



**Alameda County Employees' Retirement Association
BOARD OF RETIREMENT**

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

THIS MEETING WILL BE CONDUCTED VIA TELECONFERENCE PER GOV'T CODE § 54953(e)

ACERA MISSION:

To provide ACERA members and employers with flexible, cost-effective, participant-oriented benefits through prudent investment management and superior member services.

**Wednesday, August 3, 2022
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: 879 6337 8479 Password: 699406 Call-in Number: 1 669 900 6833 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
	DALE AMARAL	ELECTED SAFETY
	KEITH CARSON	APPOINTED
	KELLIE SIMON	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.

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 2 of 4 – Wednesday, August 3, 2022

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. Approval of Enhancements to Dental PPO Plan for 2023

Discussion and possible motion to recommend that the Board of Retirement approve enhancements to the PPO dental plan for Plan Year 2023.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to approve including the diagnostic and preventive services waiver, and increasing the annual benefit maximum from \$1,000 to \$1,300 for the Premier and Non-Contracted providers.

2. Adoption of Dental Plan Contributions for 2023

Discussion and possible motion to recommend that the Board of Retirement continue dental plan contributions for Plan Year 2023. ACERA currently provides a contribution to cover the single retiree premium for retirees with ten or more years of ACERA service, service connected disability recipients, or grandfathered as of January 31, 2014 non-service connected disability recipients.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the dental plan contributions for Plan Year 2023, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$51.24, an increase of 16.1% over the current rate, for the PPO plan and \$22.18 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the 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.

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 3 of 4 – Wednesday, August 3, 2022

3. Approval of Enhancements to Vision Plans for 2023

Discussion and possible motion to recommend that the Board of Retirement approve enhancements to the vision plans for Plan Year 2023.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to approve adding UV coating and polycarbonate lenses and increasing the frame allowance.

4. Adoption of Vision Plan Contributions for 2023

Discussion and possible motion to recommend that the Board of Retirement continue vision plan contributions for Plan Year 2023. ACERA currently provides a contribution to cover the single retiree premium for retirees with ten or more years of ACERA service, service connected disability recipients, or grandfathered as of January 31, 2014 non-service connected disability recipients.

- Kathy Foster

Recommendation

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the vision plan contributions for Plan Year 2023, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.63, an increase of 16.6 % over the current rate, for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the 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. Review of Dental and Vision Plans Enhancements and Premiums for 2023

Staff and ACERA's Benefits Consultant will review the dental and vision plans enhancement options and premiums for Plan Year 2023.

- Kathy Foster
- Segal

2. Miscellaneous Updates

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

- Ismael Piña

RETIREES COMMITTEE/BOARD MEETING

NOTICE and AGENDA, Page 4 of 4 – Wednesday, August 3, 2022

Trustee Remarks

Future Discussion Items

- Discussion Regarding Retired Member (Lump Sum) Death Benefit
- Discussion Regarding Active Death Equity Benefit (ADEB)

Establishment of Next Meeting Date

September 7, 2022, at 10:30 a.m.

Adjournment



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 3, 2022
TO: Members of the Retirees Committee
FROM: Kathy Foster, Assistant Chief Executive Officer
SUBJECT: Approval of Enhancements and Adoption of Dental Plan Contributions for 2023

Currently, there are two dental plan options available for retiree enrollment: Delta Dental PPO and DeltaCare USA. The dental contracts are managed by ACERA; and therefore, are separate from the County of Alameda. In order to keep premium amounts at a minimal cost, dental plan enrollment is mandatory for retirees with ten or more years of ACERA service credit, retirees receiving a service connected disability, or retirees receiving a non-service connected disability effective January 31, 2014. A contribution is provided to cover the single retiree premium for this group. Contracts are reviewed by Staff and ACERA's Benefits Consultant, Segal, as contract terms end or rates need to be negotiated. Presentations are made annually to the Retirees Committee for review and possible recommendation for approval by the Board of Retirement. Retirees with less than 10 years of service may enroll themselves and their dependents as long as the premium cost can be deducted from their monthly retirement allowance.

Segal will review the attached presentation and discuss enhancement options and cost information.

Provided below are the current 2022 and 2023 rates for the Delta Dental PPO and DeltaCare USA plans based on the current contract, and the 2023 premiums without any coverage changes. Since Delta Dental provided a three-year premium rate guarantee, there are no changes for the Delta Dental PPO or DeltaCare USA premiums for the current plan coverage.

2022 and 2023 PREMIUMS

February 1, 2023 through January 31, 2024:

Table with 4 columns: Plan Type (Delta Dental PPO, DeltaCare USA), Coverage (Single), and Service Years (Less than Ten, Ten or More). Rows include Contract Rates and Billed Rates.

