



Alameda County Employees' Retirement Association
BOARD OF RETIREMENT

**RETIRES COMMITTEE/BOARD MEETING
NOTICE and AGENDA**

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE [SEE SECTION 42 OF EXECUTIVE ORDER N-08-21 ATTACHED AT THE END OF THIS 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, July 7, 2021
10:30 a.m.**

ZOOM INSTRUCTIONS	COMMITTEE MEMBERS	
The public can view the Teleconference and comment via audio during the meeting. To join this Teleconference, please click on the link below. https://zoom.us/join Meeting ID: 828 9974 2391 Password: 304834 For help joining a Zoom meeting, see: https://support.zoom.us/hc/en-us/articles/201362193	LIZ KOPPENHAVER, CHAIR	ELECTED RETIRED
	HENRY LEVY, VICE CHAIR	TREASURER
	KEITH CARSON	APPOINTED
	DARRYL L. WALKER	ELECTED GENERAL¹
	GEORGE WOOD	ELECTED GENERAL

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.

The order of agenda items 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 available online at www.acera.org.

Note regarding public comments: Public comments are limited to four (4) minutes per person in total.

Note regarding accommodations: The Board of Retirement will provide reasonable accommodations for persons with special needs of accessibility who plan to attend Board meetings. Please contact ACERA at (510) 628-3000 to arrange for accommodation.

¹ Trustee Walker is filling the vacancy created by Trustee Rogers' retirement. See Gov't Code §§ 31524, 31520.1(b).

RETIRES COMMITTEE/BOARD MEETING

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Call to Order: 10:30 a.m.

Roll Call:

Public Input (Time Limit: 4 minutes per speaker)

Action Items: Matters for Discussion and Possible Motion by the Committee

1. Adoption of 2022 Monthly Medical Allowance for Group Plans

Motion to adopt the Monthly Medical Allowance (MMA) paid to eligible retirees in group plans for Plan Year 2022. The Group Plan MMA is stated as a monthly dollar amount which varies by years of service credit and can only be used to pay for ACERA-sponsored health plan premiums.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2022 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 \$596.73 for the Plan Year 2022. 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.

2. Adoption of 2022 Monthly Medical Allowance for Early Retiree Individual Plans

Motion to adopt a Monthly Medical Allowance (MMA), which will be provided to qualified early (non-Medicare eligible) retirees enrolled in Individual Plans through the Health Exchange for the 2022 Plan Year. The MMA is a suggested dollar limit used for specific medical cost reimbursement through Health Reimbursement Accounts. The MMA is set as a monthly amount which varies by years of service credit.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2022 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 \$596.73 for Plan Year 2022. 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

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 3 of 4 – Wednesday, July 7, 2021

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.

3. Adoption of 2022 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans

Motion to adopt a Monthly Medical Allowance (MMA), which will be provided to qualified Medicare eligible retirees enrolled in Individual Plans through the Medicare Exchange for the 2022 Plan Year. The MMA is a suggested dollar limit used for specific medical cost reimbursement through Health Reimbursement Accounts. The MMA is set as a monthly amount which varies by years of service credit.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2022 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 \$457.13 for Plan Year 2022. 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.

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

1. Report on Dental and Vision Plans Experience and Utilization

Staff will report on claims experience and plan utilization for ACERA retirees enrolled in ACERA-sponsored Dental and Vision Plans.

- Kathy Foster
- Segal

2. Miscellaneous Updates

Staff will update the Committee on any recent benefit issues affecting ACERA retirees.

- Ismael Piña

Trustee Remarks

RETIRES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 4 of 4 – Wednesday, July 7, 2021

Future Discussion Items

- Adoption of Dental Plan Contributions for 2022
- Adoption of Vision Plan Contributions for 2022

Establishment of Next Meeting Date

August 4, 2021, at 10:30 a.m.

Adjournment

42) Executive Order N-29-20, Paragraph 3, is withdrawn and replaced by the following text:

Notwithstanding any other provision of state or local law (including, but not limited to, the Bagley-Keene Act or the Brown Act), and subject to the notice and accessibility requirements set forth below, a local legislative body or state body is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body or state body. All requirements in both the Bagley-Keene Act and the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or of the public as a condition of participation in or quorum for a public meeting are hereby waived.

In particular, any otherwise-applicable requirements that

- (i) state and local bodies notice each teleconference location from which a member will be participating in a public meeting;
- (ii) each teleconference location be accessible to the public;
- (iii) members of the public may address the body at each teleconference conference location;
- (iv) state and local bodies post agendas at all teleconference locations;
- (v) at least one member of the state body be physically present at the location specified in the notice of the meeting; and
- (vi) during teleconference meetings, a least a quorum of the members of the local body participate from locations within the boundaries of the territory over which the local body exercises jurisdiction

are hereby suspended.

A local legislative body or state body that holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with the notice and accessibility requirements set forth below, shall have satisfied any requirement that the body allow members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment.

Accessibility Requirements: If a local legislative body or state body holds a meeting via teleconferencing and allows members of the public to observe and address the meeting telephonically or otherwise electronically, the body shall also:

- (i) Implement a procedure for receiving and swiftly resolving requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act and resolving any doubt whatsoever in favor of accessibility; and
- (ii) Advertise that procedure each time notice is given of the means by which members of the public may observe the meeting and offer public comment, pursuant to subparagraph (ii) of the Notice Requirements below.

Notice Requirements: Except to the extent this Order expressly provides otherwise, each local legislative body and state body shall:

- (i) Give advance notice of the time of, and post the agenda for, each public meeting according to the timeframes otherwise prescribed by the Bagley-Keene Act or the Brown Act, and using the means otherwise prescribed by the Bagley-Keene Act or the Brown Act, as applicable; and
- (ii) In each instance in which notice of the time of the meeting is otherwise given or the agenda for the meeting is otherwise posted, also give notice of the means by which members of the public may observe the meeting and offer public comment. As to any instance in which there is a change in such means of public observation and comment, or any instance prior to the issuance of this Order in which the time of the meeting has been noticed or the agenda for the meeting has been posted without also including notice of such means, a body may satisfy this requirement by advertising such means using "the most rapid means of communication available at the time" within the meaning of Government Code, section 54954, subdivision (e); this shall include, but need not be limited to, posting such means on the body's Internet website.

All of the foregoing provisions concerning the conduct of public meetings shall apply through September 30, 2021.



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 7, 2021

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer *KFoster*

SUBJECT: **Monthly Medical Allowance for 2022**

Last month, Staff provided information regarding the Monthly Medical Allowance (MMA) for 2022. Staff provided the cost impacts to the MMA as a result of leaving the amount at the current rate or increasing the MMA by 3.125% for 2022. These amounts are summarized below. Attached is a chart with current plan premiums and enrollment numbers, a chart with assumptions using premium increases, and a chart with both premium and MMA increases, which were also provided last month.

