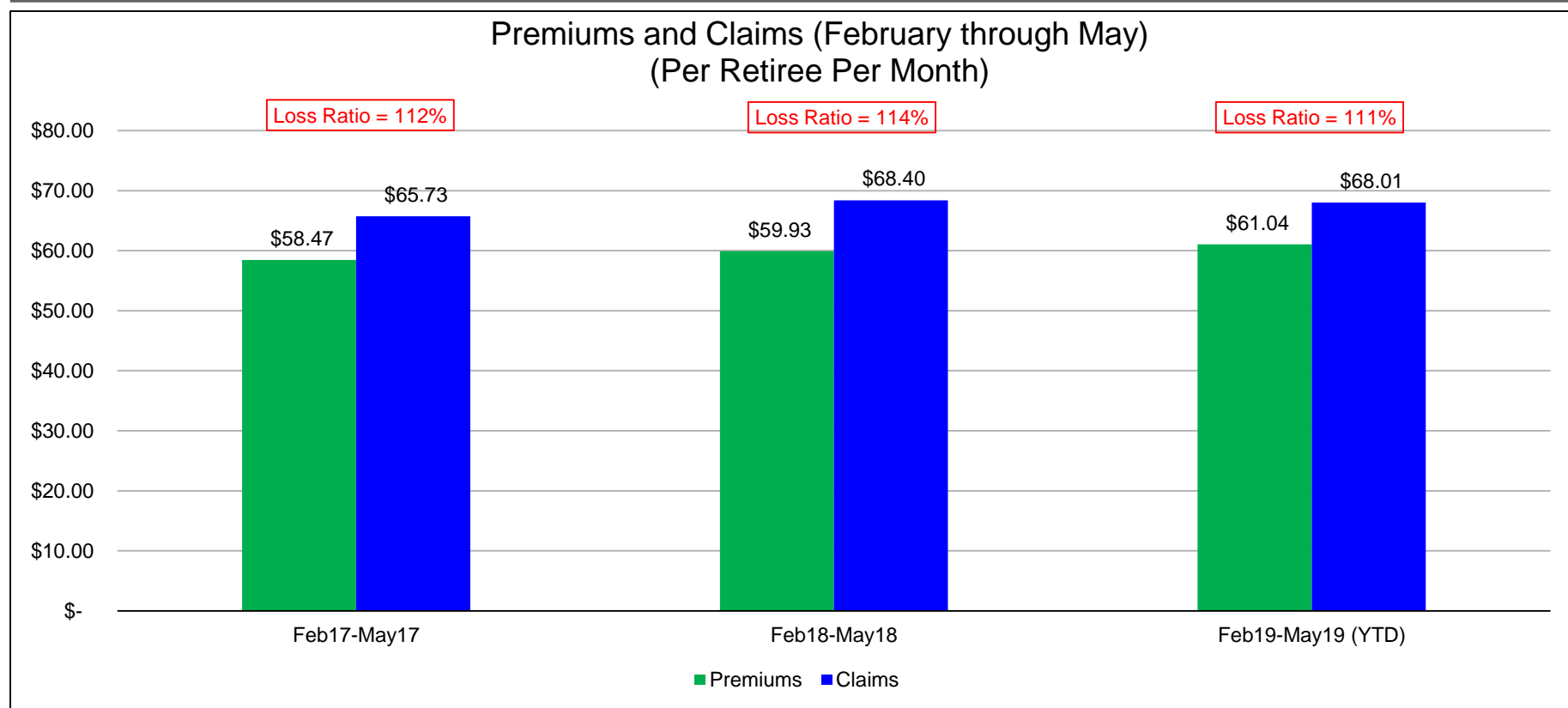
Enrollment



- Delta Dental DPPO enrollment has steadily increased in the past three periods
- Coverage Tier distribution has remained consistent in the past three periods
 - ACERA does not cover dependent premiums, resulting in higher Retiree Only enrollment

