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.

Wednesday, June 5, 2024
9:30 a.m.

LOCATION AND TELECONFERENCE	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	ELIZABETH ROGERS, CHAIR	ELECTED RETIRED
	KELLIE SIMON, VICE CHAIR	ELECTED GENERAL
	KEITH CARSON	APPOINTED
	ROSS CLIPPINGER	ELECTED SAFETY
	HENRY LEVY	TREASURER
The public can observe the meeting and offer public comment by using the below Webinar ID and Passcode after clicking on the below link or calling the below call-in number. Link: https://zoom.us/join Call-In: 1 (669) 900-6833 US Webinar ID: 879 6337 8479 Passcode: 699406 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193 REMOTE LOCATION FOR TRUSTEE ROGERS, CHAIR: 18 RICHARD AVENUE CAMBRIDGE, MA 02140		

The Alternate Retired Member votes in the absence of the Elected Retired Member, or, if the Elected Retired Member is present, then votes if both Elected General members, or the Safety Member and an Elected General member, are absent.

The Alternate Safety Member votes in the absence of the Elected Safety Member, either of the two Elected General Members, or both the Retired and Alternate Retired members.

This is a meeting of the Retirees Committee if a quorum of the Retirees Committee attends, and it is a meeting of the Board if a quorum of the Board attends. This is a joint meeting of the Retirees Committee and the Board if a quorum of each attends.

Note regarding accommodations: If you require a reasonable modification or accommodation for a disability, please contact ACERA between 9:00 a.m. and 5:00 p.m. at least 72 hours before the meeting at accommodation@acera.org or at 510-628-3000.

Public comments are limited to four (4) minutes per person in total. The order of items on the agenda is subject to change without notice. Board and Committee agendas and minutes and all documents distributed to the Board or a Committee in connection with a public meeting (unless exempt from disclosure) are posted online at www.acera.org and also may be inspected at 475 14th Street, 10th Floor, Oakland, CA 94612-1900.

Call to Order: 9:30 a.m.

Roll Call

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for discussion and possible motion by the Committee

1. Approval of Payment for Implicit Subsidy Cost for 2023

Discussion and possible motion to recommend that the Board of Retirement approve authorization for Staff to transfer funds in an amount equal to the Implicit Subsidy from the ACERA Supplemental Retiree Benefit Reserve account to the Alameda County Advance Reserve as the Implicit Subsidy reimbursement for Plan Year 2023.

- Carlos Barrios
- Stephen Murphy, Segal

Recommendation

Staff recommends that the Retirees Committee approve and recommend to the Board of Retirement an authorization for Staff to transfer $4,037,312 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 2023.

2. Possible Declaration of Intent to Fund Implicit Subsidy Program for 2025

Discussion and possible motion to recommend that the Board of Retirement adopt a Statement of Intent to fund the Implicit Subsidy program for Plan Year 2025.

- Carlos Barrios
- Stephen Murphy, Segal

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement the adoption of a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2025, following a determination by ACERA at the end of Plan Year 2025 that the amount is not greater than the actual retiree Implicit Subsidy.

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

1. Presentation and Report on Health Care Inflation/Trends

Staff and ACERA's Benefits Consultant will provide information and report on health care inflation factors for 2024 and 2025.

- Carlos Barrios
- Stephen Murphy, Segal

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

   Segal, ACERA's Actuary, will provide a preliminary report on the projection of benefit costs, which are funded through the Supplemental Retiree Benefit Reserve.

   - Carlos Barrios
   - Andy Yeung, Segal
   - Eva Yum, Segal

3. **Discussion of Monthly Medical Allowance for 2025**

   Staff will present for discussion Monthly Medical Allowance for Group and Individual Plans cost comparisons for the 2024 and 2025 Plan Years.

   - Carlos Barrios

4. **2025 Medical Plans Update/Renewal Requests of ACERA/County of Alameda**

   A report will be presented on medical plan renewal requests of ACERA and the County of Alameda for Plan Year 2025.

   - Carlos Barrios
   - Stephen Murphy, Segal

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

   Staff will present a status report on the final 2023 Health Reimbursement Arrangement Account balances, and total reimbursement amounts for Medicare eligible retirees and early retirees living outside the HMO service area enrolled in medical plans through Via Benefits.

   - Carlos Barrios

6. **Over Age 65 Medical Plan Compliance**

   Staff will provide information regarding over age 65 retirees who are not in compliance with medical plans' requirements.

   - Carlos Barrios

7. **Plans for Open Enrollment and Retiree Health and Wellness Fair**

   Staff will provide a report on the planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair.

   - Mike Fara
   - Jessica Huffman

8. Report on Annual Health Care Planning Meeting with Retiree Groups

Staff will provide a report on its annual meeting with retiree representatives regarding ACERA-Sponsored health plan issues.

\- Carlos Barrios

Trustee Remarks

Future Discussion Items

- Adoption of 2025 Monthly Medical Allowance for Group Plans
- Adoption of 2025 Monthly Medical Allowance for Early Retiree Individual Plans
- Adoption of 2025 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

Establishment of Next Meeting Date

July 3, 2024, at 9:30 a.m.

Adjournment

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios Assistant Chief Executive Officer

SUBJECT: **Implicit Subsidy for Health Plan Year 2023**

On February 15, 2007, the Board of Retirement adopted a series of resolutions authorizing the establishment of a mechanism to reimburse the County of Alameda (County) for the additional expense associated with the enrollment of pre-65 ACERA retirees in County-sponsored health benefit plans. Specifically, **Resolution 07-30 Use of SRBR Under Article 5.5 and Section 31592.4** states that ACERA is authorized to transfer funds "not greater than such retiree implicit subsidy".

Attached is a letter from the County providing the final Implicit Subsidy amount for 2023, as calculated by its Consultant, Newfront. Also attached is a letter from ACERA's Benefits Consultant, Segal, verifying that the correct Implicit Subsidy reimbursement for Plan Year 2023 is $4,037,312.

Last year, the County determined the final Implicit Subsidy amount for Plan Year 2022 was $7,842,215, and estimated the 2023 Implicit Subsidy amount to be $4,116,000 (47.5% lower than the 2022 actual amount).

Recommendation

Staff recommends that the Retirees Committee approve and recommend to the Board of Retirement an authorization for Staff to transfer $4,037,312 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 2023.

Attachments (2)

Employee Benefits Center
1405 Lakeside Drive
Oakland, CA 94612-4305
Ph: 510-891-8991 | Fax: 510-891-8976
Email: emailEBC@acgov.org

May 9, 2024

Sent Via US Mail & Email

Carlos Barrios
Asst. CEO, Benefits
ACERA
475 14th Street, 10th Floor
Oakland, CA 94612

RE: 2023 Final Implicit Subsidy Calculation and 2024 Estimate

Dear Carlos:

Newfront has completed the calculation of the amount of Implicit Subsidy being paid by theCounty of Alameda on behalf of ACERA early retirees for 2023.

2023/2024 Implicit Subsidy Calculation

In accordance with the established procedure, Newfront calculated the subsidy based on the total premium cost for the 2023 plan year. For this purpose, the enrollment is based on the monthly average from February 2023 through January 2024. The results of our calculations follow with more details in the calculation spreadsheets.

The 2023 Implicit Subsidy is $4,037,312, which is 48.5% lower (approximately $3,804,903) than the 2022 $7,842,215 amount.

This variance is due to the net impact of the following:

- For Kaiser, where a majority of the County's active population was enrolled during the 2023 plan year (80.5%), the ratio of the active unblended to blended rates decreased from 6.3% in 2022 to 2.8% in 2023.
- For UHC, the ratio of the active unblended to blended rates decreased from 4.0% in 2022 to 2.5% in 2023.

The increase in Kaiser's ratio of active unblended to blended rates from 2022 to 2023 is due to a more favorable risk profile based on active claims experience used in the 2023 ating in relation to the ACERA risk profile underwritten for the 2022 plan year. The decrease in UHC's ratio of active unblended to blended rates from 2022 to 2023 is due to less favorable risk profile based on active claims experience used in the 2023 rating in relation to the ACERA risk profile underwritten for the 2022 plan year.

1. Total premium for County of Alameda active employees using blended rates	$	150,519,313
2. Total premium for County of Alameda active employees using unblended rates (as if active employees were rated separately)	$	146,482,001
3. Implicit Subsidy (1) – (2)	$	4,037,312

2024 Implicit Subsidy ***Estimate***

Our estimate for 2024 is based on the same methodology but uses 2024 premium rates and February 2024 enrollment. The results of our calculations follow with more details in the calculation spreadsheets.

The estimated 2024 Implicit Subsidy is 40.0% lower (approximately $1,643,654) than the 2023 amount. The variance is due to the net impact of the following:

- For Kaiser, where a majority of the County's active population is enrolled (80.2%), the ratio of the active unblended to blended rates decreased from 2.8% in 2023 to 1.4% in 2024.
- For UHC, the ratio of the active unblended to blended rates decreased from 2.5% in 2023 to 1.7% in 2024.

1. Total premium for County of Alameda active employees usingblended rates	$	171,970,865
2. Total premium for County of Alameda active employees using unblended rates (as if active employees were rated separately)	$	169,498,519
3. Implicit Subsidy (1) – (2)	$	2,472,346

Once you and your consultant have had a chance to review this letter and the accompanying enclosure, I would be more than happy to coordinate a Teams call for further discussion and to answer any questions you may have.

Best regards,

Ava Lavender
HR Division Manager, Benefits

C: Margarita Zamora, Interim Human Resources Director

Stephen Murphy
Senior Vice President
T 818.956.6726
M 310.749.0969
smurphy@segalco.com

500 North Brand Boulevard
Suite 1400
Glendale, CA 91203-3338
segalco.com

May 23, 2024

Carlos Barrios
Assistant Chief Executive Officer
ACERA
475 14th Street, Suite 1000
Oakland, California 94612

Re: ACERA Final 2023 and Estimated 2024 Implicit Subsidy Analysis

Dear Carlos:

Segal has completed the review of the County of Alameda's Final 2023 and Estimated 2024 Implicit Subsidies.

The Final 2023 Implicit Subsidy requested by the County is $4,037,300 for the active enrollment from February 2023 through January 2024. The 2023 subsidy is requested for the employees in Premium and Standard plans offered by Kaiser and United Healthcare, which includes the Signature Value and Signature Value Advantage networks of United Healthcare.

The 2024 Implicit Subsidy is estimated to be $2,472,300 assuming February 2024 enrollment for twelve months. The 2024 subsidy is estimated for employees in Premium and Standard plans offered by Kaiser and United Healthcare. The plans offered have not changed from the prior year.

The plans and enrollment provided by the County and their consultant are consistent with our understanding of the ACERA health plans. We reviewed the enrollment and rates to verify that the effect of blending was revenue neutral over the combined active and retiree population. In our opinion, the Final 2023 and Estimated 2024 Implicit Subsidies stated in this memo are reasonable given the information provided. We did not find any reason to withhold approval of the requested 2023 Implicit Subsidy.

If you have any questions, feel free to contact me at (818) 956-6726.

Sincerely,

Stephen Murphy
Senior Vice President
CA Insurance License #0724515

Attachment (5869084)

cc: Jessica Huffman, ACERA
Eva Hardy, ACERA
Jessica Kuhlman, Segal
Michael Szeto, Segal

ACERA
Implicit Subsidy Summary (2012-2024)

	Year *												
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actual													
Kaiser Permanente	$ 5,531,428	$ 3,835,549	$ 3,800,100	$ 4,620,708	$ 7,361,748	$ 5,131,871	$ 5,294,803	$ 5,495,470	$ 5,736,765	$ 3,487,076	$ 6,422,492	$ 3,133,406	N/A
UnitedHealthcare	$ 1,839,038	$ 3,157,273	$ 1,520,853	$ 1,400,743	$ 1,425,848	$ 668,692	$ 1,604,336	$ 951,232	$ 1,747,645	$ 2,106,846	$ 1,419,723	$ 903,904	N/A
Total	**$ 7,370,466**	**$ 6,992,822**	**$ 5,320,953**	**$ 6,021,451**	**$ 8,787,596**	**$ 5,800,563**	**$ 6,899,139**	**$ 6,446,703**	**$ 7,484,411**	**$ 5,593,922**	**$ 7,842,215**	**$ 4,037,310**	**N/A**
% Change Over Prior year	N/A	-5.12%	-23.91%	13.16%	45.94%	-33.99%	18.94%	-6.56%	16.10%	-25.26%	40.19%	-48.52%	N/A
$ Change Over Prior year	N/A	$ (377,644)	$ (1,671,869)	$ 700,498	$ 2,766,145	$ (2,987,033)	$ 1,098,576	$ (452,436)	$ 1,037,708	$ (1,890,489)	$ 2,248,293	$ (3,804,905)	N/A
Estimated													
Kaiser Permanente	N/A	$ 3,836,331	$ 3,783,943	$ 3,918,304	$ 7,429,284	$ 5,157,389	$ 5,308,241	$ 5,549,141	$ 5,785,530	$ 3,499,713	$ 6,508,029	$ 3,183,005	$ 1,758,685
UnitedHealthcare	N/A	$ 3,156,701	$ 1,431,412	$ 1,406,198	$ 1,435,991	$ 672,894	$ 1,631,567	$ 961,735	$ 1,763,154	$ 2,152,900	$ 1,473,447	$ 932,994	$ 713,660
Total	**N/A**	**$ 6,993,032**	**$ 5,215,355**	**$ 5,324,502**	**$ 8,865,275**	**$ 5,830,283**	**$ 6,939,808**	**$ 6,510,876**	**$ 7,548,684**	**$ 5,652,613**	**$ 7,981,476**	**$ 4,115,999**	**$ 2,472,345**
% Change Over Prior year	N/A	N/A	-25.42%	2.09%	66.50%	-34.23%	19.03%	-6.18%	15.94%	-25.12%	41.20%	-48.43%	-39.93%
$ Change Over Prior year	N/A	N/A	$ (1,777,677)	$ 109,147	$ 3,540,773	$ (3,034,992)	$ 1,109,525	$ (428,932)	$ 1,037,807	$ (1,896,070)	$ 2,328,863	$ (3,865,477)	$ (1,643,654)
% Change Actual vs. Estimated	**N/A**	**0.0%**	**2.0%**	**13.1%**	**-0.9%**	**-0.5%**	**-0.6%**	**-1.0%**	**-0.9%**	**-1.0%**	**-1.7%**	**-1.9%**	**N/A**
$ Change Actual vs. Estimated	**N/A**	**$ (210)**	**$ 105,598**	**$ 696,949**	**$ (77,679)**	**$ (29,720)**	**$ (40,669)**	**$ (64,173)**	**$ (64,273)**	**$ (58,691)**	**$ (139,261)**	**$ (78,689)**	**N/A**

* Twelve months beginning February 1 of the year stated. For the year 2012, the subsidy is stated for the period from February 1, 2012 through January 31, 2013.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Intent to Fund Implicit Subsidy Program for Plan Year 2025**

In establishing the Implicit Subsidy Program, the Board of Retirement recognized the marked impact on utilization and projected premiums of the participation of pre-65 retirees (early retirees) in the County of Alameda's (County) health plan contracts. As the plan sponsor, the County has a legitimate financial interest in ascertaining whether ACERA will continue to support the Implicit Subsidy Program when negotiating enrollment and premium provisions.

The Implicit Subsidy cost for the current Plan Year 2024 is estimated by the County to be $2,472,346.

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement the adoption of a Statement of Intent to continue the Implicit Subsidy Program for health Plan Year 2025, following a determination by ACERA at the end of Plan Year 2025 that the amount is not greater than the actual retiree Implicit Subsidy.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Report on Health Care Inflation/Trends**

Segal has provided ACERA with recommended assumptions to be used for the December 31, 2023 Supplemental Retiree Benefit Reserve (SRBR) Valuation for projecting benefits based on ACERA's substantive plan pursuant to GASB 43. ACERA's substantive plan design incorporates an increase for the Monthly Medical Allowance (MMA) of one-half of anticipated health care inflation assumptions. The Medicare Part B, vision and dental projections are based on the full inflation assumptions for those plans.

Attached is a letter dated May 8, 2024 from Segal. As presented on the second page of the attachment to Segal's letter (page 6), the near term trend assumptions will increase to 8.50% for non-Medicare plans and 16.47% for Medicare Advantage plans. The main considerations that influenced the updated non-Medicare trend rates were: 1) the plan's recent premium experience; 2) the concerns about the impact of general inflation on healthcare costs; and 3) updated national trend expectations for prescription drug costs. The updated Medicare trend rates were also influenced by the same factors that influenced the non-Medicare trend rates as well as the anticipated impact of the Inflation Reduction Act of 2022.

The annual trend assumptions for dental and vision remain at 4.00%. However, due to the two-year 2024 rate guarantee for dental, and the five-year 2021 rate guarantee for vision, the first year of trend rates will be 0.00%. The trend used for Medicare Part B will remain at 4.50%.

Segal is using the lowest trend of 8.50% for medical inflation as the most conservative approach. Therefore, based on the substantive plan design, a 4.25% increase would be applied to the projections for the MMA for the December 31, 2023 SRBR Valuation.

Health care trend information has also been provided by Segal's benefit consulting team. Steve Murphy, Senior Vice President, Benefits Consultant, will review the attached presentation at the June 5th Retirees Committee meeting. Also attached is a 10-year ACERA rate history for the period 2015 through 2024 for Kaiser Permanente and UnitedHealthcare.

Attachments (3)

180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
segalco.com

May 8, 2024

Carlos Barrios
Assistant Chief Executive Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Re: Alameda County Employees' Retirement Association
Health trend assumptions recommended for the December 31, 2023 SRBR Retiree Health Actuarial Valuation

Dear Carlos:

We have provided in this letter the health trend assumptions that we recommend to the Board in the December 31, 2023 retiree health valuation for determining sufficiency of assets to provide retiree health benefits. These health trend assumptions will also be used to develop our Governmental Accounting Standards Board (GASB) Statement 74 report with a measurement date of December 31, 2023.

It should be noted that in preparing the above valuations, we would apply the reduction in the proportion of future retirees under age 65 who are anticipated to: (a) elect medical coverage (from 80% to 75%) and (b) cover their spouses and therefore receiving an implicit subsidy (from 40% to 35% for male retirees and from 20% to 15% for female retirees). These assumptions were previously approved by the Board in the triennial experience study recommending assumptions for the December 31, 2023 valuations.

Health care trend assumptions

The health care trend assumptions used in the health valuation are reviewed annually. Every year Segal publishes a set of health care trend assumptions based on the latest research and information available to our health actuaries. The health care trend assumptions take into account factors such as recent and expected premium increases affecting our clients, changes in utilization of health care, and cost shifting from Medicare.

The specific health care trend assumptions we are recommending are outlined in Attachment One.

1. For the prior December 31, 2022 SRBR valuation, we recommended the following assumptions:
   a. For the non-Medicare plans, we recommended the first-year trend rate be increased to 7.50%, then graded down by 0.25% each year until an ultimate rate of 4.50% is reached after 12 years. For the Medicare plans, we recommended the first-year trend

rate be set at 6.25%, then graded down by 0.25% each year until an ultimate rate of 4.50% is reached after 7 years.

We continued to use the ultimate health care trend assumption of 4.50% for these plans, based on Segal's research and analysis on long-term cost in the health care market as a whole.

b. The Dental and Vision annual trend assumptions remained at 4.00% based upon Segal Survey data.

However, because of the five-year 2021 rate guarantee for vision, the first two years of vision trend rates were set at 0.00%. Likewise, because of the two-year 2024 rate guarantee for dental, the second year of dental trend was set at 0.00%.

c. Medicare Part B trend assumption was set at 4.50% based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

d. Based on past practice, the 7.50% non-Medicare and 6.25% Medicare first year trends were used in the December 31, 2022 "preview" valuation and were applied to the 2023 non-Medicare and Medicare medical premiums to estimate the projected 2024 non-Medicare and Medicare medical premiums. The first-year trends were replaced as part of the "final" valuation as of December 31, 2022 to reflect the actual premium renewals for 2024.

e. We continued to assume that the Board's annual Monthly Medical Allowance (MMA) would increase by 50% of the rate of the anticipated medical trend assumption. If different types of medical plans had different initial trend rates, we assumed that the future increase in MMA would be linked to the plan with the lowest projected medical trend (i.e., the Medicare plans). For the Board's subsidies for Medicare Part B, dental and vision plans, we assumed they would increase at the full rate of anticipated trend assumed for each of those plans, as described in (b) and (c) above, and provided in Attachment One.

2. For the current December 31, 2023 SRBR valuation, we are recommending the following assumptions:

   a. For the non-Medicare plans, we are recommending the first-year trend rate be increased to 8.50%,[1] then grading down by 1.00% in 2025 and by 0.50% in 2026, then by 0.25% each year for 10 years until reaching an ultimate rate of 4.50%. Key considerations that influenced the updated non-Medicare trend rates were the plan's recent premium experience, concerns about the impact of general inflation on healthcare costs, and updated national trend expectations for prescription drug costs.

   For the Medicare plans, we are recommending the first-year trend rate be increased to 16.47%,[2] then 7.00% grading down by 0.25% each year until reaching an ultimate rate of 4.50% after 10 years. In addition to the same factors that influenced the updated non-Medicare trend rates, the updated Medicare trend rates were also influenced by the anticipated impact of the Inflation Reduction Act of 2022 (IRA). The initial 16.47%

[1] We note that in the absence of the above recommendation to reset the assumption, the first-year trend rate that we would use in this year's valuation would equal 7.25%.