GROUP PLANS COSTS

Plan Year	20+ Years MMA	Annual Cost Summary	
2021	\$578.65	Current premiums and MMA:	\$25,322,221
2022	\$578.65	Increase in premiums only:	\$26,349,109
2022	\$596.73	Increase in premiums and MMA:	\$26,626,981

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

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	24	\$ 289.33	\$ 3,471.96	\$ 83,327.04
15 - 19 Years	33	\$ 433.99	\$ 5,207.88	\$ 171,860.04
20 + Years	185	\$ 578.65	\$ 6,943.80	\$ 1,284,603.00
Totals	242			\$ 1,539,790.08
Totals with 3.125% Increase	242			\$ 1,587,900.96

INDIVIDUAL PLAN COSTS – Medicare Eligible Retirees

Years of Service Category	Number of Members	Monthly MMA Amount	Annual MMA Amount	Maximum Annual MMA Amount
10 - 14 Years	197	\$ 221.64	\$ 2,659.68	\$ 523,956.96
15 - 19 Years	204	\$ 332.46	\$ 3,989.52	\$ 813,862.08
20 + Years	982	\$ 443.28	\$ 5,319.36	\$ 5,223,611.52
Totals	1,383			\$ 6,561,430.56
Totals with 3.125% Increase	1,383			\$ 6,766,456.20

According to the numbers compiled above, ACERA’s current total estimated annual costs are \$33,423,442. This estimated annual cost assumes all those enrolled in the Health and Medicare Exchange will use their full Health Reimbursement Account balances. If premiums increase and the MMA is increased, the total estimated annual cost would be \$34,981,338. The total estimated increase would be \$1,557,896 (\$1,026,888 due to group plans premium increase and \$531,008 due to MMA increase).

Discussion and Recommendations

Last month, some points to consider in making a decision to increase the MMA or to leave it the same amount for 2022 were discussed as follows:

- The Supplemental Retiree Benefit Reserve (SRBR) is projected to have a current lifespan of 18 years, based on the preliminary report from Segal, ACERA’s Actuary.
- Next year, an increase in the lifespan is anticipated due to market gains to be realized.
- In 2020, \$60,294,406 was credited to the SRBR (includes interest credited at the assumed rate of return of 3.6250%).
- The Implicit Subsidy for 2021 is estimated to be about \$1,831,798 lower than the cost for 2020.
- Annual payee numbers are increasing by about 3% on average.
- The cost of providing the health, vision, dental and Medicare Part B Reimbursement Plan (MBRP) benefits increased by 3.77% in 2020 compared to an 8.02% increase in 2019.

At the June 17, 2021 Actuarial Committee meeting, Segal provided a Risk Assessment report, which included projections of SRBR assets and sufficiency periods under various hypothetical market return scenarios for 2021. Based on the information provided, assuming the fund would earn a market return of 7.0% in 2021, it is projected that the SRBR assets would increase from \$933 million as of December 31, 2020 to about \$1,048 million as of December 31, 2021, with approximately \$100 million of excess earnings credited to the SRBR in 2021. Under this scenario, the terminal year for Other Post-Employment Benefits (OPEB) is projected to increase from 2039 (i.e., 18 full years and 1 partial year) as of December 31, 2020 to 2042 (i.e., 20 full years and 1 partial year) as of December 31, 2021. In addition, the terminal year for non-OPEB benefits is projected to increase from 2044 (i.e., 23 full years and 1 partial year) as of December 31, 2020 to 2046 (i.e., 24 full years and 1 partial year) as of December 31, 2021.

In addition, since our last meeting both the Alameda County Retired Employees (ACRE) and Retired Employees of Alameda County, Inc. (REAC) retiree associations' Boards voted to support increasing the MMA for 2022.

Based on the analysis and information provided, Staff's recommendation is to increase the MMA for 2022 by 3.125%.

Recommendation Number One

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2022 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 \$596.73 for the Plan Year 2022. 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.

Recommendation Number Two

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2022 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 \$596.73 for Plan Year 2022. 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.

Recommendation Number Three

Staff recommends that the Retirees Committee recommend to the Board of Retirement (Board) a motion to increase the 2022 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 \$457.13 for Plan Year 2022. 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.

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2021

Current Premiums and MMA

Plan	Years of Service	Under 10 Years	10 - 14 Years	15 - 19 Years	20 + Years	Total Enrolled
	2021 MMA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees)	Projected # Enrolled (2021 plan year)	2	54	72	827	955
	Total Premium (2021)	\$ 810.72	\$ 810.72	\$ 810.72	\$ 810.72	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 810.72	\$ 521.39	\$ 376.73	\$ 232.07	
UnitedHealthcare SignatureValue HMO (Early Retirees)	Projected # Enrolled (2021 plan year)	2	3	7	82	94
	Total Premium (2021)	\$ 1,150.60	\$ 1,150.60	\$ 1,150.60	\$ 1,150.60	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 1,150.60	\$ 861.27	\$ 716.61	\$ 571.95	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees)	Projected # Enrolled (2021 plan year)	1	2	6	39	48
	Total Premium (2021)	\$ 759.16	\$ 759.16	\$ 759.16	\$ 759.16	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 759.16	\$ 469.83	\$ 325.17	\$ 180.51	
Total Plan Enrollees (Early Retirees)						1097
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage	Projected # Enrolled (2021 plan year)	35	479	553	3029	4096
	Total Premium (2021)	\$ 382.21	\$ 382.21	\$ 382.21	\$ 382.21	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 382.21	\$ 382.21	
	Projected Premium Paid by Retiree	\$ 382.21	\$ 92.88	0.00	0.00	
Total Kaiser Senior Advantage Medicare Plan Enrollees						4096

Total Projected Annual Cost: \$25,322,221

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2022

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 (2022) MMA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees) <i>Assumes 6.75% Increase</i>	Projected # Enrolled (2021 plan year)	2	54	72	827	955
	Total Premium (2022)	\$ 865.44	\$ 865.44	\$ 865.44	\$ 865.44	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 865.44	\$ 576.11	\$ 431.45	\$ 286.79	
UnitedHealthcare SignatureValue HMO (Early Retirees) <i>Assumes 6.75% Increase</i>	Projected # Enrolled (2021 plan year)	2	3	7	82	94
	Total Premium (2022)	\$ 1,228.27	\$ 1,228.27	\$ 1,228.27	\$ 1,228.27	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 1,228.27	\$ 938.94	\$ 794.28	\$ 649.62	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) <i>Assumes 6.75% Increase</i>	Projected # Enrolled (2021 plan year)	1	2	6	39	48
	Total Premium (2022)	\$ 810.40	\$ 810.40	\$ 810.40	\$ 810.40	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 433.99	\$ 578.65	
	Projected Premium Paid by Retiree	\$ 810.40	\$ 521.07	\$ 376.41	\$ 231.75	
Total Plan Enrollees (Early Retirees)						1097
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage <i>Assumes 6.25% Increase</i>	Projected # Enrolled (2021 plan year)	35	479	553	3029	4096
	Total Premium (2022)	\$ 406.10	\$ 406.10	\$ 406.10	\$ 406.10	
	Projected Subsidy Paid by ACERA	\$ -	\$ 289.33	\$ 406.10	\$ 406.10	
	Projected Premium Paid by Retiree	\$ 406.10	\$ 116.77	0.00	0.00	
Total Kaiser Senior Advantage Medicare Plan Enrollees						4096

