



MINUTES OF JUNE 5, 2024 RETIREES COMMITTEE MEETING

To: Members of the Retirees Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the June 5, 2024 Retirees Committee Meeting

Committee Chair Elizabeth Rogers called the June 5, 2024 Committee meeting to order at 9:36 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Elizabeth Rogers (Remote Location), Ross Clippinger and Kellie Simon. Also present were Ophelia Basgal, Tarrell Gamble, George Wood and alternate member Cynthia Baron. Committee member Henry Levy joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Sandra Dueñas-Cuevas, Benefits Manager; Mike Fara, Communications Manager; Erica Haywood, Fiscal Services Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Vijay Jagar, Chief Technology Officer; David Nelsen, Chief Executive Officer; Jeff Rieger, Chief Counsel; and Betty Tse, Chief Investment Officer.

PUBLIC INPUT

None.

ACTION ITEMS

1. Approval of Payment for Implicit Subsidy Cost for 2023

Staff provided a letter from the County of Alameda (County) stating that the final Implicit Subsidy amount for 2023 is \$4,037,312. This amount was verified by Segal, ACERA's Benefits Consultant.

It was moved by Ophelia Basgal and seconded by Kellie Simon that the Retirees Committee recommend to the Board of Retirement that it authorize 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.

The motion carried 6 yes (*Basgal, Clippinger, Gamble, Rogers, Simon, Wood*), 0 no, 0 abstentions.

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

Staff recommended that ACERA state its intent to fund the Implicit Subsidy Program for Plan Year 2025. The Implicit Subsidy cost for Plan Year 2024 is estimated by the County of Alameda (County) to be \$2,472,346. The estimated cost of the Implicit Subsidy for Plan Year 2025 will not be known until the County has completed its medical plan contract negotiations.

It was moved by Kellie Simon and seconded by Ophelia Basgal that the Retirees Committee recommend to the Board of Retirement that it adopt 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.

The motion carried 6 yes (*Basgal, Clippinger, Gamble, Rogers, Simon, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Presentation and Report on Health Care Inflation/Trends

Staff provided health care inflation factors for 2024 and 2025 based on the information provided by Segal, ACERA's Actuary. The trend assumptions provided will increase to 8.50% for non-Medicare plans and 16.47% for Medicare Advantage plans. 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%. These trends will be used in accordance with ACERA's GASB 43 substantive plan definition. Segal's benefits consulting team also provided health care trend information.

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

Segal, ACERA's Actuary, provided a preliminary report of the Supplemental Retiree Benefit Reserve (SRBR) financial status, which indicates that the terminal year of Other Post-Employment Benefits (OPEB) is projected to be 2047 with full benefits paid through 2046, for a total of 23 full years and one partial year. The terminal year of the SRBR for non-OPEB is projected to be 2046, for a total of 23 full years and one partial year.

Staff stated that the preliminary review of the valuation is based on projections using substantive plan and medical inflation trends. This information is used in the decision making process to set the Monthly Medical Allowance (MMA), and the dental and vision benefit amounts for the 2025 Plan Year.

3. Discussion of Monthly Medical Allowance for 2025

Staff presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2024 and 2025 Plan Years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2025 MMA at the July 2024 meeting.

In response to Trustee Clippinger's request for an actuarial cost projection using increases to the MMA, Trustee Rogers stated that after receiving requests from the Trustees, she will work with Staff to determine if there is a need to obtain an estimate for actuarial services.

In response to Pete Albert, President of Alameda County Retired Employees (ACRE) retiree association, Staff stated that the change in the policy in 2007 was due to the GASB requirement to develop a policy regarding any ongoing increases to the MMA as part of the substantive plan.

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

Staff reported that the 2025 annual medical plan renewal request letter was provided to the County of Alameda, and a summary of the information provided is included in the meeting materials.

5. Report on Health Reimbursement Arrangement Account Balances and Reimbursements

Staff provided information on retirees' 2023 Health Reimbursement Arrangement (HRA) account balances categorized by years of service contribution levels and cost analysis as of April 30, 2024.

6. Over Age 65 Medical Plan Compliance

Staff provided information regarding 25 retirees who are over the age of 65, and have not taken the necessary steps to enroll into the over age 65 medical insurance plan. Information was also provided on the steps Staff has taken to contact these retirees to move them over to the Kaiser Permanente Senior Advantage or a Via Benefits individual plan. Staff is continuing efforts to reach the remaining seven retirees who have not responded.

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

Staff provided information on the planning for ACERA's annual Open Enrollment and Retiree Health and Wellness Fair, which will be held as a hybrid event where retirees can attend either in person or via Zoom. The on-site event will be held at the Hilton Garden Inn San Francisco/Oakland Bay Bridge in Emeryville on October 24, 2024.

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

Staff provided a report on the participants and topics discussed at the virtual Annual Health Care Planning meeting, which was held on April 9, 2024.

TRUSTEE REMARKS

In response to Trustee Levy's comment, Trustee Rogers stated that she and Trustee Baron will discuss with ACRE and REAC representatives their desire to have Trustees' involved in a more formal role in interacting with retirees.

In response to Trustee Simon's question, Staff will change the current location of the income-related monthly adjustment amount (IRMAA) information on the website to another location that would be easier to find.

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

The next meeting is scheduled for July 3, 2024 at 9:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:50 a.m.