Delta Dental DPPO Plan Experience

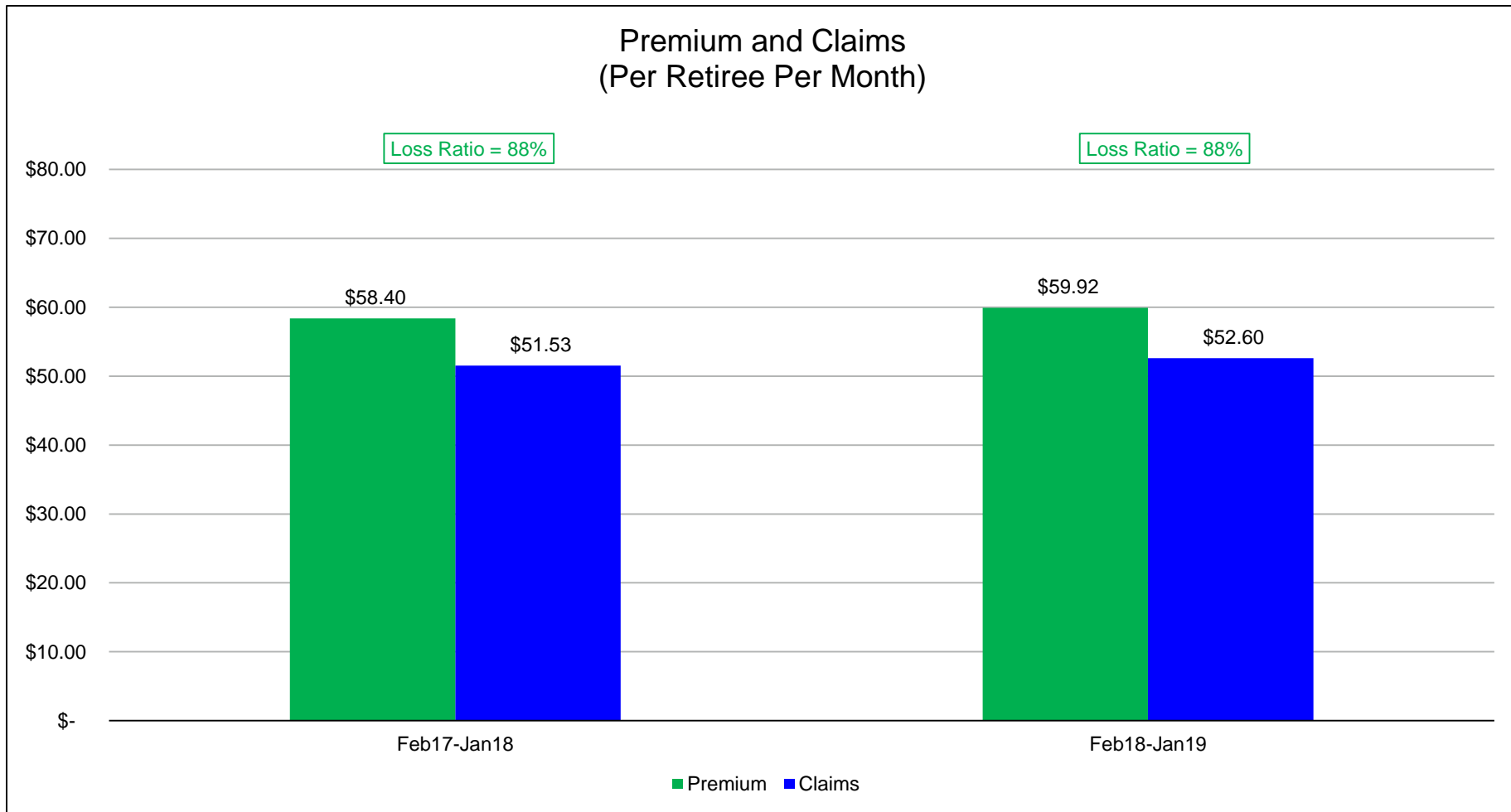
Premiums & Claims – February through May Comparison



- Plan design features such as annual maximums effect seasonal claims fluctuations
- Due to seasonality, dental claims have been 30% higher in the first four months of the plan year when compared to the entire plan period
- Year-to-date (YTD) loss ratio for the 2019-20 plan year is three percentage points lower than the prior year, which offsets Delta Dental's trend assumption

Delta Dental DPPO Plan Experience

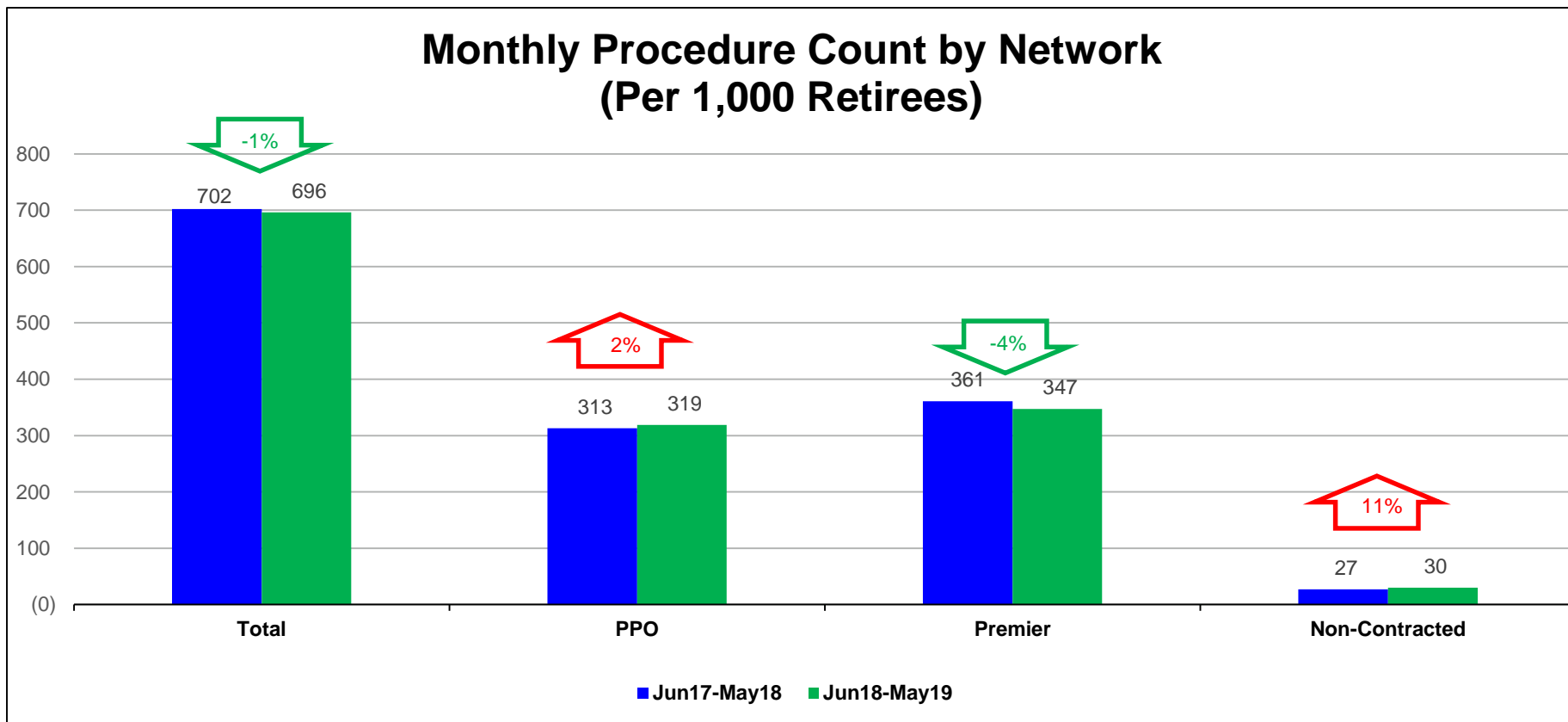
Premiums & Claims – Plan Year Comparison