Total Projected Annual Cost: \$26,349,109

ACERA
Out-of-Pocket Expenses for Retirees in Group Plans - PLAN YEAR 2022

Assumes 3.125% 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 (2022) MMA	\$ -	\$ 298.37	\$ 447.55	\$ 596.73	
Early Retirees Plans						
Kaiser Permanente HMO (Early Retirees) <i>Assumes 6.75% Increase</i>	Projected # Enrolled (2021 plan year)	2	54	72	827	955
	Total Premium (2022)	\$ 865.44	\$ 865.44	\$ 865.44	\$ 865.44	
	Projected Subsidy Paid by ACERA	\$ -	\$ 298.37	\$ 447.55	\$ 596.73	
	Projected Premium Paid by Retiree	\$ 865.44	\$ 567.07	\$ 417.89	\$ 268.71	
UnitedHealthcare SignatureValue HMO (Early Retirees) <i>Assumes 6.75% Increase</i>	Projected # Enrolled (2021 plan year)	2	3	7	82	94
	Total Premium (2022)	\$ 1,228.27	\$ 1,228.27	\$ 1,228.27	\$ 1,228.27	
	Projected Subsidy Paid by ACERA	\$ -	\$ 298.37	\$ 447.55	\$ 596.73	
	Projected Premium Paid by Retiree	\$ 1,228.27	\$ 929.90	\$ 780.72	\$ 631.54	
UnitedHealthcare SignatureValue Advantage HMO (Early Retirees) <i>Assumes 6.75% Increase</i>	Projected # Enrolled (2021 plan year)	1	2	6	39	48
	Total Premium (2022)	\$ 810.40	\$ 810.40	\$ 810.40	\$ 810.40	
	Projected Subsidy Paid by ACERA	\$ -	\$ 298.37	\$ 447.55	\$ 596.73	
	Projected Premium Paid by Retiree	\$ 810.40	\$ 512.03	\$ 362.85	\$ 213.67	
Total Plan Enrollees (Early Retirees)						1097
Kaiser Senior Advantage Medicare Plan						
Kaiser Senior Advantage <i>Assumes 6.25% Increase</i>	Projected # Enrolled (2021 plan year)	35	479	553	3029	4096
	Total Premium (2022)	\$ 406.10	\$ 406.10	\$ 406.10	\$ 406.10	
	Projected Subsidy Paid by ACERA	\$ -	\$ 298.37	\$ 406.10	\$ 406.10	
	Projected Premium Paid by Retiree	\$ 406.10	\$ 107.73	\$ 0.00	\$ 0.00	
Total Kaiser Senior Advantage Medicare Plan Enrollees						4096


Total Projected Annual Cost: \$26,626,981



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 7, 2021

TO: Members of the Retirees Committee

FROM: Kathy Foster, Assistant Chief Executive Officer 

SUBJECT: **Report on Dental and Vision Plans Experience and Utilization**

Segal, ACERA's Benefits Consultant, will review the attached annual dental and vision plans experience and utilization presentations, and discuss the following topics.

- Enrollment
- Claims
- Premiums
- Utilization
- Dental PPO Annual Maximum by Network
- VSP Plan Loss Ratio by Plan

In addition to the presentations, below is information regarding the dental and vision plans monthly premiums in preparation for next month's recommendations to adopt the dental and vision plans contributions for Plan Year 2022:

- Dental Plans – three year premium rate guarantee February 1, 2021 through January 31, 2024:
 - Delta Dental PPO – \$44.15
 - DeltaCare USA – \$22.18
- Vision Plan – five year premium rate guarantee February 1, 2021 through January 31, 2026:
 - Base Plan – \$3.97

Attachments (2)



Alameda County Employees'
Retirement Association (ACERA)

