



## ***Benefits Administration Committee Agenda***

**REGULAR MEETING**

**TUESDAY, AUGUST 13, 2019**

**TIME: 9:00 A.M.**

**MEETING LOCATION:**

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, California 90012-4401

Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Chair: Michael R. Wilkinson  
Committee Members: Sandra Lee  
Nilza R. Serrano  
Manager-Secretary: Neil M. Guglielmo  
Executive Assistant: Ani Ghoukassian  
Legal Counselor: City Attorney's Office  
Public Pensions General  
Counsel Division

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR REGULAR MEETING OF JUNE 11, 2019 AND POSSIBLE COMMITTEE ACTION](#)
- III. [RECEIVE AND FILE - LACERS WELL SURVEY RESULTS](#)
- IV. [2020 HEALTH PLAN PREMIUMS AND POSSIBLE COMMITTEE ACTION](#)
- V. [2020 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION](#)
- VI. [DISABILITY MEDICAL EVALUATION SERVICE PROVIDER REQUEST FOR PROPOSAL – PROPOSER RECOMMENDATIONS AND POSSIBLE COMMITTEE ACTION](#)
- VII. [BOARD RULE FOR MEDICAL PREMIUM REIMBURSEMENT PROGRAM DEPENDENT REIMBURSEMENT AND POSSIBLE COMMITTEE ACTION](#)
- VIII. OPERATIONAL UPDATE

IX. OTHER BUSINESS

X. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time, and will be announced upon scheduling.

XI. ADJOURNMENT



**Board of Administration Agenda**

**SPECIAL MEETING**

**TUESDAY, AUGUST 13, 2019**

**TIME: 9:00 A.M.**

**MEETING LOCATION:**

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, California 90012-4401

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President:	Cynthia M. Ruiz
Vice President:	Michael R. Wilkinson
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

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- II. APPROVAL OF MINUTES FOR REGULAR MEETING OF JUNE 11, 2019 AND POSSIBLE COMMITTEE ACTION
- III. RECEIVE AND FILE - LACERS *WELL* SURVEY RESULTS
- IV. 2020 HEALTH PLAN PREMIUMS AND POSSIBLE COMMITTEE ACTION
- V. 2020 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION
- VI. DISABILITY MEDICAL EVALUATION SERVICE PROVIDER REQUEST FOR PROPOSAL – PROPOSER RECOMMENDATIONS AND POSSIBLE COMMITTEE ACTION

- VII. BOARD RULE FOR MEDICAL PREMIUM REIMBURSEMENT PROGRAM DEPENDENT REIMBURSEMENT AND POSSIBLE COMMITTEE ACTION
- VIII. OPERATIONAL UPDATE
- IX. OTHER BUSINESS
- X. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time, and will be announced upon scheduling.
- XI. ADJOURNMENT

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

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, California

June 11, 2019

**Agenda of: Aug. 13, 2019**

**Item No: II**

9:07 a.m.

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<b>PRESENT:</b>	Chair:	Michael R. Wilkinson
	Committee Member:	Sandra Lee Nilza R. Serrano
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Anya Freedman

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

**I**

**PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION** – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response and no public comment cards received.

**II**

**APPROVAL OF MINUTES FOR SPECIAL MEETING OF MARCH 26, 2019 AND POSSIBLE COMMITTEE ACTION** – Approval of the minutes was moved by Committee Member Serrano and adopted by the following vote: Ayes, Committee Members Elizabeth Lee, Serrano and Chair Wilkinson –3; Nays, None.

**III**

**RECEIVE AND FILE – 2020 HEALTH PLAN CONTRACT RENEWAL UPDATE** – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration and Communications Division and Bordan Darm from Keenan & Associates presented this item to the Committee and the report was received by the Committee and filed.

**IV**

**OPERATIONAL UPDATE** – Lita Payne, Assistant General Manager, stated the operational update will be included in the General Manager's verbal report during the Board Meeting on June 11, 2019.

V

OTHER BUSINESS – There was no other business.

VI

NEXT MEETING: Chair Wilkinson announced that the next Benefits Administration Committee Meeting is not scheduled at this time, and will be announced upon scheduling.

VII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 9:42 a.m.

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Michael R. Wilkinson  
Chair

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Neil M. Guglielmo  
Manager-Secretary



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**MEETING: AUGUST 13, 2019**

**From: Neil M. Guglielmo, General Manager**

**ITEM: III**

*Neil M. Guglielmo*

**SUBJECT: LACERS WELL SURVEY RESULTS**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Committee receive and file this report.

**Executive Summary**

A LACERS *Well* Survey was mailed and emailed to Retired Members in mid-February with a deadline of March 31, 2019 to respond. Responses were received from 1,521 beneficiaries and the results will be discussed during the Committee meeting.

**Discussion**

A LACERS *Well* Survey was sent out in mid-February to a randomized sample of 5,000 Members. Members were able to complete and return the survey, or complete it on Survey Monkey. Additionally, an eblast was sent out to all Members with email addresses allowing them to take the survey on Survey Monkey. Survey questions covered various topics, including frequency of doctor visits, health behavior, life perspectives, attendance at LACERS *Well* events, and areas of interest.

Survey results and their analysis will be presented to the Committee.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, and Tara Miller, Wellness Program Manager, of the Health Benefits Administration and Communications Division

NMG/LP/AR:ar

Attachments: 1. 2019 LACERS Well Wellness Program Survey



BAC Meeting: 08/13/19  
Item III  
Attachment 1

# 2019 LACERS Well Wellness Program Survey

August 13, 2019



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**1538**

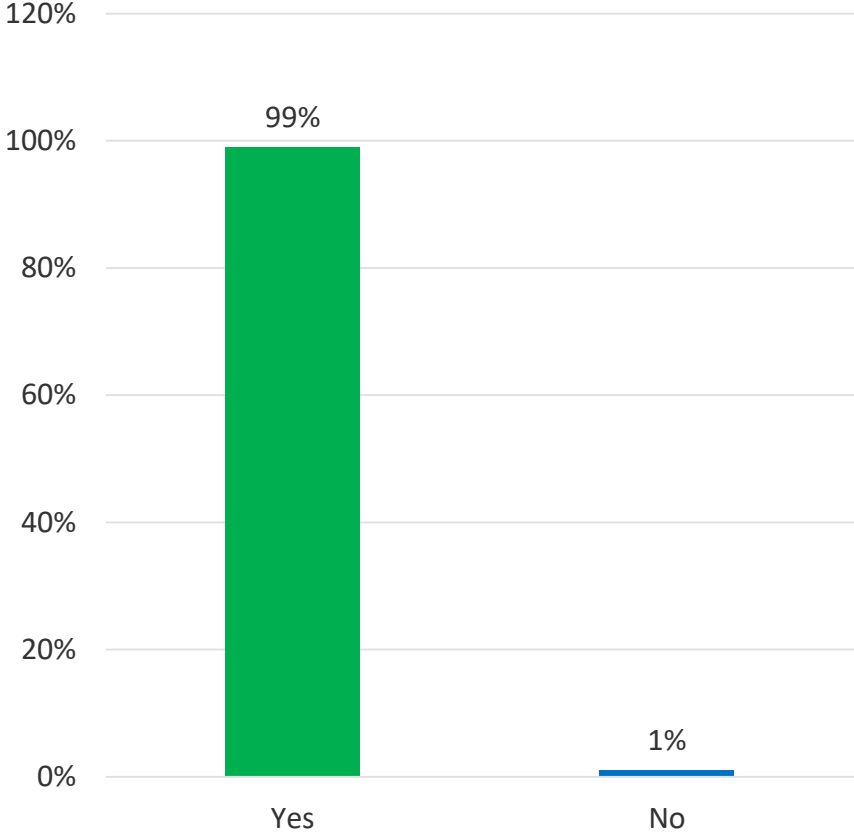
Total Responses (not all complete)

Date Created: Wednesday, December 26, 2018

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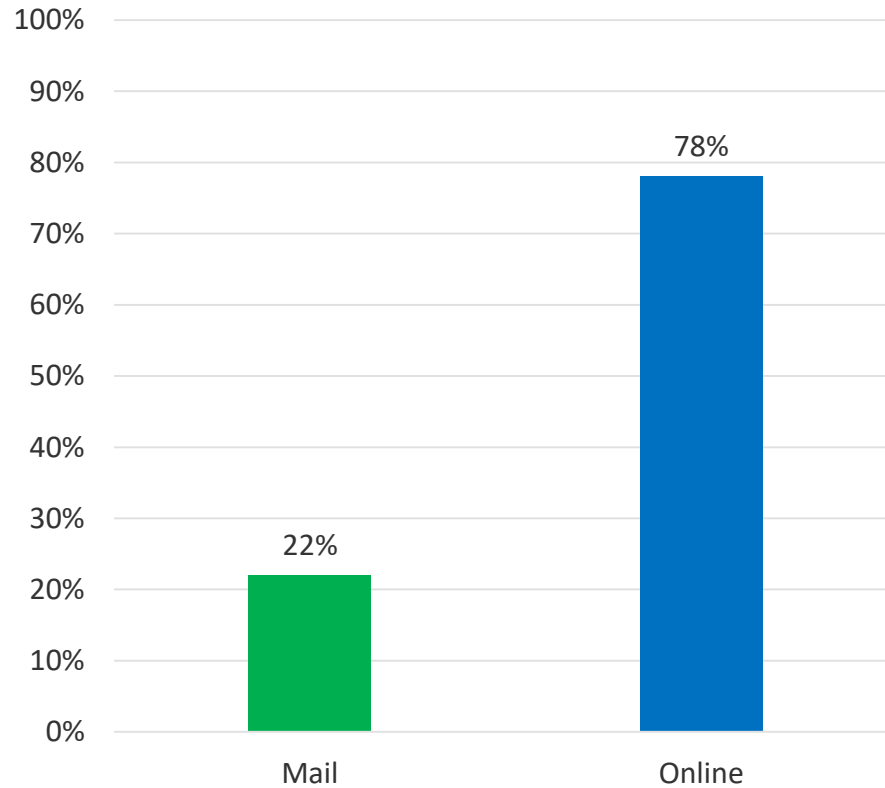
# Are you a LACERS retired member or beneficiary?

