



MINUTES OF JULY 5, 2023 RETIREES COMMITTEE MEETING

To: Members of the Retirees Committee

From: Elizabeth Rogers, Chair

Subject: Summary of the July 5, 2023 Retirees Committee Meeting

Committee Chair Elizabeth Rogers called the July 5, 2023 Committee meeting to order at 9:35 a.m.

ACERA TRUSTEES, SENIOR MANAGERS AND PRESENTING STAFF IN ATTENDANCE

Committee members present were Elizabeth Rogers, and Ophelia Basgal. Also present were Cynthia Baron, Kevin Bryant, and Tarrell Gamble.

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

PUBLIC INPUT

Towards the end of the meeting the following topics were discussed.

In response to Pete Albert's (President of Alameda County Retired Employees (ACRE) retiree association) questions, Staff and Segal stated that: 1) the cost to increase the hearing aid benefits for Medicare retirees enrolled in the Kaiser Permanente group plan will be provided at a later meeting; and 2) Segal is monitoring the recent federal legislation authorizing the Centers for Medicare & Medicaid Services (CMS) to begin negotiating for lower Medicare drug costs.

In response to Alicia Baptista's, (President of the Retired Employees of Alameda County, Inc. (REAC) retiree association) comment, Staff explained the management and technology used to control the Zoom meetings, and the additional Staff assigned to monitor the Zoom attendees who raise their hands to comment or ask questions during the meetings.

ACTION ITEMS

1. Adoption of 2024 Monthly Medical Allowance for Group Plans

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2023 and 2024 Plan Years. Staff recommended increasing the 2024 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 \$635.37 for the Plan Year 2024.

In response to Mr. Albert's questions, Staff and Segal stated that: 1) we have not yet seen the medical premium rates from Kaiser Permanente for the Plan Year 2024, however we expect double digit increases for the non-Medicare plans, and possibly an 11% to 12% increase for the Medicare advantage plan; and 2) from the vendors' perspective, CMS is reducing the reimbursements to the Medicare plans, so there will be a shortfall.

In response to Cynthia Landry's (an active employee) question, Segal stated that the reason the Federal government is no longer contributing towards the Medicare plans is not related to COVID. The intent of CMS is to rebalance the amount of contributions given towards Medicare advantage plans, which are private plans, to align more with the funding received for the original Medicare. This will be done over a three-year period. Therefore, from the vendors' perspective, there will be a reduction in the federal funding, so that shortfall is the predominate reason for requesting an increase in the premiums going forward. Ms. Landry stated that she thinks the original Medicare is better.

It was moved by Ophelia Basgal and seconded by Cynthia Baron that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Group Plan Monthly Medical Allowance (MMA) by 3.125% 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 \$635.37 for the Plan Year 2024. 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 5 yes (*Baron, Basgal, Bryant, Gamble, Rogers*), 0 no, 0 abstentions.

2. Adoption of 2024 Monthly Medical Allowance for Early Retiree Individual Plans

Staff presented early (non-Medicare) retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2023 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2024 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 \$635.37 for the Plan Year 2024.

It was moved by Ophelia Basgal and seconded by Cynthia Baron that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Individual Plan Monthly Medical Allowance (MMA) by 3.125% 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 \$635.37 for Plan Year 2024. 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 5 yes (*Baron, Basgal, Bryant, Gamble, Rogers*), 0 no, 0 abstentions.

3. Adoption of 2024 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

Staff presented Medicare eligible retiree Individual Plans Monthly Medical Allowance (MMA) costs for the 2023 Plan Year based on the maximum MMA provided. Staff recommended increasing the 2024 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 \$486.74 for the Plan Year 2024.

It was moved by Ophelia Basgal and seconded by Cynthia Baron that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2024 Individual Plan Monthly Medical Allowance (MMA) by 3.125% 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 \$486.74 for Plan Year 2024. 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 5 yes (*Baron, Basgal, Bryant, Gamble, Rogers*), 0 no, 0 abstentions.

INFORMATION 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 Ms. Baptista's, question, Segal stated that we have asked Delta Dental to provide a cost estimate to raise the dental plan benefit maximum from \$1,300 to \$1,900 to match the County of Alameda's (County) active employees plan. Ms. Baptista stated that REAC encourages its members to utilize their dental plan benefits.

Towards the end of the meeting, Ms. Landry commented that her dental provider has dropped the Delta Dental plan, and she is now having to pay the cost for dental services up front. She stated that she is hearing anecdotal evidence that some dental providers are dropping the current dental plan.

TRUSTEE REMARKS

In response to Trustee Gamble's question, Staff will check with the County leadership team to find out if Alameda Health System (AHS) is planning to offer medical plan coverage on a commercial basis; and if so, whether the County would explore offering AHS' plan as an option to the medical plans currently offered to members.

Mr. Albert stated that the County using AHS is an interesting question, and that he will be waiting to hear more about this.

FUTURE DISCUSSION ITEMS

- Adoption of Dental Plan Contributions for 2024
- Adoption of Vision Plan Contributions for 2024

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for August 2, 2023 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 10:26 a.m.