- Loss Ratio has remained at Delta Dental's target of 88% for the last two plan years
- Renewal increase is expected to match the trend assumption, when experience is at the target loss ratio

Delta Dental DPPO Plan Experience

Procedure Utilization by Network



- Migration to Delta Dental DPPO providers results in deeper discounts and increases the Annual Maximum Benefit from \$1,000 to \$1,300
- Non-Contracted procedures accounted for approximately 4% of total procedures for the prior and current period

Delta Dental DPPO Plan Experience

Annual Maximum by Network

	Feb17 - Jan18	Feb18 - Jan19	Year over Year % Change
PPO (\$1,300 Annual Maximum)			
Total Utilizers (Members)	4,077	4,378	7.4%
Utilizers Reaching Maximum	773	788	1.9%
% Reaching Maximum	19.0%	18.0%	N/A
Premier (\$1,000 Annual Maximum)			
Total Utilizers (Members)	4,349	4,314	-0.8%
Utilizers Reaching Maximum	779	785	0.8%
% Reaching Maximum	17.9%	18.2%	N/A
Non-Contracted (\$1,000 Annual Maximum)			
Total Utilizers (Members)	245	271	10.6%
Utilizers Reaching Maximum	21	25	19.0%
% Reaching Maximum	8.6%	9.2%	N/A
Total Networks			
Total Utilizers (Members)	8,671	8,963	3.4%
Utilizers Reaching Maximum	1,573	1,598	1.6%
% Reaching Maximum	18.1%	17.8%	N/A

- Total members reaching annual maximum remained steady at approximately 18%
- A majority of members utilized Delta Dental's DPPO (48%) and Premier (49%) network providers, during the past two plan years
 - Members utilizing the Delta Dental's DPPO network increased by 7.4%, while members utilizing the Premier network decreased marginally by 0.8%
- Less than one percent of members have reached the annual maximum for Non-Contracted providers over the past two years

Delta Dental DPPO Plan Experience

Top Utilization Category

	Feb17 - Jan18	Feb18 - Jan19	Year over Year % Change
Top Utilization Category by Paid Claims			
Crowns & Inlays/Onlays	\$2,305,996	\$2,308,655	0.1%
Diagnostic	\$1,358,735	\$1,477,188	8.7%
Preventive	\$1,258,317	\$1,340,521	6.5%
Other	\$5,096,118	\$5,596,701	9.8%
Total DPPO Claims	\$10,019,167	\$10,723,065	7.0%
Top Utilization Category by Procedure Counts			
Diagnostic	29,454	31,598	7.3%
Preventive	15,126	16,391	8.4%
Periodontics	5,170	5,259	1.7%
Other	14,643	15,700	7.2%
Total DPPO Procedures	64,393	68,948	7.1%

- Top three utilization categories by paid claims and procedure counts remained consistent for the prior plan years
 - Top three utilization by paid claims consist of approximately 48% of total claims for the prior plan years
 - Top three utilization by procedure counts consist of approximately 77% of total procedure counts for the prior plan years

Delta Dental DPPO Plan Experience

Dollar Graded Utilization (Excludes Orthodontics)

Dollar Range	Jun17 - May18	Jun18 - May19	Year over Year % Change
<= \$260	2,390	2,480	3.8%
\$261 to \$1,000	4,684	4,886	4.3%
\$1,001 to \$1,300	1,682	1,650	-1.9%
Total	8,756	9,016	3.0%

- Total utilization on a rolling 12 month basis increased 3%, which is consistent with the enrollment percent change
 - Less than 20% of utilization exceeds \$1,000 in claims
- The annual maximum is \$1,300 for Delta Dental's DPPO providers, and \$1,000 for Premier and Non-Contracted providers

Delta Dental DPPO Plan Experience Utilizers by Procedure Count

Procedure Counts	Jun17 - May18	Jun18 - May19	Year Over Year % Change
No Utilization	2,843	2,924	2.8%
1	232	247	6.5%
2	537	597	11.2%
3	652	701	7.5%
4+	7,301	7,449	2.0%
Total	11,565	11,918	3.1%

Note: Members may experience more than one procedure when visiting a dental provider.