Answered: 1,535



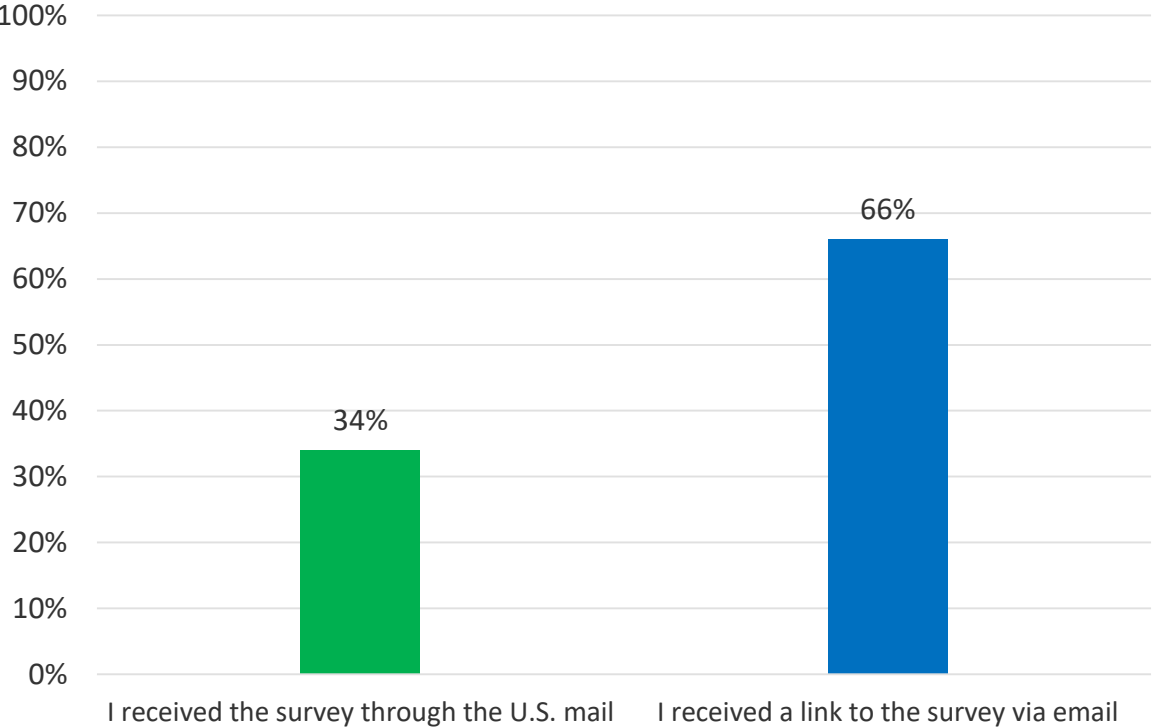
# Survey Method

Answered: 1,521



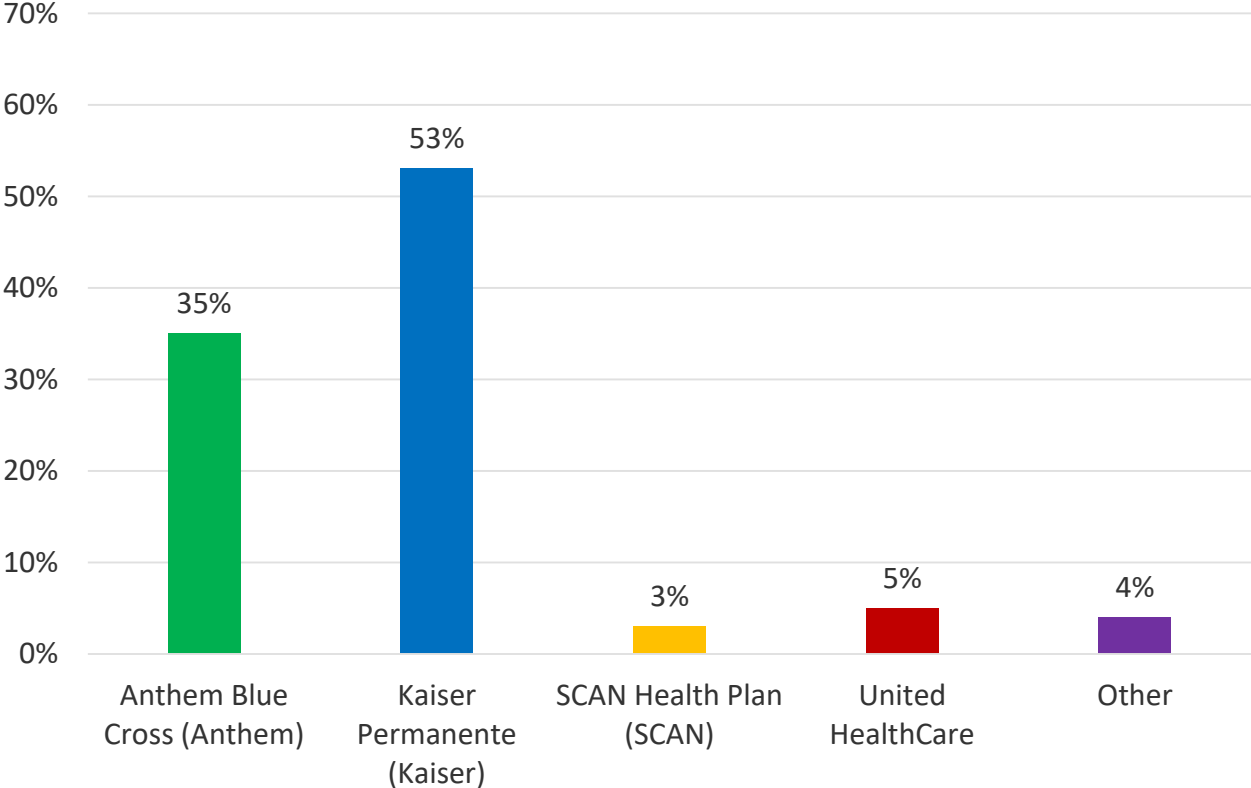
# How did you receive your invitation to participate in this survey?

Answered: 1,240



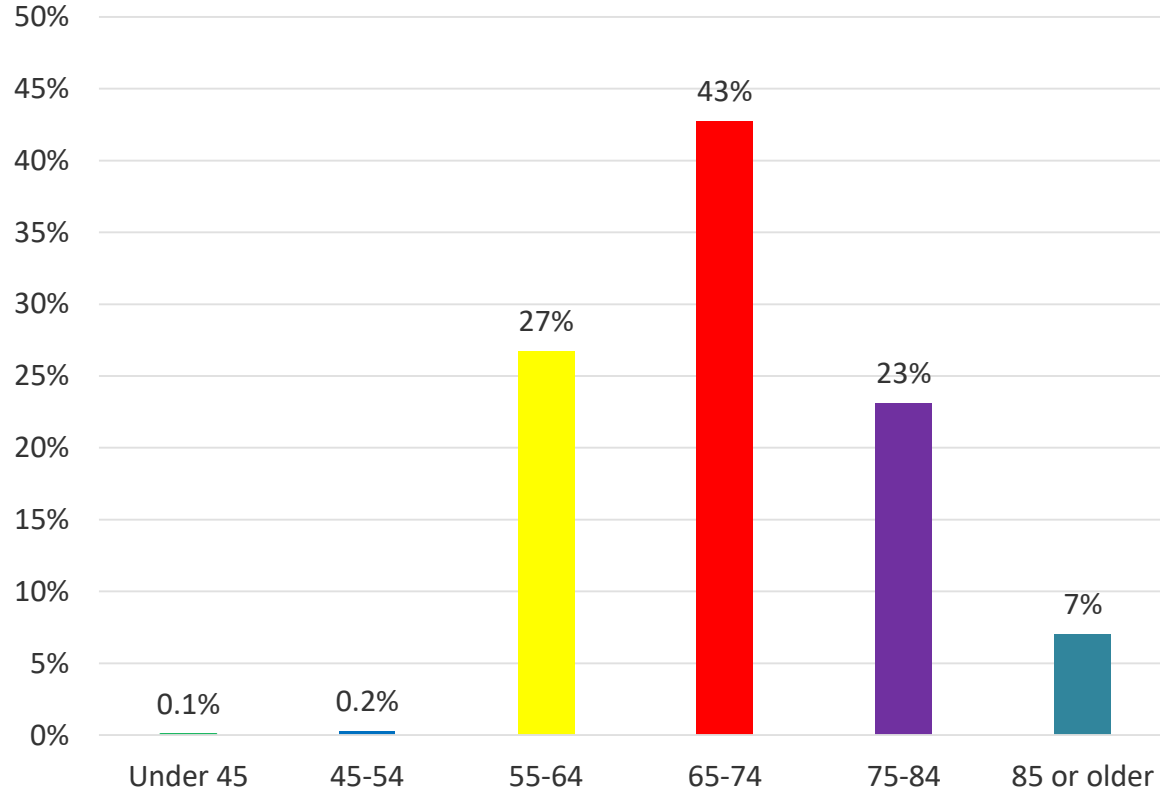
# Which LACERS Medical Plan are you enrolled in?

Answered: 1,239



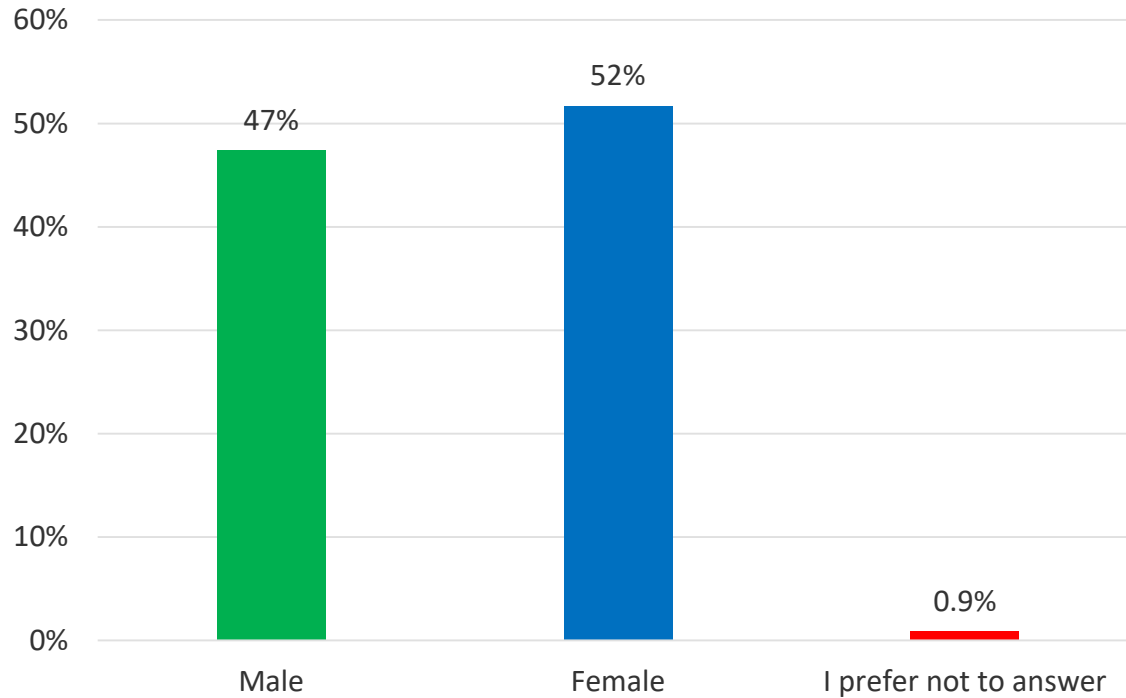
# What is your age group?

Answered: 1,246



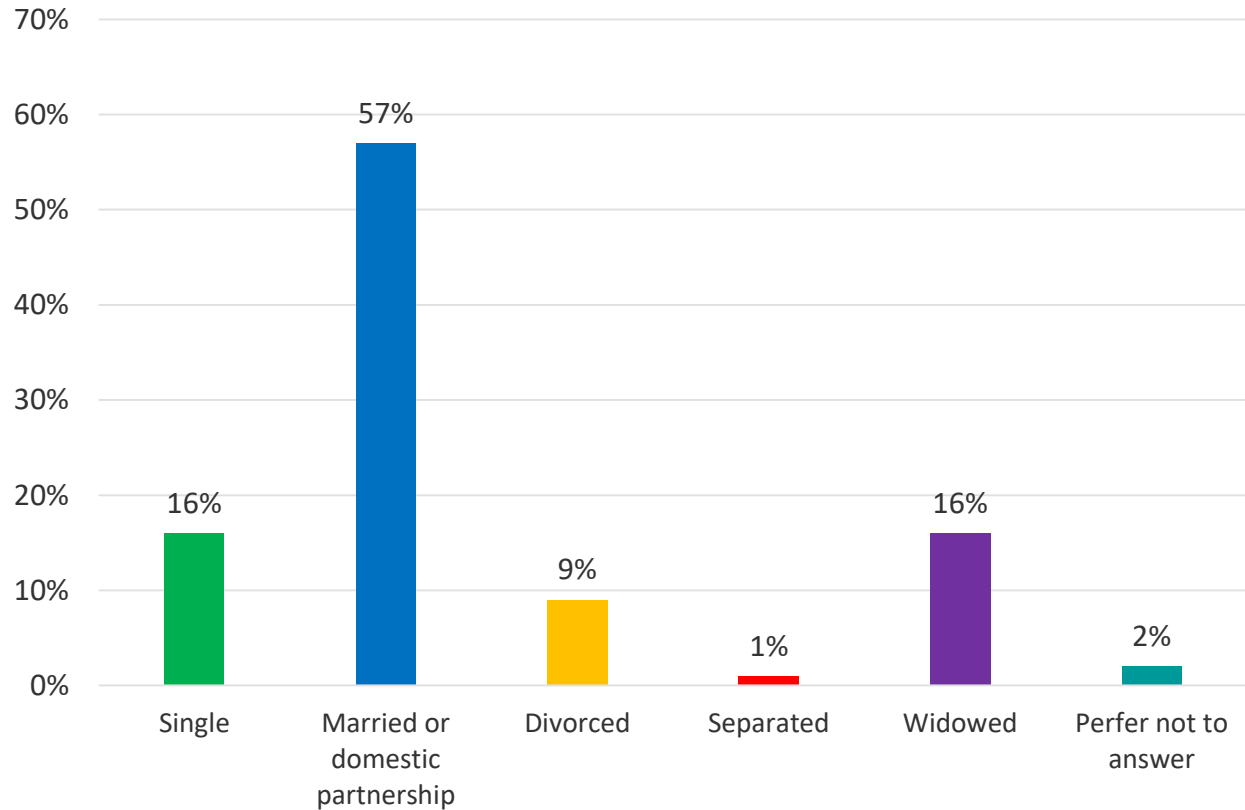
# What is your gender?

