



Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, MARCH 26, 2024

TIME: 9:30 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Chair: Michael R. Wilkinson

Committee Members: Thuy Huynh
Sung Won Sohn

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counselor: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

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- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. [APPROVAL OF MINUTES FOR THE MEETINGS OF FEBRUARY 13, 2024 AND FEBRUARY 27, 2024 AND POSSIBLE COMMITTEE ACTION](#)
- III. [2025 HEALTH PLAN CONTRACT RENEWAL STRATEGY AND TIMELINE](#)
- IV. OTHER BUSINESS
- V. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VI. ADJOURNMENT



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

SPECIAL MEETING

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President: Annie Chao
Vice President: Sung Won Sohn

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Janna Sidley
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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MINUTES OF THE SPECIAL MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

February 13, 2024

9:17 a.m.

PRESENT:	Chair:	Michael R. Wilkinson
	Committee Members:	Thuy Huynh (arrived at 9:18 a.m.) Sung Won Sohn
	Commissioner:	Gaylord "Rusty" Roten
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo

The Items in the Minutes are numbered to correspond with the Agenda.

Commissioner Roten joined the Benefits Administration Committee meeting at 9:22 a.m., and this was a Special Meeting of the Board of Administration. Any votes were taken by Benefits Administration Committee members only.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF SEPTEMBER 26, 2023 AND POSSIBLE COMMITTEE ACTION – Committee Member Huynh moved approval, adopted by the following vote: Ayes, Committee Members Huynh, Sohn, and Chair Wilkinson -3; Nays, None.

III

HEALTH, WELLNESS, AND BUYBACK 2023 UPDATE AND 2024 WORKPLAN PRESENTATION – Karen Freire, Chief Benefits Analyst and Maricel Martin, Senior Benefits Analyst, presented and discussed this item with the Committee for 15 minutes.

IV

OTHER BUSINESS –There was no other business.

V

NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time, and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.

VI

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 9:33 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary

MINUTES OF THE REGULAR MEETING
BENEFITS ADMINISTRATION COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

February 27, 2024

9:30 a.m.

PRESENT:	Chair:	Michael R. Wilkinson
	Commissioner:	Janna Sidley
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo
ABSENT:	Committee Members:	Thuy Huynh Sung Won Sohn

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Commissioner Sidley joined the Benefits Administration Committee meeting at 9:31 a.m. As there was not a quorum at this meeting, no actions were taken.

Item I taken out of order.

II

APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 13, 2024 AND POSSIBLE COMMITTEE ACTION – No action taken due to lack of quorum.

III

2024 LACERS WELL UPDATE, WORKPLAN, BUDGET, WELLNESS FUNDS POLICY AND POSSIBLE COMMITTEE ACTION – James Kawashima, Senior Benefits Analyst II, and Kristal Baldwin, Benefits Analyst, presented and discussed this item for 10 minutes. No action taken due to lack of quorum.

IV

OTHER BUSINESS –There was no other business.

Item I taken out of order.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

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VI

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 9:45 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary



REPORT TO BENEFITS ADMINISTRATION COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: MARCH 26, 2024
ITEM: III

Neil M. Guglielmo

SUBJECT: 2025 HEALTH PLAN CONTRACT RENEWAL STRATEGY AND TIMELINE

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee receive and file this report.

Executive Summary

LACERS provides health plan coverage to its Retired Members and their eligible survivors and dependents through contracts with medical, dental, and vision insurance carriers. Premiums and benefit structures are subject to change every plan year and the program requires active management and strategizing with our Health and Welfare Consultant and carriers to minimize health insurance plan costs. This plan year, LACERS will negotiate premiums based on data-based decision-making and targeted plan modifications that ensure retiree health benefits offered to our retirees and their dependents have a positive long-term impact on utilization and costs. LACERS surveys the health plan marketplace to view new products that could benefit our Members. This year LACERS has two Request for Proposals (RFP) for vision and dental plans which will be brought forth to the Benefits Administration Committee and the Board of Administration with the renewal results by June/July.

Discussion

LACERS contracts with medical, dental, and vision insurance carriers to provide LACERS-sponsored group health plan coverage to its Retired Members and their qualified survivors and dependents.

The current medical plans continue this year, and the annual premium rates will be solicited through the Request for Renewal (RFR) process, while solicitation for new/continuing dental and vision plans and rates will be completed through an open Request for Proposal (RFP) process. The RFP for dental and vision plans is typically released separately from the medical RFP, due to the complexity of the process that could result in multiple plan changes. This multi-layer process impacts plan design, the establishment of the annual medical premium and subsidy, and the annual open enrollment process. Plan changes also impact the overall administration of benefits, including counseling, enrollment, and accounts reconciliation.