Delta Dental PPO Plan Experience

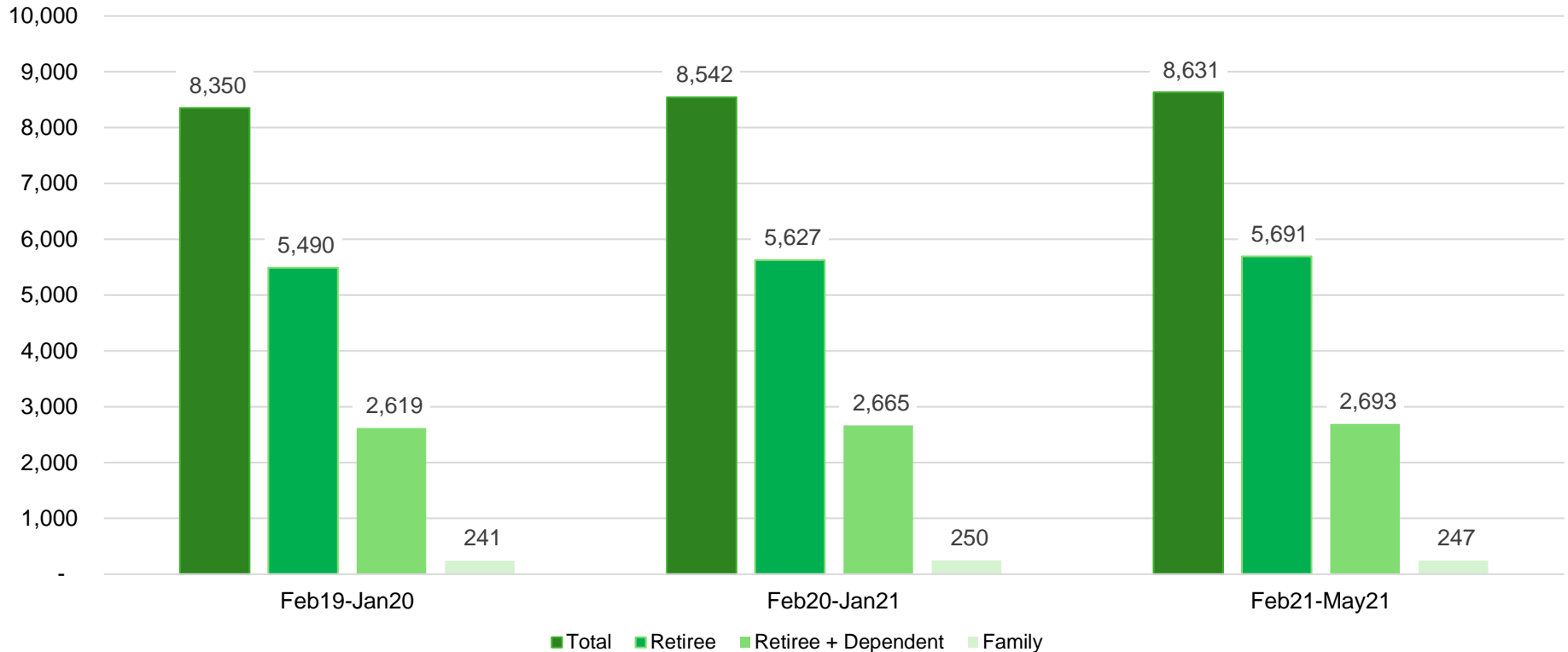
ACERA Retirees Committee Meeting

Presented on: July 7, 2021
Presenter: Stephen Murphy

Delta Dental PPO Plan Experience

Enrollment

Enrollment by Coverage Tier
Per Retiree Per Month

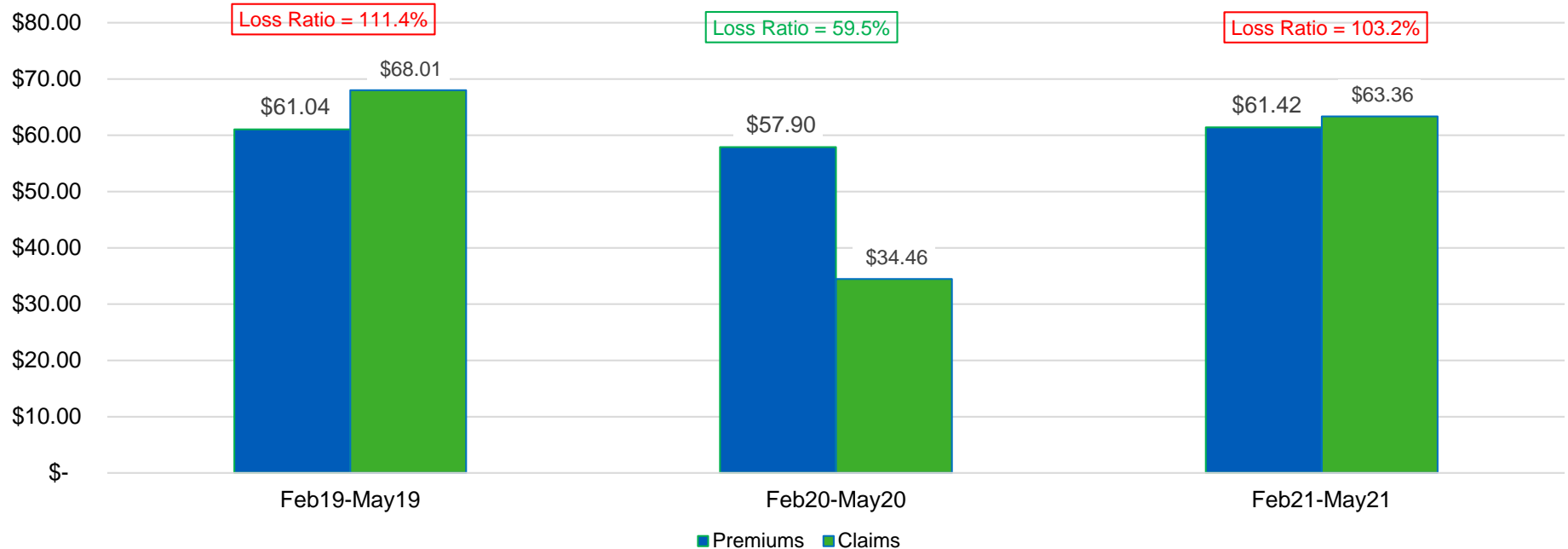


- Delta Dental PPO enrollment has steadily increased during the past three periods
- Coverage Tier distribution has also remained consistent during the past three periods
 - ACERA does not cover dependent premiums, resulting in higher Retiree Only enrollment

Delta Dental PPO Plan Experience

Premiums & Claims – February through May Comparison

Premiums and Claims (February – May)
Per Retiree Per Month

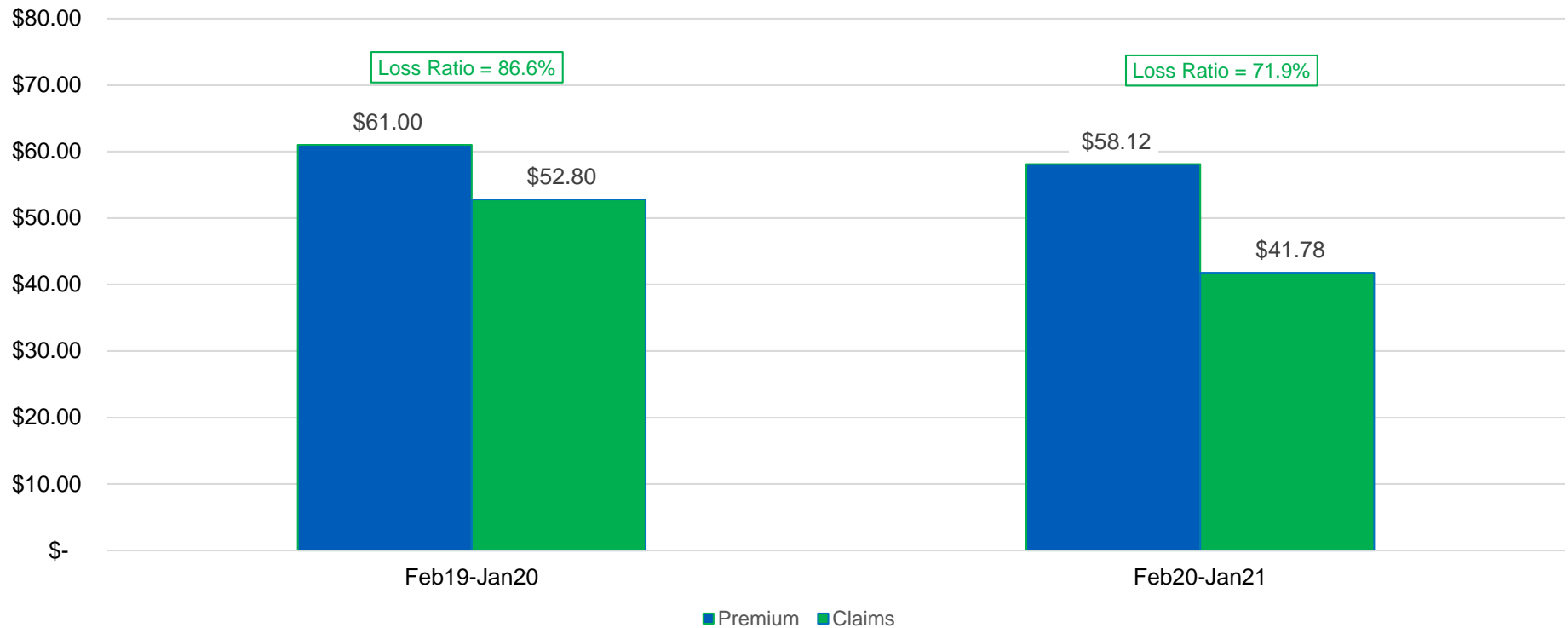


- Plan design features such as annual maximums contribute to seasonal claims fluctuation
 - Dental claims have historically been higher during the first four months of the plan when compared to the entire plan year
- Feb-May 2020 claims activity was suppressed due to the suspension of non-essential health care services during the COVID-19 pandemic