Answered: 1,249



# What is your marital status?

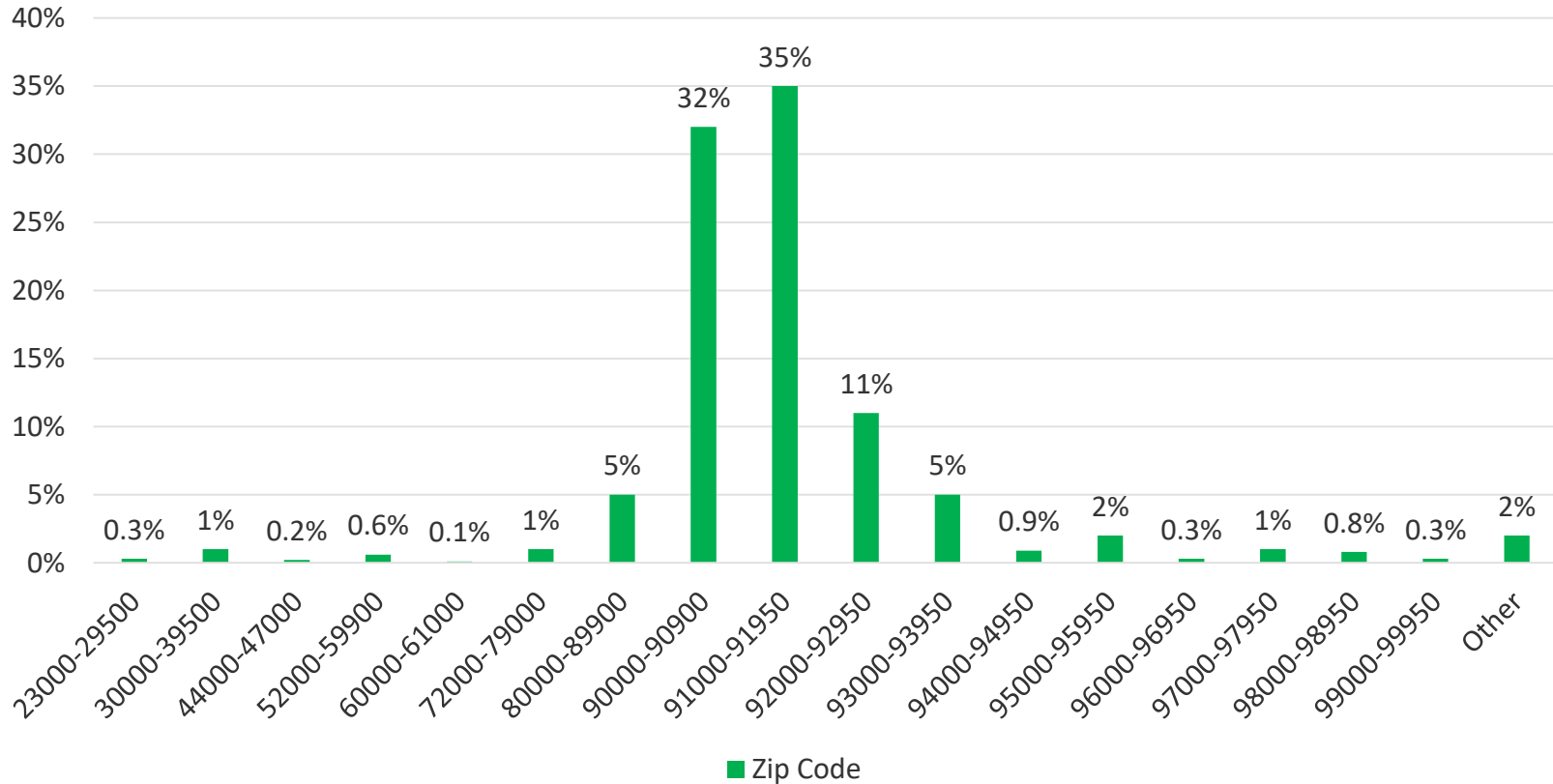
Answered: 1,245



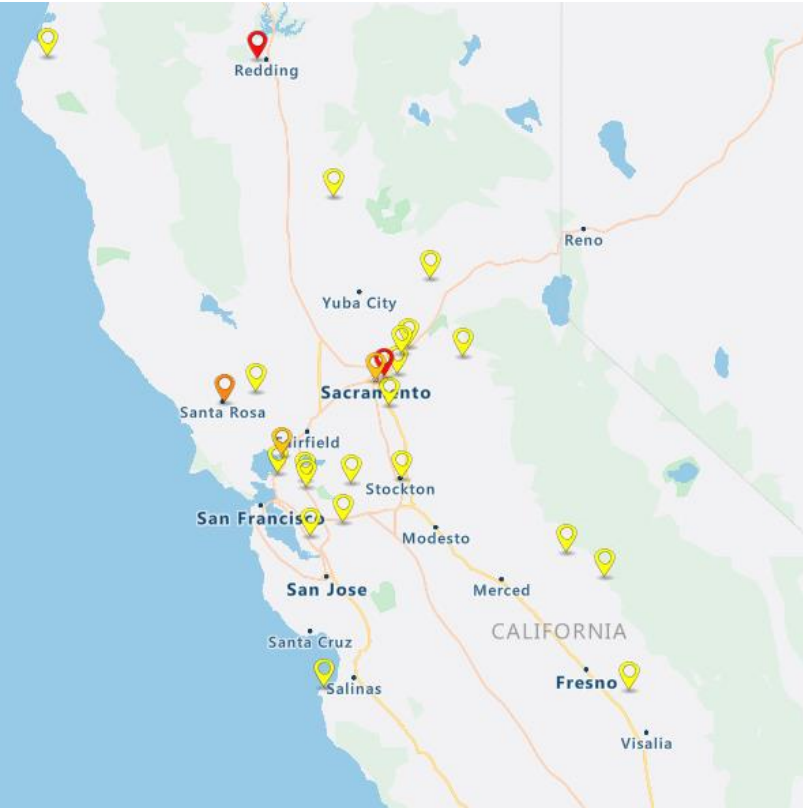


# What is your current home zip code?

Answered:  
1,158



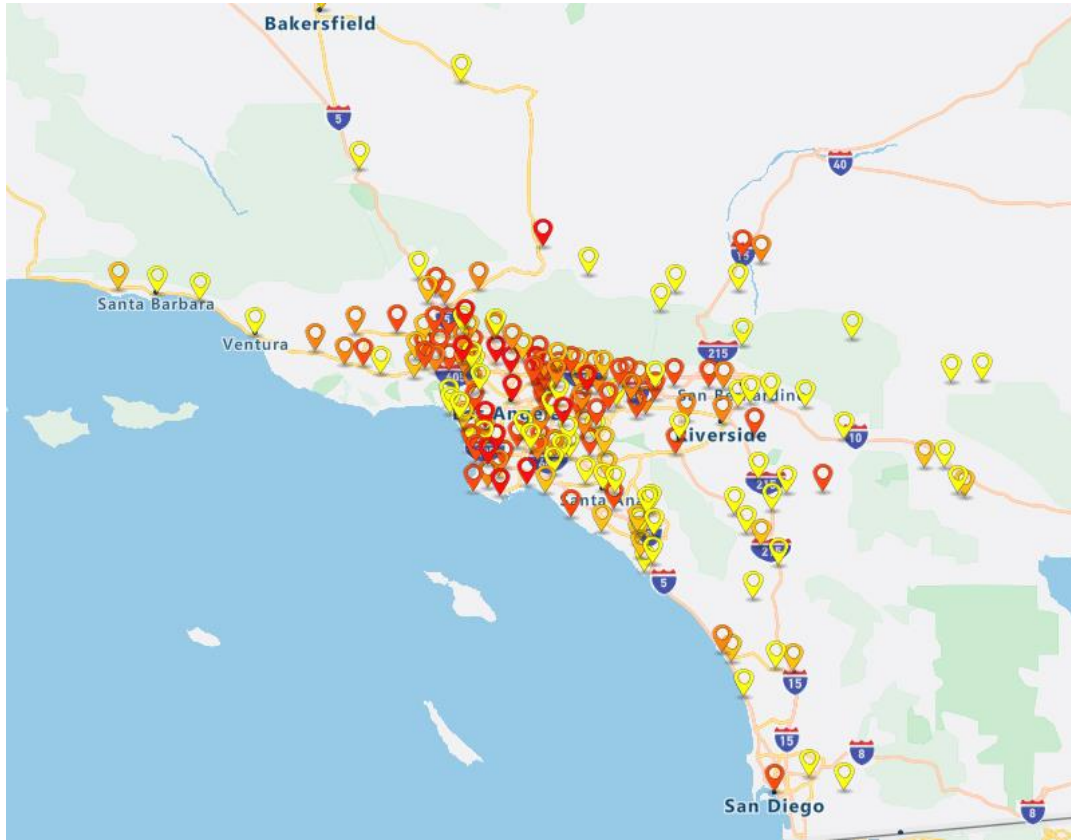
# Northern California Zip Codes



Color	Count
Yellow	1-2 people
Orange	3-5 people
Red	6+ people

Total number  
accounted for: 34

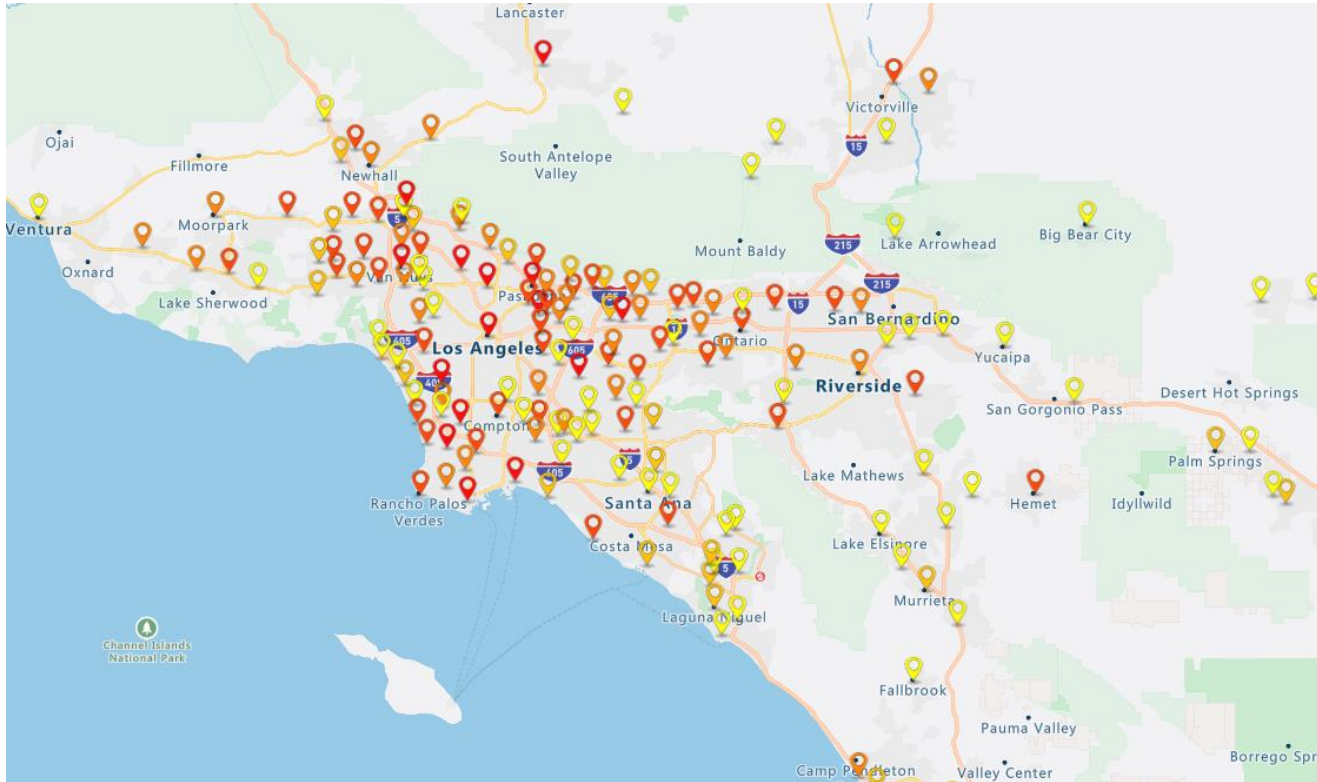
# Southern California Zip Codes



Color	Count
Yellow	1-2 people
Orange	3-5 people