After reviewing the various benefit enhancement options, Staff recommends including the diagnostic and preventive services waiver, which is an annual savings to the retirees of approximately \$350 that will not be applied against the annual benefit maximum. In addition, Staff recommends increasing the annual benefit maximum from \$1,000 to \$1,300 for the Premier and Non-Contracted providers. These enhancements will result in a 16.1% premium increase over the current rate.

Provided below are the 2023 rates for the Delta Dental PPO plan based on the coverage enhancement options Staff is recommending.

2023 PREMIUMS WITH ENHANCEMENTS

February 1, 2023 through January 31, 2024:

Delta Dental (PPO)

Single

	<u>Less than Ten Years</u>	<u>Ten or More Years</u>
Contract Rates	N/A	\$54.35
Billed Rates	\$74.78	\$51.24

Based on the July 11, 2022 enrollment numbers (8,799), the annual cost to provide the subsidized dental benefit with these enhancements for retirees enrolled in the PPO plan (8,527) is approximately \$5,243,082. The annual cost to provide the subsidized dental benefit for retirees enrolled in the DeltaCare USA plan (272) is approximately \$72,396, resulting in a total cost for both plans of approximately \$5,315,478. These enhancements will result in an estimated annual increase of \$725,477 over the 2023 plan year.

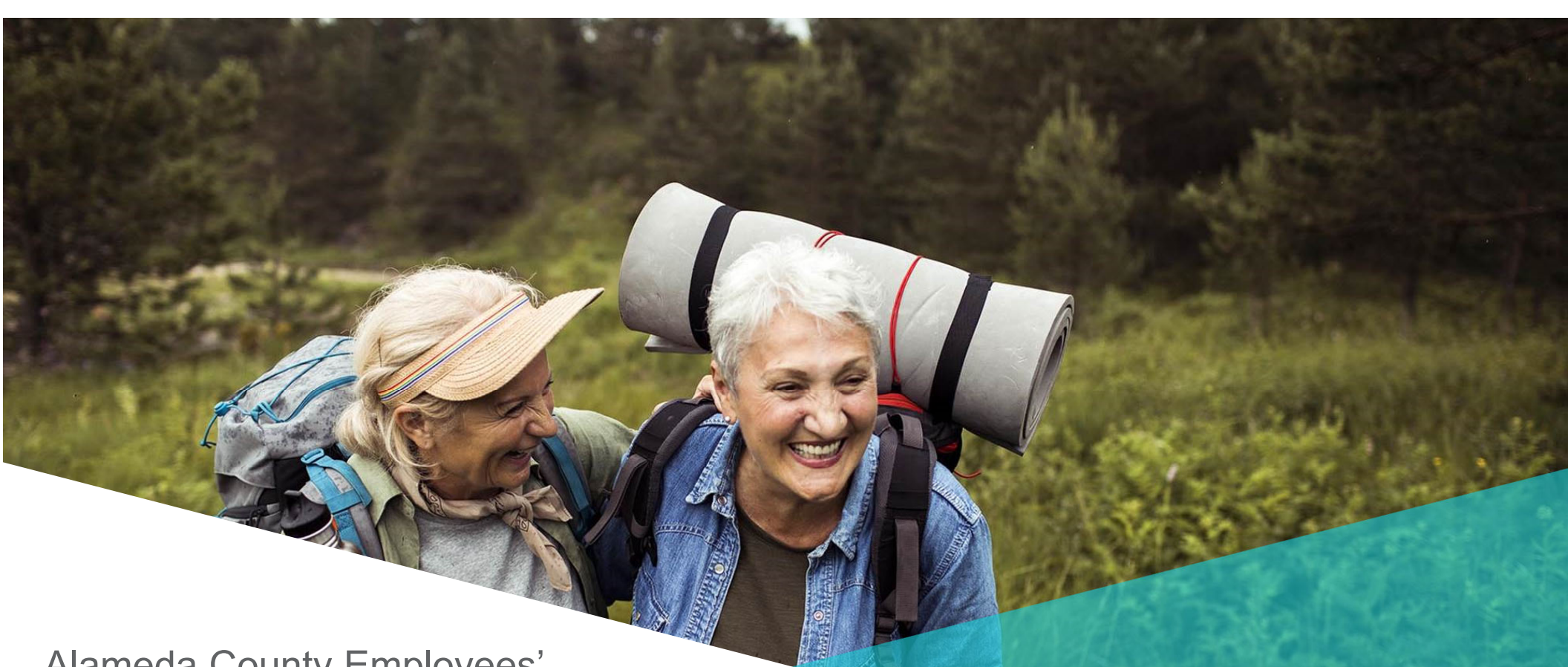
Recommendation Number One

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to approve including the diagnostic and preventive services waiver, and increasing the annual benefit maximum from \$1,000 to \$1,300 for the Premier and Non-Contracted providers.