- Approximately 25% of total members had no utilization during both experience periods
 - Delta Dental's Book of Business experiences 35% of members with no utilization
 - Members may not utilize Diagnostic & Preventive Services because it depletes their Annual Maximum Benefit
- At least 60% of members incurred four or more procedures during both experience periods

Delta Dental Renewal Effective February 1, 2020

ACERA Retirees Committee Meeting

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 Segal Consulting

Delta Dental Renewal Executive Summary

- Delta Dental initially proposed rate passes for ACERA's DHMO and DPPO plans, effective February 1, 2020
 - DHMO plan is guaranteed for 36 months
 - DPPO plan is guaranteed for 12 months
- After negotiations with Segal, Delta Dental reduced DPPO Billed Rates by 4.78% through lower trend and using ACERA's Premium Stabilization Reserve (PSR)
 - Delta Dental projects the PSR to be \$550,000 effective February 1, 2020, or approximately 10% of projected incurred claims
 - Delta Dental anticipates using 52% of the PSR to provide the rate reduction
 - Claims are limited by the Annual Maximum Benefit feature for DPPO (\$1,300), and Premier and Non-Contracted (\$1,000) providers
- Annual DPPO premiums are projected to decrease by 4.7% to \$5.8 million
- Segal requested additional plan design changes for the Committee's consideration

Delta Dental Renewal Proposed Monthly Premiums

DPPO Rates	Current	Proposed	Negotiated
<10 Years of Service - Unsubsidized			
Retiree	\$63.69	\$63.69	\$61.58
Two-Party	\$103.99	\$103.99	\$100.54
Family	\$167.26	\$167.26	\$161.71
10+ Years of Service - Subsidized			
Total Rates			
Retiree	\$46.29	\$46.29	\$44.75
Two-Party	\$87.25	\$87.25	\$84.35
Family	\$151.62	\$151.62	\$146.59
Billed Rates			
Retiree	\$44.15	\$44.15	\$42.04
Two-Party	\$85.11	\$85.11	\$81.04
Family	\$149.48	\$149.48	\$142.33
DHMO Rates			
<10 Years of Service			
Retiree	\$31.05	\$31.05	\$31.05
Two-Party	\$45.51	\$45.51	\$45.51
Family	\$63.00	\$63.00	\$63.00
10+ Years of Service			
Retiree	\$22.18	\$22.18	\$22.18
Two-Party	\$36.64	\$36.64	\$36.64
Family	\$54.13	\$54.13	\$54.13

Delta Dental Renewal Initial Proposed Rate Build-Up Effective February 1, 2020

	Delta Dental	Segal
Total Adjusted Premium	\$6,164,784	\$6,164,105
Incurred Claims	\$5,151,124	\$5,104,653
Experience Loss ratio	83.6%	82.8%
Trend	3.00%	3.00%
Months Trended	21	21
Applied Trend	5.31%	5.31%
Trended Loss Ratio	87.99%	87.21%
Admin	12.05%	12.05%
Target Loss Ratio	87.95%	87.95%
Required Renewal Rate Action	0.05%	-0.84%
Proposed Renewal Rate Action	0.00%	0.00%

- Delta Dental's Total Adjusted Premiums differ from Segal's calculations due to assumptions
- Based on Trended Loss Ratio, ACERA's DPPO plan experience is trending favorably when compared to Delta Dental's Target Loss Ratio of approximately 88%
- Premium Stabilization Reserve effective February 1, 2020 is projected to be \$550,000, or 10% projected incurred claims

Delta Dental Renewal Annualized Premiums & Plan Design Changes

Dental Plans	Annualized Premiums			
	Proposed	Negotiated	Cost/(Savings)	% Change
DPPO	\$6,066,000	\$5,782,000	(\$284,000)	-4.7%
DHMO	\$90,000	\$90,000	\$0	0.0%
Total	\$6,156,000	\$5,872,000	(\$284,000)	-4.6%
Plan Design Options for DPPO		% Impact to Negotiated Premiums	\$ Impact to Negotiated Premiums	Total Projected Negotiated Premiums
Option 1 - Diagnostic & Preventive (D&P) Waiver				
Waives (D&P) procedures from Annual Maximum		6.70%	\$406,000	\$6,278,000
Option 2 - Increase Annual Maximum				
Increase DPPO Maximum to \$1,500, Premier Maximum to \$1,300; No Change to Non-Contracted Provider Maximum		6.50%	\$394,000	\$6,266,000
Option 3 - Periodontics Cleanings at D&P				
Covers Periodontal Cleanings under D&P Services		1.40%	\$85,000	\$5,957,000
Option 4 - Smileway				
Preventive benefit, increases coverage for cleanings related to diabetes, heart disease, etc.		2.00%	\$121,000	\$5,993,000

The projections in this report are estimates of future costs and are based on unaudited information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