Red	6+ people

Total number  
accounted for: 907

# Greater Los Angeles Region Zip Codes

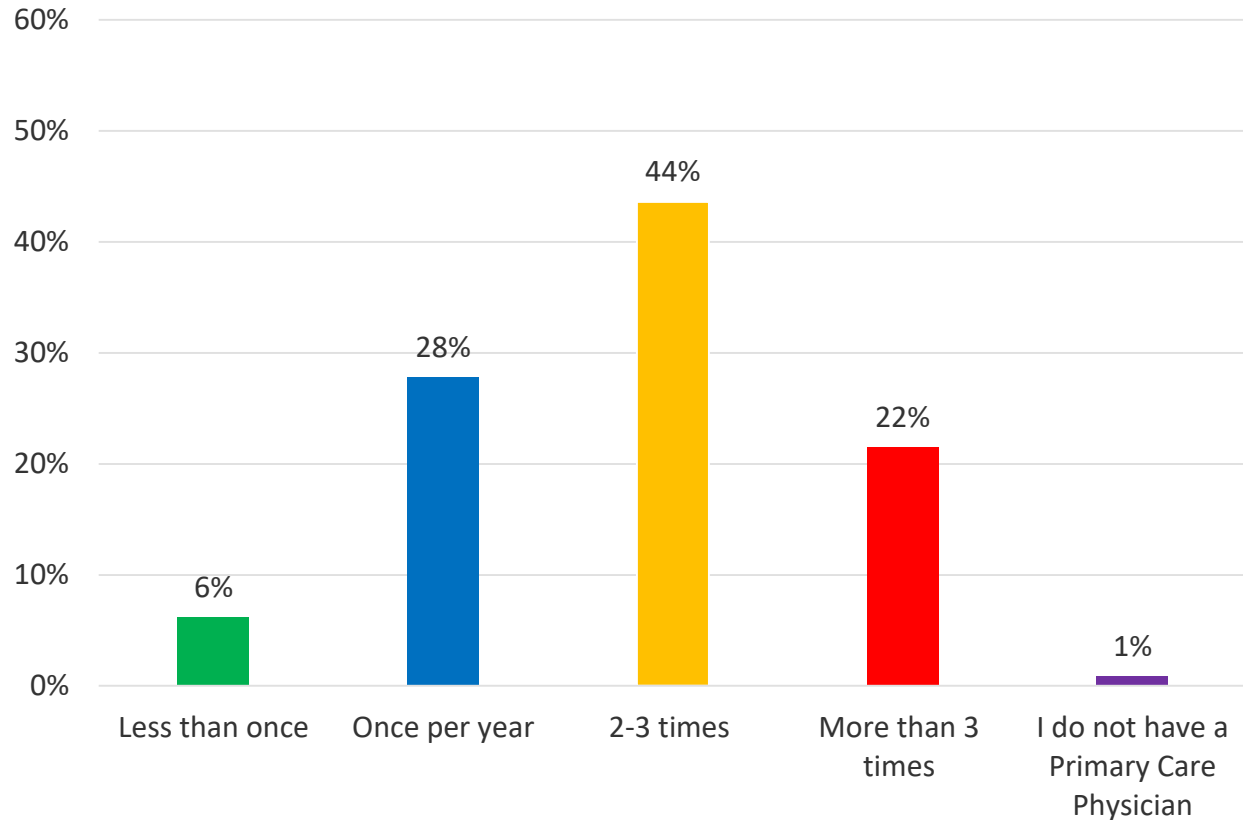


Color	Count
Yellow	1-2 people
Orange	3-5 people
Red	6+ people

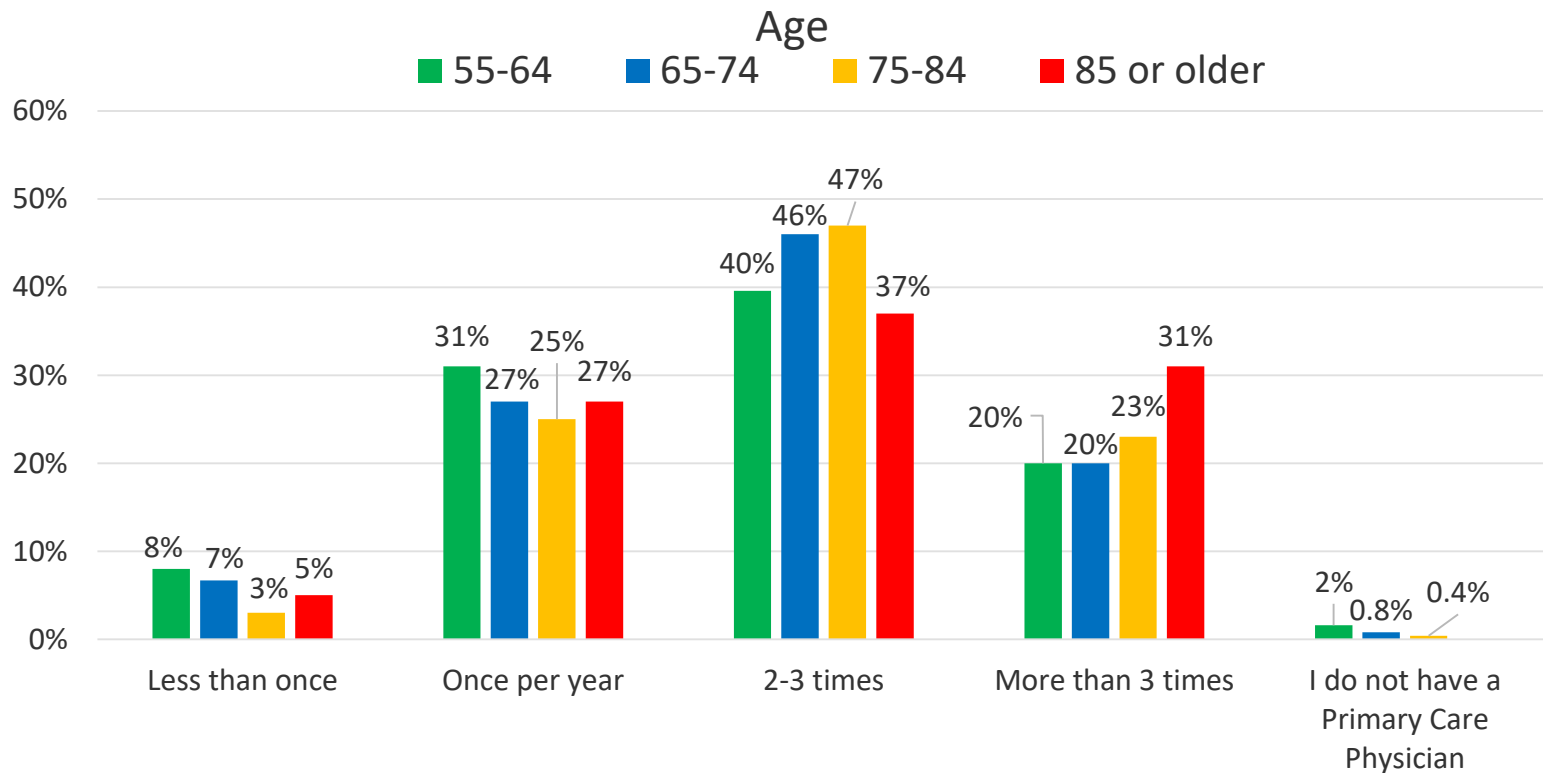
Total number accounted for: 876

# In the past year, how often have you visited your Primary Care Physician?

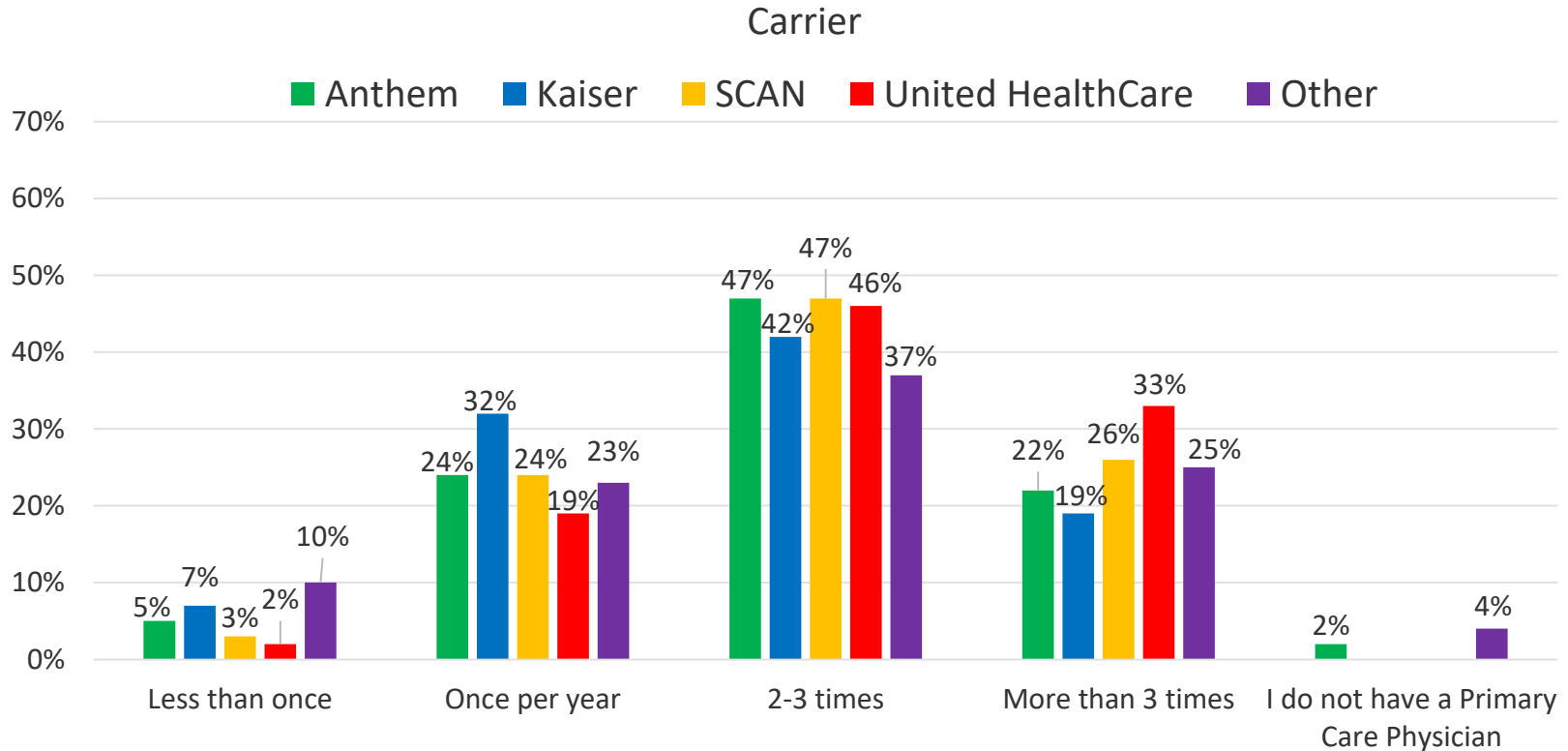
Answered: 1,148



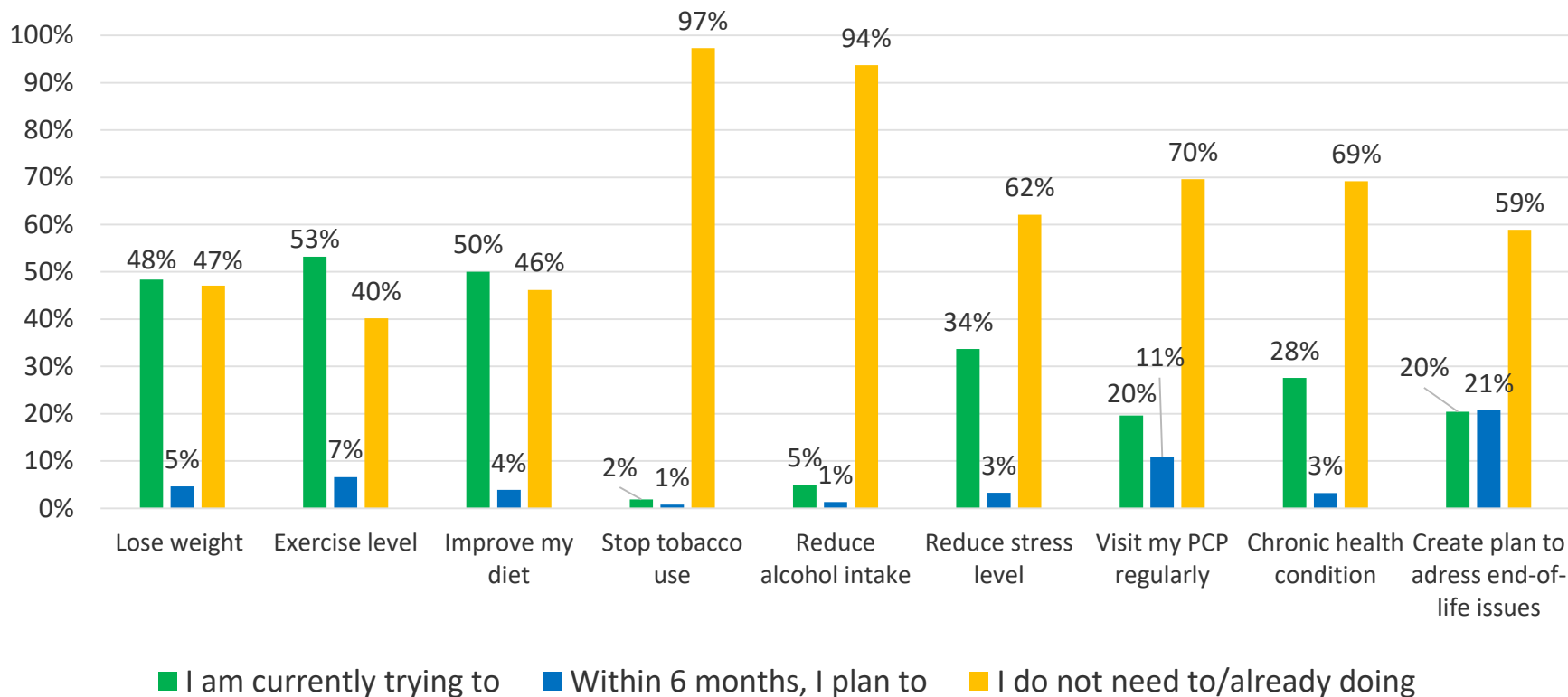