Recommendation Number Two

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the dental plan contributions for Plan Year 2023, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$51.24, an increase of 16.1% over the current rate, for the PPO plan and \$22.18 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the 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.

Attachment



Alameda County Employees'
Retirement Association (ACERA)

Delta Dental Renewal Effective February 1, 2023

ACERA Retirees Committee Meeting

Presented on August 3, 2022
Presented by Stephen Murphy

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| Agenda

Premium Stabilization Reserve

DPPO Funding Arrangement

Renewal Monthly Premiums

Annualized 2023 Premiums

DPPO Proposed Plan Enhancements

Premium Stabilization Reserve

- ACERA's Premium Stabilization Reserve (PSR) increased from \$1.5M to \$2.1M for the plan year ending January 31, 2022, due to the carryover of excess reserves from the COVID impacted plan year.
- As of June 30, 2022, the PSR decreased to \$1.7M due to the resumption of routine and urgent dental care.

DPPO Funding Arrangement

Subscriber Only Premium (10+ Years of Service)

Renewal Monthly Premium 2/1/2023-1/31/2024

Contract Rate

\$47.26

Subsidy from Premium Stabilization Reserve

(\$3.11)

Billed Rate

\$44.15

- Premium Stabilization Reserves (PSR) are designed to minimize fluctuation in renewal premiums when plans experience higher than projected claims
- Subsidy from the PSR is applied towards premiums for Retirees with 10+ Years of Service
- ACERA contributes towards the Subscriber Only Premium for the DPPO and DHMO plans for Retirees with 10+ Years of Service

Renewal Monthly Premiums DPPO and DHMO Plans

Dental PPO Rates	Subscriber Enrollment ⁽¹⁾	Current 2/1/2022-1/31/2023	Renewal ⁽²⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service – Unsubsidized ⁽³⁾				
Subscriber Only	248	\$65.03	\$65.03	0.0%
Subscriber + 1	124	\$106.17	\$106.17	0.0%
Subscriber and 1 or more dependents	7	\$170.77	\$170.77	0.0%
10+ Years of Service - Subsidized				
Total Rates				
Subscriber Only	5,652	\$47.26	\$47.26	0.0%
Subscriber + 1	2,604	\$89.07	\$89.07	0.0%
Subscriber and 1 or more dependents	271	\$154.80	\$154.80	0.0%
Billed Rates ⁽⁴⁾				
Subscriber Only	5,652	\$44.15	\$44.15	0.0%
Subscriber + 1	2,604	\$85.96	\$85.96	0.0%
Subscriber and 1 or more dependents	271	\$151.69	\$151.69	0.0%

DHMO Rates	Subscriber Enrollment ⁽¹⁾	Current 2/1/2022-1/31/2023	Renewal ⁽²⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service ⁽³⁾				
Subscriber Only	13	\$31.05	\$31.05	0.0%
Subscriber + 1	1	\$45.51	\$45.51	0.0%
Subscriber and 1 or more dependents	0	\$63.00	\$63.00	0.0%
10+ Years of Service				
Total Rates				
Subscriber Only	189	\$22.18	\$22.18	0.0%
Subscriber + 1	67	\$36.64	\$36.64	0.0%
Subscriber and 1 or more dependents	16	\$54.13	\$54.13	0.0%

(1) Subscriber enrollment was provided by ACERA for the month of July 2022.

(2) Rates are in the final year of a 3-year rate guarantee from February 1, 2021 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

(3) ACERA does not contribute towards Subscriber Only Premium for Retirees with <10 Years of Service.

(4) Premiums for all coverage tiers receive a monthly subsidy of \$3.11 from the Premium Stabilization Reserve.

Annualized 2023 Premiums DPPO and DHMO Plans

DPPO Plan	Current 2/1/2022-1/31/2023	Renewal ⁽¹⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized			
Retiree Contribution	\$366,000	\$366,000	0.0%
ACERA Contribution ⁽²⁾	\$0	\$0	N/A
Total Annualized Premium	\$366,000	\$366,000	0.0%
10+ Years of Service - Subsidized			
Retiree Contribution	\$1,657,000	\$1,657,000	0.0%
ACERA Contribution ⁽²⁾	\$4,517,000	\$4,517,000	0.0%
Total Annualized Premium	\$6,174,000	\$6,174,000	0.0%
All Retirees			
Retiree Contribution	\$2,023,000	\$2,023,000	0.0%
ACERA Contribution ⁽²⁾	\$4,517,000	\$4,517,000	0.0%
Total Annualized Premium	\$6,540,000	\$6,540,000	0.0%