VSP Plan Experience

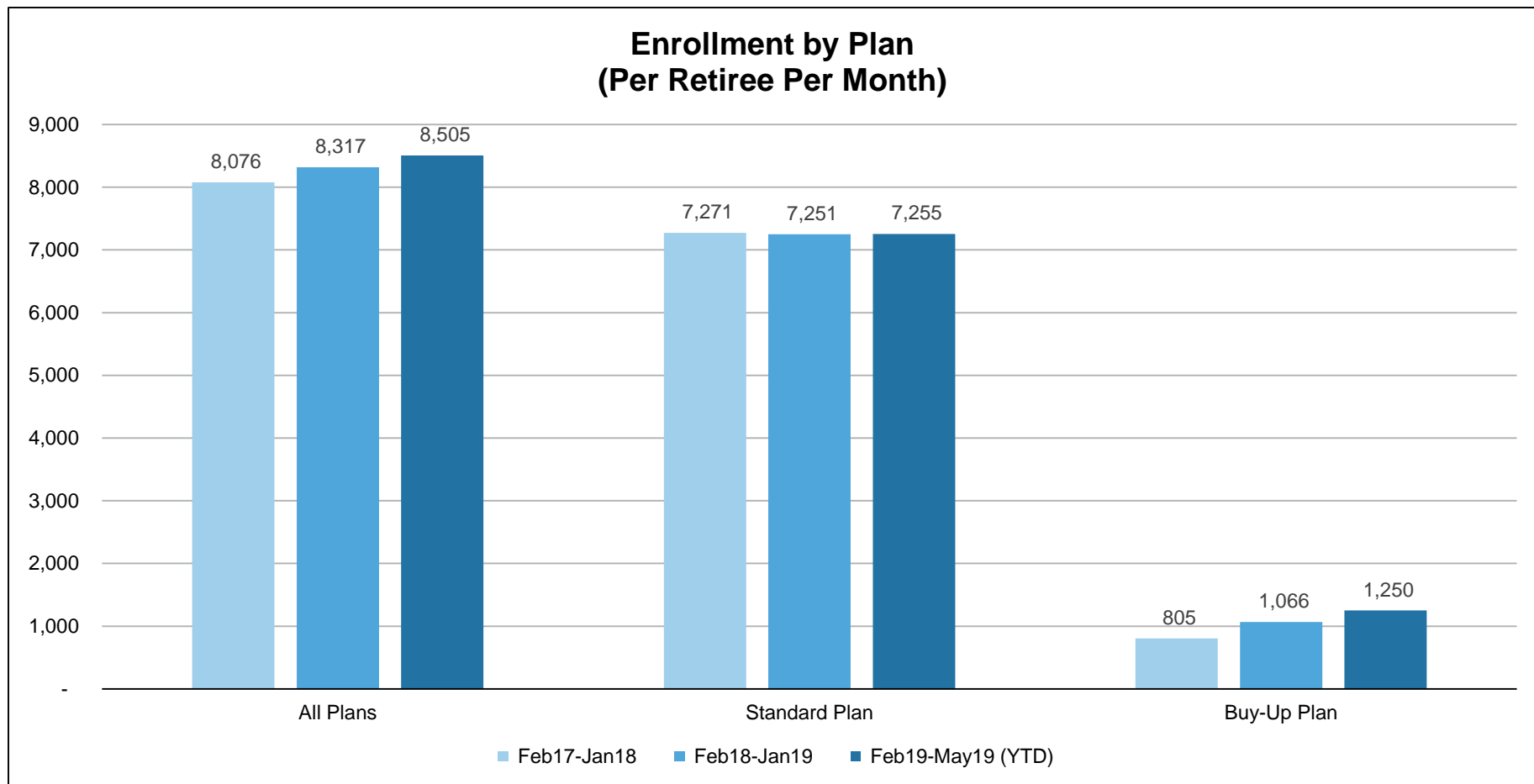
ACERA Retirees Committee Meeting

July 18, 2019



VSP Plan Experience

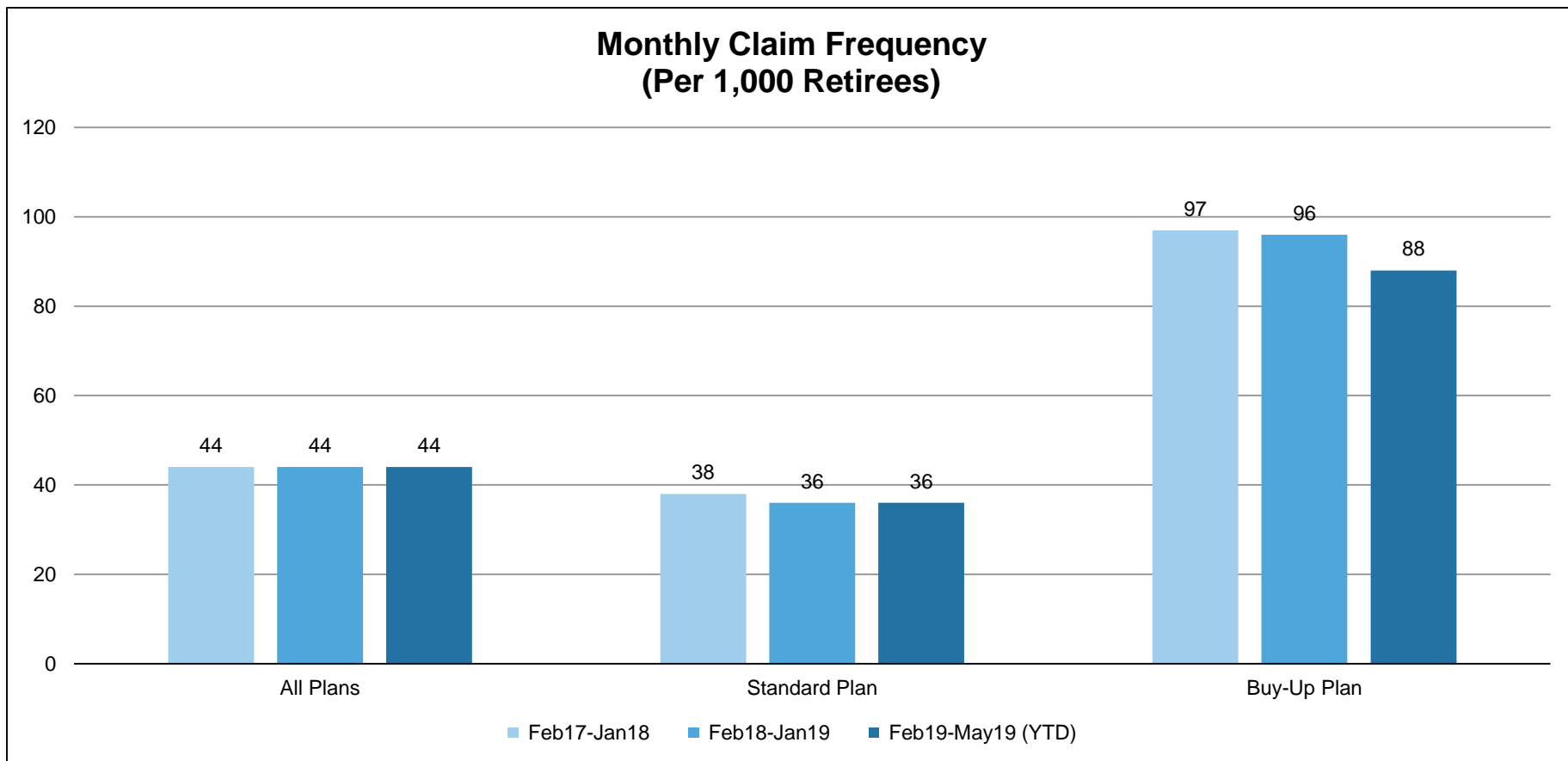
Enrollment by Plan



- Total Vision Enrollment has increased gradually over the past two plan years
 - 85% of enrollment resides in the Standard Plan
 - ACERA's Buy-Up plan is gaining popularity with higher enrollment over the past two plan years, particularly among new retirees

VSP Plan Experience

Claim Frequency by Plan



- Claim frequency remained consistent for the last three periods on a combined basis
- Standard Plan's claim frequency leveled off in 2019-20 YTD plan year