[2] We note that in the absence of the above recommendation to reset the assumption, the first-year trend rate that we would use in this year's valuation would equal 6.00%.

trend rate reflects a projected baseline increase to the monthly Kaiser Senior Advantage premiums of $28 (8.00%) plus a projected one-time increase of $30 (7.84%) due to the IRA. The IRA includes material benefit cost-sharing changes for 2025, most notably implementing a $2,000 member out-of-pocket maximum, as well as various funding changes for Medicare prescription drug plans. Both changes are expected to significantly increase premiums for the Kaiser Senior Advantage and Via Benefits plans. Our trend assumptions include an estimated impact of the IRA on the Fund's Medicare plan premiums in calendar year 2025 based on the Calendar Year 2025 Advance Notice of Methodological Changes for Medicare Advantage Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) released by the Centers for Medicare & Medicaid Services (CMS) on January 31, 2024. Final guidance, rules, and clarifications will be provided by CMS in April 2024.

We will continue to use the ultimate health care trend assumption of 4.50% for these plans, based on Segal's research and analysis on long-term cost in the health care market as a whole.

b. The Dental and Vision annual trend assumption will remain at 4.00% based upon Segal Survey data.

   However, because of the 2-year 2024 rate guarantee for dental and the 5-year 2021 rate guarantee for vision, the first year of trend rates for dental and vision will be set at 0.00%.

c. Medicare Part B trend assumptions will remain at 4.50%, based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

d. Based on past practice, the 8.50% non-Medicare and 16.47% Medicare first year trends will be used in the December 31, 2023 "preview" valuation and applied to the 2024 non-Medicare and Medicare medical premiums to estimate the projected 2025 non-Medicare and Medicare medical premiums. The first-year trends will be replaced as part of the "final" valuation as of December 31, 2023 to reflect the actual premium renewals for 2025.

e. We will continue to assume that the Board's annual Monthly Medical Allowance (MMA) will increase by 50% of the rate of the anticipated medical trend assumption. If different types of medical plans have different initial trend rates, we assume that the future increase in MMA will be linked to the plan with the lowest projected medical trend (i.e., the non-Medicare plans). For the Board's subsidies for Medicare Part B, dental and vision plans, we assume they would increase at the full rate of anticipated trend assumed for each of those plans, as described in (b) and (c) above, and provided in Attachment One.

Segal will prepare a separate letter to address the recommended demographic driven changes to be used in the December 31, 2023 SRBR sufficiency valuation.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

We look forward to discussing this with you. Please let us know if you have any questions.

Sincerely,

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Mary Kirby, FSA, FCA, MAAA
Senior Vice President and Actuary

Mehdi Riazi, FSA, FCA, EA, MAAA
Vice President and Actuary

JL/jl

Attachment

Attachment One

Prior and Current Recommended Trend Assumptions for the December 31, 2023 Retiree Health Valuations

Health Trends Used in the Prior Valuation as of December 31, 2022 (Provided for Comparison Purposes)

Trends to be applied to premium for shown calendar year to calculate next calendar year's projected premium for all health plans are as follows:

Calendar Year	United Healthcare (UHC) HMO & Kaiser HMO Early Retiree[1]	Via Benefits & Kaiser Senior Advantage[2]	Dental[3]	Vision[4]	Medicare Part B
2023	7.50%	6.25%	4.00%	0.00%	4.50%[5]
2024	7.25	6.00	0.00	0.00	4.50
2025	7.00	5.75	4.00	4.00	4.50
2026	6.75	5.50	4.00	4.00	4.50
2027	6.50	5.25	4.00	4.00	4.50
2028	6.25	5.00	4.00	4.00	4.50
2029	6.00	4.75	4.00	4.00	4.50
2030	5.75	4.50	4.00	4.00	4.50
2031	5.50	4.50	4.00	4.00	4.50
2032	5.25	4.50	4.00	4.00	4.50
2033	5.00	4.50	4.00	4.00	4.50
2034	4.75	4.50	4.00	4.00	4.50
2035 & Later	4.50	4.50	4.00	4.00	4.50

The 2023 assumed trend rates were replaced with the actual premium increases shown below, based on premium renewals for 2024 as reported by ACERA. These premium increases were used in preparing our December 31, 2022 SRBR valuation report dated September 25, 2023:

Kaiser HMO Early Retiree	UHC HMO Signature Value Early Retiree	UHC HMO Signature Value Advantage Early Retiree	Kaiser Senior Advantage	Dental	Vision
14.07%	18.02%[6]	18.01%[6]	11.84%	-0.37%	0.00%

[1] Non-Medicare plans.

[2] Medicare plans.

[3] Second year reflects two-year rate guarantee, premiums fixed at 2024 level.

[4] First two years reflect five-year rate guarantee, premiums fixed at 2021 level.

[5] The actual 2023 premium increase of 5.93% reflecting the standard 2024 premium of $174.70 per month became known after the December 31, 2022 SRBR valuation and thus will be reflected in the December 31, 2023 SRBR valuation.

[6] The final UHC 2024 premiums, with actual increase of 13.48%, were approved by the Board after the December 31, 2022 SRBR valuation. The final 2024 premiums for the UHC plans will be reflected in the December 31, 2023 SRBR valuation.

Health Trends Recommended for the Current Valuation as of December 31, 2023

Trends to be applied to premium for shown calendar year to calculate next calendar year's projected premium for all health plans are as follows:

Calendar Year	United Healthcare HMO & Kaiser HMO Early Retiree[1]	Via Benefits & Kaiser Senior Advantage[2]	Dental[3]	Vision[4]	Medicare Part B
2024	8.50%[5]	16.47%[5]	0.00%	0.00%	4.50%[6]
2025	7.50	7.00	4.00	4.00	4.50
2026	7.00	6.75	4.00	4.00	4.50
2027	6.75	6.50	4.00	4.00	4.50
2028	6.50	6.25	4.00	4.00	4.50
2029	6.25	6.00	4.00	4.00	4.50
2030	6.00	5.75	4.00	4.00	4.50
2031	5.75	5.50	4.00	4.00	4.50
2032	5.50	5.25	4.00	4.00	4.50
2033	5.25	5.00	4.00	4.00	4.50
2034	5.00	4.75	4.00	4.00	4.50
2035	4.75	4.50	4.00	4.00	4.50
2036 & Later	4.50	4.50	4.00	4.00	4.50

[1] Non-Medicare plans.

[2] Medicare plans.

[3] First year reflects two-year rate guarantee, premiums fixed at 2024 level.

[4] First year reflects five-year rate guarantee, premiums fixed at 2021 level.

[5] Based on past practice, the first year trends will be replaced as part of the "final" valuation as of December 31, 2023 to reflect the actual premium renewals for 2025. The initial 16.47% trend rate reflects a baseline increase to the monthly Kaiser Senior Advantage premiums of $28 (8.00%) plus a one-time increase of $30 (7.84%) due to the IRA. The IRA includes material benefit cost-sharing changes for 2025, most notably implementing a $2,000 member out-of-pocket maximum, as well as various funding changes for Medicare prescription drug plans. Both changes are expected to significantly increase premiums for the Kaiser Senior Advantage and Via Benefits plans. Our trend assumptions include an estimated impact of the IRA on the Fund's Medicare plan premiums in calendar year 2025 based on preliminary information. Final guidance, rules, and clarifications will be provided by the Centers for Medicare & Medicaid Services in April 2024.

[6] First year trend may be replaced to reflect actual 2025 calendar year premium at time of valuation.

Alameda County Employees' Retirement Association (ACERA)

2024 Health Plan Cost Trend Survey

ACERA Retirees Committee Meeting

June 5, 2024

Presenter: Stephen Murphy

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Segal Health Plan Cost Trend Survey Overview

2024 edition is our 27th annual national survey

Survey respondents represent 80 percent of the commercially insured and self-insured market and include:

Aetna
(Acquired by CVS Health in 2018)

Blue Shield of California

Cigna

Health Net

Kaiser Permanente

UnitedHealthcare

VSP

Health Care Cost Trend Influencers

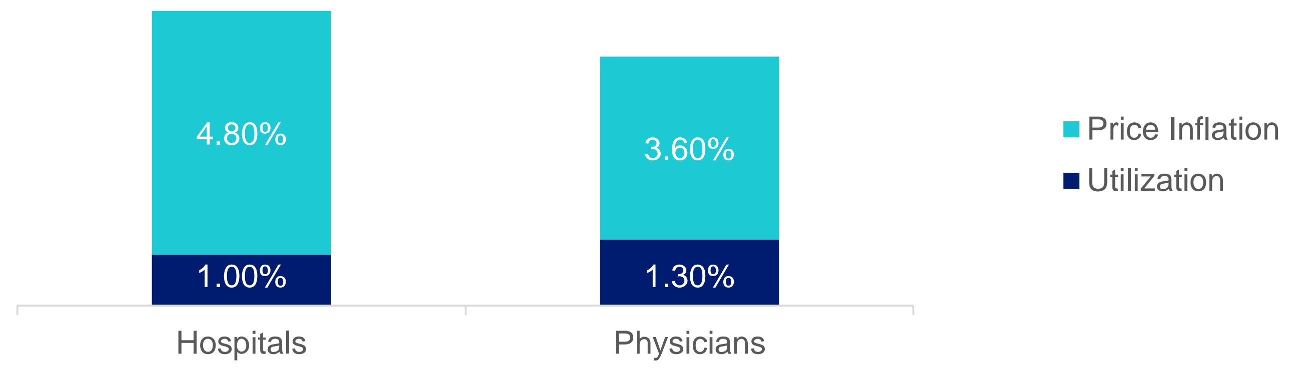
- New treatments, therapies and technologies
- Greater emphasis on detection and diagnoses
- Social and economic factors, which can influence utilization or care decisions
- Regulatory changes (e.g., No Suprises Act regulations)
- Medical inflation, which impacts the cost of delivering care
- Provider price increases
- Increased treatment burden due to the aging population and rise in obesity
- Provider cost sharing from reduced payment by Medicare and Medicaid
- Erosion effect of fixed-dollar deductibles and copayments[1]

Trend is the forecast of increases in allowed gross per capita claims cost.

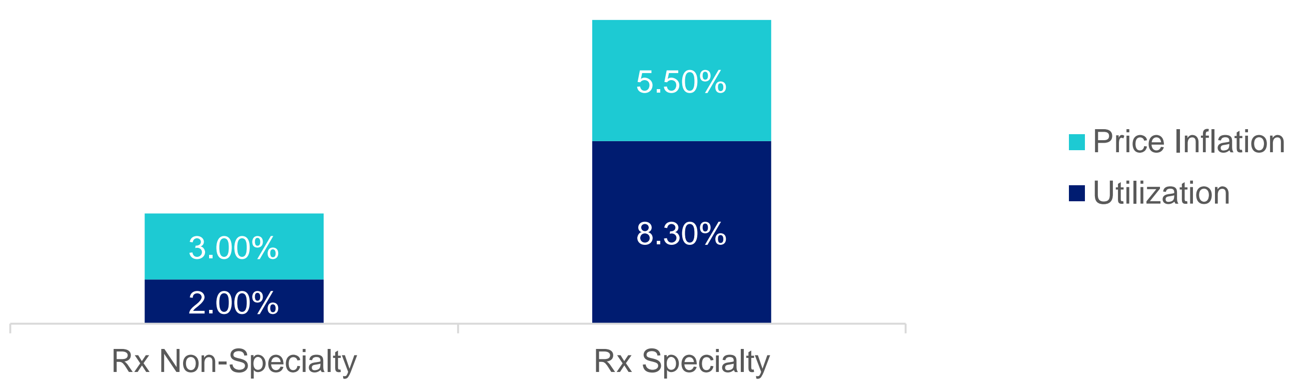
[1] This is a driver of net paid claim cost trends, not gross per capita claims cost increases.

Leading Drivers of Trend

Influence of Price Inflation and Utilization on 2024 Projected Medical Trends*



Price Inflation is the Leading Driver of Rx trend with Specialty Rx a Major Factor



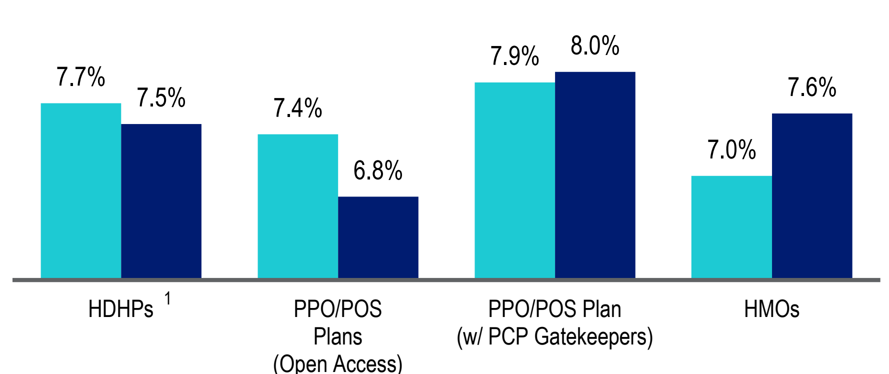
Source: 2024 Segal Health Plan Cost Trend Survey

* Hospital and physician trends are for open-access PPOs for actives and retirees under age 65. The components do not add up to totals because there are other components of trend not illustrated, reflecting such factors as the impact of cost shifting, new mandates and technology changes. Not all survey respondents provided a breakdown of trend by component.

Projected Health Care Trends

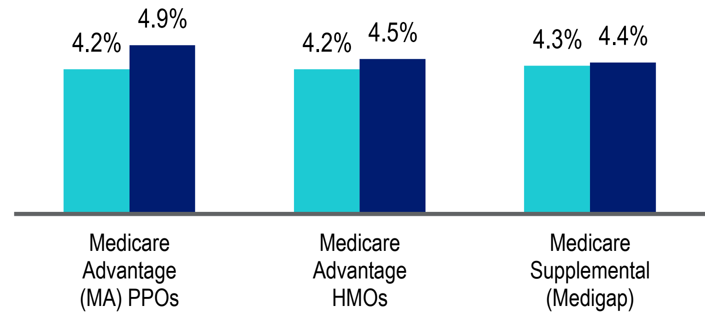
2023 vs. 2024

Medical Trends for Actives and Retirees Under Age 65

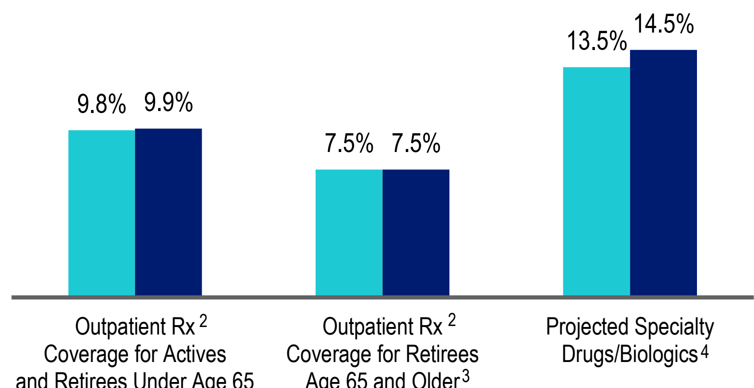


Medical Trends for Retirees Age 65 and Older

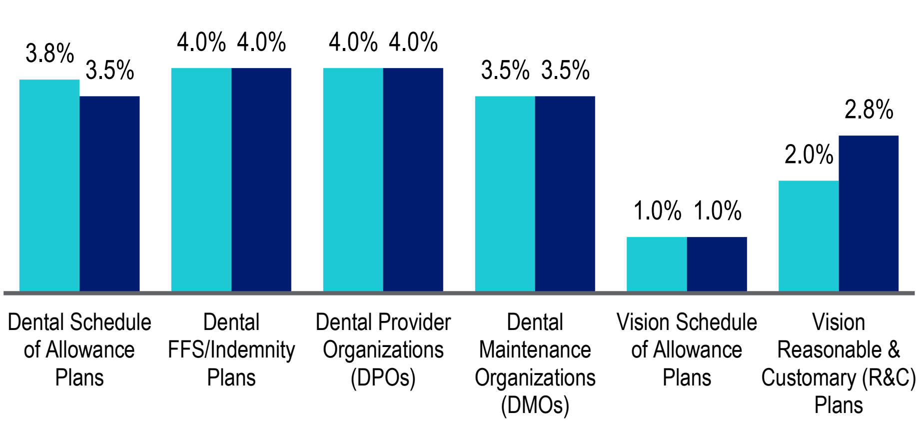
Projected MA trends reflect national averages, which are subject to regional variability and the impact of Inflation Reduction Act compliance.



Prescription Drug Trends



Dental and Vision Trends for Actives and Retirees



Source: 2024 Segal Health Plan Cost Trend Survey

[1] HDHPs with an employee-directed, tax-advantaged health account—a health savings account (HSA) or a health reimbursement account (HRA)—are referred to as account-based health plans and are designed to encourage consumer engagement, resulting in more efficient use of health care services.

[2] These results do not include the impact of rebates from PBMs.

[3] This data is for all prescription drugs (non-specialty and specialty drugs combined).

[4] This data is for all coverage of specialty drugs for actives and retirees under age 65.

General Observations for 2024

COVID-19 Impacts

- COVID-19 impact has appeared to level off in 2024, as plan cost increases are forecasted to be similar to current levels
- Permanent shifts due to COVID-19:
  - Digital sites of service have expanded access to physical and mental health treatment options
  - Surgical procedures at outpatient and ambulatory centers have accelerated
  - Impact of long COVID on healthcare is still evolving

Medicare Regulatory Changes

- The Inflation Reduction Act and other regulatory changes intended to rebalance government funding of Medicare and Medicare Advantage ("MA") plans could result in benefit reductions and higher premiums for MA plans

Applying Health Plan Cost Trend Survey Results to ACERA

The Health Plan Cost Trend Survey results exclude the potential impact of non-claim factors such as:

- Pharmaceutical manufacturer rebates
- Medicare Star Rating performance bonuses
- Changes in administration fees (i.e., premium taxes, ACA fees, etc.)

When recommending long term health trend assumptions used in ACERA's Other Postemployment Benefits (OPEB) and Supplemental Retiree Benefit Reserve (SRBR) valuations, Segal's Actuarial Team takes into account multiple factors including:

- The annual Health Plan Cost Trend Survey findings
- Consistency of assumptions relative to other large OPEB plans
- Smoothing when changing from prior year assumptions

Medical Rate Comparisons

2015-2024 Rate History

Kaiser Early Retiree

840 Enrolled*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rating Structure	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Retiree	$670.58	$671.82	$729.08	$735.64	$765.06	$785.44	$810.72	$843.16	$909.74	$1,037.76
Retiree & 1 Dep	$1,341.16	$1,343.64	$1,458.16	$1,471.28	$1,530.12	$1,570.88	$1,621.44	$1,686.32	$1,819.48	$2,075.52
Retiree & 2+ Deps	$1,897.74	$1,901.26	$2,063.30	$2,081.88	$2,165.12	$2,222.80	$2,294.34	$2,386.22	$2,574.60	$2,936.90
% Change over Retiree Monthly Premium		0.18%	8.52%	0.90%	4.00%	2.66%	3.22%	4.00%	7.90%	14.07%

Kaiser Permanente Senior Advantage

4,507 Enrolled*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rating Structure	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Retiree	$330.96	$329.90	$354.73	$367.23	$394.07	$411.54	$382.21	$344.44	$316.81	$354.31
Retiree & Spouse	$661.92	$659.80	$709.46	$734.46	$788.14	$823.08	$764.42	$688.88	$633.62	$708.62
% Change over Retiree Monthly Premium		-0.32%	7.53%	3.52%	7.31%	4.40%	-7.10%	-9.88%	-8.02%	11.84%

UnitedHealthcare SignatureValue HMO Early Retiree

73 Enrolled*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rating Structure	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Retiree	$972.34	$982.06	$982.06	$1,047.16	$1,047.16	$1,087.80	$1,150.60	$1,184.32	$1,290.92	$1,464.90
Retiree & 1 Dep	$1,944.60	$1,964.06	$1,964.06	$2,094.24	$2,094.24	$2,175.50	$2,301.12	$2,368.56	$2,581.72	$2,929.64
Retiree & 2+ Deps	$2,751.60	$2,779.12	$2,779.12	$2,963.32	$2,963.32	$3,078.30	$3,256.06	$3,351.46	$3,653.08	$4,145.40
% Change over Retiree Monthly Premium		1.00%	0.00%	6.63%	0.00%	3.88%	5.77%	2.93%	9.00%	13.48%

UnitedHealthcare SignatureValue Advantage HMO Early Retiree - Effective 2/1/2019

96 Enrolled*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Rating Structure	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Retiree	N/A	N/A	N/A	N/A	$980.94	$831.92	$759.16	$781.42	$843.94	$957.68
Retiree & 1 Dep	N/A	N/A	N/A	N/A	$1,961.80	$1,663.74	$1,518.20	$1,562.70	$1,687.72	$1,915.18
Retiree & 2+ Deps	N/A	N/A	N/A	N/A	$2,775.92	$2,354.18	$2,148.24	$2,211.18	$2,388.08	$2,709.92
% Change over Retiree Monthly Premium		-	-	-	-	-15.19%	-8.75%	2.93%	8.00%	13.48%

*As of December 31, 2023

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Preliminary Report on Projected Benefit Costs Funded through Supplemental Retiree Benefit Reserve**

Attached is a letter from Segal, ACERA's Actuary, which provides a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status. This overview of the valuation is based on projections using substantive plan and medical inflation trends, as well as other assumptions consistent with our pension valuation. This information is provided to the Retirees Committee in preparation for setting the Monthly Medical Allowance (MMA), and Vision and Dental subsidies for 2025.

