

November 3, 2010

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair

**Subject: Summary of the November 3, 2010 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called November 3, 2010 meeting to order at 10:50 a.m. Committee members present were Annette Cain-Darnes, George Dewey, Dale Amaral, and Elizabeth Rogers. Other Board Members present were Keith Carson and George Wood, and Alternate Members Darryl Walker and David Safer. Staff present were Catherine Walker, Acting Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Bob Gaumer, Chief Counsel; Latrena Walker, Project and Information Services Manager; J.P. Singh, Chief Financial Officer; Rose Kwong, Benefits Manager; Mike Fara, Communications Manager; Betty Tse, Chief Investment Officer and Harsh Jadhav, Internal Auditor.

### **ACTION ITEMS**

#### **Medicare Part B Reimbursement Amount for 2011**

ACERA currently provides a reimbursement for the Medicare Part B benefit to eligible Retirees.

There are two standard monthly premiums for Medicare Part B recipients for Retirees who earn \$85,000.00 or less annual income. The first premium is for enrollees prior to 2010 which is \$96.40 and for those who enrolled in 2010 who pay \$110.50. Those with a higher income level pay a standard premium of \$110.50 regardless of date of enrollment, as well as an income related adjustment amount. ACERA reimburses eligible retirees the lowest standard premium of \$96.40.

There will be no COLA increase for Social Security beneficiaries in 2011, which means there will be no increase to current Medicare Part B premiums for those who earn \$85,000.00 or less. Therefore, those who enrolled prior to 2010 and those who enrolled in 2010 and who earn \$85,000.00 or less will continue to pay \$96.50 and \$110.50.

Although the new premiums for 2011 are not yet considered final by CMS (Center for Medicare and Medicaid), Staff recommend the continuation of providing the MBRP benefit to eligible retirees at the lowest standard premium of \$96.40.

This is a non-vested benefit and is the fourth year that this premium remains the same. The current annual cost of \$3,594,178 will not change unless there are more or less Retirees enrolled in the program.

Staff put forth its recommendation that the Committee adopt that the current Medicare Part B premium benefit for 2011 remain at the lowest standard premium of \$96.40. This is a non-vested benefit funded by contribution from ACERA employers to the 401(h) account. After contributions are made, in accordance with the CERL, ACERA treats an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions. The recommendation was moved by George Dewey, seconded by Dale Amaral, and passed unanimously.

## **INFORMATION ITEMS**

### **1. Open Enrollment Activity and Health Fair Results**

Staff expects to receive similar amounts of Open Enrollment forms as last year with the exception of 104 additional medical Open Enrollment forms due to the cancellation of the Anthem Blue Cross contract by Alameda County. There were approximately 313 total forms processed during last year's Open Enrollment period.

Staff provided details on the results of the Annual Retiree Health Fair held on October 29<sup>th</sup>.

All attendees were asked to complete an overall Health Fair and/or a presentation survey. The total attendance was 355 Retirees, 60 more than last year. 192 completed Health Fair surveys which is 39 more than last year.

There were three presentations that the attendees had the opportunity to attend at the Health Fair. All presentations were rated good or excellent.

Some Retirees did not receive a packet prior to the Health Fair. A problem occurred with one vendor having in-house delays with page review; the printing had to be delayed by three days and then re-approved before going to print.

A total of 7500 packets were mailed on October 27<sup>th</sup> rather than October 22<sup>nd</sup>, which was staff's target mailing date.

### **2. ACERA's Wellness and Disease Management Plan**

Kaiser reported to ACERA that in 2009 14.9% of our Early Retirees (those under age 65) are diabetic. 34.8% of the premiums paid to Kaiser are due to this disease. Staff is embarking on a new Wellness and Disease Management plan that will focus on improving the health of retirees diagnosed with Diabetes and reduce future costs.

Staff is working with all of ACERA's medical carriers as well as VSP and Delta Dental in effort to communicate prevention, detection and management of diabetes through newsletters and presentations and other methods of education.

Measurements of how improvements are made will be through analysis of certain indicators such as fewer prescriptions and doctor and emergency room visits.

Staff kicked off this project last summer with an article regarding diabetes prevention and management in the Summer What's Up Newsletter. In addition, the carriers provided communication flyers regarding diabetes for the Open Enrollment packets and provided a doctor and a dentist to present information related to diabetes at the health fair.

Regular status reports will be provided to the Retirees Committee on the progress of this plan.

### **3. Miscellaneous Healthcare Updates**

#### **Delta Dental 1<sup>st</sup> or 2<sup>nd</sup> Quarter Performance Guarantees**

Staff reported that Delta Dental did not meet its customer service metric of 80% of calls answered within 30 seconds. This goal was missed in both quarters (79% & 70% respectively). Delta Dental experienced higher than expected call volume in July resulting in lower than anticipated service levels. This increase in call volume during the month of July was addressed with additional staff to support the demand on their highest call volume days.

#### **Prescription Recall**

Staff was also reported that ACERA was alerted by PacifiCare/UnitedHealthcare of a recent prescription recall. Amgen and Centocor Ortho Biotech announced a voluntary recall of certain lots of Epogen<sup>®</sup> and Procrit<sup>®</sup>. The recalled products may contain extremely thin glass flakes that are barely visible.

Mailings regarding this recall were sent to all members receiving Epogen or Procrit over the last six months through a retail pharmacy in early to mid-October.

Prescription Solutions is proactively calling members with fill history of Epogen or Procrit over the past 60 days. Outreach calls will confirm on-hand inventory and arrange for return of affected lots. Additionally, Prescription Solutions Specialty Pharmacy is working with patients and providers on alternatives until there is a product available.

#### **Wells Fargo Duplication of Advices**

There was a glitch in Wells Fargo system that caused a duplication of Retirees direct deposit advices. Staff is discussing the issue with Wells Fargo to learn the details of why this occurred.

#### **Medicare Part D Prescription Drug Notices**

The Medicare Part D prescription drug notices were mailed out with the October 29<sup>th</sup> payroll. The Communication Team re-formatted and branded the look of the notice, no wording was changed. Total savings for printing the notice was \$795.00.

### **TRUSTEE/PUBLIC INPUT**

None.

**RECOMMENDATIONS**

**The Committee recommends, and I move that the Board of Retirement:**

To continue the current Medicare Part B reimbursement benefit for 2011 at the lowest standard premium of \$96.40 for eligible retirees. This is a non-vested benefit funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the CERL, ACERA treats an equal amount of Supplemental Retiree Benefits Reserve (SRBR) assets as employer contributions for pensions.

**FUTURE DISCUSSION ITEMS**

As noted on the agenda.

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for December 1, 2010 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 11:23 a.m.