Delta Dental PPO Plan Experience

Premiums & Claims – Plan Year Comparison

Premium and Claims
Per Retiree Per Month

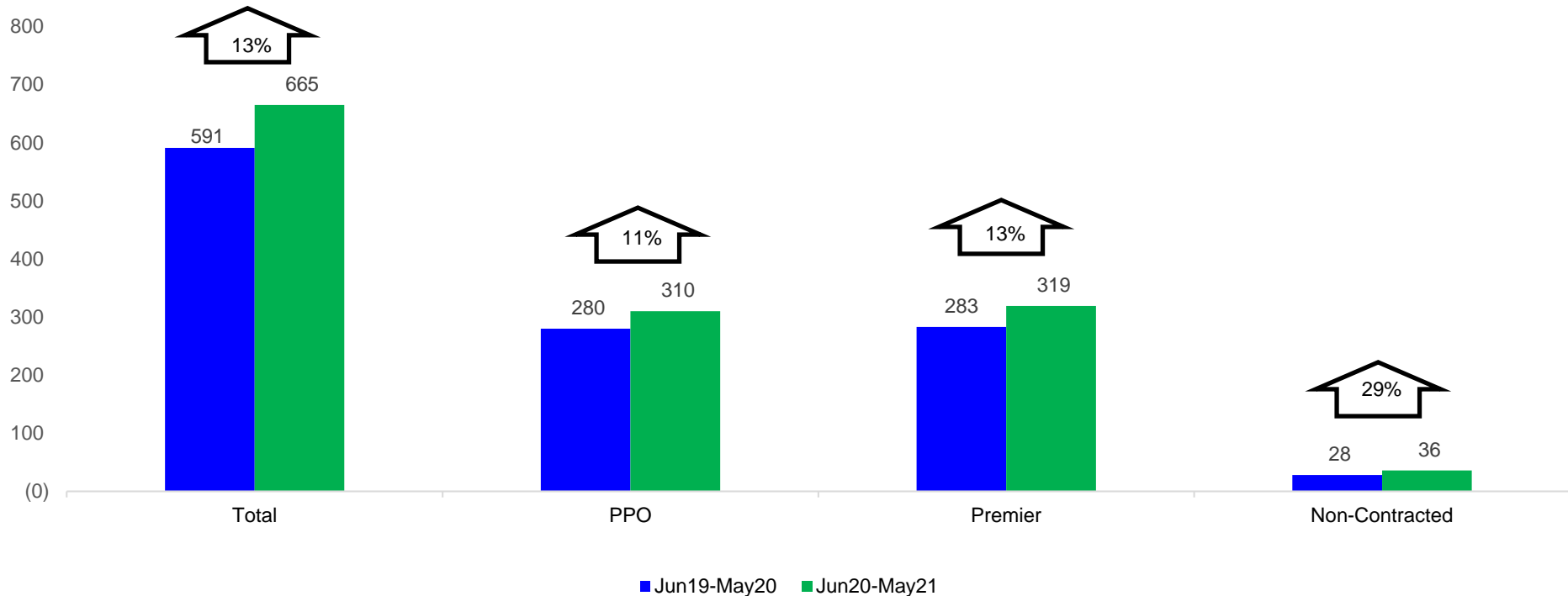


- Loss Ratio improvement from 2019-20 to 2020-21 is due to the suspension of non-essential health care services during the COVID-19 pandemic

Delta Dental PPO Plan Experience

Procedure Utilization by Network

Monthly Procedure Count by Network
(Per 1,000 Retirees)



- The increase in Monthly Procedures Per Retiree during the 2020-21 period reflects a post-pandemic return to normal claim activity
- Utilization of Delta Dental PPO providers results in deeper savings for retirees and ACERA

Delta Dental PPO Plan Experience

Annual Maximum by Network

	Feb19 – Jan20	Feb20 – Jan21	% Change
PPO (\$1,300 Annual Maximum)			
Total Utilizers (Members)	4,570	4,095	-10.4%
Utilizers Reaching Maximum	823	685	-16.8%
% Reaching Maximum	18.0%	16.7%	N/A
Premier (\$1,000 Annual Maximum)			
Total Utilizers (Members)	4,310	3,615	-16.1%
Utilizers Reaching Maximum	827	597	-27.8%
% Reaching Maximum	19.2%	16.5%	N/A
Non-Contracted (\$1,000 Annual Maximum)			
Total Utilizers (Members)	316	336	6.3%
Utilizers Reaching Maximum	23	27	17.4%
% Reaching Maximum	7.3%	8.0%	N/A
Total			
Total Utilizers (Members)	9,196	8,046	-12.5%
Utilizers Reaching Maximum	1,673	1,309	-21.8%
% Reaching Maximum	18.2%	16.3%	N/A

- Total Utilizers declined 12.5% during 2020-21 due to the suspension of non-essential health care services during the COVID-19 pandemic
- Total members reaching annual maximum decreased to 16.3% for the 2020-21 plan year
- Members utilizing Delta Dental's PPO network increased slightly to 50.9%, while members utilizing the Premier network decreased slightly to 44.9%

Delta Dental PPO Plan Experience

Top Three Utilization Category

	Feb19 – Jan20	Feb20 – Jan21	Year over Year % Change
Top Utilization Categories by Paid Claims			
Crowns & Inlays/Onlays	\$2,492,775	\$2,006,108	-19.5%
Diagnostic	\$1,536,159	\$1,297,459	-15.5%
Implant Services	\$1,329,253	\$1,165,953	-12.3%
Preventive	\$1,364,567	\$998,389	-26.8%
All Other*	\$4,423,673	\$3,618,047	-18.2%
Total DPPO Claims	\$11,146,427	\$9,085,957	-18.5%
Top Utilization Categories by Procedure Counts			
Diagnostic	32,870	26,580	-19.1%
Preventive	16,910	13,362	-21.0%
Periodontics	5,310	3,754	-29.3%
Restorative	632	525	-16.9%
All Other*	15,493	12,645	-18.4%
Total DPPO Procedures	71,215	56,866	-20.1%

- Reduction in 2020-21 Total Paid Claims and Procedure Counts is due to the suspension of non-essential health care services during the COVID-19 pandemic
- Top four utilization categories by paid claims and procedure counts have remained consistent from the prior period

* Includes Basic and Major dental services that did not make the top three list on a paid and procedure count basis.