Other Post-Employment Benefits (OPEB)

In the December 31, 2022 valuation, it was projected that the Other Post-Employment Benefits (OPEB) assets would be exhausted in 2050 with full benefits paid through 2049. The results of the December 31, 2023 valuation indicate that the terminal year of OPEB benefits is projected to be 2047, with full benefits paid through 2046 for a total of 23 full years and one partial year. The four main reasons which resulted in the decrease of the sufficiency period by approximately 2.75 years are due to the following factors:

- As proposed by Segal, the Board of Retirement made an asset transfer equal to $54,206,000 as of December 31, 2023 from the OPEB SRBR funds to the non-OPEB SRBR funds. This transfer was made to equalize the sufficiency period, and resulted in decreasing the sufficiency period for the OPEB SRBR by 26 months.
- The new trend assumptions described in the May 8, 2024 trend assumptions letter decreased the sufficiency period by 31 months. The anticipated impact of the Inflation Reduction Act and new health trend data were the main reasons for the trend assumption increases. The updates to the Implicit Subsidy projections increased the sufficiency period by 16 months, which offset about half of the impact of the new trend assumptions.
- The assumption changes described in the May 15, 2024 non-trend assumptions letter, including the changes resulting from ACERA's recent experience study, produced savings that increased the sufficiency period by five months.
- The demographic experience produced actuarial gains, which increased the sufficiency period by two months.

Non-OPEB

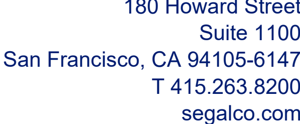
The terminal year for non-OPEB benefits is projected to be 2047, with full benefits paid through 2046, for a total of 23 full years and one partial year. The main reason the terminal year of the

SRBR for non-OPEB benefits is projected to be nine years later than it was in last year's study is due to the one-time transfer of $54.2 million in assets as of December 31, 2023 from the OPEB SRBR to the non-OPEB SRBR to equalize the sufficiency periods to pay OPEB and non-OPEB benefits.

Also attached are two additional letters from Segal. One letter dated May 8th is regarding assumptions that are recommended for the SRBR valuation. These assumptions are used for the substantive plan projections. The second letter dated May 15th is regarding recommended parameters to reflect demographic driven changes. This information will be presented in more detail at the June 5th Retirees Committee meeting, at the same time the MMA costs and recommendations for 2025 will be discussed.

Andy Yeung, with Segal, will present the attached Preview of December 31, 2023 Valuation Results for Benefits Povided by the SRBR report in more detail at the June 5th Retirees Committee meeting.

Attachments (3)


180 Howard Street
Suite 1100
San Francisco, CA 94105-6147
T 415.263.8200
segalco.com

May 24, 2024

Mr. Carlos Barrios
Assistant Chief Executive Officer, Benefits
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, California 94612-1900

Re: Alameda County Employees' Retirement Association (ACERA)
Preview of December 31, 2023 valuation results for benefits provided by the Supplemental Retiree Benefits Reserve (SRBR)

Dear Carlos:

This letter is intended to provide a preview of the December 31, 2023 valuation results for benefits provided by the SRBR, before we issue a full valuation report later this year. The results in this letter are based on our understanding of the Other Postemployment Benefits (OPEB) "substantive plan" design and on the current benefits provided by the SRBR that are in addition to the OPEB benefits (i.e., "non-OPEB").

Results

As of December 31, 2023, the OPEB and non-OPEB related assets in the SRBR are projected to be sufficient to pay OPEB benefits through 2047 (23 full years and 1 partial year) and non-OPEB benefits through 2047 (23 full years and 1 partial year).

Background and discussion

The determination of the "substantive plan" underlying ACERA's OPEB was based upon prior directions provided by ACERA and its auditors, as well as the administrative staff, auditors, and consultants representing the County of Alameda, along with other features of the plan, as we stated in our December 31, 2022 valuation report dated September 25, 2023.

The actuarial assumptions used in this valuation are consistent with those assumptions applied by the Retirement Board for the December 31, 2023 pension valuation for funding purposes, including the use of a 7.00% investment return assumption. When projecting OPEB payments, for the purposes of anticipating death, we use the headcount weighted instead of the benefit (or amount) weighted mortality tables used in the pension funding valuation. We have also used the additional OPEB-related assumptions/parameters that were provided in our letter dated May 15, 2024.*

* Note that we issued a separate health trend assumptions letter dated May 8, 2024 due to the timing of the GASB 74 valuation report as of December 31, 2023.

This includes applying the health trend assumption in projecting that the 2025 implicit subsidy will increase from the 2024 level by 8.50%.[1] Copies of our May 15, 2024 and May 8, 2024 letters are attached for your reference.

MMA amounts for group and Via Benefits Individual Medical Insurance Exchange

In 2024, the maximum Monthly Medical Allowance (MMA) for retirees with 20 or more years of service and enrolled in an ACERA sponsored group medical plan, or for eligible out-of-area non-Medicare retirees enrolled in Via Benefits Exchange, is $635.37. For Medicare retirees with 20 or more years of service and purchasing individual plan Medicare insurance through Via Benefits Exchange (including out-of-area retirees), the maximum MMA for 2024 is $486.74.

At the end of this letter, we provide exhibits that show the projected cash flow and present value of projected benefits for the OPEB and non-OPEB plans. The present values calculated represent the amount of benefits payable through the date of exhaustion of the assets in the SRBR. The exhibits also indicate the years in which the assets in the SRBR are expected to be exhausted, shown separately for OPEB and non-OPEB. Note that the assets used herein reflect the estimated implicit subsidy transfer of $4,116,000 as of December 31, 2023 from the SRBR to the Employer Advance Reserve for calendar year 2023 previously provided by ACERA, consistent with the transfer amount used in the December 31, 2023 funding valuation report for the Pension Plan.[2]

A brief discussion on background information and results is provided below for each of the plans.

OPEB

OPEB benefits, including postretirement medical, dental, and vision benefits, are provided by the employer's contributions made to ACERA's 401(h) account. Once the employer makes those contributions to the 401(h) account, ACERA transfers a like amount from the SRBR to the employer's reserve account.

Note that in preparing the 401(h) contribution letter for 2024/2025, we had included an additional allocation for expenses related to the administration of the health benefits for retirees. However, as we previously demonstrated to the Association during our discussion with the Board on SB 1479, the values in both the employer reserves and the SRBR would remain unchanged relative to the values prior to that allocation, through the operation of SB 1479. For

[1] This corresponds to the medical trend assumption we recommend for the non-Medicare Plans in the December 31, 2023 valuation. This first-year trend rate was increased to 8.50% from the 7.25% that we assumed in the December 31, 2022 valuation.

[2] After we were instructed by ACERA to use the estimated transfer amount (i.e., $4,116,000) in our December 31, 2023 valuation for the Pension Plan, we understand that the calculation of the actual transfer amount (i.e., $4,037,312) was subsequently finalized. For consistency purposes, we have continued to use the estimated transfer amount in this letter. We note that the continued use of the estimated transfer amount herein does not have an impact on the projected year that the OPEB assets would be exhausted.

that reason, we have not included the explicit payment of administrative expense out of the 401(h) in preparing the cash flow requirements of the SRBR.

In order to determine the cost of the retiree medical benefits, we estimated the average per capita premium for retirees under age 65. Because these premiums include active participants for purposes of underwriting, the retirees receive an implicit subsidy. Had the retirees under age 65 been underwritten as a separate group, their aggregate premiums would be higher. The excess of the retiree only costs over the active/retiree composite premiums currently charged makes up the implicit subsidy. In preparing the cash flow requirements, we have started our projection by including the amount that is estimated to be reimbursed by ACERA to the County as prepared by the County's health consultant for 2024 of $2,472,346 (a reduction of about 40% from the amount estimated for calendar year 2023).

We have assumed that the Medicare Part B, dental and vision subsidies will increase at the full rate of the trend assumption for those plans. The trend assumption for dental and vision reflect the rate guarantees through 2025.

In the December 31, 2022 valuation, it was projected that the OPEB assets would be exhausted in 2050, with full benefits paid through 2049, for a total of 27 full years and 1 partial year. The results of the December 31, 2023 valuation indicate that the terminal year of OPEB benefits is projected to be 2047, with full benefits paid through 2046, for a total of 23 full years and 1 partial year.

After accounting for the 1 year of benefit payments made in 2023, there is an approximate decrease in the sufficiency period by 2.75 years mainly due to the following factors:

1. As proposed by Segal, the Board made an asset transfer equal to $54,206,000 as of December 31, 2023 from the funds earmarked for OPEB SRBR to the funds earmarked for non-OPEB SRBR to equalize the sufficiency period and that transfer decreased the sufficiency period for the OPEB SRBR by 26 months.
2. The new trend assumptions described in the May 8, 2024 trend assumptions letter decreased the sufficiency period by 31 months. The anticipated impact of the Inflation Reduction Act* and new health trend data were the main drivers behind trend assumption increases. The updates to the implicit subsidy projections increased the sufficiency period by 16 months, which offset roughly half of the impact of the new trend assumptions.
3. The assumption changes described in the May 15, 2024 non-trend assumptions letter, including the changes resulting from the Retirement Association's recent experience study, produced savings which increased the sufficiency period by 5 months.
4. The demographic experience produced actuarial gains which increased the sufficiency period by 2 months.

* Besides the higher first-year medical trend assumption as described in footnote 1 on page 2 for the non-Medicare Plans, we are recommending the first-year medical trend assumption for the Medicare Plans be increased to 16.47% from 6.00%.

These results, as provided in the Attachment, are based on the amount of OPEB assets available as of December 31, 2023, which were provided by ACERA.*

Furthermore, as shown in the following table, the implicit subsidy estimate provided by the County's health consultant decreased by about 40% from $4.1 million for calendar year 2023 to $2.5 million for calendar year 2024.

Calendar Year	County's Implicit Subsidy
2020	$7,548,683
2021	5,652,613
2022	7,981,476
2023	4,116,000
2024	2,472,346
5-year Average	$5,554,224

This change has the impact of reducing the plan's projected costs and increased the sufficiency period by 16 months. The implicit subsidy is driven by the difference between the plan's blended and unblended premiums and can be volatile from year to year. Because of this volatility, we performed an alternative projection assuming the calendar year 2024 implicit subsidy of $2.5 million would be twice the amount used in the December 31, 2023 valuation. If the implicit subsidies used in the December 31, 2023 valuation were doubled, or assumed to be closer to the historical averages, the sufficiency period would decrease by 18 months.

Non-OPEB

The SRBR currently provides benefits in addition to those that qualify as OPEB. These non-OPEB benefits include supplemental COLA and death benefits.

In the December 31, 2022 valuation, it was projected that the non-OPEB assets would be exhausted in 2038, with full benefits paid through 2037, for a total of 15 full years and 1 partial year. The results of the December 31, 2023 valuation indicate that the terminal year of benefits is projected to be 2047, with full benefits paid through 2046, for a total of 23 full years and 1 partial year.

The main reason the terminal year of the SRBR for non-OPEB benefits is projected to be nine years later than it was in last year's study is the one-time transfer of $54.2 million in assets as of

* The OPEB assets used in this valuation (i.e., $1.081 billion) are on an actuarial value of assets basis. Note that in our recently issued Governmental Accounting Standards Board (GASB) Statement No. 74 financial reporting valuation report as of December 31, 2023 of the OPEB benefits provided by the SRBR, we utilized the Plan's Fiduciary Net Position, or market value of OPEB assets, of $1.060 billion, as required by that Statement. The decrease in assets used in the GASB 74 valuation of $20.8 million represents the net deferred investment losses (under the actuarial value of assets method used by ACERA in the Retirement Plan valuation) that is commensurate with the size of the OPEB SRBR reserve and 401(h) reserve. These deferred investment losses have not been utilized in this December 31, 2023 SRBR sufficiency valuation, similar to how the deferred investment losses as of December 31, 2022 were not used in last year's sufficiency valuation. For informational purposes only, the deferred investment losses as of December 31, 2023 represent about 8 fewer months of projected OPEB benefit payments.

December 31, 2023 from the OPEB SRBR to the non-OPEB SRBR to equalize the sufficiency periods to pay OPEB and non-OPEB benefits.

These results, as provided in the Attachment, are based on the amount of non-OPEB assets available as of December 31, 2023, which were provided by ACERA.[1]

Other considerations

Note that the terminal years through which the SRBR can be paid have been developed to reflect only the actuarial value of assets allocated to the SRBR through December 31, 2023. As we indicated on page 24 of our December 31, 2023 actuarial valuation report for the Pension Plan, the Association had deferred investment losses of $292.8 million that were not yet recognized in determining the combined actuarial value of assets for the Pension Plan and the SRBR Plan as of that date. The deferred losses of $292.8 million represent 2.6% of the market value of assets as of December 31, 2023. After offsetting this loss by the balance in the Contingency Reserve, the residual loss is $256.1 million. If the net deferred losses of $256.1 million were recognized immediately in the valuation value of assets, there would be a decrease in the SRBR Reserve of approximately $20.8 million to pay OPEB benefits and $2.1 million to pay non-OPEB benefits.[2]

These projections are based on proprietary actuarial modeling software. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

[1] The non-OPEB SRBR assets used in this valuation (i.e., $111.3 million) are on an actuarial value of assets basis. Note that in our recently issued Governmental Accounting Standards Board (GASB) Statement No. 67 financial reporting valuation report as of December 31, 2023 for the Pension Plan and non-OPEB benefits provided by the SRBR, we utilized the Plan's Fiduciary Net Position, or market value of assets, of $109.2 million in non-OPEB SRBR assets, as required by that Statement. The decrease in non-OPEB SRBR assets used in the GASB 67 valuation of $2.1 million represents the net deferred investment losses (under the actuarial value of assets method used by ACERA in the Retirement Plan valuation) that is commensurate with the size of the non-OPEB SRBR reserve. These deferred investment losses have not been utilized in this December 31, 2023 SRBR sufficiency valuation, similar to how the deferred investment losses as of December 31, 2022 were not used in last year's sufficiency valuation. For informational purposes only, the deferred investment losses as of December 31, 2023 represent about 5 months fewer of projected non-OPEB benefit payment.

[2] It is important to note that the December 31, 2023 actuarial valuation is based on plan assets as of that same date. The Plan's actuarial status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the Plan Year. Moreover, this actuarial valuation does not include any possible short-term or long-term impacts on mortality of the covered population that may emerge after December 31, 2023. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.

These calculations were prepared under the supervision of Andy Yeung, ASA, MAAA, Enrolled Actuary; Eva Yum, FSA, MAAA, Enrolled Actuary; Mary Kirby, FSA, MAAA, and Mehdi Riazi, FSA, MAAA, FCA, EA. We are members of the American Academy of Actuaries and we meet the Qualifications of the American Academy of Actuaries to render the actuarial opinion herein.

This document has been prepared for the exclusive use and benefit of ACERA, based upon information provided by ACERA or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

Please let us know if you have any questions.

Sincerely,

Andy Yeung, ASA, MAAA, EA, FCA
Vice President and Actuary

Eva Yum, FSA, MAAA, EA
Vice President and Actuary

Mary Kirby, FSA, FCA, MAAA
Senior Vice President and Actuary

Mehdi Riazi, FSA, MAAA, EA
Vice President and Actuary

ST/bbf
Enclosures (5852824, 5799004)

cc: Lisa Johnson

Alameda County Employees' Retirement Association
Attachment – Projected Cash Flows
Provided by the Supplemental Retirees Benefit Reserve as of December 31, 2023

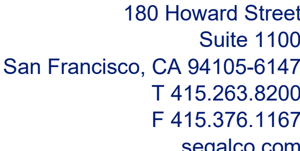
Year Ending December 31	Medical[1] Annual Benefit Cash Flows	Dental and Vision Annual Benefit Cash Flows	Non-OPEB[2] Annual Benefit Cash Flows
2024	$47,257,155	$5,943,699	$1,468,161
2025	53,204,617	6,047,752	1,633,214
2026	57,412,373	6,387,913	2,033,836
2027	61,627,213	6,734,358	2,632,986
2028	65,895,789	7,084,297	3,484,521
2029	70,247,664	7,437,635	4,502,481
2030	74,654,737	7,804,161	5,601,858
2031	79,181,835	8,180,129	6,724,658
2032	83,630,186	8,569,342	7,920,241
2033	88,165,984	8,964,731	9,190,767
2034	92,452,926	9,360,944	10,536,726
2035	96,612,799	9,755,689	11,822,284
2036	100,361,295	10,138,545	13,030,866
2037	104,078,629	10,524,676	14,488,795
2038	107,759,674	10,902,719	16,131,573
2039	111,424,695	11,288,057	17,658,437
2040	114,962,650	11,653,257	19,206,718
2041	118,445,688	12,022,641	20,683,078
2042	121,778,654	12,386,955	22,000,394
2043	124,876,961	12,734,272	23,145,253
2044	127,869,320	13,080,332	24,151,421
2045	130,671,857	13,415,664	25,251,005
2046	133,267,214	13,737,291	26,357,322
2047	66,773,000[3]	6,912,343[3]	24,231,336[3]

[1] Includes Medicare Part B and Implicit Subsidy Reimbursement made to the County.
[2] Includes Supplemental COLA and $1,000 Lump Sum Death Benefit.
[3] Benefits will be paid through the year prior to the year shown in the table. Full benefits will be paid for part of the year indicated.

Alameda County Employees' Retirement Association
Attachment – Present Value of Projected Benefits
Provided by the Supplemental Retirees Benefit Reserve as of December 31, 2023

Year Ending December 31	OPEB* Present Value as of December 31, 2023 of Projected Benefits through Year End	Non-OPEB Present Value as of December 31, 2023 of Projected Benefits through Year End	Total Present Value as of December 31, 2023 of Projected Benefits through Year End
2024	$51,431,207	$1,419,325	$52,850,532
2025	104,965,251	2,894,921	107,860,172
2026	158,837,261	4,612,261	163,449,522
2027	212,784,449	6,690,069	219,474,518
2028	266,608,623	9,259,968	275,868,591
2029	320,154,750	12,363,392	332,518,142
2030	373,272,904	15,971,982	389,244,886
2031	425,867,855	20,020,461	445,888,316
2032	477,743,868	24,476,780	502,220,648
2033	528,819,141	29,309,659	558,128,800
2034	578,854,530	34,487,825	613,342,355
2035	627,708,464	39,917,677	667,626,141
2036	675,139,698	45,511,079	720,650,777
2037	721,114,106	51,323,422	772,437,528
2038	765,602,664	57,371,425	822,974,089
2039	808,599,959	63,558,761	872,158,720
2040	850,062,503	69,848,329	919,910,832
2041	889,991,554	76,178,261	966,169,815
2042	928,365,929	82,470,867	1,010,836,796
2043	965,150,884	88,657,841	1,053,808,725
2044	1,000,363,360	94,691,424	1,095,054,784
2045	1,034,004,844	100,587,016	1,134,591,860
2046	1,066,081,984	106,338,319	1,172,420,303
2047	1,081,108,640	111,279,817	1,192,388,457

* Includes Medical, Dental and Vision.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May 15, 2024

Carlos Barrios
Assistant Chief Executive Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612-1900

Re: Alameda County Employees' Retirement Association
Recommended parameters other than health trend
for the December 31, 2023 SRBR Retiree Health Actuarial Valuation

Dear Carlos:

This letter provides the recommended parameters to reflect the demographic driven changes in the membership data for use in the December 31, 2023 retiree health valuation. The health care cost trend assumptions used in the health valuation are reviewed annually and the recommended assumptions for the December 31, 2023 valuation (which were also used to prepare the December 31, 2023 Governmental Accounting Standards Board Statement 74 report) were provided in a separate letter dated May 8, 2024.

Other parameters (or assumptions) such as the proportion of members expected to be covered by each health benefit provider (e.g. Kaiser) can sometimes be volatile due to the dynamic nature of the health care market place. Those assumptions are typically based on enrollment experience among the current retirees as of the most recent annual open enrollment.

Following are our recommended assumptions for the December 31, 2023 health plan valuation:

1. Per capita medical costs – These costs are used to project the premiums for current active members when they retire. Based on the percentage of retired members, spouses and beneficiaries electing health coverage and the proportion of members enrolled in each available medical plan, we will project the per capita health premium costs for a member who is covered in calendar year 2024. They are provided in Item 2a of the Attachment.
2. Election rates – Based on the January 1, 2024 enrollment data, we have provided in Item 2a of the Attachment the observed and recommended election rates among the different medical plans.
3. The per capita costs and election rates for the dental and vision plans that we recommend for use in the December 31, 2023 valuation are provided in Item 2b of the Attachment.
4. For retirees enrolled in a Group Medical Plan in 2024, ACERA provides a monthly subsidy of $635.37 for retirees with 20 or more years of service, $476.53 for retirees with 15-19 years of service, and $317.69 for retirees with 10-14 years of service. We have assumed

that the Monthly Medical Allowances (MMA) subsidy for the Group Medical Plans available will increase with 50% of medical trend[1] after 2024.

