



**THIS MEETING WAS CONDUCTED VIA TELECONFERENCE WITH VIDEO**

June 3, 2020

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the June 3, 2020 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the June 3, 2020 meeting to order at 10:31 a.m. Committee members present were Liz Koppenhaver, Jamie Godfrey, Dale Amaral, Keith Carson and Elizabeth Rogers. Also present were Ophelia Basgal, and Tarrell Gamble, and alternate member Nancy Reilly. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Jeff Rieger, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; Jessica Huffman, Benefits Manager; Vijay Jagar, Chief Technology Officer; and Harsh Jadhav, Chief of Internal Audit.

**PUBLIC INPUT**

None.

**ACTION ITEMS**

**1. Approval of Payment for Implicit Subsidy Cost for 2019**

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2019 is \$6,446,702. This amount was verified by Segal, ACERA's Benefits Consultant.

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement that it authorizes Staff to transfer \$6,446,702 from the Supplemental Retiree Benefit Reserve account to the County Advance Reserve to be amortized over 20 years as the Implicit Subsidy payment for Plan Year 2019.

The motion carried 7 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

**2. Possible Declaration of Intent to Fund Implicit Subsidy Program for 2021**

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2021. The Implicit Subsidy cost for Plan Year 2020 is estimated by the County of Alameda (County) to be \$7,548,683. The estimated cost of the Implicit Subsidy for Plan Year 2021 will not be known until the County has completed its medical plan contract negotiations.

It was moved by Elizabeth Rogers and seconded by Ophelia Basgal that the Committee recommend to the Board of Retirement that it adopts a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2021, following a determination by ACERA at the end of Plan Year 2021 that the amount is not greater than the actual retiree Implicit Subsidy.

The motion carried 7 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

### **3. Report and Possible Recommendation on Dental Care Provider Request for Proposal and Awarding Contract for Plan Year 2021**

Segal, ACERA's Benefits Consultant, provided a presentation describing the process, which included the review and scoring of the Request for Proposal (RFP) responses from the bidders, and the recommendation on the finalist. In response to Pete Albert's (President of the Alameda County Retired Employees association) request, Staff will provide non-propriety information on the analyses of the bidders' proposals related to the dental and vision RFP process.

It was moved by Jamie Godfrey and seconded by Elizabeth Rogers that the Committee recommend to the Board of Retirement to approve Staff's recommendation to continue ACERA's retiree dental care coverage through Delta Dental, and to award the dental care coverage contract to Delta Dental for Plan Year 2021.

The motion carried 7 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

### **4. Report and Possible Recommendation on Vision Care Provider Request for Proposal and Awarding Contract for Plan Year 2021**

Segal, ACERA's Benefits Consultant, provided a presentation describing the process, which included the review and scoring of the Request for Proposal (RFP) responses from the bidders, and the recommendation on the finalist.

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Committee recommend to the Board of Retirement to approve Staff's recommendation to continue ACERA's retiree vision care coverage through Vision Service Plan (VSP), and to award the vision care coverage contract to VSP for Plan Year 2021.

The motion carried 7 yes (*Amaral, Basgal, Carson, Gamble, Godfrey, Koppenhaver, Rogers*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### **1. Presentation and Report on Health Care Inflation/Trends**

Staff reported on health care inflation factors for 2020 and 2021 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided have been reset to start at 6.75% for non-Medicare plans and 6.25% for Medicare Advantage plans. These trend assumptions will be further adjusted to reflect the repeal of the Health Insurance Tax (HIT), resulting in 5.55% (6.75% less 1.20% for the HIT) for non-Medicare plans, and 5.35% (6.25% less 0.90% for the HIT) for Medicare plans. The trend used for dental and vision is 4.00%. The trend used for Medicare Part B is 4.50%. These trends will be used in accordance with ACERA's GASB 43 substantive plan definition. Segal's benefits consulting team also provided health care trend information.

### **2. Preliminary Report on Projected Benefit Costs Funded through the Supplemental Retiree Benefit Reserve**

Segal, ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2039 with full benefits paid through 2038, for a total of 19 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2037, for a total of 17 full years and one partial year.

Staff stated that the preliminary review of the valuation is based on projections using substantive plan and medical inflation trends. This information is used in the decision making process to set the Monthly Medical Allowance (MMA), and the dental and vision benefit amounts for the 2021 Plan Year.

### **3. Discussion of Monthly Medical Allowance (MMA) for 2021**

Staff presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2020 and 2021 Plan Years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2021 MMA at the July 2020 meeting.

### **4. 2021 Medical Plans Update/Renewal Requests of ACERA/County of Alameda**

Staff reported that the 2021 annual medical plan renewal request letter was provided to the County of Alameda, and a summary of the information provided is included in the meeting materials.

## **5. Report on Health Reimbursement Arrangement Account Balances and Reimbursements**

Staff provided information on retirees' 2019 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of March 31, 2020.

## **6. Miscellaneous Updates**

Staff reported that due to the COVID-19 shelter in place and the disruptions many companies and services are experiencing, ACERA has extended the March 31<sup>st</sup> deadline for retirees to submit their 2019 Health Reimbursement Arrangement (HRA) account reimbursement requests for an additional 60 days.

## **TRUSTEE REMARKS**

Trustee Amaral expressed his appreciation to Staff for the very well presented reports, which have been very helpful. Trustee Koppenhaver expressed her appreciation to Trustee Amaral and the sheriffs for all of the work they do, and the many hours they all have been working. Trustee Koppenhaver also expressed her appreciation to Trustee Carson for providing everyone with the latest information regarding the virus, and the activities related to the recent demonstrations.

## **FUTURE DISCUSSION ITEMS**

- Adoption of 2021 Monthly Medical Allowance for Group Plans
- Adoption of 2021 Monthly Medical Allowance for Early Retiree Individual Plans
- Adoption of 2021 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

## **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for July 1, 2020 at 10:30 a.m.

## **MEETING ADJOURNED**

The meeting adjourned at 12:08 p.m.