



April 1, 2015

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the April 1, 2015 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the April 1, 2015 meeting to order at 11:30 a.m. Committee members present were Liz Koppenhaver, Tarrell Gamble, Dale Amaral, Annette Cain-Darnes, and George Wood. Also present were Keith Carson and Elizabeth Rogers, and alternate member Darryl Walker. Staff present were Kathy Foster, Interim Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Latrena Walker, Projects and Information Services Manager; and Harsh Jadhav, Chief of Internal Audit.

### **ACTION ITEMS**

There were no action items for discussion.

### **INFORMATION ITEMS**

#### **1. Report on Capability and Cost of Providing Out-of-Service Area Medical Coverage to Early Retirees through OneExchange**

Staff provided information regarding OneExchange services, federal subsidies, 2015 average premiums and available plans, and cost to provide individual plan medical coverage to early retirees who live out of the service area or out of state. After some discussion, there was a strong desire to proceed with providing medical coverage to this group of early retirees. Staff will present additional information and a recommendation for Trustees' consideration to move forward with establishing individual plan medical coverage options, as well as eligible subsidies through OneExchange at the May Retirees Committee meeting.

#### **2. Healthcare Reform Update – 1st Quarter**

Keenan & Associates (Keenan), ACERA's Benefits Consultant, provided updates on the Cadillac Tax, King vs. Burwell lawsuit, and Covered California and the Federal marketplace, and gave a break out of the Affordable Care Act fees.

#### **3. Supplemental Retiree Benefit Reserve (SRBR) Financial Status**

Staff presented a 10-year history of the Supplemental Retiree Benefit Reserve (SRBR) activity through December 31, 2014. Approximately \$66.6 million of interest was credited to the SRBR fund for the second half of 2014, using a semi-annual interest crediting rate of 8.9692%. The total interest credited to the SRBR for 2014 was approximately \$186.5 million. There was approximately \$3.4 million transferred from the Employers Advance Reserve. The December 31, 2014 ending balance was approximately \$789.8 million.

#### **4. Report on Annual Health Planning Meeting with Retiree Groups**

Staff provided a report on the participants, topics, and follow-up items from the Annual Health Planning meeting, which was held on March 4, 2015.

#### **5. Miscellaneous Updates**

There were no relevant benefit issues affecting ACERA retirees or ACERA Staff at this time.

#### **TRUSTEE/PUBLIC/STAFF INPUT**

Trustee Koppenhaver expressed appreciation to Keenan for a well-organized and informative Keenan Summit conference she and Trustee Safer attended along with some ACERA Staff on March 24, 2015.

Kathy Foster, Interim Chief Executive Officer, announced that she will be speaking on a panel regarding health care at a conference sponsored by Keenan in Los Angeles on April 10, 2015. She will also be speaking about the Medicare exchange at the California Retired County Employees Association's Spring Conference in Ontario on April 21, 2015.

#### **FUTURE DISCUSSION ITEMS**

- 401(h) Account Resolution Request to ACERA Participating Employers
- Approval of Payment for Implicit Subsidy Cost for 2014
- Possible Declaration of Intent to Fund Implicit Subsidy Program for 2016

#### **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for May 6, 2015 at 10:30 a.m.

#### **MEETING ADJOURNED**

The meeting adjourned at 12:20 p.m.