- Buy-Up Plan's claim frequency decreased for the 2019-20 YTD plan year, when compared to the prior plan year

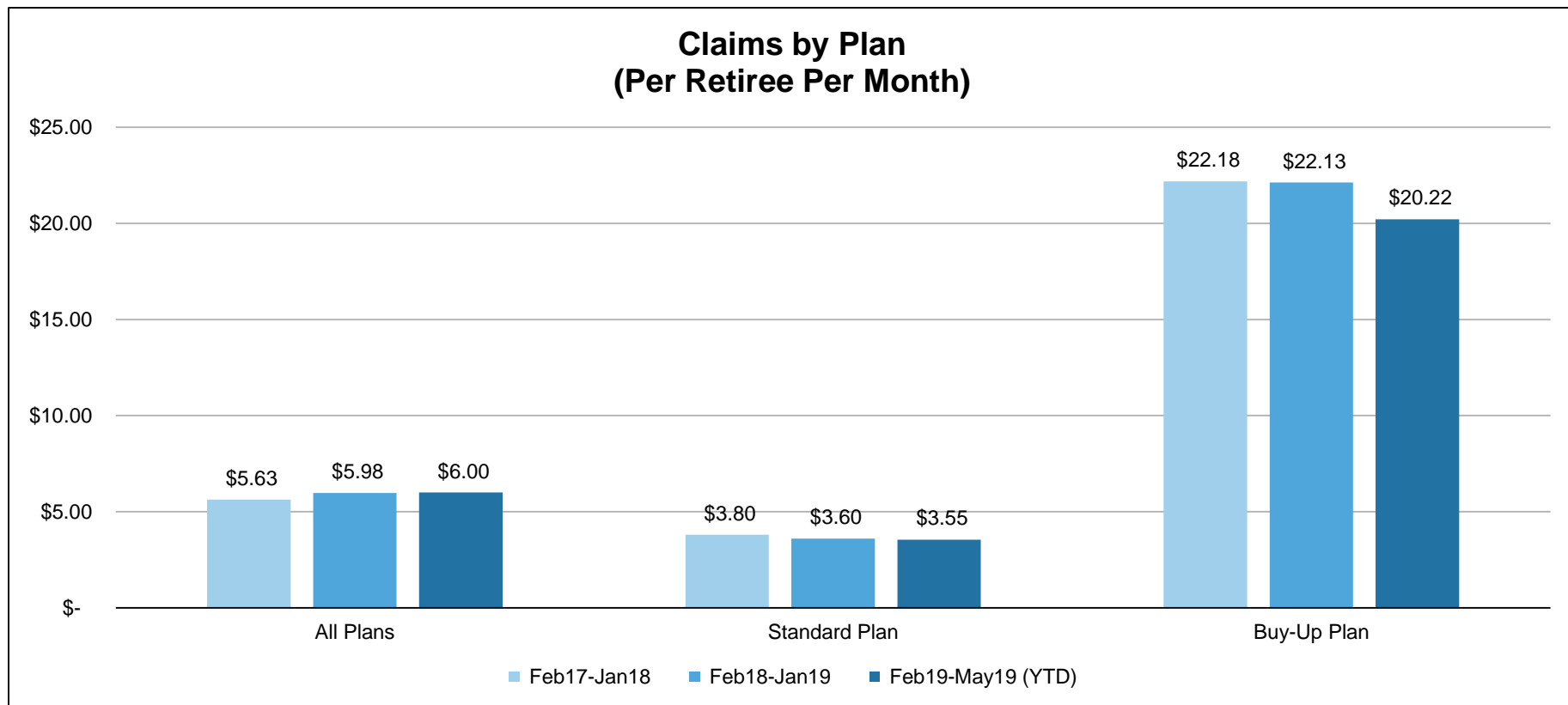
VSP Plan Experience

Utilization Metrics

Utilization Benchmarks (Standard & Buy-Up Plans)		
	ACERA	VSP Book of Business
Network Utilization	87%	88%
Exam Utilization	36%	36%
Materials - Top 3 Lens Options (Standard & Buy-Up Plans)		
Feb16 - Jan17	Feb17 - Jan18	Feb18 - Jan19
1. Polycarbonate 2. Anti-Reflective Coating 3. Progressives	1. Polycarbonate 2. Anti-Reflective Coating 3. Progressives	1. Polycarbonate 2. Anti-Reflective Coating 3. UV Protection
Frames		
	Allowance	% with No Out-of-Pocket
Standard Plan	\$150	40%
Buy-Up Plan	\$200	56%