Delta Dental PPO Plan Experience

Dollar Grade Utilization (Excludes Orthodontics)

Dollar Range	Jun19 – May20	Jun20 – May21	% Change
<= \$259.99	3,470	2,069	-40.4%
\$260 to \$999.99	4,164	4,417	6.1%
\$1,000 to \$1,299.99	719	806	12.1%
>= \$1,300	576	1,012	75.7%
Total	8,929	8,304	-7.0%

- 2020-21 Total Utilization decreased by 7%, due to the suspension of non-essential health care services during the COVID-19 pandemic
 - Despite the overall decline in Total Utilization, members requiring services in excess of \$1,300 was up significantly compared to the prior period
- Annual maximum by provider type:
 - \$1,300 Delta Dental PPO provider
 - \$1,000 Delta Dental Premier and Non-Contracted providers

Delta Dental PPO Plan Experience

Utilizers by Procedure Count

Procedure Counts	Jun19 – May20	Jun20 – May21	% Change
No Utilization	3,316	4,278	29.0%
1	482	228	-52.7%
2	1,048	505	-51.8%
3	1,015	614	-39.5%
4+	6,277	6,824	8.7%
Total	12,138	12,449	2.6%

- During the 2020-21 period :
 - Total Procedure Counts increased 2.6%, as COVID-19 restrictions were relaxed
 - 54.8% of members had four or more dental procedures
 - 34.4% of members had no utilization
 - Canceled or deferred dental care during the pandemic may lead to higher future expenses



Alameda County Employees'
Retirement Association (ACERA)

VSP Plan Experience

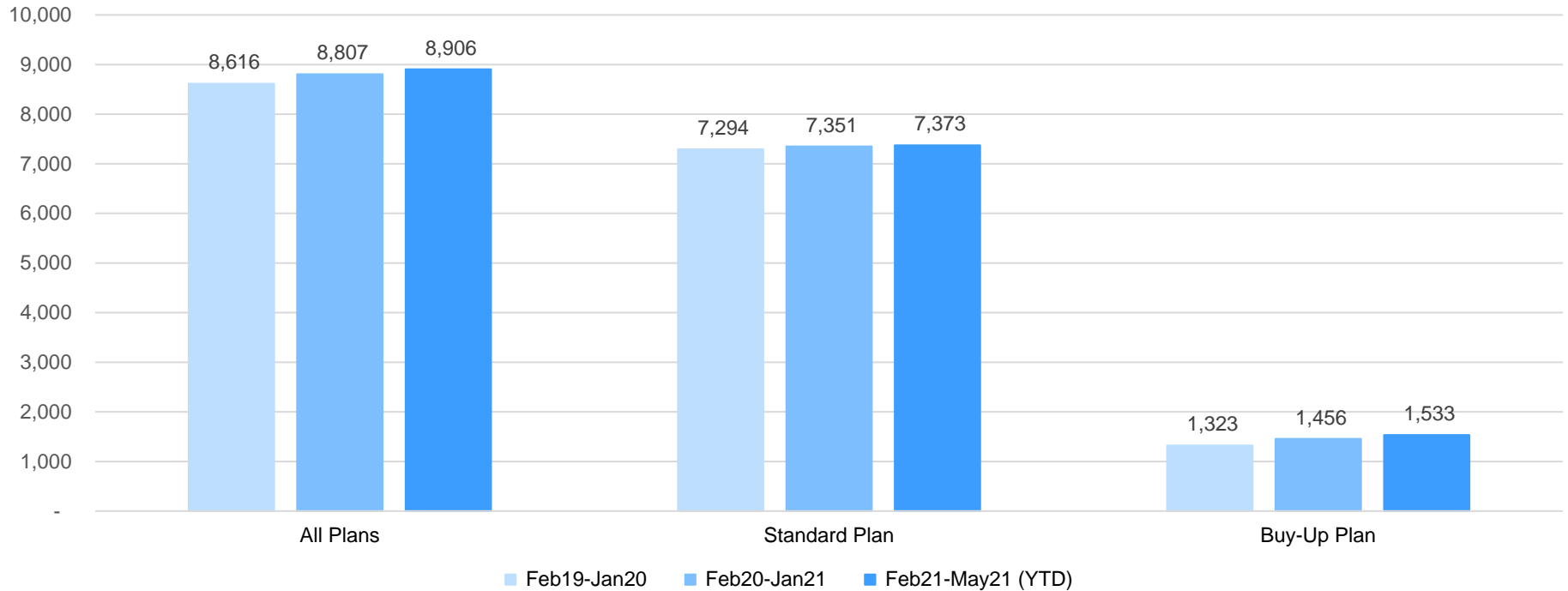
ACERA Retirees Committee Meeting

Presented on: July 7, 2021
Presenter: Stephen Murphy

VSP Plan Experience

Enrollment by Plan

Enrollment by Plan
(Per Retiree Per Month)