Strategy

Premiums and benefits structures are subject to change every plan year. The estimated 2024 total premium cost of LACERS health and welfare program is approximately \$134.5 million. Most of these costs are associated with medical insurance plan premiums costs, which in 2024 are estimated to be approximately \$120.7 million. Dental and vision insurance plan premium costs in 2024 are estimated to be \$12.9 million and \$0.9 million respectively. The average medical (including vision) premium cost increase for the last three years has been below the Board-adopted actuarially assumed medical cost trend rates (1.32% vs 7.17%). It is the program's goal to continue this cost-saving trend into the future.

Being able to minimize health insurance plan premium increases requires active management and strategy. As we look ahead to the 2025 plan year and beyond, staff and Keenan are continuing a health plan strategy directed toward data-based decision-making and targeted plan design modifications that can have a long-term impact on utilization and costs.

The focus over the next three years will be on:

- Scrutinizing utilization data to identify issues and cost drivers that can be utilized in improving future plan design which balances cost of quality of plans.
- Increasing Member awareness of health management services to improve health outcomes.
- Improving the cost-effectiveness of health care service options and benefits and optimizing premium costs over multiple years through measurable outcomes of Members' health.
- Surveying the health care environment for new products, programs, and vendors that can make the administration of LACERS health plans more cost-effective.
- Engaging Members in becoming their healthiest self in retirement through viable wellness campaigns.
- Requiring greater transparency and accountability for carrier renewal projections.

Although premiums are driven by medical claims, the claims are also often driven by Member behavior. Through LACERS Well, the LACERS' Retiree wellness program, Members are encouraged to engage in their health care. Additionally, through the health plan rewards program (in the form of gift cards), Members are incentivized to utilize preventative health services for effective disease management. At the same time, LACERS will continue to take advantage of any market opportunities that can result in cost-savings to our health and welfare program.

The areas of focus for the 2025 health plan contract renewal process:

- Care management programs that result in greater participation in areas such as wellness, disease management, and health coaching that improve Members' health.
- Expand Performance Guarantees.

Areas of focus for the 2025 LACERS Well:

- Partnership with carriers and non-profit agencies in Health Management Programs and outreach, resources and education, including monthly webinars, annual marketing, and communications campaigns.
- Enhance the Champion program to include in-person and virtual activities in more areas of interest and geographic areas, regions, and possibly to other states.
- Expand in-person and virtual events in areas of Member interest to create more opportunities for socialization and connections among Members.

Timeline

The RFR process is comprised of the following steps:

1. Release Requests for Renewal – In March, our Health and Welfare Consultant, Keenan & Associates (Keenan), sends each carrier an RFR, asking the carrier to propose the following year's premium and to cost additional items that could impact premiums, such as new programs, plan design modifications, or alternative pricing.
2. Evaluate Responses to the RFRs – Keenan will review premium changes and the associated costs, assumptions, and methods used to develop the premiums.
3. Negotiate Premium Rates with Each Carrier – Keenan will request the carriers to reconsider certain costs, assumptions, and/or methods, based on their review.
4. Adoption of Final Premiums – The final rates and any recommended plan design changes will be presented to the Benefits Administration Committee and then the LACERS Board for possible board actions.

The 2025 medical plan contract renewal timeline is as follows:

- Release RFRs – March 15
- RFR Responses Due – April 6
- Complete Initial Negotiations – May 1
- Health Plan Financial and Health Management Data Dashboards – May/June
- Preliminary Renewal to the Benefits Administration Committee (BAC) – June
- Carrier Submit Final Renewal – June
- Final Renewal to BAC – July/August
- Final Renewal to the Board – July/August

LACERS is also conducting the RFP for the dental and vision plans for 2025 to explore the dental and vision insurance marketplace, which includes seeking feedback from proposers on group plans that would cover Members outside of California. The schedule for the RFP, being conducted simultaneously, is included below for reference:

- Release RFP – March 5
- RFP Responses Due – April 12
- Preliminary Results/Finalists to the BAC – May/June
- Recommendations to the BAC – June/July
- Recommendations to the Board – June/July

Strategic Plan Impact Statement

The health plan contract renewal process assures that LACERS health plan premium changes support Strategic Plan Goal #3: Improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Vi Duong, Senior Benefits Analyst I, Health, Wellness and Buyback Division

NMG/DWN/KF/JK/vd