

April 4, 2012

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the April 4, 2012 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the April 4, 2012 meeting to order at 10:00 a.m. Committee members present were Liz Koppenhaver, Annette Cain-Darnes, Dale Amaral, and George Wood. Other Board members present were George Dewey, and Keith Carson; and alternate members David Safer and Darryl Walker. Staff present were Vincent Brown, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Robert Gaumer, Chief Counsel; Rose Kwong, Benefits Manager; JP Singh, Chief Financial Officer; Betty Tse, Chief Investment Officer; and Harsh Jadhav, Internal Audit Manager.

### **ACTION ITEMS**

There were no action items.

### **INFORMATION ITEMS**

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

JP Singh, Chief Financial Officer, presented a 10-year history of the Supplemental Retiree Benefit Reserve (SRBR) activity through December 31, 2011. Approximately \$5.9 million of interest was credited to the SRBR fund for the second half of 2011, using a semi-annual interest crediting rate of 0.9643%. The total interest credited to the SRBR for 2011 was approximately \$19.2 million. The December 31, 2011 ending balance was approximately \$602.9 million.

#### **2. Report on Individual Supplemental Retiree Benefit Reserve (SRBR) Benefit Costs for 2010 and 2011**

Kathy Foster, Assistant Chief Executive Officer, provided information on individual Supplemental Retiree Benefit Reserve (SRBR) benefit costs and recipient numbers based on years of service for 2010 and 2011, as well as the number of medical plan enrollees benefiting from ACERA's payment of the Implicit Subsidy. The Trustees directed Staff to identify and provide additional information for those retirees with reciprocity who are receiving SRBR benefits. Since specific reciprocity information for retirees who retired prior to converting the files to Pension Gold is difficult and time consuming to capture, the Trustees agreed that Staff be given the necessary time to provide the information for further discussion at a future meeting.

In addition, Trustees requested that the probability assumptions used by The Segal Company, ACERA's actuary, when developing the SRBR timeline be provided at a future meeting.

### **3. Retired Lump Sum Death Benefit**

Kathy Foster, Assistant Chief Executive Officer, reported that the increase in the Supplemental Retiree Benefit Reserve (SRBR) – paid portion of the retired member lump sum death amount from \$1,000 to \$5,000 was approved by the Retirees Committee at its August 5, 1998 meeting. The Trustees directed Staff to provide a cost estimate of the savings if the benefit was reduced in \$1,000 increments.

### **4. Healthcare Reform Update – 1<sup>st</sup> Quarter**

Keenan & Associates, ACERA's Benefits and Communications Consultant, provided information regarding the timeline summary of the Affordable Care Act (ACA), (formerly referred to as the Patient Protection and Affordable Care Act); issues being considered by the Supreme Court, and the Uniform Summary of Benefits and Coverage (SBC) requirement.

### **5. Report on Annual Health Plan Meeting with Retiree Group**

Sharen Stanek-Lowe, Assistant Benefits Manager, provided a report on the participants, topics, and follow-up items from the Annual Health Plan meeting, which was held on March 7, 2012.

### **6. Report on ACERA's Wellness Program – 1<sup>st</sup> Quarter**

Sharen Stanek-Lowe, Assistant Benefits Manager, gave a presentation on ACERA's Wellness Program, which included the 2012 Wellness & Disease Management Work Plan, ACERA's goals and objectives for 2012, carrier measurements for the period 2009 through 2011, and a summary of the first quarter 2012 accomplishments.

### **7. Miscellaneous Updates**

Sharen Stanek-Lowe, Assistant Benefits Manager, reported that ACERA is reviewing with Kaiser Permanente and UnitedHealthcare the questions raised about their Nurselines related to their quality controls, customer service levels, and oversight of the representatives. Staff will provide an update at the May Retirees Committee meeting.

### **TRUSTEE/PUBLIC INPUT**

The Trustees thanked the Presidents from the retiree associations for attending the Retirees Committee meetings, especially since the Committee is looking at making changes to the retiree health benefits in the future, and their attendance ensures that the retirees are well represented.

**RECOMMENDATIONS**

None.

**FUTURE DISCUSSION ITEMS**

- 401(h) Account Resolution Request to ACERA Participating Employers
- Approval of Payment for Implicit Subsidy Cost for 2011
- Possible Declaration of Intent to Fund Implicit Subsidy Program for 2013
- Report and Possible Recommendation on Medicare Advisory Request for Proposal

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for May 17, 2012 at 10:00 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 11:45 a.m.