DHMO Plan	Current 2/1/2022-1/31/2023	Renewal ⁽¹⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized			
Retiree Contribution	\$5,000	\$5,000	0.0%
ACERA Contribution ⁽²⁾	\$0	\$0	N/A
Total Annualized Premium	\$5,000	\$5,000	0.0%
10+ Years of Service - Subsidized			
Retiree Contribution	\$18,000	\$18,000	0.0%
ACERA Contribution ⁽²⁾	\$72,000	\$72,000	0.0%
Total Annualized Premium	\$90,000	\$90,000	0.0%
All Retirees			
Retiree Contribution	\$23,000	\$23,000	0.0%
ACERA Contribution ⁽²⁾	\$72,000	\$72,000	0.0%
Total Annualized Premium	\$95,000	\$95,000	0.0%

⁽¹⁾ Rates are in the final year of a 3-year rate guarantee from February 1, 2021 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

⁽²⁾ ACERA contributes towards the Subscriber Only premium for the DPPO and DHMO plans for Retirees with 10+ Years of Service.

The projections in this report are estimates of future costs and are based on unaudited information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

Annualized 2023 Premiums DPPO and DHMO Plans (Combined)

DPPO & DHMO Plans	Current 2/1/2021-1/31/2022	Renewal ⁽¹⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized			
Retiree Contribution	\$371,000	\$371,000	0.0%
ACERA Contribution ⁽²⁾	\$0	\$0	N/A
Total Annualized Premium	\$371,000	\$371,000	0.0%
10+ Years of Service - Subsidized			
Retiree Contribution	\$1,675,000	\$1,675,000	0.0%
ACERA Contribution ⁽²⁾	\$4,589,000	\$4,589,000	0.0%
Total Annualized Premium	\$6,264,000	\$6,264,000	0.0%
All Retirees			
Retiree Contribution	\$2,046,000	\$2,046,000	0.0%
ACERA Contribution ⁽²⁾	\$4,589,000	\$4,589,000	0.0%
Total Annualized Premium	\$6,635,000	\$6,635,000	0.0%

(1) Rates are in the final year of a 3-year rate guarantee from February 1, 2021 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

(2) ACERA contributes towards the Subscriber Only premium for the DPPO and DHMO plans for Retirees with 10+ Years of Service.

The projections in this report are estimates of future costs and are based on unaudited information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

DPPO Proposed Plan Enhancements

Monthly Premiums

DPPO Plan	Current Plan ⁽¹⁾	Option 1 - Increase Benefit Maximum to \$1,300 ⁽²⁾		Option 2 - Increase Benefit Maximum to \$1,300 for all Providers, and include D&P Max Waiver ⁽²⁾		Option 3 - Increase Benefit Maximum to \$1,500 and include D&P Max Waiver ⁽²⁾	
		Monthly Rates	Monthly Rates	% Change from Current	Monthly Rates	% Change from Current	Monthly Rates
<10 Years of Service – Unsubsidized							
Single	\$65.03	\$70.37	8.2%	\$74.78	15.0%	\$79.18	21.8%
Two-Party	\$106.17	\$114.89	8.2%	\$122.10	15.0%	\$129.27	21.8%
Family	\$170.77	\$184.79	8.2%	\$196.39	15.0%	\$207.93	21.8%
10+ Years of Service - Subsidized							
Total Rates							
Single	\$47.26	\$51.14	8.2%	\$54.35	15.0%	\$57.54	21.8%
Two-Party	\$89.07	\$96.38	8.2%	\$102.43	15.0%	\$108.45	21.8%
Family	\$154.80	\$167.51	8.2%	\$178.02	15.0%	\$188.48	21.8%
Billed Rates ^{(3), (4)}							
Single	\$44.15	\$48.03	8.8%	\$51.24	16.1%	\$54.43	23.3%
Two-Party	\$85.96	\$93.27	8.5%	\$99.32	15.5%	\$105.34	22.5%
Family	\$151.69	\$164.40	8.4%	\$174.91	15.3%	\$185.37	22.2%

(1) Rates are in the final year of a 3-year rate guarantee from February 1, 2021 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

(2) Rates provided by Delta Dental. Rates are effective February 1, 2023 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

(3) ACERA contributes towards the Subscriber Only premium for the DPPO plan for Retirees with 10+ Years of Service.

(4) Premiums for all coverage tiers receive a monthly subsidy of \$3.11 from the Premium Stabilization Reserve.