5. Via Benefits Individual Medical Insurance Exchange – Beginning in 2013, retirees eligible for Medicare have the option to purchase individual Medicare insurance from plans through the Via Benefits Individual Medicare Insurance Exchange. Item 2a of the Attachment shows the percentage of retirees enrolled in Via Benefits as of January 2024. To assist with purchasing insurance through Via Benefits, the Board adopted a 2024 monthly subsidy of $486.74 for Medicare retirees with 20 or more years of service, $365.06 for retirees with 15-19 years of service, and $243.37 for retirees with 10-14 years of service. We have assumed that the MMA subsidy for the individual plans available through Via Benefits will increase with 50% of medical trend[1] after 2024, consistent with the increase anticipated for the MMA for the group plans.

   Retirees under age 65 residing outside of ACERA medical plans' coverage areas are also eligible to enroll in Via Benefits and eligible to receive a maximum MMA subsidy equal to the Group Plan MMA described in (4). We have assumed their reimbursements will equal the maximum MMA.

   For members enrolled in Via Benefits, ACERA establishes a tax-free Health Reimbursement Account and provides credit up to the amount of the Monthly Medical Allowance for which the retiree is eligible to receive. The retiree will be reimbursed from the Health Reimbursement Account for the periodic premiums required to receive health coverage and to pay medical deductible and medical and prescription co-pays. Any monthly medical allowance left over in the retiree's account from the prior calendar year will be forfeited if not claimed by the end of March in the following calendar year.

   Via Benefits enrollees have a number of plan options available to them. The actual premiums required to receive coverage as well as amounts available to pay deductibles, etc., vary from retiree to retiree. For our valuation, we will use an average per capita cost.

   To derive the average monthly per capita cost, we have analyzed the actual Via Benefits reimbursement data available from January 1, 2023 through December 31, 2023, adjusted for expected medical trend to 2024 and have included an estimate of the additional cost to account for the lag in reporting and reimbursing any unused amount in the retirees' Health Reimbursement Account through March 2024. That calculation is provided in Item 2a of the Attachment.

6. Other assumptions – The other actuarial assumptions and methods will be consistent[2] with those used in our December 31, 2023 pension funding valuation. These include the economic and non-economic assumptions. The demographic assumptions under items 3 (h), (i), and (j) are reviewed (and updated if necessary) as part of the triennial experience study. These assumptions include spouse/domestic partner demographic assumptions, and retiree medical coverage election percentages. The December 31, 2023 valuation will incorporate the assumptions that were recommended in the December 1, 2019 –

[1] As noted in Item 3d(1) of the Attachment, if different types of medical plans have different initial trend rates, we assume that the future increase in MMA will be linked to the plan with the lowest projected medical trend.

[2] For the purposes of anticipating death, we use the headcount weighted instead of the benefit (or amount) weighted mortality tables used in the pension funding valuation.

November 30, 2022 experience study dated January 8, 2024, approved by the Board for the December 31, 2023 valuation.

This document has been prepared for the exclusive use and benefit of the Board of Retirement of the Alameda County Employees' Retirement Association, based upon information provided by ACERA or otherwise made available to Segal at the time this document was created. Segal makes no representation or warranty as to the accuracy of any forward-looking statements and does not guarantee any particular outcome or result. Except as may be required by law, this document should not be shared, copied or quoted, in whole or in part, without the consent of Segal. This document does not constitute legal, tax or investment advice or create or imply a fiduciary relationship. You are encouraged to discuss any issues raised with your legal, tax and other advisors before taking, or refraining from taking, any action.

We are members of the American Academy of Actuaries and collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

We look forward to discussing this with you. Please let us know if you have any questions.

Sincerely,

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

JL/jl

Attachment

Recommended Actuarial Assumptions for the December 31, 2023 Health Valuation

1. Health Care Cost Trend Rates

   The health care cost trend assumptions recommended for the December 31, 2023 valuation to be applied to all health plans were provided in a separate letter dated May 8, 2024.

2.
   a. Medical Plan – Per Capita Costs and Election Rates for Calendar Year 2024

Under Age 65[1]

Medical Plan	Recommended Election Assumption	Observed Election[2]	Monthly Premium (Self)	Maximum Monthly Subsidy (20+ YOS)
Kaiser HMO	72%	69.2%	$1,037.76	$635.37
Via Benefits Individual Insurance Exchange[3]	15%	16.1%	N/A[3]	635.37
UHC Signature Value HMO Current Network	6%	5.3%	1,464.90	635.37
UHC SV Advantage HMO SVA Network	7%	9.2%	957.68	635.37
Other Plans	0%	0.2%	1,037.76[4]	635.37

Age 65 and Over

Medical Plan	Recommended Election Assumption	Observed Election[2]	Monthly Premium (Self)	Maximum Monthly Subsidy (20+ YOS)
Kaiser Senior Advantage	72%	71.5%	$354.31	$635.37
Via Benefits Individual Insurance Exchange	28%	27.2%	335.17[5]	486.74
Kaiser, non-Medicare[6]	0%	1.2%	1,037.76	635.37
Other Plans	0%	0.1%	354.31[4]	635.37

[1] Current retirees under age 65 as well as future retirees are assumed to elect medical plans in the same proportion upon age 65 as current retirees who are age 65 and over.

[2] The observed election percentages are based on retiree health census data as of January 1, 2024 and pension membership data as of November 30, 2023.

[3] Via Benefits individual insurance coverage is available to retirees under age 65 residing outside of ACERA medical plans' coverage areas. We have assumed that these current retirees under age 65 will draw the Maximum Monthly Subsidy ($635.37).

[4] We assumed the same costs as Kaiser HMO and Kaiser Senior Advantage for current non-Medicare and Medicare retirees, respectively.

[5] Derivation of the amount expected to be paid in 2024 from the Health Reimbursement Account for members with 20 plus years of service is shown in the table on the following page. We have also derived the amount expected to be paid for members with 10-14 and 15-19 years of service.

[6] Closed to future retirees.

Derivation of Via Benefits Monthly Per Capita Costs

(Years of Service Category)	10-14	15-19	20+
1. Maximum MMA for 2023	$236.00	$353.99	$471.99
2. Total of Maximum MMA (From Jan. 2023 to Dec. 2023)	$542,800	$834,944	$5,265,048
3. Total of Actual Reimbursement (From Jan. 2023 to Dec. 2023)	$399,942	$584,242	$3,198,924
4. Ratio of Actual Reimbursement to Maximum 2023 MMA [(3) / (2)]	73.68%	69.97%	60.76%
5. Average Monthly Per Capita Cost for 2023 [(1) x (4)]	$173.88	$247.69	$286.78
6. Maximum MMA for 2024	$243.37	$365.06	$486.74
7. Increase for Expected Medical Trend (6.25%) from 2023 to 2024 [(5) x 1.0625]	$184.75	$263.17	$304.70
8. Increase for Additional 10% Margin for 2023 Expenses Incurred in 2023 but Reimbursed after December 2023 [(7) x 1.10]	**$203.23**	**$289.49**	**$335.17**

b. Dental and Vision Plans - Per Capita Costs and Election Rates for Calendar Year 2024
We assume that 100% of future retirees with mandatory dental and vision coverages will receive the maximum subsidy. Dental and vision coverages are provided for retirees who have:

1) 10 or more years of ACERA service credit; or
2) Service connected disability; or
3) Non-service-connected disability with retirement prior to February 1, 2014.

2024 Plan Year Monthly Dental and Vision Subsidy
$51.04 + $4.63 = $55.67

3. Other Assumptions

In the December 31, 2023 valuation, we will also apply the following assumptions and methodologies:

a. Economic assumptions: These include discount rate, inflation rate and salary scale assumptions. We will apply the same assumptions approved by the Board for the December 31, 2023 pension funding valuation.

b. Demographic assumptions: These include the incidence of service retirement, disability retirement, withdrawal and deferred vested retirement. We will apply the same assumptions that we use for the December 31, 2023 pension funding valuation. For the purposes of anticipating death, we use the headcount weighted instead of the benefit (or amount) weighted mortality tables used in the pension funding valuation.

c. Funding methodologies: The Entry Age Actuarial Cost Method will continue to be used in this valuation. For the purpose of the Sufficiency Study, SRBR is assumed to pay benefits until the current assets are exhausted.

d. Expected annual rate of increase in the Board's health subsidy amount:
   1) Maximum MMA will increase with 50% of medical trend.
      If different types of medical plans have different initial trend rates, we assume that the future increase in MMA will be linked to the plan with the lowest projected medical trend.
   2) Dental and vision premium reimbursement will increase with full dental/vision trend.
   3) Medicare B premium reimbursement will increase with full Medicare Part B trend.

e. We will assume 100% of future retirees will be covered by Medicare Parts A and B, and receive Medicare Part B premium reimbursement. We will further assume all current retirees under age 65 receiving a MMA will also receive a Medicare Part B premium reimbursement upon age 65.

f. Assets: We will use the current value of assets in the SRBR in our valuation.

g. Implicit Subsidy: Our understanding is that the under age 65 retiree premium[1] rates are pooled together with active premium rates and an implicit subsidy does exist. For the purposes of developing the GASB 74 and 75 reports, we include the total cost of the implicit subsidy. For the purposes of preparing the preview letter and final report to estimate the sufficiency of funds to provide benefits from the SRBR, the implicit subsidy will be adjusted to match the County health actuary's estimated amount of $2,472,346[2] for 2024 which reflects that ACERA is not reimbursing all employers' implicit subsidy costs.

h. Spouse Age Difference in Years for Retirees with Medical Coverage (Spousal Coverage will only affect costs due to implicit subsidy): For all non-retired members, male members are assumed to have a female spouse who is 3 years younger than the member and female members are assumed to have a male spouse who is 1 year older than the member.

i. Spousal Coverage: For all active and inactive members who elect to continue their medical coverage at retirement, 35% of males and 15% of females were assumed to have an eligible spouse who also opts for health coverage at that time.

j. Retiree Medical Coverage Election:
   The table below summarizes the participation assumptions for future retirees eligible for ACERA retiree medical coverage.

Age Group	Percent (%) Covered
Under Age 65[3]	75
Age 65 and Older	90

[1] Only ACERA group plans (not individual plan premiums purchased through Via Benefits) generate an implicit subsidy liability.
[2] As provided to Segal on May 10, 2024.
[3] 60% of eligible retirees under age 65 without medical coverage are assumed to elect medical coverage upon reaching age 65.

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May 8, 2024

Carlos Barrios
Assistant Chief Executive Officer
Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, CA 94612

Re: Alameda County Employees' Retirement Association
Health trend assumptions recommended for the December 31, 2023 SRBR Retiree Health Actuarial Valuation

Dear Carlos:

We have provided in this letter the health trend assumptions that we recommend to the Board in the December 31, 2023 retiree health valuation for determining sufficiency of assets to provide retiree health benefits. These health trend assumptions will also be used to develop our Governmental Accounting Standards Board (GASB) Statement 74 report with a measurement date of December 31, 2023.

It should be noted that in preparing the above valuations, we would apply the reduction in the proportion of future retirees under age 65 who are anticipated to: (a) elect medical coverage (from 80% to 75%) and (b) cover their spouses and therefore receiving an implicit subsidy (from 40% to 35% for male retirees and from 20% to 15% for female retirees). These assumptions were previously approved by the Board in the triennial experience study recommending assumptions for the December 31, 2023 valuations.

Health care trend assumptions

The health care trend assumptions used in the health valuation are reviewed annually. Every year Segal publishes a set of health care trend assumptions based on the latest research and information available to our health actuaries. The health care trend assumptions take into account factors such as recent and expected premium increases affecting our clients, changes in utilization of health care, and cost shifting from Medicare.

The specific health care trend assumptions we are recommending are outlined in Attachment One.

1. For the prior December 31, 2022 SRBR valuation, we recommended the following assumptions:
   a. For the non-Medicare plans, we recommended the first-year trend rate be increased to 7.50%, then graded down by 0.25% each year until an ultimate rate of 4.50% is reached after 12 years. For the Medicare plans, we recommended the first-year trend

rate be set at 6.25%, then graded down by 0.25% each year until an ultimate rate of 4.50% is reached after 7 years.

We continued to use the ultimate health care trend assumption of 4.50% for these plans, based on Segal's research and analysis on long-term cost in the health care market as a whole.

b. The Dental and Vision annual trend assumptions remained at 4.00% based upon Segal Survey data.

However, because of the five-year 2021 rate guarantee for vision, the first two years of vision trend rates were set at 0.00%. Likewise, because of the two-year 2024 rate guarantee for dental, the second year of dental trend was set at 0.00%.

c. Medicare Part B trend assumption was set at 4.50% based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

d. Based on past practice, the 7.50% non-Medicare and 6.25% Medicare first year trends were used in the December 31, 2022 "preview" valuation and were applied to the 2023 non-Medicare and Medicare medical premiums to estimate the projected 2024 non-Medicare and Medicare medical premiums. The first-year trends were replaced as part of the "final" valuation as of December 31, 2022 to reflect the actual premium renewals for 2024.

e. We continued to assume that the Board's annual Monthly Medical Allowance (MMA) would increase by 50% of the rate of the anticipated medical trend assumption. If different types of medical plans had different initial trend rates, we assumed that the future increase in MMA would be linked to the plan with the lowest projected medical trend (i.e., the Medicare plans). For the Board's subsidies for Medicare Part B, dental and vision plans, we assumed they would increase at the full rate of anticipated trend assumed for each of those plans, as described in (b) and (c) above, and provided in Attachment One.

2. For the current December 31, 2023 SRBR valuation, we are recommending the following assumptions:

   a. For the non-Medicare plans, we are recommending the first-year trend rate be increased to 8.50%,[1] then grading down by 1.00% in 2025 and by 0.50% in 2026, then by 0.25% each year for 10 years until reaching an ultimate rate of 4.50%. Key considerations that influenced the updated non-Medicare trend rates were the plan's recent premium experience, concerns about the impact of general inflation on healthcare costs, and updated national trend expectations for prescription drug costs.

   For the Medicare plans, we are recommending the first-year trend rate be increased to 16.47%,[2] then 7.00% grading down by 0.25% each year until reaching an ultimate rate of 4.50% after 10 years. In addition to the same factors that influenced the updated non-Medicare trend rates, the updated Medicare trend rates were also influenced by the anticipated impact of the Inflation Reduction Act of 2022 (IRA). The initial 16.47%

[1] We note that in the absence of the above recommendation to reset the assumption, the first-year trend rate that we would use in this year's valuation would equal 7.25%.

[2] We note that in the absence of the above recommendation to reset the assumption, the first-year trend rate that we would use in this year's valuation would equal 6.00%.

trend rate reflects a projected baseline increase to the monthly Kaiser Senior Advantage premiums of $28 (8.00%) plus a projected one-time increase of $30 (7.84%) due to the IRA. The IRA includes material benefit cost-sharing changes for 2025, most notably implementing a $2,000 member out-of-pocket maximum, as well as various funding changes for Medicare prescription drug plans. Both changes are expected to significantly increase premiums for the Kaiser Senior Advantage and Via Benefits plans. Our trend assumptions include an estimated impact of the IRA on the Fund's Medicare plan premiums in calendar year 2025 based on the Calendar Year 2025 Advance Notice of Methodological Changes for Medicare Advantage Capitation Rates and Part C and Part D Payment Policies (the Advance Notice) released by the Centers for Medicare & Medicaid Services (CMS) on January 31, 2024. Final guidance, rules, and clarifications will be provided by CMS in April 2024.

We will continue to use the ultimate health care trend assumption of 4.50% for these plans, based on Segal's research and analysis on long-term cost in the health care market as a whole.

b. The Dental and Vision annual trend assumption will remain at 4.00% based upon Segal Survey data.

   However, because of the 2-year 2024 rate guarantee for dental and the 5-year 2021 rate guarantee for vision, the first year of trend rates for dental and vision will be set at 0.00%.

c. Medicare Part B trend assumptions will remain at 4.50%, based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

d. Based on past practice, the 8.50% non-Medicare and 16.47% Medicare first year trends will be used in the December 31, 2023 "preview" valuation and applied to the 2024 non-Medicare and Medicare medical premiums to estimate the projected 2025 non-Medicare and Medicare medical premiums. The first-year trends will be replaced as part of the "final" valuation as of December 31, 2023 to reflect the actual premium renewals for 2025.

e. We will continue to assume that the Board's annual Monthly Medical Allowance (MMA) will increase by 50% of the rate of the anticipated medical trend assumption. If different types of medical plans have different initial trend rates, we assume that the future increase in MMA will be linked to the plan with the lowest projected medical trend (i.e., the non-Medicare plans). For the Board's subsidies for Medicare Part B, dental and vision plans, we assume they would increase at the full rate of anticipated trend assumed for each of those plans, as described in (b) and (c) above, and provided in Attachment One.

Segal will prepare a separate letter to address the recommended demographic driven changes to be used in the December 31, 2023 SRBR sufficiency valuation.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

We look forward to discussing this with you. Please let us know if you have any questions.

Sincerely,

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Mary Kirby, FSA, FCA, MAAA
Senior Vice President and Actuary

Mehdi Riazi, FSA, FCA, EA, MAAA
Vice President and Actuary

JL/jl

Attachment

Attachment One

Prior and Current Recommended Trend Assumptions for the December 31, 2023 Retiree Health Valuations

Health Trends Used in the Prior Valuation as of December 31, 2022 (Provided for Comparison Purposes)

Trends to be applied to premium for shown calendar year to calculate next calendar year's projected premium for all health plans are as follows:

Calendar Year	United Healthcare (UHC) HMO & Kaiser HMO Early Retiree[1]	Via Benefits & Kaiser Senior Advantage[2]	Dental[3]	Vision[4]	Medicare Part B
2023	7.50%	6.25%	4.00%	0.00%	4.50%[5]
2024	7.25	6.00	0.00	0.00	4.50
2025	7.00	5.75	4.00	4.00	4.50
2026	6.75	5.50	4.00	4.00	4.50
2027	6.50	5.25	4.00	4.00	4.50
2028	6.25	5.00	4.00	4.00	4.50
2029	6.00	4.75	4.00	4.00	4.50
2030	5.75	4.50	4.00	4.00	4.50
2031	5.50	4.50	4.00	4.00	4.50
2032	5.25	4.50	4.00	4.00	4.50
2033	5.00	4.50	4.00	4.00	4.50
2034	4.75	4.50	4.00	4.00	4.50
2035 & Later	4.50	4.50	4.00	4.00	4.50

The 2023 assumed trend rates were replaced with the actual premium increases shown below, based on premium renewals for 2024 as reported by ACERA. These premium increases were used in preparing our December 31, 2022 SRBR valuation report dated September 25, 2023:

Kaiser HMO Early Retiree	UHC HMO Signature Value Early Retiree	UHC HMO Signature Value Advantage Early Retiree	Kaiser Senior Advantage	Dental	Vision
14.07%	18.02%[6]	18.01%[6]	11.84%	-0.37%	0.00%

[1] Non-Medicare plans.

[2] Medicare plans.

[3] Second year reflects two-year rate guarantee, premiums fixed at 2024 level.

[4] First two years reflect five-year rate guarantee, premiums fixed at 2021 level.

[5] The actual 2023 premium increase of 5.93% reflecting the standard 2024 premium of $174.70 per month became known after the December 31, 2022 SRBR valuation and thus will be reflected in the December 31, 2023 SRBR valuation.

[6] The final UHC 2024 premiums, with actual increase of 13.48%, were approved by the Board after the December 31, 2022 SRBR valuation. The final 2024 premiums for the UHC plans will be reflected in the December 31, 2023 SRBR valuation.

Health Trends Recommended for the Current Valuation as of December 31, 2023

Trends to be applied to premium for shown calendar year to calculate next calendar year's projected premium for all health plans are as follows:

Calendar Year	United Healthcare HMO & Kaiser HMO Early Retiree[1]	Via Benefits & Kaiser Senior Advantage[2]	Dental[3]	Vision[4]	Medicare Part B
2024	8.50%[5]	16.47%[5]	0.00%	0.00%	4.50%[6]
2025	7.50	7.00	4.00	4.00	4.50
2026	7.00	6.75	4.00	4.00	4.50
2027	6.75	6.50	4.00	4.00	4.50
2028	6.50	6.25	4.00	4.00	4.50
2029	6.25	6.00	4.00	4.00	4.50
2030	6.00	5.75	4.00	4.00	4.50
2031	5.75	5.50	4.00	4.00	4.50
2032	5.50	5.25	4.00	4.00	4.50
2033	5.25	5.00	4.00	4.00	4.50
2034	5.00	4.75	4.00	4.00	4.50
2035	4.75	4.50	4.00	4.00	4.50
2036 & Later	4.50	4.50	4.00	4.00	4.50

[1] Non-Medicare plans.
[2] Medicare plans.
[3] First year reflects two-year rate guarantee, premiums fixed at 2024 level.
[4] First year reflects five-year rate guarantee, premiums fixed at 2021 level.
[5] Based on past practice, the first year trends will be replaced as part of the "final" valuation as of December 31, 2023 to reflect the actual premium renewals for 2025. The initial 16.47% trend rate reflects a baseline increase to the monthly Kaiser Senior Advantage premiums of $28 (8.00%) plus a one-time increase of $30 (7.84%) due to the IRA. The IRA includes material benefit cost-sharing changes for 2025, most notably implementing a $2,000 member out-of-pocket maximum, as well as various funding changes for Medicare prescription drug plans. Both changes are expected to significantly increase premiums for the Kaiser Senior Advantage and Via Benefits plans. Our trend assumptions include an estimated impact of the IRA on the Fund's Medicare plan premiums in calendar year 2025 based on preliminary information. Final guidance, rules, and clarifications will be provided by the Centers for Medicare & Medicaid Services in April 2024.
[6] First year trend may be replaced to reflect actual 2025 calendar year premium at time of valuation.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Monthly Medical Allowance for 2025**

This memo provides background information on the Monthly Medical Allowance benefit paid from the Supplemental Retiree Benefit Reserve Policy (SRBR), and the substantive plan definition. Staff will review the attached presentation, which summarizes the information contained in this memo.