VSP Plan Experience

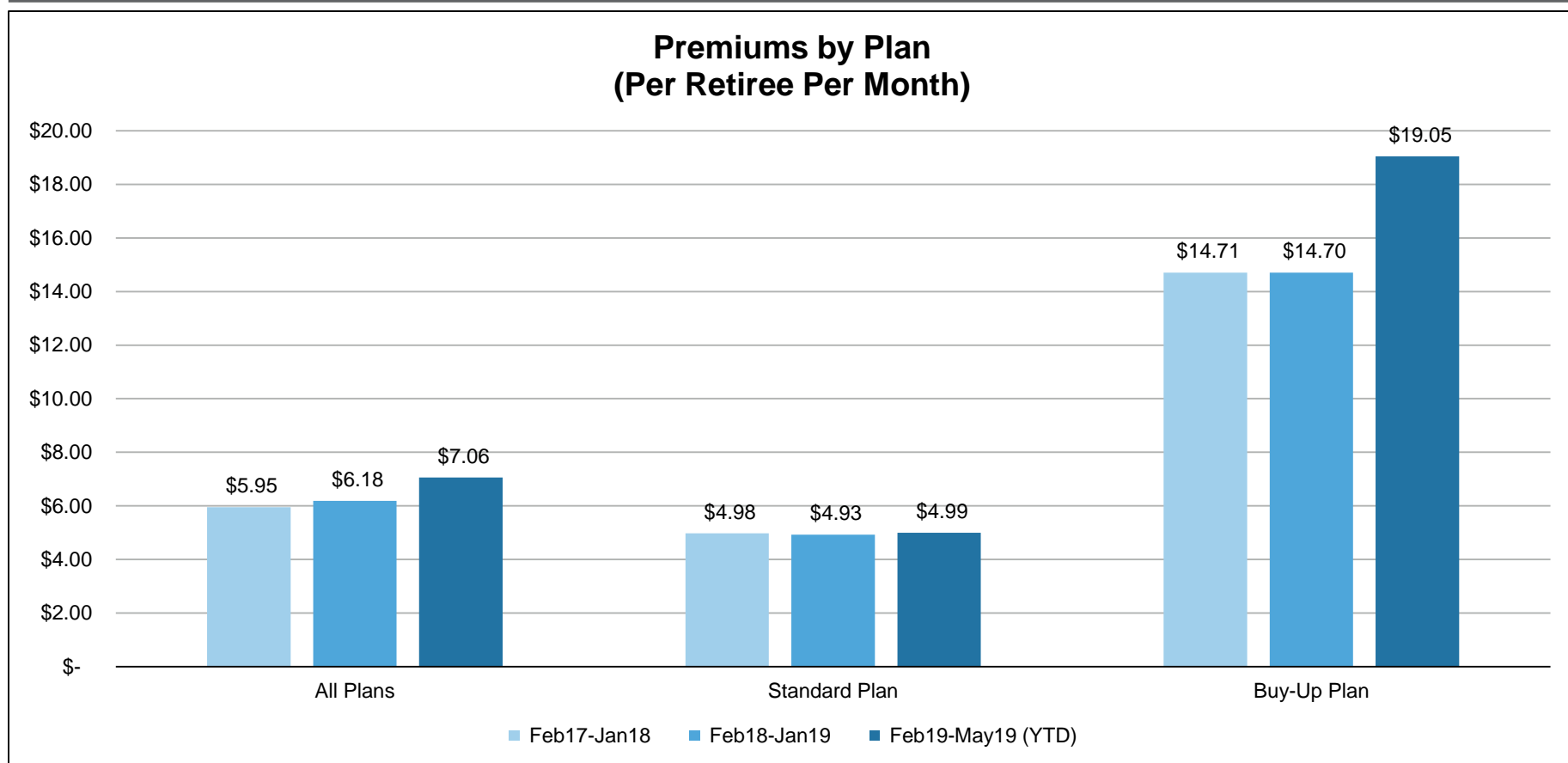
Claims by Plan



- There is minimal seasonality in vision claims; the final period is the first four months of the Year-to-Date (YTD)
- Claims for all plans on a retiree per month basis have remained consistent over the past three periods
 - The Standard Plan claims on a retiree per month basis have decreased slightly over the past three periods
 - The Buy-Up Plan is trending favorably YTD; claims decreased 9% to \$20.22 on a per retiree per month basis