DPPO Proposed Plan Enhancements Benefit Enhancements & Projected Premium

DPPO Benefits	Current Plan ⁽¹⁾	Option 1 - Increase Benefit Maximum to \$1,300 ⁽²⁾	Option 2 - Increase Benefit Maximum to \$1,300 for all Providers, and include D&P Max Waiver ⁽²⁾	Option 3 - Increase Benefit Maximum to \$1,500 and include D&P Max Waiver ⁽²⁾
In-Network Benefits				
Deductible	None	None	None	None
Benefit Maximum	\$1,300	\$1,300	\$1,300	\$1,500
Diagnostic and Preventive Maximum Waiver	No	No	Yes	Yes
Diagnostic and Preventive	No Charge	No Charge	No Charge	No Charge
Basic Restorative	20%	20%	20%	20%
Major Restorative	40%	40%	40%	40%
Orthodontics	Not Covered	Not Covered	Not Covered	Not Covered
Premier and Non-Network Benefits				
Deductible	\$50 Individual / \$150 Family	\$50 Individual / \$150 Family	\$50 Individual / \$150 Family	\$50 Individual / \$150 Family
Benefit Maximum	\$1,000	\$1,300	\$1,300	\$1,500
Diagnostic and Preventive	No Charge	No Charge	No Charge	No Charge
Basic Restorative	30%	30%	30%	30%
Major Restorative	40%	40%	40%	40%
Orthodontics	Not Covered	Not Covered	Not Covered	Not Covered
Projected Annual DPPO Premium ⁽³⁾	\$6,540,000	\$7,103,000	\$7,568,000	\$8,032,000
\$ Change from Current Plan		\$563,000	\$1,028,000	\$1,492,000
% Change from Current Plan		8.6%	15.7%	22.8%
Annual ACERA Contributions ⁽⁴⁾	\$4,517,000	\$4,915,000	\$5,243,000	\$5,569,000
\$ Change from Current Plan		\$398,000	\$726,000	\$1,052,000
% Change from Current Plan		8.8%	16.1%	23.3%

(1) Rates are in the final year of a 3-year rate guarantee from February 1, 2021 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

(2) Rates provided by Delta Dental. Rates are effective February 1, 2023 through January 31, 2024, and will be rate-capped at 5% for the remaining 2-years.

(3) Projected premium is based on Total Rates for retirees with <10 Years of Service and Billed Rates for retirees with 10+ Years of service. Premiums for all coverage tiers for Retirees with 10+ Years of Service receive a monthly subsidy of \$3.11 from the Premium Stabilization Reserve.

(4) ACERA contributes towards the Subscriber Only premium for Retirees with 10+ Years of Service.

The projections in this report are estimates of future costs and are based on unaudited information available to Segal Consulting at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 3, 2022
TO: Members of the Retirees Committee
FROM: Kathy Foster, Assistant Chief Executive Officer
SUBJECT: Approval of Enhancements and Adoption of Vision Plan Contributions for 2023

ACERA currently provides vision coverage to retirees through the Vision Service Plan (VSP). The vision plan contract is managed by ACERA; and therefore, is separate from the County of Alameda. In order to keep premium amounts at a minimal cost, VSP enrollment is mandatory for retirees with ten or more years of ACERA service credit, retirees receiving a service connected disability, or retirees receiving a non-service connected disability effective January 31, 2014. A contribution is provided to cover the single retiree premium for this group. The contract is reviewed by Staff and ACERA's Benefits Consultant, Segal, as contract terms end or rates need to be negotiated. Presentations are made annually to the Retirees Committee for review and possible recommendation for approval by the Board of Retirement. Retirees with less than 10 years of service may enroll themselves and their dependents as long as the premium cost can be deducted from their monthly retirement allowance.

Segal will review the attached presentation and discuss enhancement options and cost information.

Provided below are the current 2022 and 2023 rates for VSP based on the current contract, and the 2023 premiums without any coverage changes. Since VSP provided a five-year premium rate guarantee, there are no changes in the premiums for the current plan coverage.

2022 and 2023 PREMIUMS

February 1, 2023 through January 31, 2024:

Table with 2 columns: Ten or More Years, Less than Ten Years. Row: Contract Rates, \$3.97, \$5.74

After reviewing the various benefit enhancement options, Staff recommends adding UV coating and polycarbonate lenses and increasing the frame allowance. These enhancements will result in a 16.6% premium increase over the current rate.

Provided below are the 2023 rates for the vision plan based on the coverage enhancement options Staff is recommending.

2023 PREMIUMS WITH ENHANCEMENTS

February 1, 2023 through January 31, 2024:

	<u>Single</u>	
	<u>Less than Ten Years</u>	<u>Ten or More Years</u>
Contract Rates	\$6.69	\$4.63

Based on the July 11, 2022 enrollment numbers (8,733), the annual cost to provide the subsidized vision benefit with these enhancements is approximately \$485,205; an estimated annual increase of \$69,165 over the 2023 plan year.