Each year, the Retirees Committee recommends to the Board of Retirement (Board) a suggested dollar amount to be contributed towards retiree health care costs. This dollar contribution is known as the Monthly Medical Allowance (MMA). The MMA is a non-vested retiree health benefit provided in agreement with ACERA's Participating Employers through the use of Internal Revenue Code 401(h) accounts. 401(h) benefits are funded by employer contributions. After contributions are made, in accordance with the County Employees Retirement Law of 1937, ACERA treats an equal amount of SRBR assets as employer contributions available for paying pension benefits.

GROUP PLAN OPTIONS AND MONTHLY MEDICAL ALLOWANCE

Non-Medicare eligible retirees (early retirees) have the option of enrolling in Kaiser Permanente or UnitedHealthcare SignatureValue HMO or UnitedHealthcare SignatureValue Advantage HMO group plans. Medicare eligible retirees have the option of enrolling in the Kaiser Senior Advantage group plan. Group plan premiums are deducted from the retirees' monthly payroll amounts and offset by the MMA subsidy amount, which is based on years of service.

For early retirees, the premium exceeds the current MMA, which results in an out-of-pocket cost (see attached charts). For Medicare eligible retirees, the MMA covers the group plan premium for those with 15 years or more of service. Those with less than 15 years of service pay an out-of-pocket cost (see attached charts).

INDIVIDUAL PLAN MONTHLY MEDICAL ALLOWANCE

In 2012 ACERA offered individual Medicare Exchange plan coverage, replacing a former group plan. Retirees may enroll in an individual plan on the Medicare Exchange and receive an MMA based on years of service. The individual plan MMA provides reimbursement through a Health Reimbursement Arrangement (HRA) for premiums, co-pays and deductibles, but is limited to an annual amount.

Effective January 1, 2016, ACERA offered individual plan coverage to early retirees who live outside ACERA's HMO service areas through the Health Exchange. Also effective January 1, 2016, ACERA terminated the group multi-site contracts with Kaiser Permanente, and instead provided individual medical coverage for impacted retirees through the Health Exchange, or an individual plan offered directly through Kaiser.

The MMA amounts provided through the HRAs are based on years of service. Retirees are reimbursed for premiums, co-pays and deductibles up to their annual MMA amount. Premium amounts depend on the plan chosen by the retiree through Via Benefits. Some retirees will use their entire allotment if they incur higher costs, such as the early retiree plan premiums or high drug costs for Medicare eligible retirees.

SUBSTANTIVE PLAN DEFINITION

To complete ACERA's substantive plan definition under GASB 43, the Board in 2007 adopted a formula which bases future MMA contribution increases on an amount equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary.

ACERA's Actuary, Segal, has provided ACERA with its recommended assumptions to be used for the December 31, 2023 retiree health plan valuation. These assumptions reset the near-term trend assumption for non-Medicare to 8.50% and Medicare Advantage plans to 16.47% in calendar year 2023. Based on our substantive plan definition under GASB, we would use 4.25% as an increase to the 2025 MMA should an increase be considered. When more than one trend is provided, the lowest number is used.

For Plan Years 2011, 2012, 2013, 2014, 2015, 2017, 2018, and 2021 the Board decided not to increase the MMA. However, for Plan Years 2016, 2019, 2020, 2022, 2023 and 2024 the Board decided to follow the substantive plan definition adopted under GASB and increased the MMA by one-half the rate of anticipated health care inflation assumptions.

GROUP PLANS COSTS

Attached are three charts. One provides the current MMA costs and premiums for 2024; another with estimated trend percentage increases to premiums with no increase to the MMA; and a third with projected increases to premiums and a 4.25% increase to the MMA. A summary of total costs is provided below:

Plan Year	20+ Years MMA	Annual Cost Summary	
2024	$635.37	Current premiums and MMA:	$24,913,526
2025	$635.37	Increase in premiums only:	$27,586,890
2025	$662.37	Increase in premiums and MMA:	$27,955,764

If no increase is applied to the MMA, we assume premiums will still increase and the total cost will go up by approximately $2,673,364. If 4.25% is added to the MMA, we assume the annual cost to provide this benefit will increase by $3,042,238 ($2,673,364 due to premium increase and $368,874 due to 4.25% MMA increase) for 2025.

The above projected annual costs reflect enrollment in the main group plans (Kaiser California and UnitedHealthcare). If we included the Operating Engineers, the additional projected annual cost is $112,461.

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

The following chart shows the current MMA amounts approved for 2024, and estimated costs based on the entire maximum MMA for the current number of enrollments. The actual cost is determined based on the amount reimbursed to each retiree. Based on the actual reimbursements for the 2023 Plan Year (as of April 30, 2024), the total reimbursements were $1,401,232.63.

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	48	$ 317.69	$ 3,812.28	$ 182,989.44
15 - 19 Years	61	$ 476.53	$ 5,718.36	$ 348,819.96
20 + Years	383	$ 635.37	$ 7,624.44	$ 2,920,160.52
Totals	**492**			**$ 3,451,969.92**

The Board may also consider increasing the reimbursement amounts for the early retirees in the individual plans, which would result in the amounts stated in the chart below.

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	48	$ 331.19	$ 3,974.28	$ 190,765.44
15 - 19 Years	61	$ 496.78	$ 5,961.36	$ 363,642.96
20 + Years	383	$ 662.37	$ 7,948.44	$ 3,044,252.52
Totals	**492**			**$ 3,598,660.92**

Based on a 4.25% increase, which is 50% of the medical plan trend, the estimated annual increase would be $146,691.00.

INDIVIDUAL PLAN COSTS – Medicare Eligible Retirees

The following chart shows the current MMA amounts approved for 2024, and estimated costs based on the entire maximum MMA for the current number of enrollments. The actual cost is determined based on the amount reimbursed to each retiree. Based on the actual reimbursements for the 2023 Plan Year (as of April 30, 2024), the total reimbursements were $4,594,363.53.

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	197	$ 243.37	$ 2,920.44	$ 575,326.68
15 - 19 Years	200	$ 365.06	$ 4,380.72	$ 876,144.00
20 + Years	948	$ 486.74	$ 5,840.88	$ 5,537,154.24
Totals	**1,345**			**$ 6,988,624.92**

The Board may also consider increasing the reimbursement amounts for the Medicare eligible retirees in the individual plans, which would result in the amounts stated in the chart below.

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	197	$ 253.72	$ 3,044.64	$ 599,794.08
15 - 19 Years	200	$ 380.57	$ 4,566.84	$ 913,368.00
20 + Years	948	$ 507.43	$ 6,089.16	$ 5,772,523.68
Totals	**1,345**			**$ 7,285,685.76**

Based on a 4.25% increase, which is 50% of the medical plan trend, the estimated annual increase would be $297,060.84.

CONSIDERATIONS FOR SETTING 2025 MMA

- A history of the MMA amounts for the 10-year period 2015 through 2024 is shown in the attached presentation.
- 2025 health care premium costs and the anticipated impact of the Inflation Reduction Act on Medicare rates are unknown. For reference, a history of the premiums for the 10-year period 2015 through 2024 is shown in the attached presentation.
- In 2023, $76,323,426 was credited to the SRBR (includes interest credited at the assumed rate of return of 3.500% for regular earnings, there was no crediting of earnings above the assumed rate of return).

- On a preliminary basis, Segal projects 23 years of benefits payable from the SRBR, which is a decrease in the sufficiency period by 2.75 years compared to last year's projection. Projections have exceeded the SRBR Policy's 15-year goal since 2013.
- The Implicit Subsidy for 2024 is estimated to be about $1,643,654 lower than the cost for 2023.
- Annual payee numbers are increasing by about 2.7% on average for the five-year period 2019 through 2023.
- ACERA's overall SRBR costs increased by 5.21% in 2023, compared to a 2.02% decrease in 2022.
- Also attached for informational purposes is a 10-year history of the SRBR (deductions and additions) fund balances.

RECOMMENDATIONS TO CONSIDER FOR JULY RETIREES COMMITTEE MEETING

1. Do not increase MMA amount for 2025. Current annual cost plus potential increase due to premium increase is $38,027,485.
2. Increase MMA by 50% of health care trend, 4.25% for potential increased cost of $38,840,111.00. This is an annual cost difference of $812,626.00.

Attachments (6)

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - *PLAN YEAR 2024*

Current Premiums and MMA

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	2024 MMA	**$ -**	**$ 317.69**	**$ 476.53**	**$ 635.37**	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees)	Projected # Enrolled (2024 plan year)	0	40	67	672	779
	Total Premium (2024)	$ 1,037.76	$ 1,037.76	$ 1,037.76	$ 1,037.76	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 476.53	$ 635.37	
	Projected Premium Paid by Retiree	**$ 1,037.76**	**$ 720.07**	**$ 561.23**	**$ 402.39**	
UnitedHealthcare SignatureValue HMO (Early Retirees)	Projected # Enrolled (2024 plan year)	2	1	4	57	64
	Total Premium (2024)	$ 1,464.90	$ 1,464.90	$ 1,464.90	$ 1,464.90	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 476.53	$ 635.37	
	Projected Premium Paid by Retiree	**$ 1,464.90**	**$ 1,147.21**	**$ 988.37**	**$ 829.53**	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)	Projected # Enrolled (2024 plan year)	0	9	13	84	106
	Total Premium (2024)	$ 957.68	$ 957.68	$ 957.68	$ 957.68	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 476.53	$ 635.37	
	Projected Premium Paid by Retiree	**$ 957.68**	**$ 639.99**	**$ 481.15**	**$ 322.31**	
					Total Plan Enrollees (Early Retirees)	**949**
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage	Projected # Enrolled (2024 plan year)	29	475	558	3260	4322
	Total Premium (2024)	$ 354.31	$ 354.31	$ 354.31	$ 354.31	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 354.31	$ 354.31	
	Projected Premium Paid by Retiree	**$ 354.31**	**$ 36.62**	**0.00**	**0.00**	
					Total Kaiser Senior Advantage Medicare Plan Enrollees	**4322**
Projected Annual Cost by Years of Service			**$2,001,447**	**$2,852,802**	**$20,059,277**	**$24,913,526**

Total Projected Annual Cost: $24,913,526

ACERA

Out-of-Pocket Expenses for Retirees in Group Plans - *PLAN YEAR 2025*

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 (2025) MMA	**$ -**	**$ 317.69**	**$ 476.53**	**$ 635.37**	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees) Assumes 8.5% Increase	Projected # Enrolled (2024 plan year)	0	40	67	672	779
	Total Premium (2025)	$ 1,125.97	$ 1,125.97	$ 1,125.97	$ 1,125.97	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 476.53	$ 635.37	
	Projected Premium Paid by Retiree	**$ 1,125.97**	**$ 808.28**	**$ 649.44**	**$ 490.60**	
UnitedHealthcare SignatureValue HMO (Early Retirees) Assumes 8.5% Increase	Projected # Enrolled (2024 plan year)	2	1	4	57	64
	Total Premium (2025)	$ 1,589.42	$ 1,589.42	$ 1,589.42	$ 1,589.42	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 476.53	$ 635.37	
	Projected Premium Paid by Retiree	**$ 1,589.42**	**$ 1,271.73**	**$ 1,112.89**	**$ 954.05**	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) Assumes 8.5% Increase	Projected # Enrolled (2024 plan year)	0	9	13	84	106
	Total Premium (2025)	$ 1,039.08	$ 1,039.08	$ 1,039.08	$ 1,039.08	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 476.53	$ 635.37	
	Projected Premium Paid by Retiree	**$ 1,039.08**	**$ 721.39**	**$ 562.55**	**$ 403.71**	
	Total Plan Enrollees (Early Retirees)					**949**
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage Assumes 16.47% Increase	Projected # Enrolled (2024 plan year)	29	475	558	3260	4322
	Total Premium (2025)	$ 412.66	$ 412.66	$ 412.66	$ 412.66	
	Projected Subsidy Paid by ACERA	$ -	$ 317.69	$ 412.66	$ 412.66	
	Projected Premium Paid by Retiree	**$ 412.66**	**$ 94.97**	**0.00**	**0.00**	
	Total Kaiser Senior Advantage Medicare Plan Enrollees					**4322**
Projected Annual Cost by Years of Service			**$2,001,447**	**$3,243,514**	**$22,341,929**	**$27,586,890**

Total Projected Annual Cost: $27,586,890

ACERA

Out-of-Pocket Expenses for Retirees in Group Plans - *PLAN YEAR 2025*

Assumes 4.25% 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 (2025) MMA	**$ -**	**$ 331.19**	**$ 496.78**	**$662.37**	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees) Assumes 8.5% Increase	Projected # Enrolled (2024 plan year)	0	40	67	672	779
	Total Premium (2025)	$ 1,125.97	$ 1,125.97	$ 1,125.97	$ 1,125.97	
	Projected Subsidy Paid by ACERA	$ -	$ 331.19	$ 496.78	$ 662.37	
	Projected Premium Paid by Retiree	**$ 1,125.97**	**$ 794.78**	**$ 629.19**	**$ 463.60**	
UnitedHealthcare SignatureValue HMO (Early Retirees) Assumes 8.5% Increase	Projected # Enrolled (2024 plan year)	2	1	4	57	64
	Total Premium (2025)	$ 1,589.42	$ 1,589.42	$ 1,589.42	$ 1,589.42	
	Projected Subsidy Paid by ACERA	$ -	$ 331.19	$ 496.78	$ 662.37	
	Projected Premium Paid by Retiree	**$ 1,589.42**	**$ 1,258.23**	**$ 1,092.64**	**$ 927.05**	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) Assumes 8.5% Increase	Projected # Enrolled (2024 plan year)	0	9	13	84	106
	Total Premium (2025)	$ 1,039.08	$ 1,039.08	$ 1,039.08	$ 1,039.08	
	Projected Subsidy Paid by ACERA	$ -	$ 331.19	$ 496.78	$ 662.37	
	Projected Premium Paid by Retiree	**$ 1,039.08**	**$ 707.89**	**$ 542.30**	**$ 376.71**	
					Total Plan Enrollees (Early Retirees)	**949**
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage Assumes 16.47% Increase	Projected # Enrolled (2024 plan year)	29	475	558	3260	4322
	Total Premium (2025)	$ 412.66	$ 412.66	$ 412.66	$ 412.66	
	Projected Subsidy Paid by ACERA	$ -	$ 331.19	$ 412.66	$ 412.66	
	Projected Premium Paid by Retiree	**$ 412.66**	**$ 81.47**	**0.00**	**0.00**	
					Total Kaiser Senior Advantage Medicare Plan Enrollees	**4322**
Projected Annual Cost by Years of Service			**$2,086,497**	**$3,263,926**	**$22,605,341**	**$27,955,764**

Total Projected Annual Cost: $27,955,764

Monthly Medical Allowance for 2025

CARLOS BARRIOS, ASSISTANT CEO
JUNE 5, 2024

Group Plan Options and Monthly Medical Allowance (MMA)

- Non-Medicare eligible retirees (early retirees)
  - Kaiser Permanente
  - UnitedHealthcare SignatureValue HMO
  - UnitedHealthcare SignatureValue Advantage HMO

- Medicare eligible retirees
  - Kaiser Senior Advantage group plan

Plan	10 - 14 Years	15 - 19 Years	20 + Years
	$ 317.69	$ 476.53	$ 635.37
Early Retirees Plans			
Kaiser Permanente HMO (Early Retirees)	40	67	672
	$ 1,037.76	$ 1,037.76	$ 1,037.76
	$ 317.69	$ 476.53	$ 635.37
	$ 720.07	**$ 561.23**	**$ 402.39**
UnitedHealthcare SignatureValue HMO (Early Retirees)	1	4	57
	$ 1,464.90	$ 1,464.90	$ 1,464.90
	$ 317.69	$ 476.53	$ 635.37
	$ 1,147.21	**$ 988.37**	**$ 829.53**
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)	9	13	84
	$ 957.68	$ 957.68	$ 957.68
	$ 317.69	$ 476.53	$ 635.37
	$ 639.99	**$ 481.15**	**$ 322.31**
Kaiser Senior Advantage Medicare Plan			
Kaiser Senior Advantage	475	558	3260
	$ 354.31	$ 354.31	$ 354.31
	$ 317.69	$ 354.31	$ 354.31
	$ 36.62	**0.00**	**0.00**

Individual Plan MMA

- Individual Medicare plan coverage
- Individual plan coverage for early retirees who live outside ACERA's HMO service areas

MMA for Individual Plans			
	10-14 yrs	15-19 yrs	20+ yrs
Individual Medicare Plans	$243.37	$365.06	$486.74
Individual Non-Medicare Plans	$317.69	$476.53	$635.37

- Monthly premiums depend on chosen individual plan
- MMA is provided through Health Reimbursement Arrangement

Substantive Plan Definition under GASB 43

- In 2007, the Board adopted a formula which bases future MMA contribution increases on an amount equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary
- Segal provided assumptions to be used for the December 31, 2023 retiree health plan valuation. These assumptions reset the near-term trend assumptions in the calendar year 2023:
  - 8.50% for non-Medicare plans
  - 16.47% for Medicare Advantage Plans
- Based on our substantive plan definition, we would use 4.25% as an increase to the 2025 MMA should an increase be considered
  - When more than one trend is provided, the lowest number is used

Group Plans Costs

- If no increase is applied to the MMA, we assume premiums will still increase and the total cost will go up by approximately $2,673,364
- If 4.25% is added to the MMA, we assume the annual cost to provide this benefit will increase by $3,042,238 ($2,673,364 due to premium increase and $368,874 due to 4.25% MMA increase) for 2025

Plan Year	20+ Years MMA	Annual Cost Summary	
2024	$635.37	Current premiums and MMA:	$24,913,526
2025	$635.37	Increase in premiums only:	$27,586,890
2025	$662.37	Increase in premiums and MMA:	$27,955,764

Note: If we included the Operating Engineers, the additional projected annual cost is $112,461

Alameda County Employees' Retirement Association

Early Retiree Individual Plan Costs – Outside HMO Service Area

Years of Service Category	Number of Members	2024			2025
		Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount	Maximum Annual MMA Amount with Increase
10 - 14 Years	48	$ 317.69	$ 3,812.28	$ 182,989.44	$ 190,765.44
15 - 19 Years	61	$ 476.53	$ 5,718.36	$ 348,819.96	$ 363,642.96
20 + Years	383	$ 635.37	$ 7,624.44	$ 2,920,160.52	$ 3,044,252.52
Totals	**492**			**$ 3,451,969.92**	**$ 3,598,660.92**

The 4.25% increase in the MMA results in an estimated amount of $146,691.00

Note: Based on the actual reimbursements for the 2023 Plan Year (as of April 30, 2024), the total reimbursements were $1,401,232.63

Individual Plan Costs – Medicare Eligible Retirees

Years of Service Category	Number of Members	2024			2025
		Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount	Maximum Annual MMA Amount with Increase
10 - 14 Years	197	$ 243.37	$ 2,920.44	$ 575,326.68	$ 599,794.08
15 - 19 Years	200	$ 365.06	$ 4,380.72	$ 876,144.00	$ 913,368.00
20 + Years	948	$ 486.74	$ 5,840.88	$ 5,537,154.24	$ 5,772,523.68
Totals	1,345			**$ 6,988,624.92**	**$7,285,685.76**

The 4.25% increase in the MMA results in an estimated amount of $297,060.84

Note: Based on the actual reimbursements for the 2023 Plan Year (as of April 30, 2024), the total reimbursements were $4,594,363.53.

