



August 3, 2016

To: Members of the Retirees Committee

From: Tarrell Gamble, Vice Chair

Subject: Summary of the August 3, 2016 Retirees Committee Meeting

Committee Vice Chair Tarrell Gamble called the August 3, 2016 meeting to order at 10:55 a.m. Committee members present were Tarrell Gamble, Dale Amaral, Annette Cain-Darnes, and George Wood. Also present were Ophelia Basgal and alternate members David Safer and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Sandra Dueñas-Cuevas, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

ACTION ITEMS

1. Adoption of Dental Plan Contributions for 2017

Staff reported that based on the premium rates for Plan Year 2017, the current projected annual cost to provide this non-vested benefit for 2017 is \$3,584,312.

It was moved by George Wood and seconded by Annette Cain-Darnes that the Committee recommend to the Board of Retirement a motion to continue the dental plan contributions for Plan Year 2017, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$42.66 for the PPO plan and \$22.18 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014.

The motion carried 7 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Safer, Walker, Wood*), 0 no, 0 abstentions.

2. Adoption of Vision Plan Contributions for 2017

Staff reported that based on the premium rates for Plan Year 2017, which is the same as that for 2016, the current projected annual cost to provide this non-vested benefit for 2017 is \$362,113.

It was moved by Annette Cain-Darnes and seconded by George Wood that the Committee recommend to the Board of Retirement a motion to continue the vision plan contributions for Plan Year 2017, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.24 for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014.

The motion carried 7 yes (*Amaral, Basgal, Cain-Darnes, Gamble, Safer, Walker, Wood*), 0 no, 0 abstentions.

INFORMATION ITEMS

1. Review of Dental and Vision Plan Premiums for 2017 and Report on Dental and Vision Plan Experience and Utilization

Keenan & Associates, ACERA's Benefits Consultant, and Staff provided information on ACERA-sponsored dental and vision plan renewal summaries including premiums for Plan Year 2017, claims experience, and plan utilization.

2. Report on Health Reimbursement Arrangement Account Balances as of June 2016

Staff provided information on retirees' Health Reimbursement Arrangement (HRA) account balances as of June 30, 2016 categorized by years of service, along with the balances for the same time period for 2014 and 2015.

3. Report on OneExchange Matter Regarding Health Reimbursement Arrangement Reimbursements for Early (Pre-65) Retirees

Staff reported that OneExchange reimbursed some early retirees who reached age 65 and became Medicare eligible higher amounts than should have been allowed. This was because OneExchange did not load the file that identified these early retirees until June 2016. In addition, there were cases in which OneExchange reimbursed the retirees' dependent's medical expenses, which is not permitted under the HRA plan. Staff is working with OneExchange to recover the one overpayment and to resolve these reimbursement issues going forward.

4. Miscellaneous Updates

Staff reported that there are currently less than 800 retirees who are potentially eligible for the Medicare Part B Premium Reimbursement Plan (MBRP) benefit, who have not taken advantage of this benefit. Letters and the MBRP Application form were sent to these retirees reminding them of this benefit, and providing information on the eligibility requirements and instructions on applying for the MBRP benefit.

RECOMMENDATIONS

1. Adoption of Dental Plan Contributions for 2017

The Committee recommends, and I move that the Board of Retirement continue the dental plan contributions for Plan Year 2017, which provides a monthly subsidy equal to the single-party dental plan coverage premium of \$42.66 for the PPO plan and \$22.18 for the DeltaCare USA plan for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the 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 Vision Plan Contributions for 2017

The Committee recommends, and I move that the Board of Retirement continue the vision plan contributions for Plan Year 2017, which provides a monthly subsidy equal to the single-party vision plan coverage premium of \$4.24 for retirees who are receiving ACERA allowances with ten or more years of ACERA service, are service connected disability retirees, or are non-service connected disability retirees as of January 31, 2014. This is a non-vested benefit funded by contributions from the 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

A public comment was made requesting that at some future date, ACERA look into the cost of increasing the dental plans maximum benefit levels.

ESTABLISHMENT OF NEXT MEETING DATE

The next meeting is scheduled for September 7, 2016 at 10:30 a.m.

MEETING ADJOURNED

The meeting adjourned at 11:50 a.m.