VOLUNTARY BUY UP PLAN OPTION

In addition, ACERA offers a Voluntary Buy Up plan option in which retirees would pay the difference in premiums to enroll in a richer plan. The following is a breakdown of the premiums for the current 2022 and 2023 Voluntary Buy Up plan. VSP also provided a five-year premium rate guarantee for the Voluntary Buy Up plan, so there are no changes in the premiums. Below are the total premiums for the Voluntary Buy Up plan. Those retirees with 10+ years of service will receive the vision plan subsidy towards their premiums.

2022 and 2023 VOLUNTARY BUY UP PLAN PREMIUMS

February 1, 2023 through January 31, 2024:

Retiree Groups	Total 2023 Renewal Rates
10 + Years	\$14.26 / \$20.71 / \$37.19
Under 10 Years	\$15.81 / \$22.96 / \$41.23

2023 VOLUNTARY BUY UP PLAN PREMIUMS WITH ENHANCEMENTS

February 1, 2023 through January 31, 2024:

Retiree Groups	Total 2023 Renewal Rates
10 + Years	\$16.63 / \$24.15 / \$43.36
Under 10 Years	\$18.43 / \$26.77 / \$48.07

Recommendation Number One

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to approve adding UV coating and polycarbonate lenses and increasing the frame allowance.

Recommendation Number Two

Staff recommends that the Retirees Committee recommend to the Board of Retirement a motion to continue the vision plan contributions for Plan Year 2023, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.63, an increase of 16.6 % over the current rate, for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the 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.

Attachment



Alameda County Employees'
Retirement Association (ACERA)

VSP Renewal

Effective February 1, 2023

ACERA Retirees Committee Meeting

August 3, 2022
Presented by Stephen Murphy

| Agenda

Renewal Monthly Premiums

Annualized 2023 Premiums

Proposed Plan Enhancements

Renewal Monthly Premiums Standard and Buy-Up Plans

Standard Plan	Subscriber Enrollment ⁽¹⁾	Current 2/1/2022-1/31/2023	Renewal ⁽²⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized				
Subscriber Only	216	\$5.74	\$5.74	0.0%
Subscriber + 1	102	\$8.32	\$8.32	0.0%
Subscriber + 2 or more dependents	4	\$14.94	\$14.94	0.0%
10+ Years of Service - Subsidized ⁽³⁾				
Subscriber Only	5,150	\$3.97	\$3.97	0.0%
Subscriber + 1	1,803	\$5.77	\$5.77	0.0%
Subscriber + 2 or more dependents	148	\$10.36	\$10.36	0.0%

Buy-Up Plan	Subscriber Enrollment ⁽¹⁾	Current 2/1/2021-1/31/2022	Renewal ⁽²⁾ 2/1/2022-1/31/2023	% Change from Current
<10 Years of Service - Unsubsidized				
Subscriber Only	47	\$15.81	\$15.81	0.0%
Subscriber + 1	48	\$22.96	\$22.96	0.0%
Subscriber + 2 or more dependents	1	\$41.23	\$41.23	0.0%
10+ Years of Service - Subsidized ⁽³⁾				
Subscriber Only	866	\$14.26	\$14.26	0.0%
Subscriber + 1	672	\$20.71	\$20.71	0.0%
Subscriber + 2 or more dependents	94	\$37.19	\$37.19	0.0%

(1) Subscriber enrollment was provided by ACERA for the month of July 2022.

(2) Rates are in the third year of a 5-year rate guarantee from February 1, 2021 through January 31, 2026.

(3) ACERA contributes towards the Standard Plan's Subscriber Only premium for Retirees with 10+ Years of Service.

Annualized 2022 Premiums Standard and Buy-Up Plans

Standard Plan	Current 2/1/2022-1/31/2023	Renewal ⁽¹⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized			
Retiree Contribution	\$26,000	\$26,000	0.0%
ACERA Contribution ⁽²⁾	\$0	\$0	N/A
Total Annualized Premium	\$26,000	\$26,000	0.0%
10+ Years of Service - Subsidized			
Retiree Contribution	\$51,000	\$51,000	0.0%
ACERA Contribution ⁽²⁾	\$338,000	\$338,000	0.0%
Total Annualized Premium	\$389,000	\$389,000	0.0%
All Retirees			
Retiree Contribution	\$77,000	\$77,000	0.0%
ACERA Contribution ⁽²⁾	\$338,000	\$338,000	0.0%
Total Annualized Premium	\$415,000	\$415,000	0.0%

Buy-Up Plan	Current 2/1/2022-1/31/2023	Renewal ⁽¹⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized			
Retiree Contribution	\$23,000	\$23,000	0.0%
ACERA Contribution ⁽²⁾	\$0	\$0	N/A
Total Annualized Premium	\$23,000	\$23,000	0.0%
10+ Years of Service - Subsidized			
Retiree Contribution	\$279,000	\$279,000	0.0%
ACERA Contribution ⁽²⁾	\$78,000	\$78,000	0.0%
Total Annualized Premium	\$357,000	\$357,000	0.0%
All Retirees			
Retiree Contribution	\$302,000	\$302,000	0.0%
ACERA Contribution ⁽²⁾	\$78,000	\$78,000	0.0%
Total Annualized Premium	\$380,000	\$380,000	0.0%

⁽¹⁾ Rates are in the third year of a 5-year rate guarantee from February 1, 2021 through January 31, 2026.

