



July 12, 2017

To: Members of the Retirees Committee

From: Liz Koppenhaver, Chair, Retired Trustee

**Subject: Summary of the July 12, 2017 Retirees Committee Meeting**

Committee Chair Liz Koppenhaver called the July 12, 2017 meeting to order at 1:43 p.m. Committee members present were Liz Koppenhaver, George Wood, Annette Cain-Darns and Elizabeth Rogers. Also present were Dale Amaral, Ophelia Basgal, Keith Carson, and Henry Levy, and alternate member Darryl Walker. Staff present were Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Victoria Arruda, Human Resources Officer; Betty Tse, Chief Investment Officer; Harsh Jadhav, Chief of Internal Audit; and Sandra Dueñas-Cuevas, Benefits Manager.

### **ACTION ITEMS**

#### **1. Adoption of 2018 Monthly Medical Allowance for Group Plans**

Staff presented group plans Monthly Medical Allowance (MMA) cost comparisons for the 2017 and 2018 Plan Years. Staff recommended that there be no increase to the MMA amount for 2018, thereby maintaining the current MMA maximum for the group plans of \$540.44 for Plan Year 2018. The Board of Retirement took the following action after some discussion and consideration of: 1) the status of the Supplemental Retiree Benefit Reserve fund; 2) those retirees most impacted by the recommendation regarding the MMA amount; and 3) the retiree associations' opinions (ACRE to increase; REAC to remain the same).

It was moved by Ophelia Basgal and seconded by Annette Cain-Darnes that the Retirees Committee recommend to the Board of Retirement a motion to adopt a 2018 Group Plan Monthly Medical Allowance (MMA) equal to the 2017 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2018.

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Koppenhaver, Levy, Rogers, Wood*), 0 no, 0 abstentions.

#### **2. Adoption of 2018 Monthly Medical Allowance for Early Retiree Individual Plans**

Staff presented Individual Plans Monthly Medical Allowance (MMA) costs for the 2017 Plan Year based on the maximum MMA provided. Staff recommended that there be no increase to the MMA amount for 2018, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2018 for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange.

It was moved by Ophelia Basgal and seconded by Dale Amaral that the Retirees Committee recommend to the Board of Retirement a motion to adopt a 2018 Individual Plan Monthly Medical Allowance (MMA) equal to the 2017 MMA for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2018.

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Koppenhaver, Levy, Rogers, Wood*), 0 no, 0 abstentions.

### **3. Adoption of 2018 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

Staff presented Individual Plans Monthly Medical Allowance (MMA) costs for the 2017 Plan Year based on the maximum MMA provided. Staff recommended that there be no increase to the MMA amount for 2018, thereby maintaining the current MMA maximum of \$414.00 for Plan Year 2018 for eligible retirees enrolled in individual plans through the Medicare Exchange.

It was moved by Elizabeth Rogers and seconded by Annette Cain-Darnes that the Retirees Committee recommend to the Board of Retirement a motion to adopt a 2018 Individual Plan Monthly Medical Allowance (MMA) equal to the 2017 MMA for eligible retirees enrolled in individual plans through the Medicare Exchange, thereby maintaining the current MMA maximum of \$414.00 for Plan Year 2018.

The motion carried 8 yes (*Amaral, Basgal, Cain-Darnes, Carson, Koppenhaver, Levy, Rogers, Wood*), 0 no, 0 abstentions.

## **INFORMATION ITEMS**

### **1. Report on Dental and Vision Plan Experience**

Keenan & Associates (Keenan), ACERA's Benefits Consultant, provided information on ACERA's current contracts, recent claims experience and plan utilization for both Delta Dental (ACERA's dental plan) and VSP (ACERA's vision plan). In addition, Keenan provided information on the percentages of members who reached the PPO and Premier maximum benefit levels; and the additional plan cost to modify the plan design so that the dental Premier benefit levels match those of the PPO benefit levels.

### **2. Miscellaneous Updates**

Staff reported that OneExchange has changed its claim forms to include the member's identifying information on a scan bar when claim forms are generated and sent to the member when requested. This eliminates the need for members to complete the claim forms with their names, social security numbers, addresses, and their signatures. By having the personal information in the scan bar, it is more secure and reduces the risk of identity theft.

Staff has received positive comments from some members regarding the change in the claim forms.

## **RECOMMENDATIONS**

### **1. Adoption of 2018 Monthly Medical Allowance for Group Plans**

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2018 Group Plan Monthly Medical Allowance (MMA) equal to the 2017 MMA for eligible retirees in the group plans, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2018. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

### **2. Adoption of 2018 Monthly Medical Allowance for Early Retiree Individual Plans**

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2018 Individual Plan Monthly Medical Allowance (MMA) equal to the 2017 MMA for eligible qualified early (non-Medicare) retirees enrolled in individual plans through the Health Exchange, thereby maintaining the current MMA maximum of \$540.44 for Plan Year 2018. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

### **3. Adoption of 2018 Monthly Medical Allowance for Medicare Eligible Retiree Individual Plans**

The Committee recommends, and I move that the Board of Retirement (Board) adopts a 2018 Individual Plan Monthly Medical Allowance (MMA) equal to the 2017 MMA for eligible retirees enrolled in individual plans through the Medicare Exchange, thereby maintaining the current MMA maximum of \$414.00 for Plan Year 2018. The MMA contribution is a non-vested benefit subject to possible reduction or elimination if Board policies change or funds are unavailable. This benefit is funded by contributions from ACERA employers to the 401(h) account. After contributions are made, in accordance with the County Employee Retirement Law, ACERA treats an equal amount of Supplemental Retiree Benefit Reserve assets as employer contributions for pensions.

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

None.

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**FUTURE DISCUSSION ITEMS**

- Adoption of Dental Plan Contributions for 2018
- Adoption of Vision Plan Contributions for 2018

**ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for August 2, 2017 at 10:30 a.m.

**MEETING ADJOURNED**

The meeting adjourned at 2:17 p.m.