



## MINUTES OF JULY 3, 2024 RETIREES COMMITTEE MEETING

To: Members of the Retirees Committee

From: Elizabeth Rogers, Chair

**Subject: Summary of the July 3, 2024 Retirees Committee Meeting**

Committee Chair Elizabeth Rogers called the July 3, 2024 Committee meeting to order at 9:30 a.m.

### **ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE**

Committee members present were Elizabeth Rogers, Ross Clippinger and Henry Levy. Also present were Jaime Godfrey and alternate members Cynthia Baron and Kevin Bryant. Committee member Keith Carson, and Ophelia Basgal and Tarrell Gamble joined the meeting after roll call.

Staff present were Carlos Barrios, Assistant Chief Executive Officer; Erica Haywood, Fiscal Services Officer; Jessica Huffman, Benefits Manager; Harsh Jadhav, Chief of Internal Audit; Vijay Jagar, Chief Technology Officer; Lisa Johnson, Assistant Chief Executive Officer; Jeff Rieger, Chief Counsel; and Betty Tse, Chief Investment Officer.

### **PUBLIC INPUT**

None.

### **INFORMATION ITEMS**

Chair Rogers moved the following information item to the top of the agenda to allow time for Trustee Basgal to arrive before considering the action items:

#### **1. Report on Dental and Vision Plans Experience and Utilization**

Segal, ACERA's Benefits Consultant, provided information on ACERA's dental and vision plans experience, utilization, dental annual maximums by network, and VSP's loss ratio by plan.

In response to Trustee Rogers questions and comments, Sharen Stanek-Lowe, ACERA's Delta Dental account representative provided the following information:

- The impact of the COVID-19 pandemic and Delta Dental's market fee adjustments on the increase in the non-contracted provider utilization rates.
- Additional factors impacting the dental industry were dentists reviewing their business models due to their financial status after the pandemic, and deciding to

- either go insurance independent; or moving out of the state, retiring, or closing their practice.
- Delta Dental has created a provider advisory council to get feedback from its current contracted dentists to expand provider tools to support the dentists; as well as a welcome back campaign to contact those dentists who have left Delta Dental's network.

In response to Trustee Basgal's question and comment regarding the low eye exam utilization, Segal and Staff will check with VSP and Kaiser Permanente to get additional information on eye exam utilization.

### **ACTION ITEMS**

#### **1. Adoption of 2025 Monthly Medical Allowance for Group Plans**

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2024 and 2025 Plan Years. Staff recommended increasing the 2025 Group Plan MMA in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2025 Group Plan Monthly Medical Allowance (MMA) by 4.25% for eligible retirees in the group plans, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

The motion carried 9 yes (*Baron, Basgal, Bryant, Carson, Clippinger, Gamble, Godfrey, Levy, Rogers*), 0 no, 0 abstentions.

#### **2. Adoption of 2025 Monthly Medical Allowance for Early Retiree Individual Plans**

Staff presented early (non-Medicare) retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2024 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2025 Individual Plan MMA, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for the Plan Year 2025.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2025 Individual Plan Monthly Medical Allowance (MMA) by 4.25% for eligible qualified early (non-

Medicare) retirees enrolled in individual plans through the Health Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$662.37 for Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

The motion carried 9 yes (*Baron, Basgal, Bryant, Carson, Clippinger, Gamble, Godfrey, Levy, Rogers*), 0 no, 0 abstentions.

### **3. Adoption of 2025 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

Staff presented Medicare eligible retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2024 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2025 Individual Plan MMA, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$507.43 for the Plan Year 2025.

It was moved by Ophelia Basgal and seconded by Henry Levy that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2025 Individual Plan Monthly Medical Allowance (MMA) by 4.25% for qualified Medicare eligible retirees enrolled in individual plans through the Medicare Exchange, in accordance with the substantive plan definition adopted under GASB 43 equal to 50% of the rate of health care inflation assumptions provided by ACERA's actuary, which results in a MMA maximum of \$507.43 for Plan Year 2025. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employees Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

The motion carried 9 yes (*Baron, Basgal, Bryant, Carson, Clippinger, Gamble, Godfrey, Levy, Rogers*), 0 no, 0 abstentions.

### **STAFF UPDATE**

Staff provided an update on the Patelco Credit Union's security breach that occurred on June 29<sup>th</sup> and its potential impact on ACERA retirees. Currently, 195 of ACERA members receive retiree benefit payments through direct deposit with Patelco Credit Union. ACERA successfully submitted members' direct deposits on June 28<sup>th</sup>, the day before the breach. The funds were completely out of ACERA's custody and with Patelco. ACERA's website has been updated to provide a link to Patelco's website, which has information and daily updates regarding the breach.

**TRUSTEE REMARKS**

None.

**FUTURE DISCUSSION ITEMS**

- Adoption of Dental Plan Contributions for 2025
- Adoption of Vision Plan Contributions for 2025

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for August 7, 2024 at 9:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 10:01 a.m.