Considerations for Setting 2025 MMA

1. 10-Year History of MMA - 2015 through 2024

Group & Individual Early Retiree* Plan MMA:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
10 to 14 Years of Service	$ 261.08	$ 270.22	$ 270.22	$ 270.22	$ 279.00	$ 289.33	$ 289.33	$298.37	$308.06	$317.69
15 to 19 Years of Service	$ 391.62	$ 405.33	$ 405.33	$ 405.33	$ 418.50	$ 433.99	$ 433.99	$447.55	$462.09	$476.53
20 or more Years of Service	$ 522.16	$ 540.44	$ 540.44	$ 540.44	$ 558.00	$ 578.65	$ 578.65	$596.73	$616.12	$635.37

Individual Plan MMA for Medicare Eligible Retirees - Effective 2/1/2013:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
10 to 14 Years of Service	$ 200.00	$ 207.00	$ 207.00	$ 207.00	$ 213.73	$ 221.64	$ 221.64	$228.57	$236.00	$243.37
15 to 19 Years of Service	$ 300.00	$ 310.50	$ 310.50	$ 310.50	$ 320.59	$ 332.46	$ 332.46	$342.85	$353.99	$365.06
20 or more Years of Service	$ 400.00	$ 414.00	$ 414.00	$ 414.00	$ 427.46	$ 443.28	$ 443.28	$457.13	$471.99	$486.74

**Effective 1/1/2016*

Considerations for Setting 2025 MMA (continued)

2. Ten-Year Premium Rate History - 2015 through 2024

Medical Plans	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Kaiser Permanente HMO (Early Retirees)	$ 671.82	$ 729.08	$ 735.64	$ 765.06	$ 765.06	$ 785.44	$ 810.72	$ 843.16	$ 909.74	$1,037.76
% Change over Monthly Premium		8.52%	0.90%	4.00%	4.00%	2.66%	3.22%	4.00%	7.90%	14.07%
Kaiser Permanente Senior Advantage	$ 330.96	$ 329.90	$ 354.73	$ 367.23	$ 394.07	$ 411.54	$ 382.21	$ 344.44	$ 316.81	$354.31
% Change over Monthly Premium		-0.32%	7.53%	3.52%	7.31%	4.43%	-7.13%	-9.90%	-8.02%	11.84%
UnitedHealthcare SignatureValue HMO (Early Retiree)	$ 972.34	$ 982.06	$ 982.06	$1,047.16	$1,047.16	$1,087.80	$ 1,150.60	$ 1,184.32	$ 1,290.92	$1,464.90
% Change over Monthly Premium		1.00%	0.00%	6.63%	0.00%	3.88%	5.77%	2.90%	9.00 %	13.48%
UnitedHealthcare SignatureValue Advantage HMO (Early Retiree)*	-	-	-	-	$980.94	$831.92	$759.16	$781.42	$843.94	$957.68
% Change over Monthly Premium		-	-	-	-	-15.19%	-8.75%	2.90%	8.00%	13.48%

Effective 1/1/2019

Considerations for Setting 2025 MMA (continued)

3. 2025 health care premium costs and the anticipated impact of the Inflation Reduction Act on Medicare rates are unknown.
4. In 2023, $76,323,426 was credited to the SRBR (includes interest credited at the assumed rate of return of 3.500% for regular earnings, there was no crediting of earnings above the assumed rate of return).
5. On a preliminary basis, Segal projects 23 years of benefits payable from the SRBR, which is a decrease in the sufficiency period by 2.75 years compared to last year's projection. Projections have exceeded the SRBR Policy's 15-year goal since 2013.
6. The Implicit Subsidy for 2024 is estimated to be about $1,643,654 lower than the cost for 2023.
7. Annual payee numbers are increasing by about 2.7% on average for the five-year period 2019 through 2023.
8. ACERA's overall SRBR costs increased by 5.21% in 2023, compared to a 2.02% decrease in 2022.

Recommendations to Consider for July Retirees Committee Meeting

1. Do not increase MMA amount for 2025
    - Current annual cost plus potential increase due to premium increase is $38,027,485

2. Increase MMA by 50% of health care trend, 4.25%
    - Potential increased cost of $38,840,111
    - An annual cost difference of $812,626

History of Payments Made Out of the SRBR

2014-2023

Benefit Paid from SRBR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Payment Made	Payment Made	Payment Made	Payment Made	Payment Made	Payment Made	Payment Made	Payment Made	Payment Made	Payment Made
Monthly Medical Allowance	$23,993,028.81	$24,511,217.41	$25,385,381.36	$27,256,486.00	$28,078,180.27	$30,163,755.94	$31,895,818.80	$31,063,128.66	$29,978,045.33	$29,587,083.35
% Change over a Year		2.16%	3.57%	7.37%	3.01%	7.43%	5.74%	-2.61%	-3.49%	-1.30%
Dental	$3,076,961.42	$3,332,341.54	$3,310,861.36	$3,675,572.97	$3,885,918.92	$4,058,743.79	$3,957,491.59	$4,221,133.93	$4,304,605.12	$5,101,325.09
% Change over a Year		8.30%	-0.64%	11.02%	5.72%	4.45%	-2.49%	6.66%	1.98%	18.51%
Vision	$344,129.93	$351,757.60	$361,086.88	$371,252.25	$383,148.70	$395,767.62	$404,992.08	$386,577.18	$395,983.68	$471,705.47
% Change over a Year		2.22%	2.65%	2.82%	3.20%	3.29%	2.33%	-4.55%	2.43%	19.12%
MBRP	$5,176,062.67	$5,490,533.92	$5,870,137.63	$6,600,279.24	$8,531,422.36	$8,943,882.71	$9,762,403.02	$10,245,929.66	$12,032,482.94	$11,912,232.42
% Change over a Year		6.08%	6.91%	12.44%	29.26%	4.83%	9.15%	4.95%	17.44%	-1.00%
Implicit Subsidy	$6,992,822.00	$5,320,953.00	$6,021,451.00	$8,787,596.00	$5,800,563.00	$6,899,139.00	$6,446,702.00	$7,484,411.00	$5,593,922.00	$7,842,215.00
% Change over a Year		-23.91%	13.16%	45.94%	-33.99%	18.94%	-6.56%	16.10%	-25.26%	40.19%
Supplemental COLA	$1,849,140.00	$1,555,924.00	$1,350,784.00	$1,231,500.00	$1,134,613.00	$1,181,244.00	$1,116,523.00	$932,177.00	$943,290.00	$1,134,334.00
% Change over a Year		-15.86%	-13.18%	-8.83%	-7.87%	4.11%	-5.48%	-16.51%	1.19%	20.25%
Death Benefit	$223,529.00	$213,909.00	$187,081.00	$187,060.00	$196,576.00	$216,834.00	$230,747.00	$256,683.00	$240,383.00	$228,463.00
% Change over a Year		-4.30%	-12.54%	-0.01%	5.09%	10.31%	6.42%	11.24%	-6.35%	-4.96%
TOTAL DEDUCTED FROM SRBR	**$41,655,673.83**	**$40,776,636.47**	**$42,486,783.23**	**$48,109,746.46**	**$48,010,422.25**	**$51,859,367.06**	**$53,814,677.49**	**$54,590,040.43**	**$53,488,712.07**	**$56,277,358.33**
% Change over a Year		-2.11%	4.19%	13.23%	-0.21%	8.02%	3.77%	1.44%	-2.02%	5.21%

*As of December 31, 2023

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SUPPLEMENTAL RETIREE BENEFITS RESERVE (SRBR)
For the Ten Years Ended December 31, 2014 - December 31, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Beginning Balance	$643,056,500	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$919,488,617	$924,709,823	$ 931,754,157	$1,131,048,474	$1,168,608,503
Deductions:										
Transferred to Employers Advance Reserve	34,039,593	36,528,264	33,818,832	38,327,914	43,777,409	44,858,371	45,456,100	46,772,130	47,476,858	49,339,096
Employers Implicit Subsidy	6,992,822	5,320,953	6,021,451	8,787,596	5,800,563	6,899,139	6,446,702	7,484,411	5,593,922	7,842,215
Supplemental Cost of Living	1,849,140	1,555,924	1,350,784	1,231,500	1,134,613	1,181,244	1,116,523	932,177	943,290	1,134,334
Death Benefit - Burial - SRBR	223,529	213,909	187,081	187,060	196,576	216,834	230,747	256,683	240,383	228,463
ADEB (Active Death)	-	-	-	-	-	-	-	-	-	-
Total Deductions	43,105,084	43,619,050	41,378,148	48,534,070	50,909,161	53,155,588	53,250,072	55,445,401	54,254,453	58,544,108
Additions:										
Interest Credited to SRBR	54,031,947	62,722,797	60,730,023	66,715,938	64,827,682	57,022,294	58,878,406	69,152,162	79,407,948	74,612,926
Excess Earnings Allocation	132,455,002	43,770,247	-	-	10,574,982	-	-	184,050,056	10,749,534	-
Transferred from Employers Advance Reserve	3,388,512 **(1)**	1,141,500	1,191,000	1,203,500	1,224,500	1,354,500	1,416,000	1,537,500	1,657,000	1,710,500
Total Additions	189,875,461	107,634,544	61,921,023	67,919,438	76,627,164	58,376,794	60,294,406	254,739,718	91,814,482	76,323,426
Ending Balance	$789,826,877	$853,842,371	$874,385,246	$893,770,614	$919,488,617	$924,709,823	$931,754,157	$1,131,048,474	$1,168,608,503	$1,186,387,821

Notes

(1) These amounts include reclassification of OPEB Administrative Expense contribution reimbursement activities and interest from January 2012 through June 2014; and normal activities for the six month period of July 2014 through December 2014. The SB 1479 reimbursements from the Employer Advance Reserve were inadvertently booked to the 401(h) account instead of SRBR. A total misclassified balance of $2,649,500 and regular credited interest of $182,511.54 were transferred from the 401(h) account to SRBR.

Amounts are rounded to the nearest dollar and include <$1 rounding differences.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **2025 Medical Plans Update/Renewal Requests of ACERA/County**

Staff provided the County of Alameda (County) with our annual medical plans renewal request letter on April 15th. Listed below are some of the highlights of our renewal requests for Kaiser and UnitedHealthcare coverages.

Disease Management/Wellness:
- Annual in-person and/or virtual open enrollment and fall health fair
- Wellness resources and staffing for in-person and/or virtual wellness events and mailings
- At least two one-hour sessions on wellness in-person or virtually
- Promote and monitor ACERA's utilization of Kaiser's Mindfulness apps (i.e., MyStrength, Calm, etc.)

Other:
- Any mandatory benefit changes for 2025
- Any recent member survey results that may be shared
- Summarize the impact of recent and anticipated CMS rule changes to Medicare Advantage and Medicare Part D prescription drug programs in 2025 that may affect ACERA plans

Performance Guarantees:
- Provide routine performance monitoring reports comparing ACERA's direct experience with mutually agreed upon benchmarks
- Place a percentage of premiums at risk for failing to meet or exceed mutually agreed upon performance standards

Prescription Drugs:
- Identify all drugs coming off the formulary and converting to generic effective January 1, 2025, and provide an estimate of projected annual savings
- Project annualized savings associated with brand name drugs losing patent protection and migrating to generic equivalent as of January 1, 2025
- Detail the annual costs associated with the top ten highest cost medications on a per script basis, and the strategies utilized by Kaiser to manage treatment adherence/outcomes and costs

Pricing:

- Indicate additional premium costs to provide the Silver&Fit® Exercise and Healthy Aging Program, and share utilization data for ACERA members
- Indicate additional premium costs to provide Over-the-Counter (OTC) health and wellness products, and Non-Emergency Medical Transportation (NEMT)
- Indicate cost of providing the current hearing aid benefit as a portion of the premium
- Provide additional monthly premium rate impact by tier associated with adding the following hearing aid allowances per ear every 36 months:
    - $2,000 Allowance (Non-Medicare and Medicare plans)
    - $2,500 Allowance (Non-Medicare and Medicare plans)
    - $3,000 Allowance (Non-Medicare and Medicare plans)
    - $4,000 Allowance (Non-Medicare and Medicare plans)
    - $5,000 Allowance (Non-Medicare and Medicare plans)
- UnitedHealthcare HMO plans and/or design change options and cost impact

Providers/Medical Groups/Hospitals:

- Provide updates on anticipated network provider (e.g., hospitals, ambulatory centers, medical groups, etc.) expansion and contractions
- Report on virtual care cost and utilization trends, and plans to promote virtual care in the future

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Health Reimbursement Arrangement Account Balances for 2023**

Retirees enrolled in individual medical plans through Via Benefits were able to submit claims for 2023 reimbursements through March 31, 2024. The total amount of reimbursements paid for the 2023 Plan Year as of April 30, 2024 and the average monthly cost per retiree are shown below.

Plan Year 2023		
Plans	Total Reimbursement Paid as of April 30, 2024	Average Monthly Cost Per Retiree
Medicare eligible retirees	$4,594,363.53	$274.45
Early (Pre-65) retirees	$1,401,232.63	$244.80

Provided below are the unused balances of the Health Reimbursement Arrangement (HRA) Accounts from lowest to highest as of April 30, 2024. The balances are categorized by years of service (YOS) contribution levels.

2023 Health Reimbursement Arrangement Account Balances
for Medicare Eligible Retirees as of April 30, 2024

20 + Years of Service **$5,663.88 Annual MMA**		15 through 19 Years of Service **$4,247.88 Annual MMA**		10 through 14 Years of Service **$2,832.00 Annual MMA**	
Number of Retirees	Balance	Number of Retirees	Balance	Number of Retirees	Balance
160	$ 0	70	$ 0	121	$ 0
81	Under $500	32	Under $500	17	Under $500
112	$500 - $1,000	31	$500 - $1,000	11	$500 - $1,000
114	$1,000 - $1,500	19	$1,000 - $1,500	9	$1,000 - $1,500
137	$1,500 - $2,000	10	$1,500 - $2,000	7	$1,500 - $2,000
83	$2,000 - $2,500	9	$2,000 - $2,500	35	$2,000 +
46	$2,500 - $3,000	5	$2,500 - $3,000		
70	$3,000 - $4,000	15	$3,000 - $4,000		
70	$4,000 - $5,000	16	$4,000 +		
115	$5,000 +				
988 Total Number of Retirees		***207 Total Number of Retirees***		***200 Total Number of Retirees***	

Observations of Medicare eligible retirees' HRA accounts in 2023:

- There were 1,395 HRA's reported as active accounts at the end of 2023.
- 351 retirees used all of their funds – 25.2% of Medicare eligible retirees.
- Out of the 988 retirees with 20 + YOS, 733 have used half of their balances – 74.2% of the group.

2023 Health Reimbursement Arrangement Account Balances
for Early (Pre-65) Retirees as of April 30, 2024

20 + Years of Service **$7,393.44 Annual MMA**		15 through 19 Years of Service **$5,545.08 Annual MMA**		10 through 14 Years of Service **$3,696.72 Annual MMA**	
Number of Retirees	Balance	Number of Retirees	Balance	Number of Retirees	Balance
94	$ 0	15	$ 0	14	$ 0
24	Under $500	6	Under $500	7	Under $500
19	$500 - $1,000	6	$500 - $1,000	5	$500 - $1,000
12	$1,000 - $1,500	9	$1,000 - $1,500	3	$1,000 - $1,500
16	$1,500 - $2,000	4	$1,500 - $2,000	3	$1,500 - $2,000
17	$2,000 - $2,500	3	$2,000 - $2,500	5	$2,000 - $2,500
22	$2,500 - $3,000	3	$2,500 - $3,000	4	$2,500 - $3,000
33	$3,000 - $3,500	1	$3,000 - $3,500	5	$3,000 +
24	$3,500 - $4,000	0	$3,500 - $4,000		
29	$4,000 - $5,000	6	$4,000 - $5,000		
50	$5,000 - $6,000	7	$5,000 +		
4	$6,000 - $7,000				
27	$7,000 +				
371 Total Number of Retirees		***60 Total Number of Retirees***		***46 Total Number of Retirees***	

Observations of early (pre-65) retirees' HRA accounts in 2023:

- There were 477 HRA's reported as active accounts at the end of 2023.
- 123 retirees used all of their funds – 25.8% of early retirees.
- Out of the 371 retirees with 20 + YOS, 261 have used half of their balances – 70.4% of the group.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Over Age 65 Medical Plan Compliance**

This memo is to bring to your attention that 25 retirees who are over the age of 65 have not taken the necessary steps to enroll into the over age 65 medical insurance plan. The retirees cannot continue to be enrolled in a plan designated for retirees under age 65 (Kaiser Permanente HMO or UnitedHealthcare), and will have their ACERA group medical insurance plan cancelled effective July 1, 2024 due to non-compliance. It is our understanding based on data provided by Kaiser Permanente that the retirees are currently enrolled in both Medicare Parts A and B, which is a comprehensive medical plan in and of itself, and they will not be left uninsured.

Over Age 65 Mandates

At the April 17, 2003 Board of Retirement (Board) meeting, Staff reported that the medical insurance carrier at the time reminded ACERA that retirees aged 65 and over must enroll in an over age 65 plan. At the July 21, 2005 meeting, the Board mandated Kaiser Senior Advantage enrollment for all Kaiser members who were over age 65 and enrolled in Medicare Parts A and B. For your reference, the Board meeting minutes are attached.

Surcharge

Retirees who are over age 65 but enrolled in the under age 65 plan create a surcharge, which increases the group medical plan premiums. The goal is to reduce the surcharge applied to the under age 65 plan by moving over age 65 retirees into the appropriate medical plan. Retirees have the option to enroll into Kaiser Permanente Senior Advantage (KPSA) or a health insurance plan through Via Benefits.

Retirees on the Individual Plan through Via Benefits do not create a surcharge. The Monthly Medical Allowance toward the Health Reimbursement Arrangement (HRA) automatically changes to the over age 65 allowance.

Medicare Parts A and B Eligibility

Although both Parts A and B are preferred, not all members are eligible for Medicare Part A at no cost. Prior to March 31, 1986, those who did not pay into Social Security for at least 10 years among all employers may not qualify for Part A at no cost. There are additional qualifiers for Medicare Part A at no cost, such as through a spouse, ex-spouse, or Social Security disability. If a member is not eligible to receive Part A at no cost, they may pay a monthly premium for it, but ACERA does not mandate that retirees pay for Part A. Since 1986, all new members contribute to

Part A and, even if they do not pay into Social Security, they are, or will be, eligible for Part A at no cost once they reach age 65 if they have paid into it for at least 10 years among all employers.

Medicare Part B has a low barrier of entry: it requires a retiree to be age 65 and a U. S. citizen or a legal resident for at least 5 years. Everyone enrolled in Part B is required to pay a premium; it is not prefunded. However, the Medicare Part B Reimbursement Plan (MBRP) removes a financial barrier for ACERA retirees to enroll into Part B. Moreover, KPSA and Via Benefits allow enrollment with only Part B.

Process

To maintain appropriate healthcare costs for the under age 65 retiree medical plans, Staff send letters to retirees three months before turning age 65 informing them of the requirement to enroll into a medical plan designed for retirees over age 65. The health insurance carriers also send letters to retirees informing them of the same, and 2nd notices are sent to retirees who do not respond. The letter explains the need to enroll into Medicare Part A and Part B, or at a minimum Part B, and to enroll into the KPSA plan or a Via Benefits plan.

Staff called each of the retirees and managed to move most of the retirees over to the age 65 plan. The 25 retirees being cancelled did not respond to efforts to reach them by phone, and did not respond to any of the letters. Staff and the health insurance carriers remain available to answer questions retirees may have about the transition. Retirees who were cancelled may enroll during ACERA's open enrollment.

Kaiser Permanente Senior Advantage Mandate

Kaiser Permanente will begin to administer a Medicare mandate agreement, where they will perform the communications to retirees necessary to ensure their enrollment into the KPSA plan on a timely basis. They will also coordinate with ACERA on any non-compliance cancellations. UnitedHealthcare (UHC) does not offer a comparable service and ACERA will continue to ensure UHC members are moved out of the under age 65 plan.

Conclusion

There are 25 retirees who are over age 65 who are not in compliance with moving out of the under age 65 medical plan and will have their group medical plan cancelled effective July 1, 2024. It is our understanding that the aforementioned retirees are currently enrolled in Medicare Parts A and B and will not be left uninsured. Retirees who do not qualify for Medicare Part A at no cost are not required to pay for it, and may enroll into an over age 65 medical plan with Part B alone. They receive reimbursement for the base Medicare Part B premium, which takes away any financial barrier to enroll into an over age 65 plan.

Attachments (2)

ALAMEDA COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, April 17, 2003

The regular meeting was called to order by Chairperson Annette Cain-Darnes at 2:00 p.m.

Trustees Present: Annette Cain-Darnes
Keith Carson
Robert Chambers
Charles Harrington
Liz Koppenhaver
David Safer
William Schaff
Sandre Swanson
Donald White

Staff Present: Charles F. Conrad, General Manager
Julie Crane, Associate Counsel
Kathy Foster, Benefits Manager
Beth Gannon, Human Resources Officer
Martha Richardson, Executive Secretary
Betty Tse, Chief Investment Officer
Catherine Walker, Accounting Manager
Latrena Walker, Information Systems Manager
Helen Wright, Deputy General Manager

03-24

The minutes of the regular meeting of March 20, 2003, were accepted as presented on a motion by Mr. Safer, and seconded by Ms. Koppenhaver, and passed by a vote of 6 yes, 0 no, and 0 abstentions.

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT:

Appendix A

APPLICATION FOR RETIREMENT, DEFERRED:

Appendix B

APPLICATION FOR DEFERRED TRANSFER:

Appendix C

LIST OF DECEASED MEMBERS:

Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:

Appendix E

DISABILITIES, CURRENT, RECOMMENDATIONS:

Appendix F

DISABILITIES STATUS REPORT:

MISCELLANEOUS:

It was moved by Mr. Harrington, and seconded by Mr. Safer, and approved by a vote of 8 yes, 0 no and 0 abstentions, that the following Resolution is adopted:

03-25

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved with the following revision to Appendix F:

> Approve the recommendation contained in Dr. Wagner's report, to grant Andrea Dillard a service connected disability retirement. (Note: The County is contesting the waiver or future annual medical examinations and questionnaires.)