# In the past year, how often have you visited your Primary Care Physician? – By Age Range



# In the past year, how often have you visited your Primary Care Physician? – By Carrier

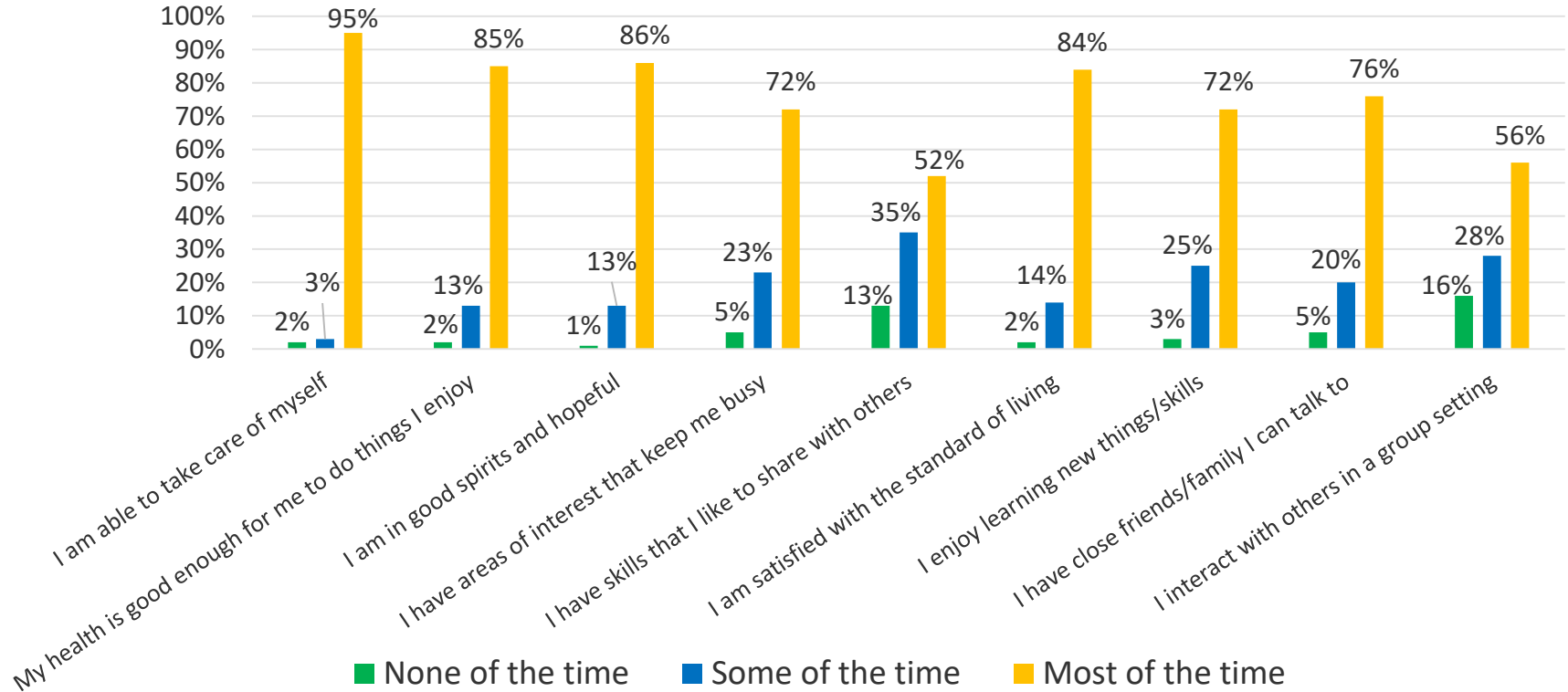


# What best describes your current status toward making changes in each of the following health behaviors?





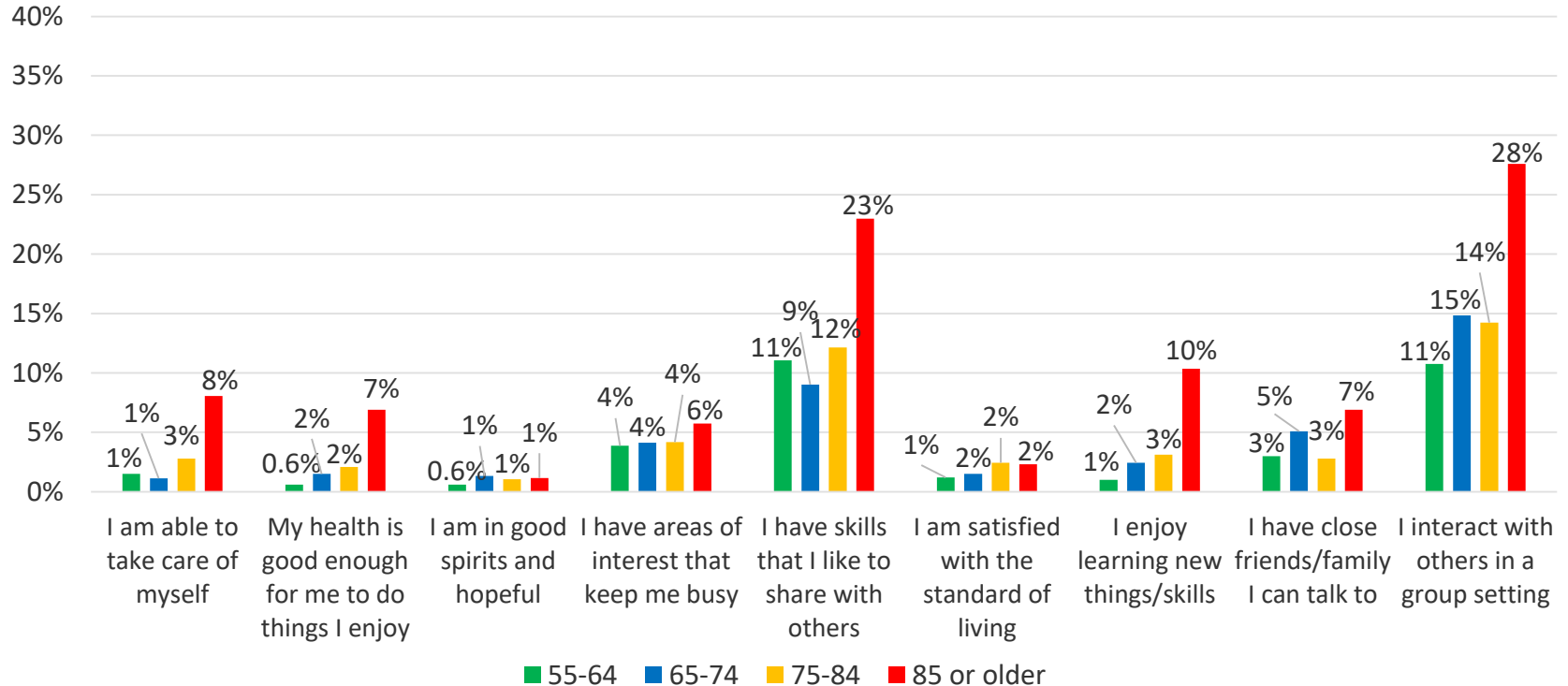
## Please indicate your current status for each life perspective below:



# Please indicate your current status for each life perspective below:

Responses for “None of the time”