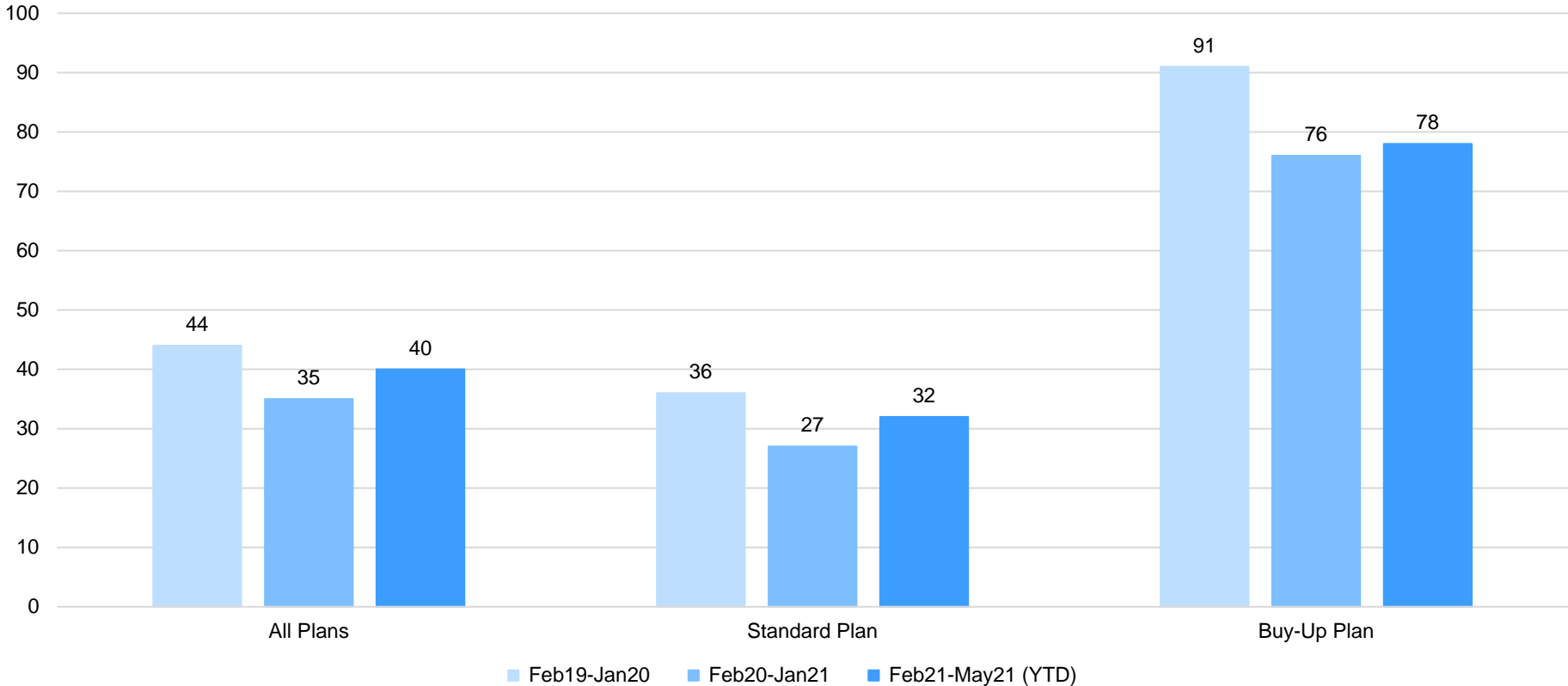


- Total Vision Enrollment continues to increase gradually each experience period.
 - Enrollment in the Standard Plan has remained steady.
 - ACERA's Buy-Up plan is gaining in popularity and now represents 17% of total enrollment.

VSP Plan Experience

Claim Frequency by Plan

Monthly Claim Frequency
(Per 1,000 Retirees)



- Claim frequency for all plans during the current plan year has increased approximately 14%, as non-essential health care services resume after COVID-19 restrictions.

VSP Plan Experience

Utilization Metrics

Utilization Benchmarks (Standard & Buy-Up Plans)		
	ACERA	VSP Book of Business
Network Utilization	4,570	4,095
Exam Utilization	823	685
Materials - Top 3 Lens Options (Standard & Buy-Up Plans)		
Feb18 - Jan19	Feb19 – Jan20	Feb20 - Jan21
1. Polycarbonate	1. Polycarbonate	1. Polycarbonate
2. Anti-Reflective Coating	2. UV Protection	2. UV Protection
3. UV Protection	3. Anti-Reflective Coating	3. Anti-Reflective Coating
Frames		
	Allowance	% with No Out-of-Pocket ⁽¹⁾
Standard Plan	\$150	27%
Buy-Up Plan	\$200	48%

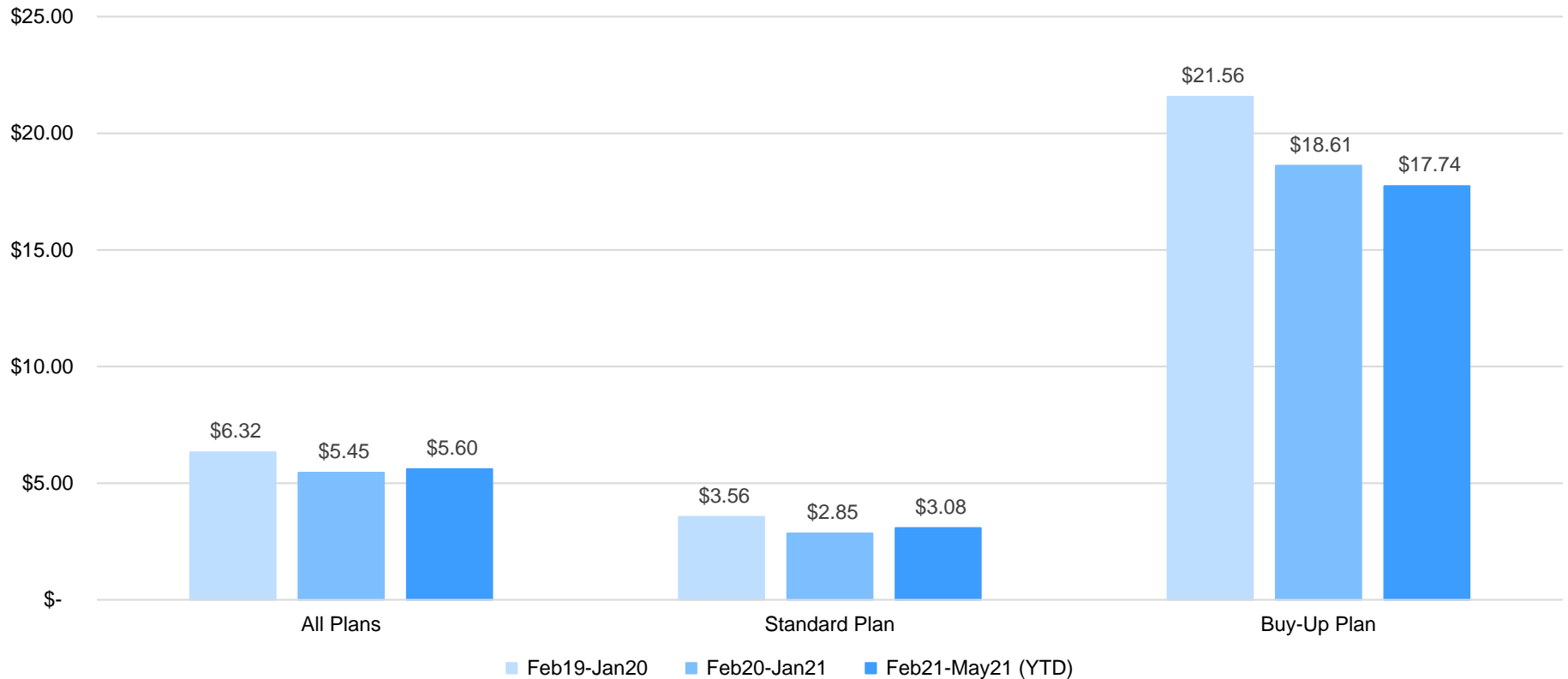
- ACERA's Exam Utilization of 35% has remained consistent with prior periods, but still trails behind VSP's Book of Business benchmark of 40%.
- Top 3 Lens Material Options has remained consistent during the past three plan periods.
- Members purchasing frames with No Out-of-Pocket expenses declined for the both vision plans when compared to the prior period.

⁽¹⁾ Includes individuals who selected frames with no out-of-pocket costs.

