

January 5, 2011

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the January 5, 2011 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the January 5, 2011 meeting to order at 10:35 a.m. Committee members present were Dale Amaral, Liz Koppenhaver and Elizabeth Rogers. Other Board members present were Keith Carson and George Wood, and alternate members Darryl Walker and David Safer. Staff present were Catherine Walker, Acting Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; J.P. Singh, Chief Financial Officer; Rose Kwong, Benefits Manager; Mike Fara, Communications Manager; Latrena Walker, Project and Information Services Manager; and Betty Tse, Chief Investment Officer.

ACTION ITEMS

No action items were up for discussion.

INFORMATION ITEMS

1. 2011 Annual Retirees Committee Work Plan Review

Staff provided the proposed 2011 Retirees Committee Work Plan to the Committee and highlighted the following items:

- Staff will conduct a Request for Proposal (RFP) for Benefits Consulting services using a revised scope of work as well as an RFP for Communications Consulting services for Open Enrollment material.
- Staff is working on a retiree benefit survey. Similar to the survey conducted in the past, retirees will be asked to rank the benefits provided through the Supplemental Retiree Benefits Reserve. In-house support will help reduce the cost for conducting the survey since printing and postage is the main cost. The Board suggested that the survey include a disclaimer to ensure participants understand that final decisions are made by the Board.
- The Supplemental Retiree Benefit Reserve (SRBR) valuation presentation provided by the actuaries will be provided in May instead of September based on the request of the Retirees Committee. The valuation will be created using assumptions rather than final Monthly Medical Allowance, Vision and Dental contribution amounts for 2012.

- The SRBR Policy will be brought to the Committee in early 2011 in order to discuss and possibly incorporate benefit adjustment limitations of 5% in the event the SRBR reported lifespan is more or less than 15 years.
- If the SRBR lifespan is reported at 15 years or less, based on the 2010 valuation, staff will revise the Work Plan in effort to present benefit cost alternatives three months prior to the time in which benefit approval is normally recommended.
- Updates for Health Care Reform will be reported quarterly, as well as the report for the ACERA's Wellness and Disease Management Program.

2. Issuance of 2010 1099R Forms

ACERA's Benefits, Accounting, and Project/Information Systems Staff have met continuously to verify data in preparation for issuance of 1099R Forms for 2010. Form 1099R is used by ACERA to report pension and annuity income paid to retirees, beneficiaries, and members receiving a refund of contributions or contribution adjustments. No data or reporting issues are expected to occur prior to mailing. Staff anticipates that 1099R Forms will be mailed on January 24, 2011. The IRS mailing deadline is January 31, 2011.

A buck slip was enclosed in the retirees' December 31, 2010 retirement allowance and informs retirees to expect the 1099R forms at the end of January.

3. 2011 Open Enrollment Change Trends

Staff provided Open Enrollment Trends over the past five years with inclusion of preliminary 2011 numbers. Staff explained occurrences in 2006, 2007, 2009 and 2010 causing a fluctuation in the number of "completed" Open Enrollment Forms.

4. Miscellaneous Updates

Medical Plan Designs with Hearing Aid Coverage

The Retirement Board agreed to a \$1,000- hearing aid allowance per device (aid) every three years to the Kaiser Permanente Senior Advantage plan because one did not previously exist. The hearing aid allowance addition was added to close a benefit disparity between Medicare plans since a \$500 hearing maximum allowance every two years has been in place since the PacifiCare Medicare Complete Retiree Plan contracts inception. The cost per member per month (PMPM) for 171 members on the PacifiCare Plan is \$1.00 or \$171.00 per month. While the cost PMPM for 2391 members on the Kaiser Plan is \$9.13 or \$21,829.83 per month.

Staff will continue to work with Kaiser to obtain utilization information and other criteria used to determine the cost of coverage.

Anthem Blue Cross Members ~ Kaiser Permanente HMO vs. PacifiCare HMO

There were 104 Anthem Blue Cross ACERA employees that were affected by the contract cancellation. Eight members chose Kaiser Permanente HMO and the remaining chose PacifiCare HMO.

Not Enough Gross (NEG)

An annual review was conducted in order to determine if retirees will have enough gross pay to cover their medical premiums. 18 retirees did not have enough gross to cover their premiums in 2010. The number will increase to 25 members in 2011. All affected members have been notified of the new premium amounts for 2011 and the monthly amount due. Only those who were initially enrolled in a healthcare plan and whose premium later exceeds their allowance can remain enrolled and pay directly.

PacifiCare/United Healthcare New ID Cards

PacifiCare/United Healthcare (PUHC) had to create new codes in their system to accommodate the changes being implemented under the Healthcare Reform Act. This has resulted in PUHC issuing new ID cards for all PacifiCare HMO, UHC PPO, and Secure Horizons Medicare Complete members. New ID cards will be sent by mid-February for the coverage effective date of February 1, 2011. ACERA will be mailing a letter to these affected members the early part of January. There are no new ID cards for current Senior Supplement members since new ID cards were sent in August. All new Sr. Supplement enrollees will receive an ID card.

Special Mailing to all Senior Supplement members

United Healthcare is required under the Healthcare Reform Act to send all ACERA Senior Supplement members a special mailing announcing the removal of the lifetime maximum on this plan. This mailing will be to all members who have been on the plan since October 1, 2010.

STAFF INPUT

None.

TRUSTEE/PUBLIC INPUT

REAC member, Janet Waring reported receiving calls from members stating their January advice forms were received on January 3rd. Staff did not receive any calls from retirees on this matter but are looking into the reason for the delivery delay.

RECOMMENDATIONS

None.

FUTURE DISCUSSION ITEMS

As noted on the agenda.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for February 2, 2011 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:23 a.m.