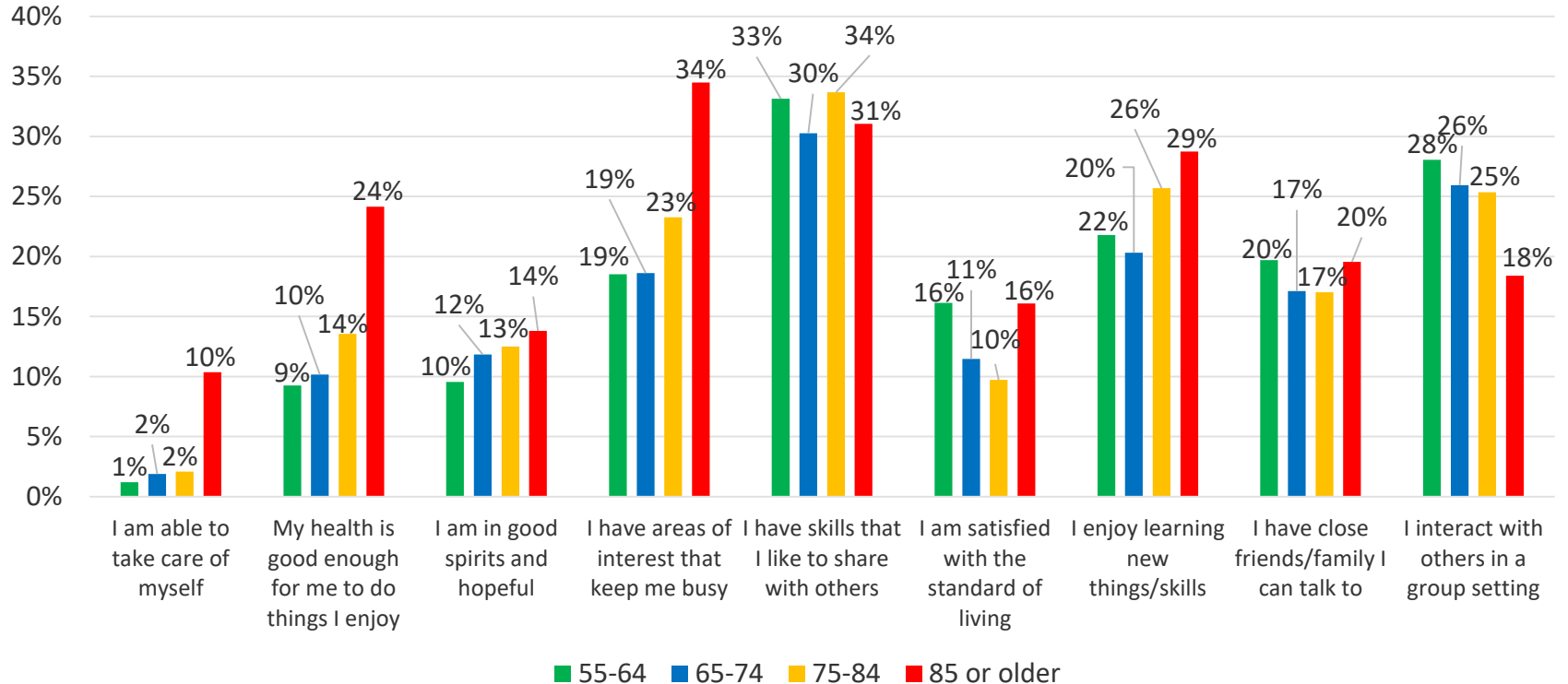
None of the time



# Please indicate your current status for each life perspective below:

## Responses for "Some of the time"

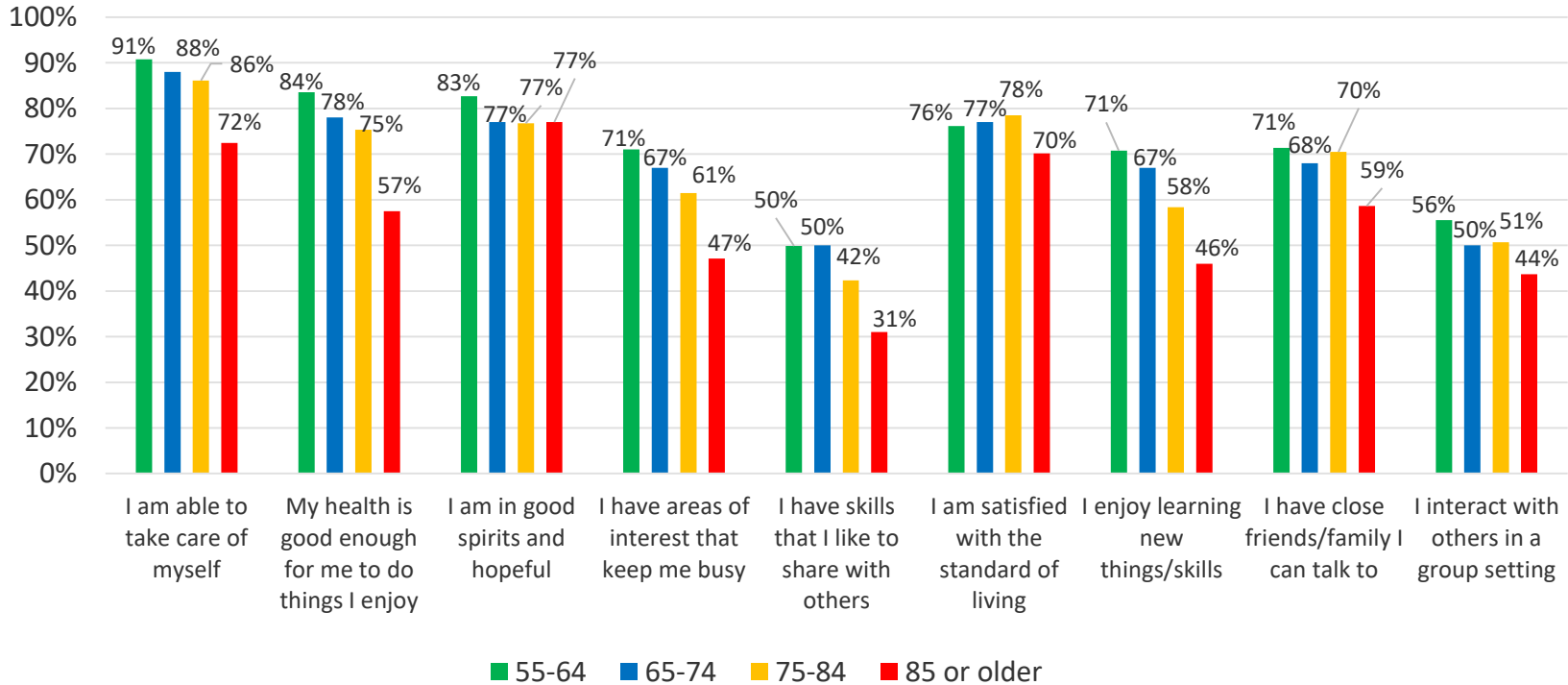
### Some of the time



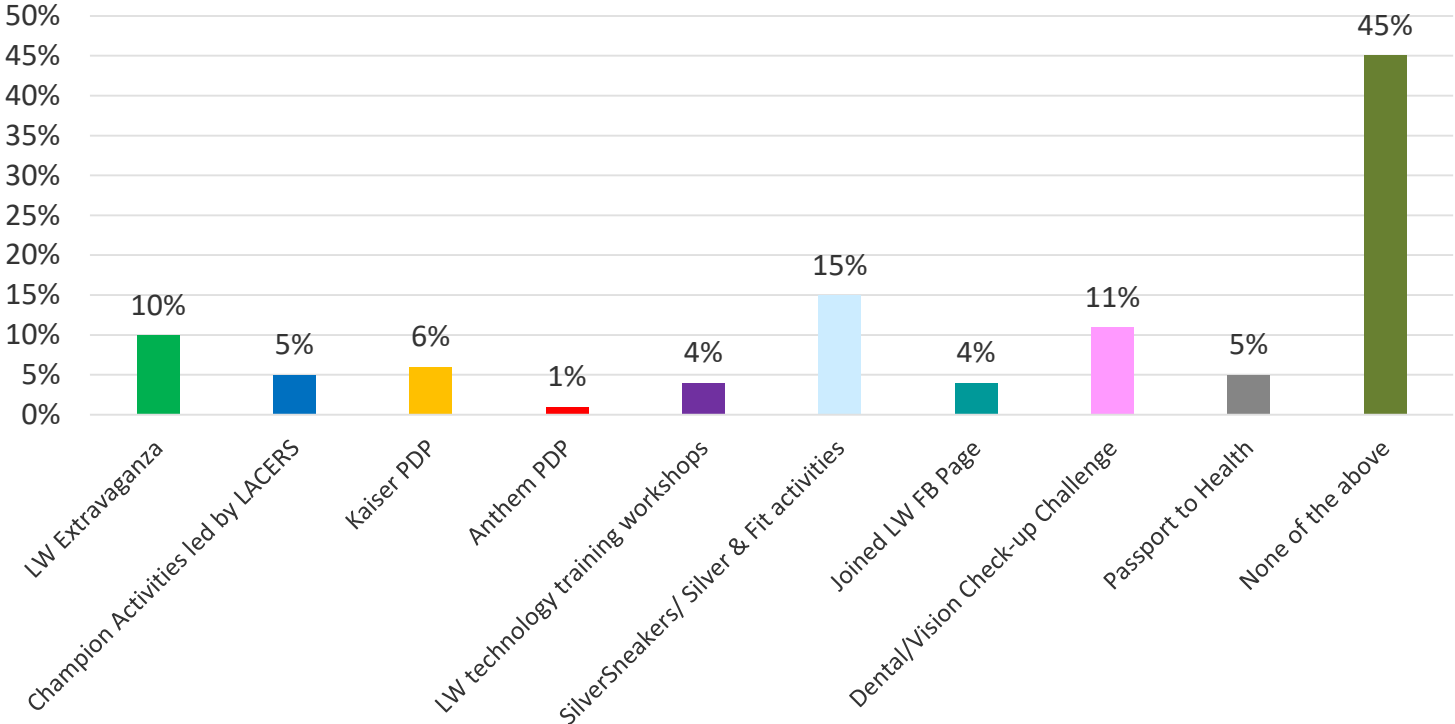
# Please indicate your current status for each life perspective below:

Responses for “Most of the time”