⁽²⁾ ACERA contributes towards the Standard Plan's Subscriber Only premium for Retirees with 10+ Years of Service.

The projections in this report are estimates of future costs and are based on unaudited information available to Segal at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

Annualized 2022 Premiums Standard and Buy-Up Plans (Combined)

Standard & Buy-Up Plans	Current 2/1/2022-1/31/2023	Renewal ⁽¹⁾ 2/1/2023-1/31/2024	% Change from Current
<10 Years of Service - Unsubsidized			
Retiree Contribution	\$49,000	\$49,000	0.0%
ACERA Contribution ⁽²⁾	\$0	\$0	N/A
Total Annualized Premium	\$49,000	\$49,000	0.0%
10+ Years of Service - Subsidized			
Retiree Contribution	\$330,000	\$330,000	0.0%
ACERA Contribution ⁽²⁾	\$416,000	\$416,000	0.0%
Total Annualized Premium	\$746,000	\$746,000	0.0%
All Retirees			
Retiree Contribution	\$379,000	\$379,000	0.0%
ACERA Contribution ⁽²⁾	\$416,000	\$416,000	0.0%
Total Annualized Premium	\$795,000	\$795,000	0.0%

(1) Rates are in the third year of a 5-year rate guarantee from February 1, 2021 through January 31, 2026.

(2) ACERA contributes towards the Standard Plan's Subscriber Only premium for Retirees with 10+ Years of Service.

The projections in this report are estimates of future costs and are based on unaudited information available to Segal at the time the projections were made. Projections are not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, changes in group demographics, overall inflation rates and claims volatility. The accuracy and reliability of health projections decrease as the projection period increases.

Proposed Plan Enhancements

Monthly Premiums

Standard Plan	Current Plan ⁽¹⁾	Option 1 - Include UV Coating & Polycarbonate Lenses ⁽²⁾		Option 2 - Include UV Coating & Polycarbonate Lenses and Increase Frame Allowance ⁽²⁾		Option 3 - Replace Standard Plan with Buy-Up Plan ⁽²⁾	
	Monthly Rates	Monthly Rates	% Change from Current	Monthly Rates	% Change from Current	Monthly Rates	% Change from Current
<10 Years of Service - Unsubsidized							
Single	\$5.74	\$6.12	6.6%	\$6.69	16.6%	\$15.28	166.2%
Two-Party	\$8.32	\$8.87	6.6%	\$9.70	16.6%	\$22.15	166.2%
Family	\$14.94	\$15.93	6.6%	\$17.42	16.6%	\$39.77	166.2%
10+ Years of Service - Subsidized ⁽³⁾							
Single	\$3.97	\$4.23	6.5%	\$4.63	16.6%	\$11.31	184.9%
Two-Party	\$5.77	\$6.15	6.6%	\$6.73	16.6%	\$16.43	184.7%
Family	\$10.36	\$11.04	6.6%	\$12.08	16.6%	\$29.51	184.8%

Buy-Up Plan	Current Plan ⁽¹⁾	Option 1 - Include UV Coating & Polycarbonate Lenses ⁽²⁾		Option 2 - Include UV Coating & Polycarbonate Lenses and Increase Frame Allowance ⁽²⁾		Option 3 - Replace Standard Plan with Buy-Up Plan ⁽²⁾	
	Monthly Rates	Monthly Rates	% Change from Current	Monthly Rates	% Change from Current	Monthly Rates	% Change from Current
<10 Years of Service - Unsubsidized							
Single	\$15.81	\$16.85	6.6%	\$18.43	16.6%	\$15.28	-3.4%
Two-Party	\$22.96	\$24.48	6.6%	\$26.77	16.6%	\$22.15	-3.5%
Family	\$41.23	\$43.95	6.6%	\$48.07	16.6%	\$39.77	-3.5%
10+ Years of Service - Subsidized ⁽³⁾							
Single	\$14.26	\$15.20	6.6%	\$16.63	16.6%	\$11.31	-20.7%
Two-Party	\$20.71	\$22.08	6.6%	\$24.15	16.6%	\$16.43	-20.7%
Family	\$37.19	\$39.64	6.6%	\$43.36	16.6%	\$29.51	-20.7%

⁽¹⁾ Rates are in the third year of a 5-year rate guarantee from February 1, 2021 through January 31, 2026.

