



June 4, 2014

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

Subject: Summary of the June 4, 2014 Retirees Committee Meeting

Committee Chair Liz Koppenhaver called the June 4, 2014 meeting to order at 10:30 a.m. Committee members present were Liz Koppenhaver, Dale Amaral, Keith Carson, and George Dewey. Also present were Annette Cain-Darnes, and alternate member David Safer. Staff present were Kathy Foster, Assistant Chief Executive Officer; Betty Tse, Chief Investment Officer; Margo Allen, Fiscal Services Officer; Marguerite Malloy, Associate Counsel; Rose Kwong, Benefits Manager; and Harsh Jadhav, Internal Audit Manager.

ACTION ITEMS

There were no action items for discussion.

INFORMATION ITEMS

1. Presentation and Report on Healthcare Inflation/Trends

Kathy Foster, Assistant Chief Executive Officer, reported on healthcare inflation factors for 2014 and 2015 based on the information provided by The Segal Company, ACERA's Actuary, and Keenan and Associates (Keenan), ACERA's Benefits Consultant. The trend assumptions provided have been reset to start at 8.0% for non-Medicare plans and 7.0% for Medicare Advantage plans. The trend used for dental, vision and Medicare Part B is 5%. In addition, Keenan provided information from the American Medical Association on factors which will likely influence medicine and the delivery of care in the future, and Becker's Hospital Review, which identifies trends to watch in 2014.

2. Discussion of Monthly Medical Allowance (MMA) for 2015

Kathy Foster, Assistant Chief Executive Officer, presented Group and Individual plan enrollment Monthly Medical Allowance (MMA) cost comparisons for the 2014 and 2015 plan years. This item will be brought back to the Retirees Committee for further discussion and possible approval of the 2015 MMA at the July 2014 meeting.

3. Discussion of Frequency for Reporting on OneExchange Health Reimbursement Arrangement Account Spending

Kathy Foster, Assistant Chief Executive Officer, requested feedback on the desired frequency of reporting on the OneExchange Health Reimbursement Arrangement (HRA) account spending and usage report by years of service. Trustees agreed that receiving this information twice a year would be sufficient.

4. AB197 Implementation Workload and Budget Impacts

Kathy Foster, Assistant Chief Executive Officer, presented information on the projected number of retirements due to implementing AB197 and the impacts on the workload. She also reported that based on the assessment of the workload impacts, a contingency budget to hire temporary employees and overtime for current Staff to handle the surge of retirements will be necessary. If the stay for the appeal of the DSA lawsuit final judgment is not granted, a more detailed and expanded report will be provided to the Budget Committee at its July 10th meeting requesting approval of a contingency budget to cover these expenses.

TRUSTEE/PUBLIC INPUT

Ken Moresi stated that effective May 31, 2014, he stepped down as REAC Board President. He expressed his appreciation to the Trustees and to ACERA Staff and introduced Steve Scheinman, who has taken his position as REAC President. The Trustees expressed their appreciation to Ken and welcomed Steve.

FUTURE DISCUSSION ITEMS

- Adoption of 2015 Monthly Medical Allowance (MMA)

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for July 2, 2014 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:35 a.m.