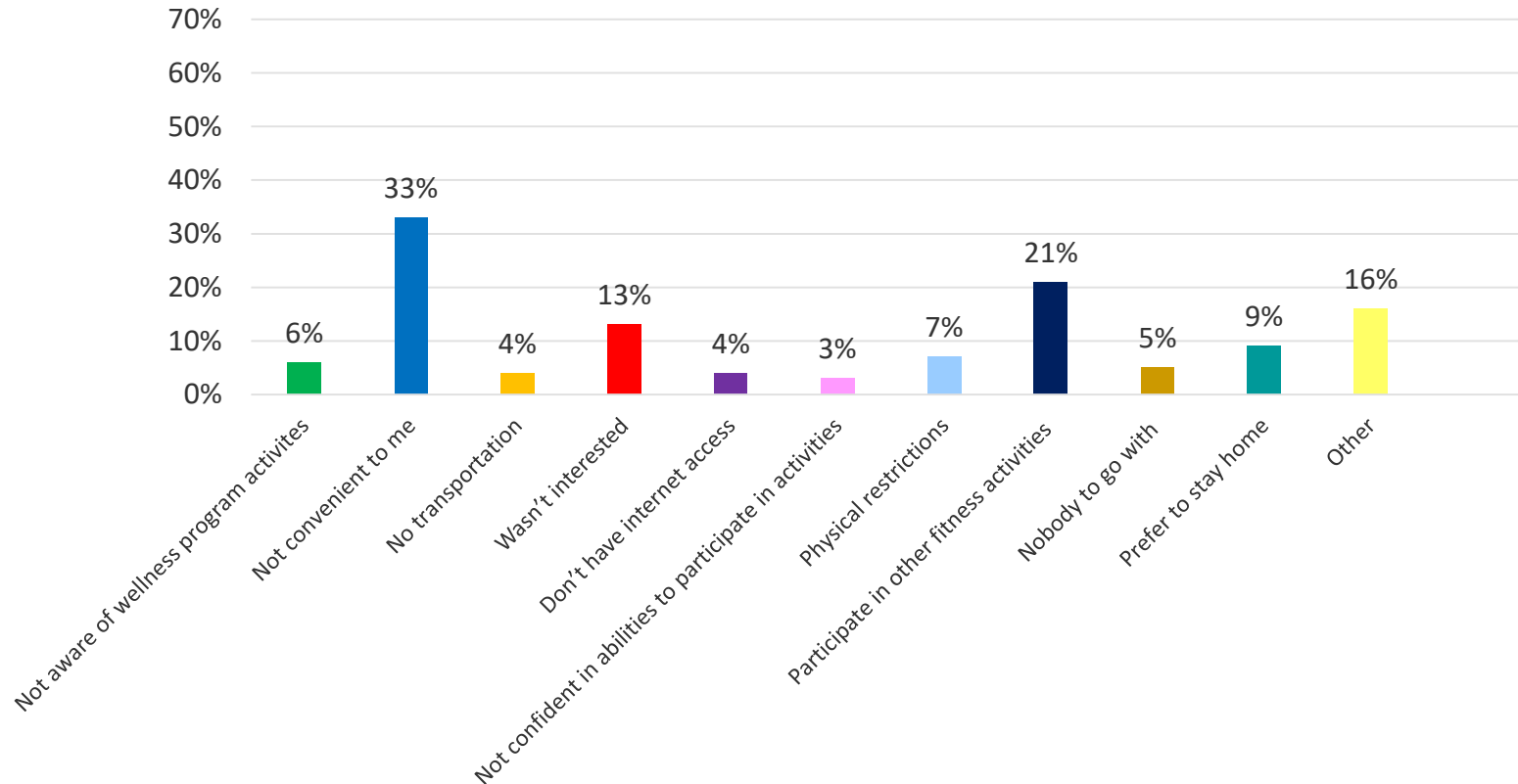
Most of the time



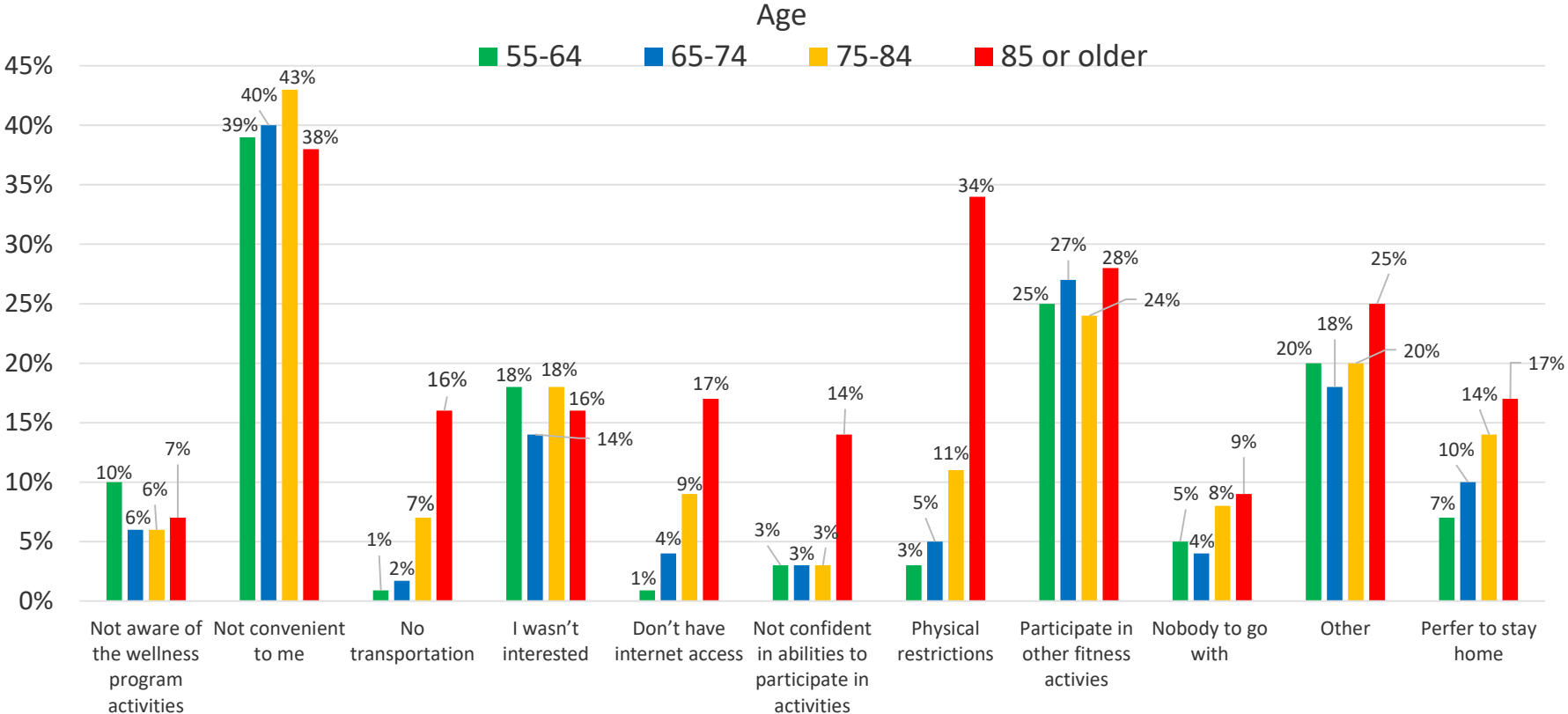
# Which of the following LACERS Well activities or resources did you participate in during 2018? (Check all that apply)



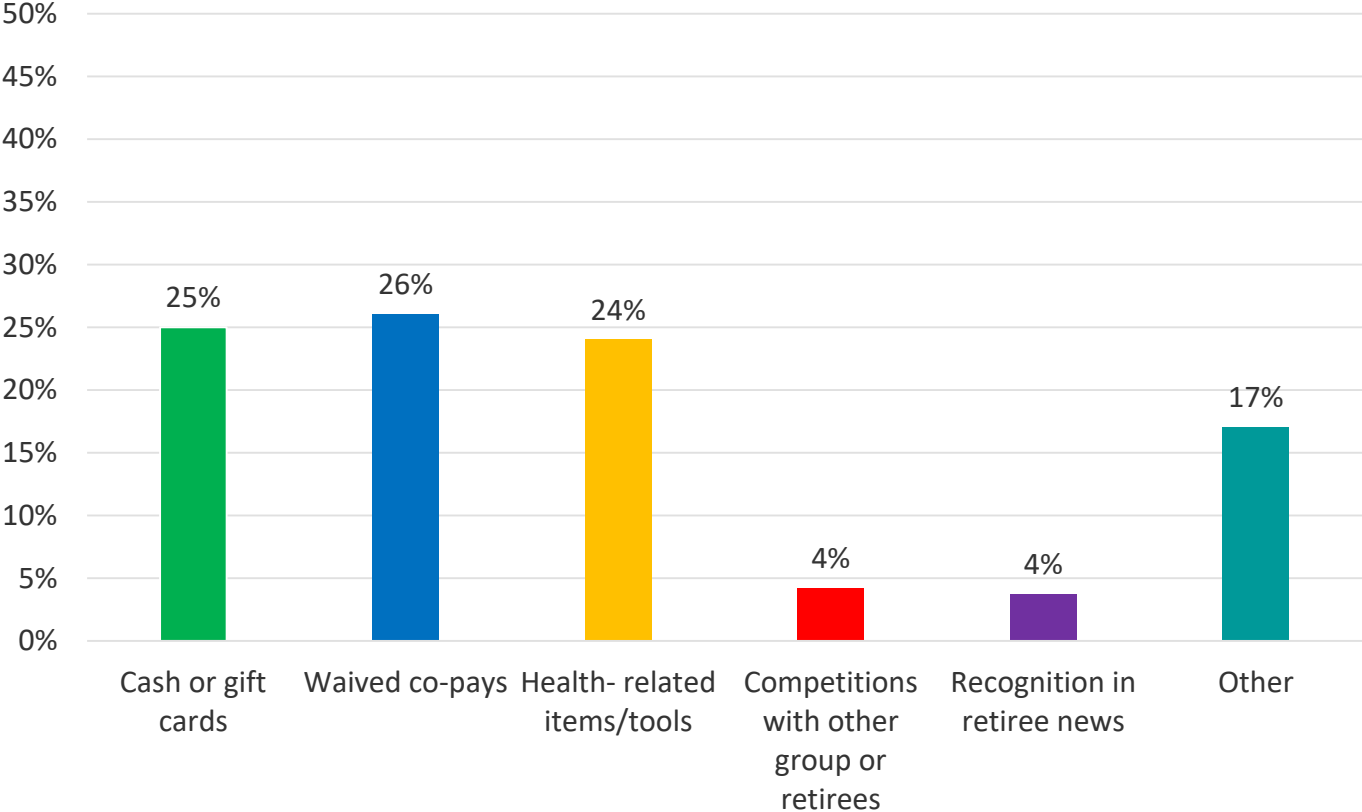
# If you did not participate in any of the LACERS *Well* activities or resources, why not? (Check all that apply)



# If you did not participate in any of the LACERS Well activities or resources, why not? (Check all that apply)

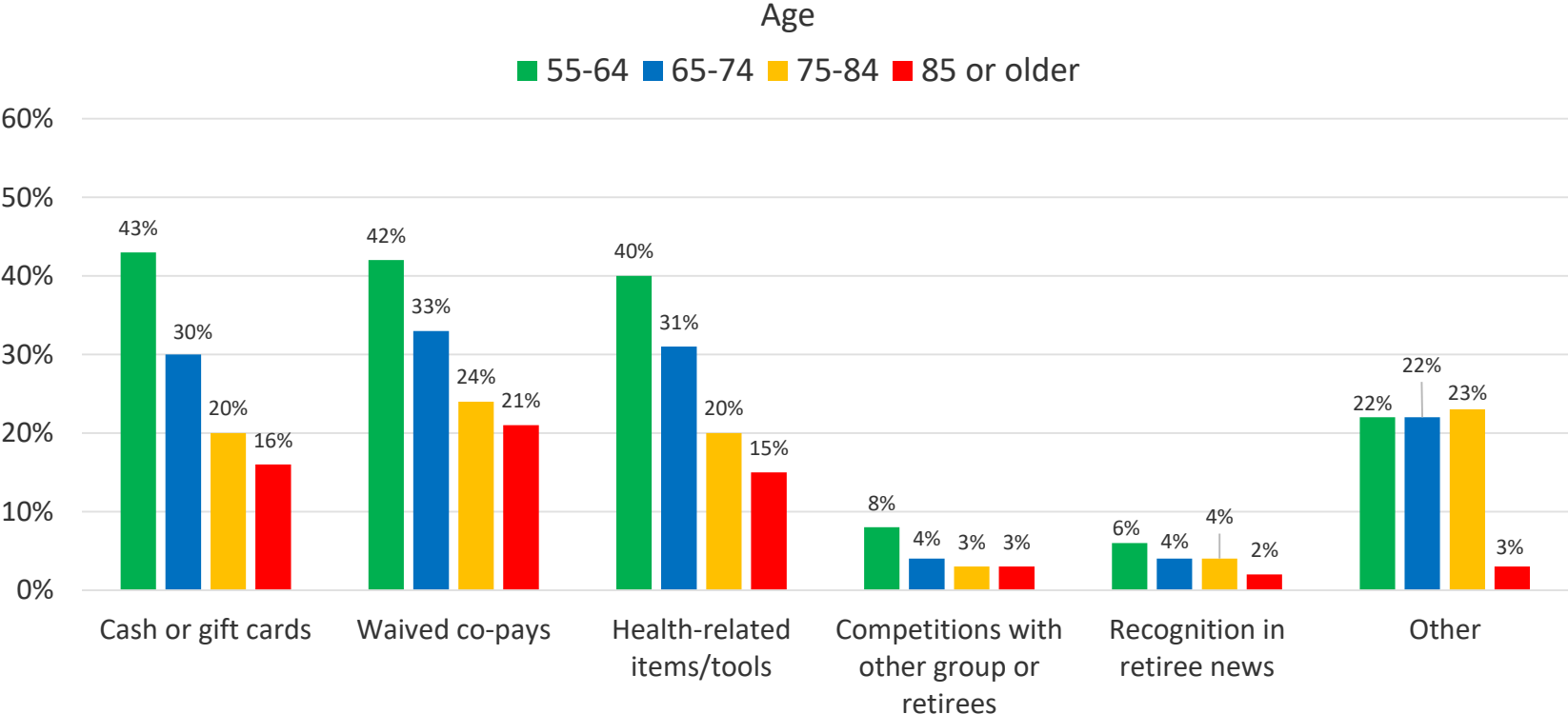


# Which of the following incentives might increase the likelihood of your participation in future LACERS Well activities? (Check all that apply)