⁽²⁾ Rates provided by VSP. Rates are effective February 1, 2023 through January 31, 2026.

⁽³⁾ ACERA contributes towards the Standard Plan's Subscriber Only premium for Retirees with 10+ Years of Service.

Proposed Plan Enhancements

Benefit Summary and Projected Costs

In-Network Benefits ^{(1),(2)}	Current Benefits	Option 1	Option 2	Option 3
		Include UV Coating & Polycarbonate Lenses	Include UV Coating & Polycarbonate Lenses and Increase Frame Allowance	Replace Standard Plan with Buy-Up Plan
Standard Plan				
Exam	No Copay, every 12 months	No Copay every 12 months	No Copay every 12 months	\$15 copay (Exam & Materials), every 12 months
Prescription Glasses	\$25 Copay	\$25 Copay	\$25 Copay	
Lens Enhancements ⁽³⁾	100%	100%	100%	100%
Premium & Custom Lenses	\$95 - \$175 Allowance	\$95 - \$175 Allowance	\$95 - \$175 Allowance	100% after \$25 Copay
Polycarbonate Lenses	Not Covered	Covered	Covered	Not Covered
Lense Frequency	12 months	12 months	12 months	12 months
UV Coating	Not Covered	Covered	Covered	Not Covered
Frames ⁽⁴⁾	\$150 Allowance	\$150 Allowance	\$175 Allowance	\$200 Allowance
Frame Frequency	24 months	24 months	24 months	12 months
Contact Lens, Exam and Fitting	\$105 Allowance	\$105 Allowance	\$105 Allowance	\$200 Allowance
Buy-Up Plan				
Exam	\$15 copay (Exam & Materials), every 12 months	\$15 copay (Exam & Materials), every 12 months	\$15 copay (Exam & Materials), every 12 months	\$15 copay (Exam & Materials), every 12 months
Prescription Glasses	\$15 copay (Exam & Materials), every 12 months	\$15 copay (Exam & Materials), every 12 months	\$15 copay (Exam & Materials), every 12 months	\$15 copay (Exam & Materials), every 12 months
Lens Enhancements ⁽³⁾	100%	100%	100%	100%
Premium & Custom Lenses	100% after \$25 Copay	100% after \$25 Copay	100% after \$25 Copay	100% after \$25 Copay
Polycarbonate Lenses	Not Covered	Covered	Covered	Not Covered
Lense Frequency	12 months	12 months	12 months	12 months
UV Coating	Not Covered	Covered	Covered	Not Covered
Frames ⁽⁴⁾	\$200 Allowance	\$200 Allowance	\$250 Allowance	\$200 Allowance
Frame Frequency	12 months	12 months	12 months	12 months
Contact Lens, Exam and Fitting	\$200 Allowance	\$200 Allowance	\$200 Allowance	\$200 Allowance
Projected Annual Premium	\$795,000	\$846,000	\$926,000	\$1,481,000
\$ Change from Current		\$51,000	\$131,000	\$686,000
% Change from Current		6.4%	16.5%	86.3%
Annual ACERA Contributions ⁽⁵⁾	\$416,000	\$443,000	\$485,000	\$1,185,000
\$ Change from Current		\$27,000	\$69,000	\$769,000
% Change from Current		6.5%	16.6%	184.9%

(1) For Tints and Photochromic, members receive a 20% discount for the Standard plan and covered at 100% for the Buy-Up Plan.

(2) For Anti-Reflective Lens Coating, members pay a \$41 copay under the Standard plan and \$25 copay under the Buy-Up plan.

(3) Lens Enhancements include Single Vision, Bifocal, Trifocal, and Standard Progressive.

(4) 20% discount on amounts above allowance.

(5) ACERA contributes towards the Standard Plan's Subscriber Only premium for Retirees with 10+ Years of Service.

Cost estimates are calculated by applying standard pricing models and, where applicable, network discounts, impact of utilization management, and benefit modifications to historical claims experience. These estimates are based on information provided by VSP. Segal has not audited the information provided and is not responsible for misrepresentations or incorrect or incomplete documentation provided by VSP. There is no guarantee that future cost will be realized. The projections in this report are estimates of future costs and are based on information available to Segal at the time the projections were made. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, trend rates, and claims volatility. The accuracy and reliability of projections decrease as the projection period increases.



MEMORANDUM TO THE RETIREES COMMITTEE

DATE: August 3, 2022

TO: Members of the Retirees Committee

FROM: Ismael Piña, Assistant Benefits Manager

SUBJECT: **Miscellaneous Updates**

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

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