VSP Plan Experience

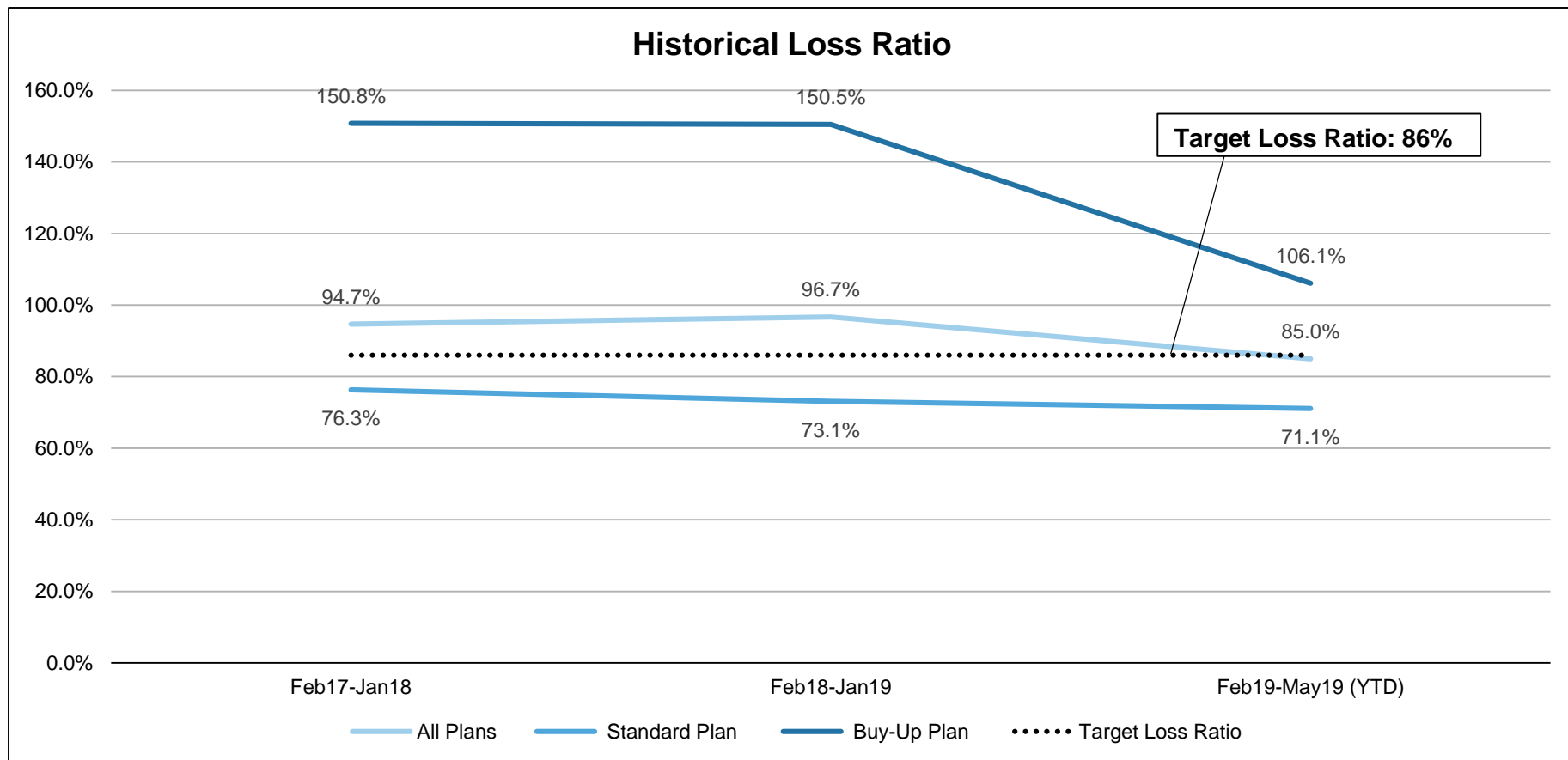
Premiums by Plan



- Premiums are in the last year of a two-year rate guarantee period
- Premiums for all plans in the 2019-20 plan year increased, due to higher enrollment in the Buy-Up plan
 - Buy-Up plan's 2019-20 premiums increased on retiree per month basis, due to higher enrollment in dependent coverage tiers

VSP Plan Experience

Loss Ratio by Plan



- The YTD 2019-20 loss ratio for All Plans appears to be trending favorably compared to VSP's target loss ratio of 86%, provided in their prior renewal development
 - The Standard Plan has subsidized the Buy-Up plan for the past three periods



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 18, 2019

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer *Kathy Foster*
Mike Fara, Communications Manager *MF*

SUBJECT: **Timeline for Supplemental Retiree Benefit Reserve Benefits Survey**

At the April Retirees Committee meeting, a proposal was made to conduct a survey on the Supplemental Retiree Benefit Reserve (SRBR) benefits in order to gauge active and retired members' perspective on the importance of these benefits. The results of this survey can be considered when the Board of Retirement finds it appropriate or necessary to reduce or increase benefits. A similar survey was conducted in 2011. Staff plans to provide a draft of the survey at the August 7th Retirees Committee meeting. Below is a timeline with targeted dates of events and actions to occur as we conduct the survey.

- **Draft Survey Presentation:** August 7th Retirees Committee Meeting
- **Summer What's Up Newsletter Article:** Late August
- **Final Draft Presentation:** September 19th Board of Retirement Meeting
- **Open Enrollment Packet – Survey Announcement:** Mid October
- **Survey Active Period:** Mid October to end of November
- **Review Results:** December
- **Present Results:** January Committee or Board of Retirement Meeting



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 18, 2019

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Miscellaneous Updates**

A handwritten signature in black ink, appearing to read "Ismael Piña".

This memo is to provide the Retirees Committee information on various monthly topics, which impact both retirees and ACERA Staff. This month's report provides an update on ACERA's first Wellness Open House and upcoming wellness events.

ACERA's Benefits team along with representatives from our carriers Kaiser Permanente, Delta Dental, VSP and several other vendors participated in our first Wellness Open House held in the 11th floor Training Room at ACERA's office. It was well attended and members were able to get firsthand information regarding the wellness offerings currently provided by the carriers, which can be accessed for little or no additional costs.

Post cards for the July 12, 2019 Financial Wellness Open House have also been sent to remind members of this event. Representatives from Deferred Compensation, 1st United Credit Union, Social Services Agency's Elder Financial Abuse, and California Health Advocates/HICAP are some of the participating vendors. Retirees can register at Eventbrite on ACERA's website, or at the event.

Our next Wellness Walk event at Lake Merritt is scheduled for August 23, 2019.