REGULAR CALENDAR

REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT, RECOMMENDATIONS AND MOTIONS:

None.

DISABILITIES, CONTINUING, RECOMMENDATIONS AND MOTIONS:

None.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS:

Operations:

Robert Chambers reported that the Operations Committee met on April 8, 2003, at 9:00 a.m. Mr. Chambers highlighted the following information from the Committee meeting:

> Staff presented a draft chart listing the Board of Retirement's "Direct" contracts (i.e. Actuary, Auditor, Investment Managers/Consultants and custodial bank);
>
> After an in-depth discussion, the Committee directed Staff to provide the Committee with information concerning ACERA's service and vendor contracts administered by Staff.
>
> The Committee will continue the discussion of this item in a future meeting.
>
> Staff presented its Member Statement Distribution Schedule for April and May 2003.
>
> It was noted that several data cleanup issues still need to be resolved prior to the member statements being distributed and that processing and distribution is being completed in-house.
>
> Staff will provide members with a letter of explanation detailing any changes to the member statement prior to distribution.
>
> Staff presented its April 2003 schedule that reflects the implementation of Pension Gold version 2.6 upgrade.
>
> Installation of version 2.6 will be completed during the month of April, with system performance analysis ongoing.

Staff provided the Committee with the regular monthly information items, which included the Member Service Requests Report, the Administrative Expense Budget Report and the Monthly Financial Statements.

Retirees:

Charles Harrington reported that the Retirees Committee met on April 8, 2003, at 1:00 p.m. Mr. Harrington highlighted the following information regarding the Committee meeting:

Staff reported that last December, Health Net informed ACERA that all Health Net members age 65 and over **must** be enrolled in an over 65, Regular Retiree plan, versus an Early Retirement plan, which are for those who are under 65. Per Health Net's request, members who are Medicare eligible need to be enrolled in Medicare, provide evidence of coverage, and complete an enrollment form for a Health Net Medicare Plan.

Staff provided an update regarding the status of members impacted by the Health Net Medicare eligible process.

A process is being developed to notify six months in advance those Health Net members turning age 65 of their options so that they can be well prepared for this transition.

Communication will also be presented in pre-retirement seminars, provided in counseling sessions and included in the annual Open Enrollment Booklet.

Staff explained that in reference to the matter of a dental plan consultant, ACERA's Legal staff has been asked to give their opinion on whether or not funds could be used from the SRBR to pay for a consultant.

Staff reported that all retiree groups have been notified of Health/Dental/Vision Goals Meeting Scheduled for April 15, 2003 at 2:00 p.m.

Staff gave a detailed explanation with respect to the note included on retirees check stub about the tax-free amount.

Evaluation:

Liz Koppenhaver reported that the Evaluation Committee met on April 8, 2003, at 2:00 p.m. Ms. Koppenhaver highlighted the following information regarding the Committee meeting:

Staff presented to the Committee the General Manager Performance Evaluation form with the revisions that were discussed at the last Committee meeting.

The Committee reviewed the revisions made in each of the noted sections and made further modifications in the areas of Leadership and Overall Evaluation.

The Committee also agreed to simplify the language in the "Exceptional" and "Superior" Rating Description section of the form.

Staff reviewed with the Committee the General Manager Evaluation Policy and made suggestions about amending several sections of the policy.

The Committee discussed the suggested amendments and agreed to modify several sections of the Policy under Assumptions and Evaluation Timetable.

The Committee also discussed the benefits of having the General Manager provide a self-evaluation to the Board for their consideration in the overall evaluation.

Staff will draft the proposed policy changes for review by the Governance Committee.

Investment:

William Schaff reported that the Investment Committee met on April 9, 2003, at 9:00 a.m. Mr. Schaff highlighted the following information regarding the Committee meeting:

Staff reported that the Real Estate Strategic Plan and the 2003 Real Estate Investment Plan as proposed by Townsend were ready for the Committee's consideration of adoption, if deemed appropriate.

03-26

It was moved by Mr. Schaff, and seconded by Mr. Safer, that the Board adopt Townsend's proposed Real Estate Strategic Plan and the 2003 Real Estate Investment Plan for ACERA's Real Estate Program. The motion carries 8 yes, 1 no (Cain-Darnes), and 0 abstentions.

Staff presented the highlights of ACERA's three high alpha managers, Trust Company of the West (TCW), Pacific Financial Research (PFR), and Salus. In year 2002, TCW returned –29.2%, under-performing its account benchmark (Russell 1000 growth + 250 bps) by 370 bps. PFR returned –9.7%, out-performing its benchmark (Russell 1000 value + 175 bps) by 405 bps. Salus returned –16.9% out-performing its benchmark (S&P 500 + 250 bps) by 270 bps. For the year 2002, none of the managers changed its investment strategy or process, and all of them were in compliance with the ACERA investment guidelines. As of 3/31/03, these three managers managed about 12% of ACERA's total assets.

TCW noted that 2002 was the first year in the past 14 years that it had under performed its benchmark. It reported, however, that the portfolio was ahead of the benchmark on a year-to-date basis. TCW then discussed the portfolio changes in 2002 as well as the current holdings in the ACERA's portfolio. TCW also noted that Craig Blum and Stephen Burlingame joined the portfolio management team in 2002, and that Glen Bickerstaff's contract with TCW would expire in May 2003.

PFR informed the Committee that it had closed its 95+ equity product, the same product that ACERA is currently invested in, to new separately managed accounts. Due to its style of investments of concentrated portfolio, controlling product growth allows portfolio managers to focus on its current clients. PFR also discussed the portfolio changes during 2002.

Salus reported that it had outperformed the S&P 500 Index annualized returns since its inception with ACERA. Salus emphasized that its performance is generally strong in an environment where relative valuation, fundamentals and momentum are important.

Actuarial:

David Safer reported that the Actuarial Committee met on April 9, 2003, at 2:00 p.m. Mr. Safer highlighted the following pertinent information from the Committee meeting:

The General Manager outlined the recommended approach to this year's actuarial valuation process, namely that the Committee consider the major policy issues before approving the final valuation and rates. He then reviewed the timetable and goals of the Committee for this year's valuation process.

Representatives from Mercer presented their memo dated March 20, 2003, discussing in detail the procedures, methodology and recommendations with respect to the Actuarial Interest Rate Assumption; Merit/Longevity Salary Increase Assumption; Ventura Terminal Pay Assumptions, as well as the allocation of the Pension Obligation Bond Credits.

The Committee discussed the Terminal Pay Assumptions recommendation with reference to the types of data collected for the assumption, cost responsibility and basis for allocation of costs. The Committee also inquired about possible cost allocation for this liability in other '37 Act retirement systems.

Denise Eaton-May, Assistant Alameda County Counsel, indicated that the County believed that the '37 Act would permit an allocation of these costs between the employer and employees. There was no disagreement about the actuary's cost information. ACERA and the County will pursue this issue further and the cost allocation for the Terminal Pay will be handled as a separate issue.

There was lengthy discussion of the use of any remaining bond credit with respect to the amortization period, funding ratio, unfunded liabilities, corridor policy implementation and accounting standards and practices.

Susan Muranishi, County Administrator, requested a more detailed explanation from Mercer regarding the recommendation to utilize the remaining POB credits to offset investment losses and any alternatives including different amortization schedules.

The Committee suggested that a more in-depth analysis would be prepared by Mercer and would be available to the County for review by interested parties at the May 7, 2003, Committee meeting.

The Committee Chair suggested that the first three Mercer recommendations be agendized on the April 17, 2003, Board meeting. There was no disagreement by Committee members.

OLD BUSINESS

None.

NEW BUSINESS

A. General Manager's Report:

The General Manager reported on the following ACERA-related items:

1. Updates on COLA processing, Member Statements, the CAFR, the Audit and the ACERA "What's Up" Newsletter.

1. Status of AB 374, which is concerning budget authorization for county retirement systems. Hearings regarding the legislation will be held on May 7, 2003, in Sacramento.

1. Ongoing discussions between the County and ACERA regarding the SHARE Proposal will be coordinated through the Prerogatives Committee.

B. Motions Regarding Proposed Actuarial Policy Recommendations for the 2003-04 Actuarial Valuation:

03-27

It was moved by Mr. Safer, and seconded by Mr. Harrington, that the Board reduce the Investment Return Assumption Rate from 8.25% to 8.00%. The motion carried 9 yes, 0 no, and 0 abstentions.

03-28

It was moved by Mr. Safer, and seconded by Mr. Harrington, that the Board adopt the Higher Merit/Longevity Assumptions from 1.1% to 1.4%; and the Terminal Pay Assumptions as recommended for the 12/31/02 Valuation. The motion carried 9 yes, 0 no, and 0 abstentions.

CONFERENCE REPORTS/ORAL REPORTS

None.

ANNOUNCEMENTS

None.

PUBLIC INPUT

None.

BOARD INPUT

Liz Koppenhaver requested clarification about member COLA percentages according to tier classes. Staff responded appropriately.

ESTABLISHMENT OF THE NEXT MEETING

The next Board meeting will be held on **Thursday, May 22, 2003, at 2:00 p.m.** ***(Due to the SACRS Conference on May 13-16, 2003, the Board meeting has been rescheduled.)***

ADJOURNMENT INTO CLOSED SESSION

The regular meeting was adjourned at 2:55 p.m.

EXECUTIVE SESSION

Conference with Legal Counsel-Existing Litigation

The Board went into Closed Session pursuant to Government Code §54956.9(a) to confer with legal counsel regarding pending litigation in the matters of:

1. Alameda County Deputy Sheriff's Association v. ACERA et al.
2. Alameda County et al v. Bernard J. Ebbers, et al. (World Com).
3. Westly v. CalPERS Board of Administration.

RECONVENE INTO OPEN SESSION

The Board reconvened into Open Session at 3:10 p.m.

Announcement of Actions(s) Taken in Closed Session:

The Chairman reported that the Board received information from counsel with respect to the cases agendized.

ADJOURNMENT

The meeting was adjourned at 3:30 p.m.

Respectfully Submitted,

______________________________ ______________________________

Charles F. Conrad, Secretary Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

ARON, Adrianne
Effective: 03/05/2003
Behavioral Health Care-DEF
6.11 years of service
$673.70

DISHMAN, Frank E.
Effective: 12/31/2002
Public Works DTR
2.57 years of service
$199.59

FEUCHTER, Hal W.
Effective: 10/26/2002
Information Technology
12.34 years of service
$2,998.89

FINCH, Karen
Effective: 09/28/2002
Superior Court - Family Ct. Services
13.13 years of service
$909.34

HARRIS, Betty
Effective: 12/31/2002
Welfare - DTR
2.00 years of service
$870.99

KATZ, Gail C.
Effective: 11/15/2002
Social Services Agency
24.79 years of service
$3,227.03

SCOTT, Joyce K.
Effective: 01/01/2003
Medical Center
12.72 years of service
$2,087.56

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

SILVA, Leonard E.
Effective: 12/31/2002
Sheriff's Department-DTR
.83 years of service
$141.95

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

CALVO, Marto
Public Health
Effective: 10/11/2002
Years of Service: 5.08135 years

SHEIKH, Mohammad
Public Health
Effective: 06/21/2002
Years of Service: 2.80769 years

APPENDIX C
APPLICATION FOR DEFERRED TRANSFER

SPECHET-ROWDEN, Lolita
Probation
Effective: 03/22/2002
Years of Service: 5.13034 years
Transferred to: Contra Costa County

APPENDIX D
LIST OF DECEASED MEMBERS

ABELLA, Maybelle
03/11/2003
Non-Mbr, Surv Sp of Godofredo Abella

CHRISTENSEN, JOCELYN
03/21/2003
Public Health

DENNIS, Amanda
03/10/2003
Highland Hospital

FERRELL, Cary
03/18/2003
Public Health

FREY, David
03/29/2003
General Service Department

GALBRAITH, Muriel
03/08/2003
Non-Mbr, Surv Sp of Edwin Galbraith

JUSTICE, Adolphus
03/20/2003
General Service Department

Mc CAIN, Charles
03/16/2003
Berkeley-Albany Municipal Court

APPENDIX D
LIST OF DECEASED MEMBERS

PARSONS, Fred
03/20/2003
Weights & Mesures Department

WALTERS, Jane
03/10/2003
Probation Department

APPENDIX E
REQUEST FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT

PEAV, Sreng Hong
130 Biweekly Payroll Deductions for a total of $5,220.27
Years of Service: 1.9825 years
Government Code § 31652

YOUNG, Cecilia
130 Biweekly Payroll Deductions for a total of $66,263.60
Years of Service: 5.4222 years
Government Code § 31652

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Gary Davis**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Davis a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Andrea Dillard**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Dillard a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Dwight Eckhardt**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Eckhardt a service connected disability retirement and to waive future annual medical examinations and questionnaires.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Susan Ribera**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Ribera a service connected disability retirement and to waive future annual medical examinations and questionnaires.

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
MINUTES

Thursday, July 21, 2005

Chair Ophelia Basgal called the regular meeting to order at 2:05 p.m.

Trustees Present:	Dale Amaral Ophelia Basgal Keith Carson L. Darryl Gray Trevor White Darryl Walker *(Alternate)* Donald White
Trustees Excused:	Annette Cain-Darnes Liz Koppenhaver *(Alternate)* David Safer Sandre Swanson
Staff Present:	Charles F. Conrad, General Manager Kathy Foster, Benefits Manager Robert Gaumer, Acting General Counsel Martha Richardson, Executive Secretary Catherine Walker, Accounting Manager Latrena Walker, Information Systems Manager
Staff Excused:	Victoria Arruda, Human Resources Officer Betty Tse, Chief Investment Officer Helen Wright, Deputy General Manager

05-88

The minutes of the regular meeting of June 16, 2005 were accepted as presented on a motion by Ophelia Basgal, and seconded by Dale Amaral, and passed by a vote of 6 yes, 0 no, and 0 abstentions.

CONSENT CALENDAR

REPORTS AND ACTION ITEMS

APPLICATION FOR SERVICE RETIREMENT:

Appendix A

APPLICATION FOR RETIREMENT, DEFERRED:

Appendix B
Appendix B-1

APPLICATION FOR DEFERRED TRANSFER:

Appendix C

LIST OF DECEASED MEMBERS:

Appendix D

REQUESTS FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT:

Appendix E

DISABILITIES, CURRENT, RECOMMENDATIONS:

Appendix F

DISABILITIES STATUS REPORT:

MISCELLANEOUS:

It was moved by Ophelia Basgal, and seconded by Trevor White, and approved by a vote of 6 yes, 0 no and 0 abstentions, that the following Resolution is adopted:

05-89

BE IT RESOLVED BY THIS BOARD that the Consent Calendar is approved.

REGULAR CALENDAR

REPORTS AND ACTION ITEMS

DISABILITIES, CURRENT, RECOMMENTATIONS AND MOTIONS

Cooper, Robert	*Deputy Probation Officer*	*Probation*
Age: 60 ½	*Service: 15 Years 3 Months 4Days*	

Staff presented a memo to the Board discussing Mr. Cooper's request that his effective date of retirement be deemed to be effective following his last day of compensation. Dr. Wagner reviewed Mr. Cooper's case and opined that Mr. Cooper was permanently and continuously disabled from the time of his last day worked on December 18, 2000. Therefore, Staff recommends that Mr. Cooper's effective date of disability retirement be determined to be December 19, 2000.

05-90

It was moved by Ophelia Basgal, and seconded by L. Darryl Gray that the Board accept Staff's recommendation and approve a retroactive date of disability retirement for Mr. Cooper's effective December 19, 2000. The motion carried 6 yes, 0 no and 0 abstentions.

Davis, Joyce	*Specialist Clerk*	*Auditor-Controller*
Age: 52 ½	*Service: 8 Years 8 Months 10 Days*	

Staff presented a memo to the Board discussing Ms. Davis' request that her effective date of retirement be deemed to be effective following her last day of compensation. Dr. Wagner reviewed Ms. Davis' case and opined that Ms. Davis was permanently and continuously disabled from the time of her last day worked on December 9, 2002. Therefore, Staff recommends that Ms. Davis' effective date of disability retirement be determined to be December 10, 2002.

05-91

It was moved by L. Darryl Gray, and seconded by Trevor White that the Board accept Staff's recommendation and approve a retroactive date of disability retirement for Ms. Davis' effective December 10, 2002. The motion carried 6 yes, 0 no and 0 abstentions.

Price, Audrey	*Clerk II*	*Social Services Agency*
Age: 54	*Service: 12 Years, 10 Months, 22 Days*	

Ms. Price was granted a service-connected disability at the June 21, 2005, Board meeting. However, the Hearing Officer did not address the issue regarding future annual reviews. With respect to Ms. Price's age, the Board needs to make a determination as to whether further annual medical examinations and or questionnaires will be required from Ms. Price.

05-92

It was moved by L. Darryl Gray, and seconded by Donald White to waive future examinations and questionnaires. The motion carried 6 yes, 0 no and 0 abstentions.

Shi, Connie *Eligibility Technician II* *Social Services*
Age: 52 ¼ *Service: 15 Years 6 Months 1Day*

Staff presented a memo to the Board discussing Ms. Shi's request that her effective date of retirement be deemed to be effective following her last day of compensation. Dr. Wagner reviewed Ms. Shi's case and opined that Ms. Shi was permanently and continuously disabled from the time of her last day worked on June 9, 2003. Therefore, Staff recommends that Ms. Shi's effective date of disability retirement be determined to be June 10, 2003.

05-93

It was moved by L. Darryl Gray, and seconded by Dale Amaral that the Board accept Staff's recommendation and approve a retroactive date of disability retirement for Ms. Shi's effective June 10, 2003. The motion carried 6 yes, 0 no and 0 abstentions.

DISABILITIES, CONTINUING, RECOMMENTATIONS AND MOTIONS

Greer, Deborah *Emergency Services Dispatcher II* *Sheriff's Dept.*
Age: 52 ½ *Granted: 7/15/04*

This matter came before the Board for annual review of the medical report and questionnaire.

05-94

It was moved by L. Darryl Gray, and seconded by Ophelia Basgal to accept the medical report and questionnaire and continue the disability. The motion carried 6 yes, 0 no and 0 abstentions.

05-95

It was moved by L. Darryl Gray, and seconded by Ophelia Basgal to waive future examinations and questionnaires. The motion carried 6 yes, 0 no and 0 abstentions.

Gurecki, Patricia *Sheriff Technician* *Sheriff's Dept.*
Age: 43 ¼ *Granted: 7/15/04*

This matter came before the Board for annual review of the medical report and questionnaire.

05-96

It was moved by L. Darryl Gray, and seconded by Ophelia Basgal to accept the medical report and questionnaire and continue the disability. The motion carried 6 yes, 0 no and 0 abstentions.

05-97

It was moved by L. Darryl Gray, and seconded by Ophelia Basgal to waive future examinations and questionnaires. The motion carried 6 yes, 0 no and 0 abstentions.

COMMITTEE REPORTS, RECOMMENDATIONS AND MOTIONS

*(Note: Per Committee Chairs, detailed copies of the Committee meeting minutes were available to the attendees. All Committee meeting minutes for the month of July will be posted on the ACERA website (**www.acera.org**) after approval at the Board meeting.)*

Operations:

Ophelia Basgal reported that the Operations Committee met on July 6, 2005, at 9:00 a.m. Ms. Basgal highlighted the following information regarding the Committee meeting:

> Staff presented a memo that outlined the conditions under which ACERA may hire and retain provisional employees under the existing charter and Civil Service rules. Attached to the memo was a list of those employees who currently hold provisional appointments and the dates their employment status began.
>
> Alameda County Human Resource Director and ACERA's General Manager have been working together in resolving the issues surrounding these positions. The Committee Chair has requested that a memo from both agencies be drafted to identify the timeline and priority level that will be used for establishing and completing the examination process. ACERA's Human Resource Officer will present an update on the status of this process at the September Operations Committee meeting.
>
> Staff presented handouts which included a memo to the Alameda County Administrator, including an ACERA 415(b) Policy and Operations Process and a Questions & Answers document which will be used to educate ACERA's members. The General Manager provided some background on 415(b).
>
> Since Congress has put a cap on annual benefits payable for a tax-qualified plan, some members will reach the capped amount in calendar year 2005. ACERA will monitor those members who are nearing the capped amount, establish the date when the member would be capped and notify the County.
>
> Alameda County's Human Resource Director advised that although this is an interagency agreement between ACERA and the County, there are a few questions to be answered regarding specific cases. ACERA Staff reiterated that the policy is a work in progress and both agencies are collaborating to finalize the policy. It is the hope that this policy can be used as a guideline for establishing programs in the future with other ACERA employers as those employees near the 415(b) cap limitations.
>
> The regular monthly information items included: Member Service Request Update; Monthly Call Center Report; Legislative Update; Total Operating Expense, Budget versus Actual for the Five Months Ending May 31, 2005; Financial Highlights for the Four Months Ending May 31, 2005 and Active Member Survey Update.

05-98

It was moved by Ophelia Basgal, and seconded by Trevor White that the Board approve the July 6, 2005, Operations Committee minutes as presented. The motion carried 6 yes, 0 no and 0 abstentions.