VSP Plan Experience

Claims by Plan

Claims by Plan
(Per Retiree Per Month)

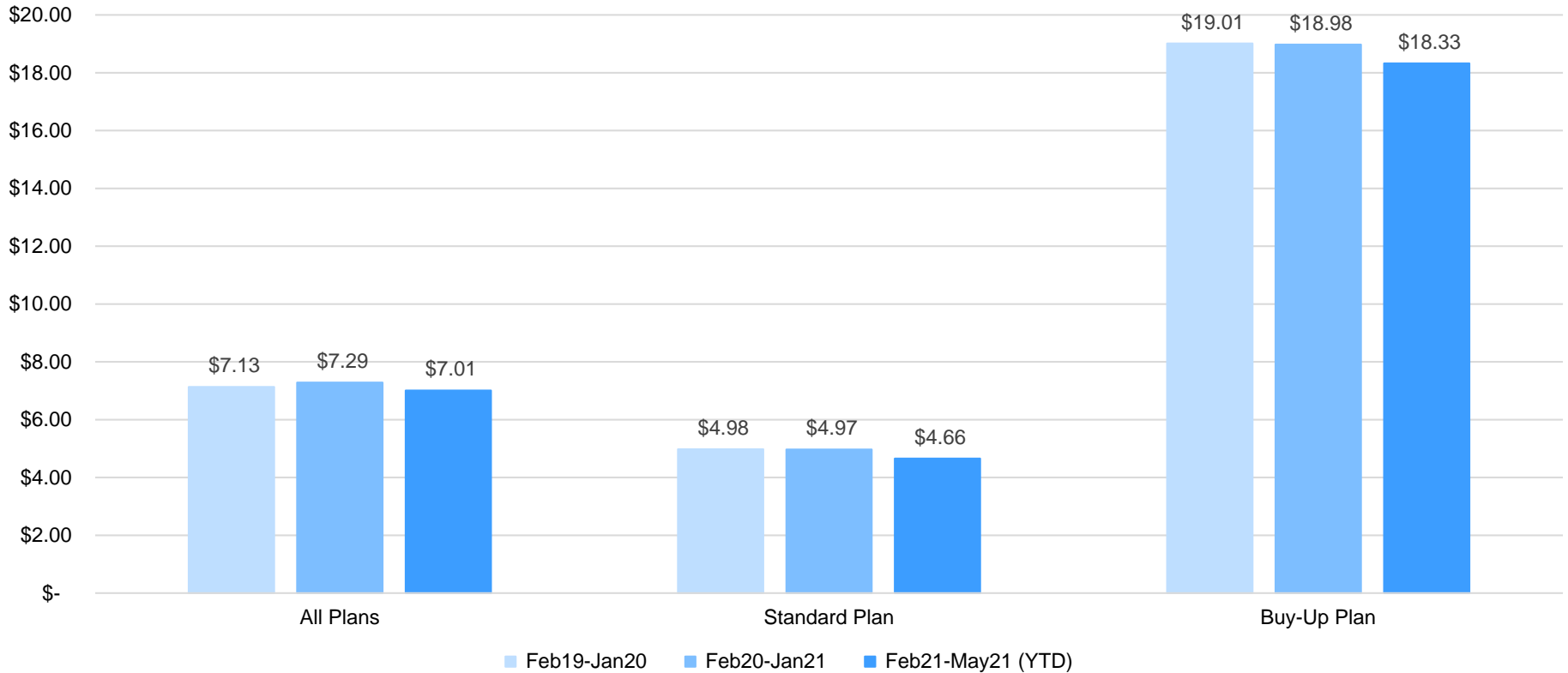


- Claims paid on a Per Retiree Per Month basis for All Plans combined during the most recent period have increased by approximately 3%, as non-essential health care services resume after COVID-19 restrictions.

VSP Plan Experience

Premiums by Plan

Premiums by Plan
(Per Retiree Per Month)

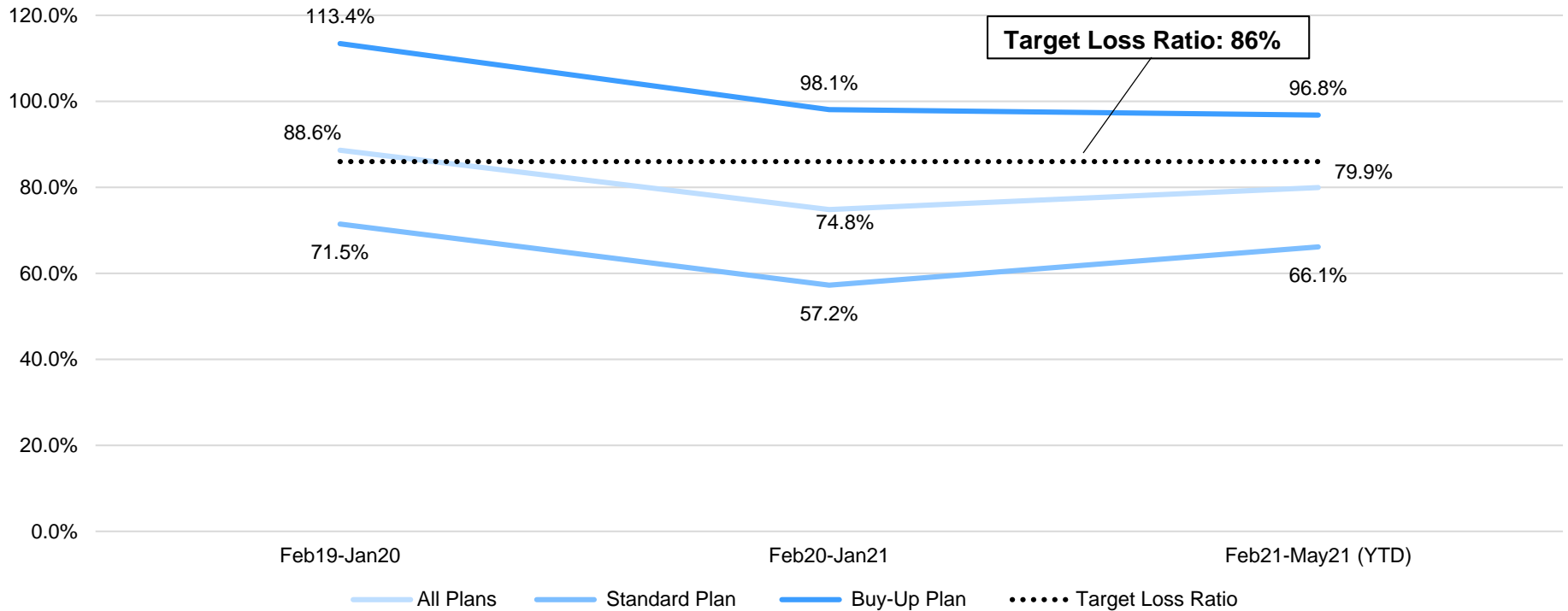


- As a result of the 2020 Vision RFP, overall premium rates on a Per Retiree Per Month basis for the most recent period have decreased by approximately 4%.

VSP Plan Experience

Loss Ratio by Plan

Historical Loss Ratio



- The YTD 2021-22 loss ratio for All Plans combined has increased to 79.9%, as non-essential health care services resume after COVID-19 restrictions.
 - The Standard Plan has subsidized the Buy-Up Plan for the past three experience periods.



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: July 7, 2021

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

A handwritten signature in black ink, appearing to read "Ismael Piña", is positioned to the right of the "FROM:" line.

SUBJECT: **Miscellaneous Updates**

An oral report will be provided on any recent benefit issues at the Retirees Committee meeting.