Joint Operations/Retirees:

Ophelia Basgal reported that the Joint Operations/Retirees Committee met on July 6, 2005, at 10:30 a.m. Ms. Basgal highlighted the following information regarding the Committee meeting:

> The General Manager provided information on the timeline and the development of the issues regarding the retiree adverse medical costs. Alameda County has requested that the Board of Retirement consider reimbursement of some or all of the $2 million cost from the Supplemental Retiree Benefits Reserve (SRBR).
>
> The General Manager noted that the point of this joint meeting was to allow the Board to hear testimony regarding these issues from experts in the field of tax and public board fiduciary responsibilities.
>
> ***401 (h) Options and Payment Mechanism*** – Susan Muranishi, County Administrator, pointed out that 1) The County intends to have their health care vendors rate retirees and active members separately, and 2) On June 28, 2005, the Board of Supervisors approved for fiscal year 2005/06 a 401(h) mechanism to provide health care benefits on a tax-free basis to retirees. However, there are concerns that the County needs to address with their own experts with respect to the 401 (h). As a result, on July 12, 2005, she will recommend that the Board of Supervisors rescind their previous actions and suspend any further actions with regard to the 401 (h) until these issues can be reviewed and resolved.
>
> The original adverse medical payment reimbursement proposal was reviewed, which calls for a transfer from the SRBR to the County in order to reimburse them for the cost of the adverse experience for retiree health care. ACERA can only pay for medical benefits through a 401 (h) account and is prohibited from transferring monies from the SRBR into a 401(h) account. Only an employer (Alameda County) can put money into a 401(h).
>
> Bob Blum, ACERA's tax counsel, explained that prospective use of the 401(h), issuing payment for anticipated costs not yet incurred, is an unsecured loan and is prohibited by the IRS and can cause ACERA to lose their tax exempt status.
>
> ***Cost Verification*** – The General Manager reiterated Mr. Blum's statements that in order to use the SRBR, ACERA must demonstrate that the adverse costs is due to the retirees' participation in the health plan. The General Manager advised that due to the complexities of the health plan's underwriting, it was difficult to pinpoint exact individual costs.
>
> Linda Pierce of Rael & Letson advised that after speaking with underwriters at Kaiser Permanente and Health Net, both carriers projected that separately rating retirees could be done on a cost neutral basis. At the County's request, Ms. Pierce clarified the definition of cost neutral.
>
> Ms. Pierce also commented on the challenge in obtaining data to confirm costs calculations and the correct number of participants. The County will continue to work with Rael & Letson on this issue.

Fiduciary Issues – Attorney Michael Toumanoff outlined the issues related to Government Code Section 1090 that should be considered with respect to whether or not the Board of Retirement may discuss or take action on entering into a contract with Alameda County regarding the use of the SRBR or 401(h) account for payment of adverse retiree health care experience.

There was a lengthy discussion on Mr. Toumanoff's interpretation of Government Code 1090 and what actions may or may not be precluded. Mr. Toumanoff's noted that his comments were briefings on his knowledge of Section 1090 and should not be regarded as a formal legal opinion.

The Committees requested ACERA's General Counsel to provide a legal opinion at the next Operations and Retirees Committee meetings on the Board's actions to date on this matter, their responsibilities, and how they should move forward on this matter.

GASB – Staff presented handouts of the history of GASB 43 and 45. Staff also presented a PowerPoint presentation defining the past and current requirements and explaining the reason for future changes to the GASB requirements.

There was a discussion about whether ACERA and Alameda County would be required to report the retirees' monthly medical allowance as a liability and whether the SRBR account could be considered an offsetting asset. There was no agreement among those present and all agreed that further discussion with the financial auditors of each entity would be required.

05-99

It was moved by Ophelia Basgal, and seconded by Dale Amaral that the Board approve the July 6, 2005, Operations/Retirees Joint Committee meeting minutes as presented. The motion carried 6 yes, 0 no and 0 abstentions.

Retirees:

Trevor White reported that the Retirees Committee met on July 6, 2005, at 1 p.m. Mr. White highlighted the following information regarding the Committee meeting:

Last month, Staff recommended that the Retiree's Committee act to establish the 2006 Monthly Medical Allowance (MMA) at the same dollar amount as approved for 2005. The Committee asked Staff to continue this item in order to allow the retiree associations a chance to meet with their members and provide the Committee with a recommendation. Both ACRE and REAC have submitted letters supporting this motion. Therefore, Staff again recommended that the Committee extend the 2005 MMA amount for 2006.

The 2005 amounts are:

0 to 9 years of service	$ 0.00 per month
10 to 14 years of service	$227.69 per month
15 to 19 years of service	$341.54 per month
20 or more years of service	$455.38 per month
(and service connected disabilities)	

05-100

It was moved by Trevor White and seconded by Ophelia Basgal that the Board set the 2006 Monthly Medical Allowance payable from the SRBR as the Same Dollar Amounts as in 2005. The motion carried 6 yes, 0 no and 0 abstentions.

Rael & Letson presented further information regarding the new Medicare Part D benefits and plan options. ACERA and retirees enrolled in Medicare will be eligible for drug benefit subsidies. There are two options available to ACERA to apply for this subsidy: Option 1: Apply for a 28% subsidy, and Option 2: "Wrap around Part D."

Staff will recommend to the Board that they adopt Option 2 at the August Committee Meeting.

Last month, the Retirees Committee was presented information from Kaiser regarding premium cost effects of mandating or not mandating Medicare eligible Kaiser Members to enroll in Kaiser's Senior Advantage Program, which is a Medicare risk plan. Staff reviewed the cost advantages of enrolling in the program and provided a status of those not yet enrolled in the program. It was noted that cost savings to ACERA by mandating Kaiser Senior Advantage enrollment is estimated to be $2.4 million per year.

At the Board meeting, representatives from the retiree groups requested that the minutes reflect that they presented a letter in support of mandating the Kaiser Senior Advantage enrollment.

05-101

It was moved by Trevor White, and seconded by Ophelia Basgal that the Board mandate Kaiser Senior Advantage enrollment for all Kaiser Members who are over 65 and enrolled in Medicare Parts A and B. The motion carried 6 yes, 0 no and 0 abstentions.

Information Items presented included Rael and Letson Contract, Review of Dental and Vision Contracts/Premiums and Health Plan Updates.

05-102

It was moved by Trevor White, and seconded by Dale Amaral that the Board accept the July 6, 2005, Retirees Committee minutes as presented. The motion carried 6 yes, 0 no and 0 abstentions.

OLD BUSINESS

None.

NEW BUSINESS

The General Manager reported that the motion to adopt a resolution authorizing the use of funds in the SRBR to reimburse ACERA employers for the adverse experience cost of retired ACERA members enrolled in employer-contracted health care plans was deferred. This decision will allow all interested parties to resolve the outstanding issues regarding the adverse experience costs.

Susan Muranishi reported on the joint staff meeting held between ACERA and the County in order to resolve the adverse experience cost issues. A follow-up meeting is scheduled for August 3.

Based on clarification of information received at the joint staff meeting, Keith Carson announced that he will recommend that the Board of Supervisors reconsider the adoption of the 401 (h) contribution at their next Board meeting.

CONFERENCE REPORTS/ORAL REPORTS

Donald White reported on his attendance at several conferences during the month of June which included information about pension and securities, emerging managers and real asset allocation portfolios.

ANNOUNCEMENTS

None.

PUBLIC INPUT

None.

BOARD INPUT

Keith Carson announced plans for a joint board meeting for Alameda County Supervisors and Board of Retirement on July 27, 2005.

ESTABLISHMENT OF THE NEXT MEETING

Thursday, August 18, 2005, at 2 p.m.

ADJOURNMENT

The meeting was adjourned at 5:05 p.m.

Respectfully Submitted,

______________________________	______________________________
Charles F. Conrad, Secretary	Date Adopted

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

AKERS, Diane M.
Effective: 5/25/2005
Health Care Services Agency

BECKER, Alicia Y.
Effective: 3/31/2005
Health Care Services Agency - DTR

BONGON, Elena
Effective: 3/12/2005
Auditor-Controller's

BOOKER, Karen M.
Effective: 4/1/2005
Probation Department

BRIDGES, Karen D.
Effective: 2/26/2005
Superior Court - Fremont

BROCKMAN, Ronald
Effective: 3/26/2005
Probation Department

CARMEN, Canotal
Effective: 4/1/2005
Social Services Agency

CLARK, Marcia A.
Effective: 3/19/2005
Medical Center

COSTA, Dayle R.
Effective: 3/31/2005
Sheriff's Department

DAUDLIN, Ana
Effective: 3/11/2005
Medical Center

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

EILERS, Robert E.
Effective: 3/31/2005
Sheriff's Department

ELSASSER, Dennis D.
Effective: 3/26/2005
Probation Department - DTR

FALCON, Juana
Effective: 5/6/2005
Social Services Agency

FERGUSON, Violett
Effective: 3/3/2005
Public Health Department

FONSECA, David
Effective: 3/23/2005
Sheriff's Department

FRIAS, Constante L.
Effective: 4/1/2005
Assessor's Office

GLASS, Earl
Effective: 3/31/2005
Probation Department

GOODE, Linda F.
Effective: 4/1/2005
Behavioral Health Care Services

GOODMAN, Joyce D.
Effective: 4/1/2005
Social Services Agency

GREALIS, Elaine P.
Effective: 4/1/2005
Sheriff's Department

GROVE, Diane M.
Effective: 4/1/2005
Assessor's Office

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

HANTKE, Alice
Effective: 3/25/2005
Fairmont Hospital

HICKS, Edward W.
Effective: 4/1/2005
Health Care Services Agency

HOLLOWAY, Betty J.
Effective: 4/1/2005
Health Care Services Agency

IRVIN, Sammie H.
Effective: 1/21/2005
Medical Center

JACKSON, Maria R.
Effective: 6/21/2004
Social Services Agency

JARREAU, Peggy J.
Effective: 4/1/2005
Sheriff's Department

JEFFERY, Lynne C.
Effective: 4/1/2005
Social Services Agency

JUBERT, Marietta L.
Effective: 5/21/2005
Social Services Agency

KARD, Robert
Effective: 3/5/2005
Health Care Services Agency - DTR

KEATING, Linda
Effective: 3/27/2005
Library

KEELES, Jacqueline
Effective: 4/1/2005
Probation Department

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

KITT, Susan M.
Effective: 2/16/2005
Superior Court - DTR

KOHLER, Claudia K.
Effective: 4/1/2005
Social Services Agency

KUPERSTEIN, Barbara
Effective: 3/26/2005
Superior Court

LANSBERRY, Donald
Effective: 5/1/2005
Medical Center

LARSON, Judy
Effective: 4/1/2005
Fairmont Hospital

LASSALLE, Jo-Ann M.
Effective: 4/1/2005
General Services Agency

LEE, Kizziee E.
Effective: 1/27/2005
Probation Department

LIANG, Annette
Effective: 3/26/2005
Assessor's Office

LOW, Patricia
Effective: 05/162005
Probation Department

LOZADA, Eva J.
Effective: 5/15/2004
Social Services Agency

MILLS, Miriam
Effective: 4/1/2005
Behavioral Health Care Services

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

MILLWARD, Narcedalia
Effective: 3/31/2005
District Attorney's Office

MIN-SMITH, Loretta M.
Effective: 3/26/2005
Social Services Agency

MORGAN, Stephen
Effective: 5/21/2005
General Services Agency

NYBERG, David
Effective: 3/31/2005
Sheriff's Department

OATS, Carleton
Effective: 5/8/2005
Probation Department

OLIVER, Doris J.
Effective: 4/1/2005
Health Care Services Agency

PADILLA, Ramon F.
Effective: 4/9/2005
Public Health Department

PEACOCK, Thomas F
Effective: 2/26/2005
Health Care Services Agency

PINO, Patricia B.
Effective: 4/19/2005
Medical Center

RIBAYA, Cristeta R.
Effective: 2/28/2004
Superior Court

ROLLE, Donna A.
Effective: 4/1/2005
Public Works Agency

APPENDIX A
APPLICATION FOR SERVICE RETIREMENT

SANDS, Judy Ann
Effective: 4/8/2005
Sheriff's Department

SEIFRIED, Frank S.
Effective: 5/21/2005
Health Care Services Agency

SMITH, Weldon H.
Effective: 4/1/2005
Assessor's Office

SPEAR, Theresa F
Effective: 5/7/2005
Sheriff's Department - DTR

SPEARS, Jerry
Effective: 5/12/2005
General Services Agency

TOUSSAINT, Dale
Effective: 3/31/2005
Sheriff's Department

TRUFFER-HARR, Denise
Effective: 5/25/2005
Sheriff's Department

WATERMAN, Thomas T
Effective: 5/13/2005
General Services Agency

WILLIAMS, Pamela Joyce
Effective: 4/23/2005
Superior Court

WOLD, Eugene E.
Effective: 5/28/2005
Public Works Agency

APPENDIX B
APPLICATION FOR DEFERRED RETIREMENT

DAO, Joseph
Social Services Agency
Effective: 2/13/2004

POWERS, Cheryl
Health Care Services Agency
Effective: 10/18/2004

WANG, Sheila
Social Services Agency
Effective: 2/18/2005

APPENDIX B-1
APPLICATION FOR NON-VESTED DEFERRED

ALEXANYAN, Dinna
Social Services Agency
Effective: 9/19/2003

IKEMOTO, Lee-Ann
ACMC
Effective: 11/22/2003

NOWLIN, Linda
ACMC
Effective: 8/30/2004

ONIZUKA, Mitzi
Health Care Services Agency
Effective: 10/2/2003

PATEL, Hemlata
Public Health Services
Effective: 2/25/2005

WISE, Henry
Superior Courts
Effective: 1/31/2005

APPENDIX C
APPLICATION FOR DEFERRED TRANSFER

CONLEY, Mark
Social Services Agency
Effective: 4/4/2005

GARRISON, Petter
Social Services Agency
Effective: 4/22/2005

MUNISKER, Natasha
Public Defender's Office
Effective: 6/6/2003

APPENDIX D
LIST OF DECEASED MEMBERS

ADORNO, MARGARET
6/20/2005
Social Services Agency

ALLEN, R WARD
5/20/2005
Assessor's Office

BILSE, VIOLA
6/6/2005
Non-Mbr Survivor of IRVING BILSE

BREGOFF, HERTA
6/26/2005
Fairmont Hospital

CONSTANCE, DONLON
7/8/2005
Fairmont Hospital

COUSINEAU, JOHN
6/12/2005
Non-Mbr Survivor of EDNA COUSINEAU

EDMOND, MARY
5/29/2005
Medical Center

HALL, WILLIAM
6/21/2005
Social Services Agency

HOLLFELDER, GENE
6/25/2005
Public Health Department

APPENDIX D
LIST OF DECEASED MEMBERS

HUTCHINSON, ROBERT
4/14/2005
Assessor's Office

JACKSON, ELIZABETH
6/20/2005
Probation Department

KANE, BARBARA
6/13/2005
Superior Court

KING, CAROLYN
6/19/2005
Environmental Health Services

MARTIN, JAMES
6/23/2005
Sheriff's Department

OAKLEY, VIRGINIA
4/24/2005
Treasurer-Tax Collector's Office

PEROVICH, EDYTH
6/7/2005
Alameda County

PETERSEN, LILLYMARY
6/18/2005
Non-Mbr Survivor of STANLEY PETERSEN

RAMA, ISIDORA
6/27/2005
Health Care Services Agency

APPENDIX D
LIST OF DECEASED MEMBERS

TANDOWSKY, RICHARD
6/14/2005
Superior Court - Fremont

THOMPSON, JOSEPH
5/24/2005
Alameda County

TOLENTINO, LYDIA
6/19/2005
Alameda County

TURNER, MILLIE
5/29/2005
Non-Mbr Survivor of JAMES TURNER

VETERAN, DORIS
6/4/2005
Probation Department

WAARA, HELEN
6/23/2005
Social Services Agency

WARD, BARBARA
5/23/2005
Social Services Agency

APPENDIX E
REQUEST FOR 130 BI-WEEKLY PAYMENTS TO RE-DEPOSIT CONTRIBUTIONS AND GAIN CREDIT

ELLIOTT, Thompson
Government Code § 31652

LORIG, Milton
Government Code § 31641.5

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Arndt, Bryan**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant a service connected disability retirement and to require future annual medical examinations and questionnaires.

Name: **Cramer, Jr., Robert**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Cunningham, Gary**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant a service connected disability retirement and to waive future annual medical examinations and questionnaires.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Desbiens, Vicenta**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Harris-Joseph, Dorothy**
Type of Claim: Non-Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Harris-Joseph a non-service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Lee, Ira**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Lee a service connected disability retirement and to waive future annual medical examinations and questionnaires.

APPENDIX F
APPLICATION FOR DISABILITY RETIREMENT

Name: **Lopez, Rosalino**
Type of Claim: Non-Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Lopez a non-service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Saylor, Mireille**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Ms. Saylor a service connected disability retirement and to waive future annual medical examinations and questionnaires.

Name: **Stewart, Joseph**
Type of Claim: Service Connected

Staff's Recommendation:

Approve the recommendation contained in Dr. Wagner's report, to grant Mr. Stewart a service connected disability retirement and to waive future annual medical examinations and questionnaires.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Mike Fara, Communications Manager
Jessica Huffman, Retirement Benefits Manager

SUBJECT: **Plans for Open Enrollment and Retiree Health and Wellness Fair**

The Benefits Team is in the beginning stages of planning for Open Enrollment and our Annual Health and Wellness Fair. Provided below are preliminary plans in these areas.

Retiree Health and Wellness Fair

ACERA is holding our first hybrid Retiree Health and Wellness Fair this year where retirees can attend either in-person or via Zoom. This allows for a larger number of attendees, many of whom are out of the area, by providing them with the opportunity to log in to participate in the presentations and hear the valuable information provided by our carriers from any internet enabled device.

Carrier Participation

We are meeting with our carriers and vendors regarding newly offered programs and informational flyers to best interest our members and provide them the key to resources and education to live well.

Open Enrollment Planning

The annual Retiree Enrollment Guide, which includes all plan information and premiums for ACERA-sponsored plans, will be mailed out early October with ACERA's Open Enrollment period occurring in November. Medical premiums and any plan changes will be provided to ACERA by the County of Alameda and carriers in August.

Electronic Submissions

ACERA's DocuSign forms will continue to provide an easy option for enrollees to submit ACERA Medical, Dental, and Vision Enrollment forms digitally using the fillable format, with electronic signatures. This reduces errors on the forms, which allow enrollments and changes to be processed timely.

MEMORANDUM TO THE RETIREES COMMITTEE

DATE: June 5, 2024

TO: Members of the Retirees Committee

FROM: Carlos Barrios, Assistant Chief Executive Officer

SUBJECT: **Report on Annual Health Care Planning Meeting with Retiree Groups**

On April 9, 2024, ACERA hosted the Annual Health Care Planning meeting with Board representatives from the Alameda County Retired Employees (ACRE) and Retired Employees of Alameda County, Inc. (REAC) Retiree Associations. Also present at this meeting, were representatives from the County of Alameda (County), ACERA's Benefits Consultant, Segal, as well as Cynthia Baron from ACERA's Board of Retirement.

The agenda consisted of the following items:

- Presentation by Segal regarding legislative/regulatory updates:
  - Inflation Reduction Act of 2022 impacts to Medicare, including changes to coverage and timeline for Medicare Advantage Prescription Drug Plans; Medicare Part D design changes; True Out-of-Pocket (TrOOP) maximum calculations; negotiating prices for ten drugs; Medicare's Income-Related Monthly Adjustment Amount (IRMAA); and what is expected to happen in 2025

- Presentation by Segal regarding health care market overview:
  - Health care partners and market overview
  - Health care cost trend influencers
  - Historic projected vs. actual medical trends
  - Projected health care trends (2023 and 2024)
  - Medicare Advantage and traditional Medicare enrollment information

- Overview of ACERA's dental and vision plans presented by Segal

- Update on ACERA's wellness program presented by Staff:
  - 2024 wellness virtual resources
  - 2024 wellness posts and email schedule
  - Medicare transition updates
  - 2024 health fair location survey
  - Advantages of virtual resources

- Information on DocuSign forms and new member services portal "MemberDirect" presented by Staff:
  - DocuSign forms enhancements and available forms
  - New Member Services Portal "MemberDirect" – new general functionality and highlighted features

- Information on ACERA-sponsored medical plans presented by Staff:
  - Current group medical plans options and rates
  - 2024 Via Benefits average premiums for individual medical plans
  - Top carriers selected by retirees through Via Benefits

- ACRE/REAC Discussion Topics:
  Representatives from the retiree associations requested Staff to consider the following items:
  - Send an additional email to advise retirees when the recording of Kaiser Permanente's health talks are available on the website.
  - Plan to present MemberDirect's new functionality and features at a REAC meeting. Update – Staff will plan to present information at the December 2024 REAC meeting.
  - Explore providing reimbursement for medical insurance coverage for retirees who live outside of the United States.
  - Check to see if Kaiser's Silver&Fit program contract allows the retiree to pay the difference between the gym's membership fee and the amount that Kaiser/Silver&Fit reimburses the gym. Update – the contract does allow retirees to pay the difference.
  - Check to see if a representative from Silver&Fit or Kaiser would attend the October 14 REAC fall luncheon to provide information on the program and answer questions. Update – a Kaiser representative will attend the fall luncheon to provide information.
  - Provide any updates for the hearing aid benefits when the information is available.