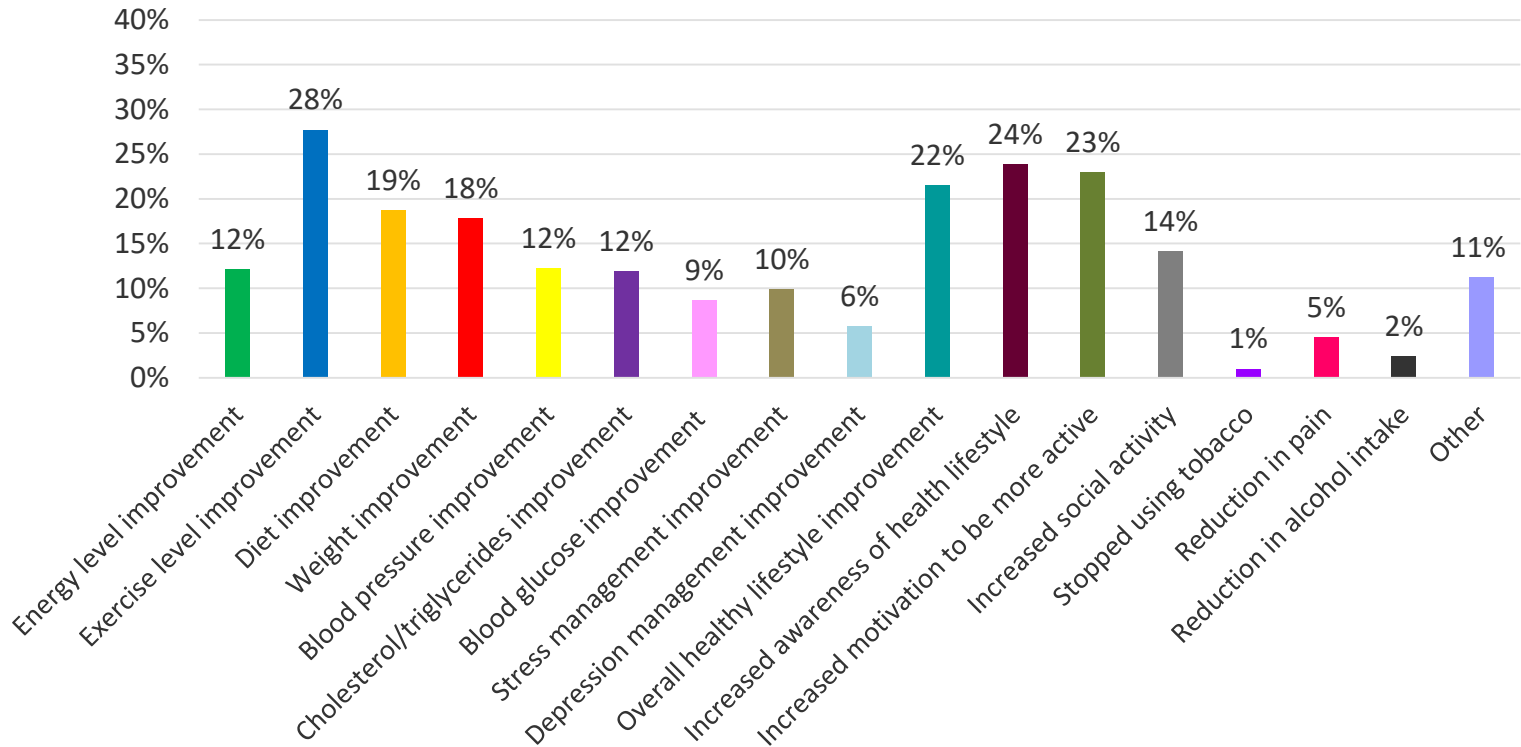




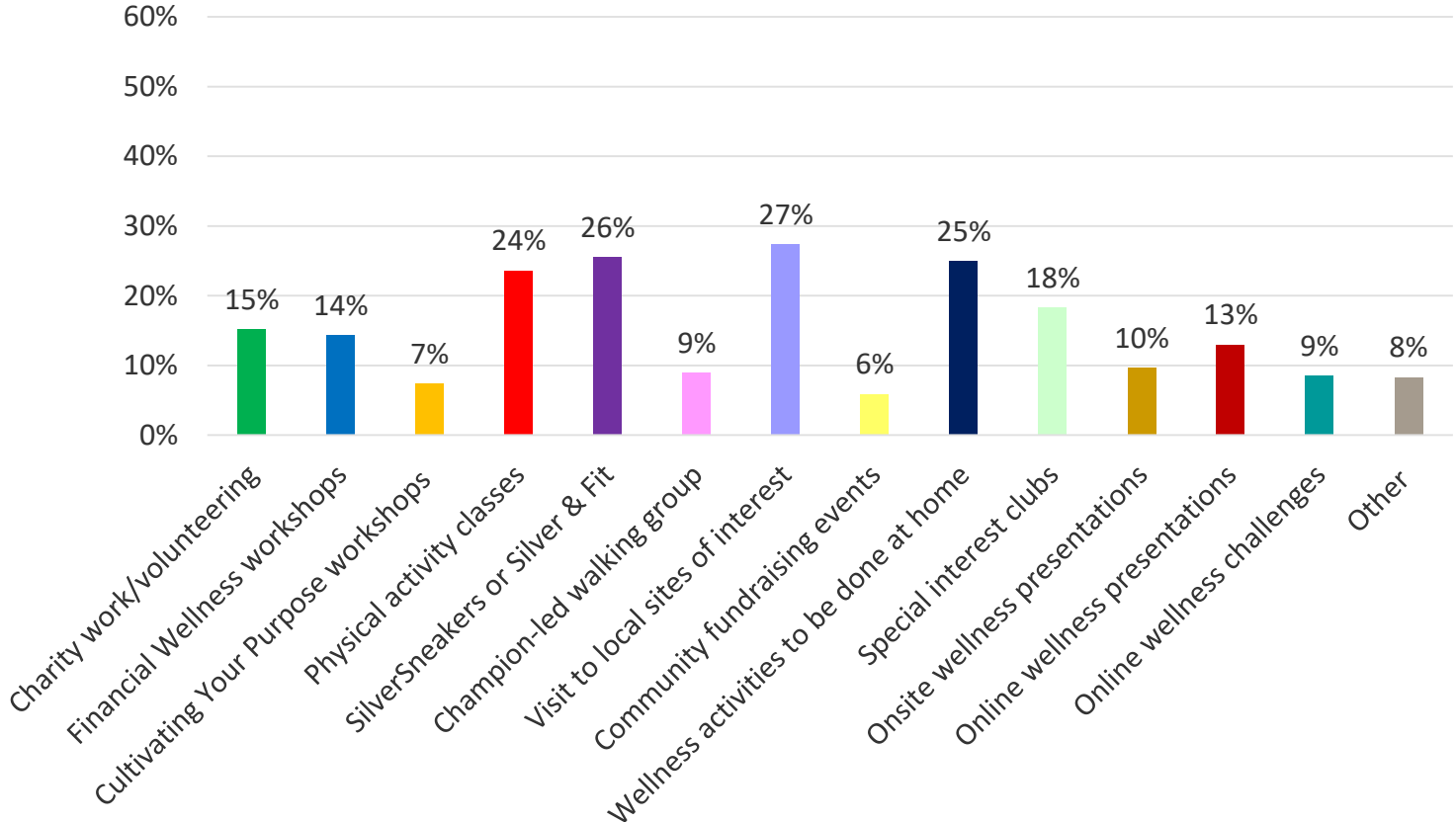
# Which of the following incentives might increase the likelihood of your participation in future LACERS Well activities? – By Age Range



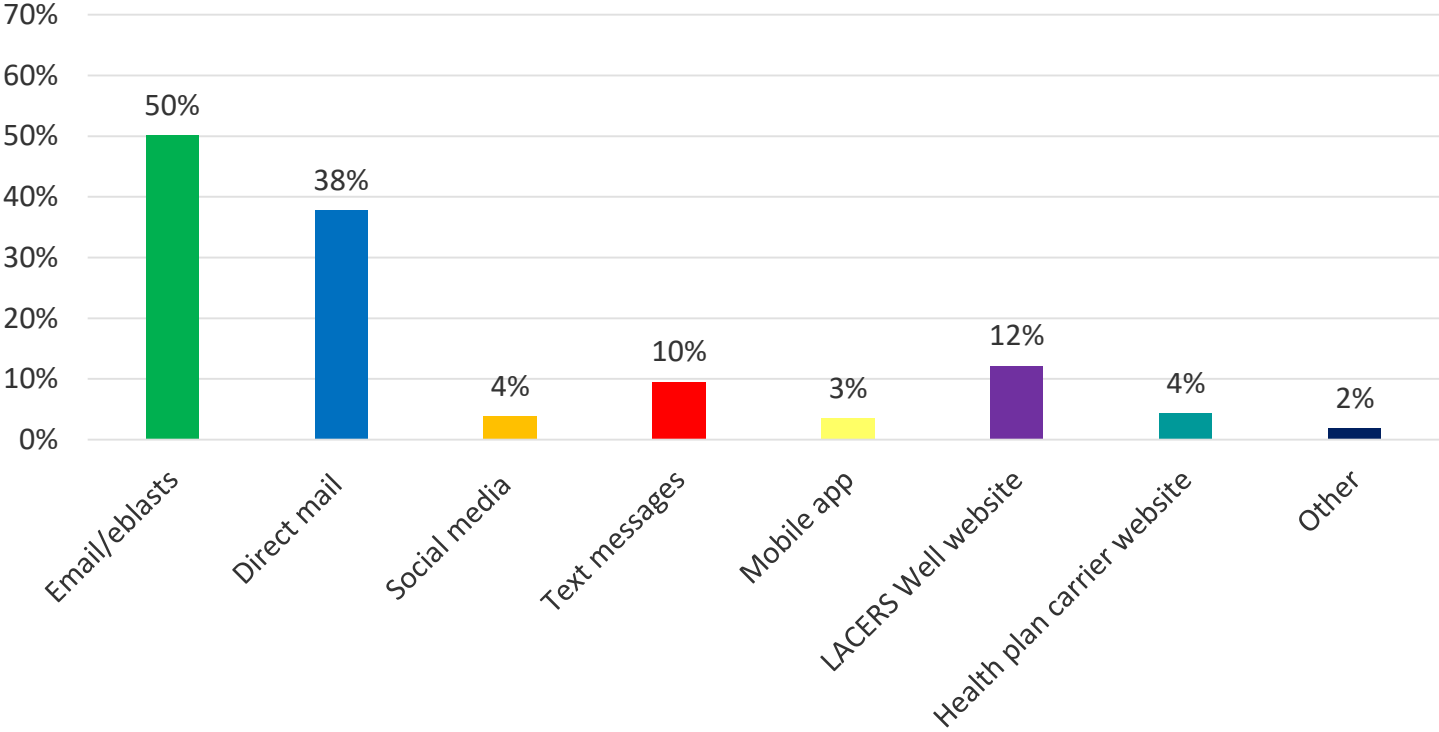
# If you participated in any of the wellness program activities or resources provided by LACERS, what health-related changes did you experience as a result of the LACERS *Well* wellness program? (Check all that apply)



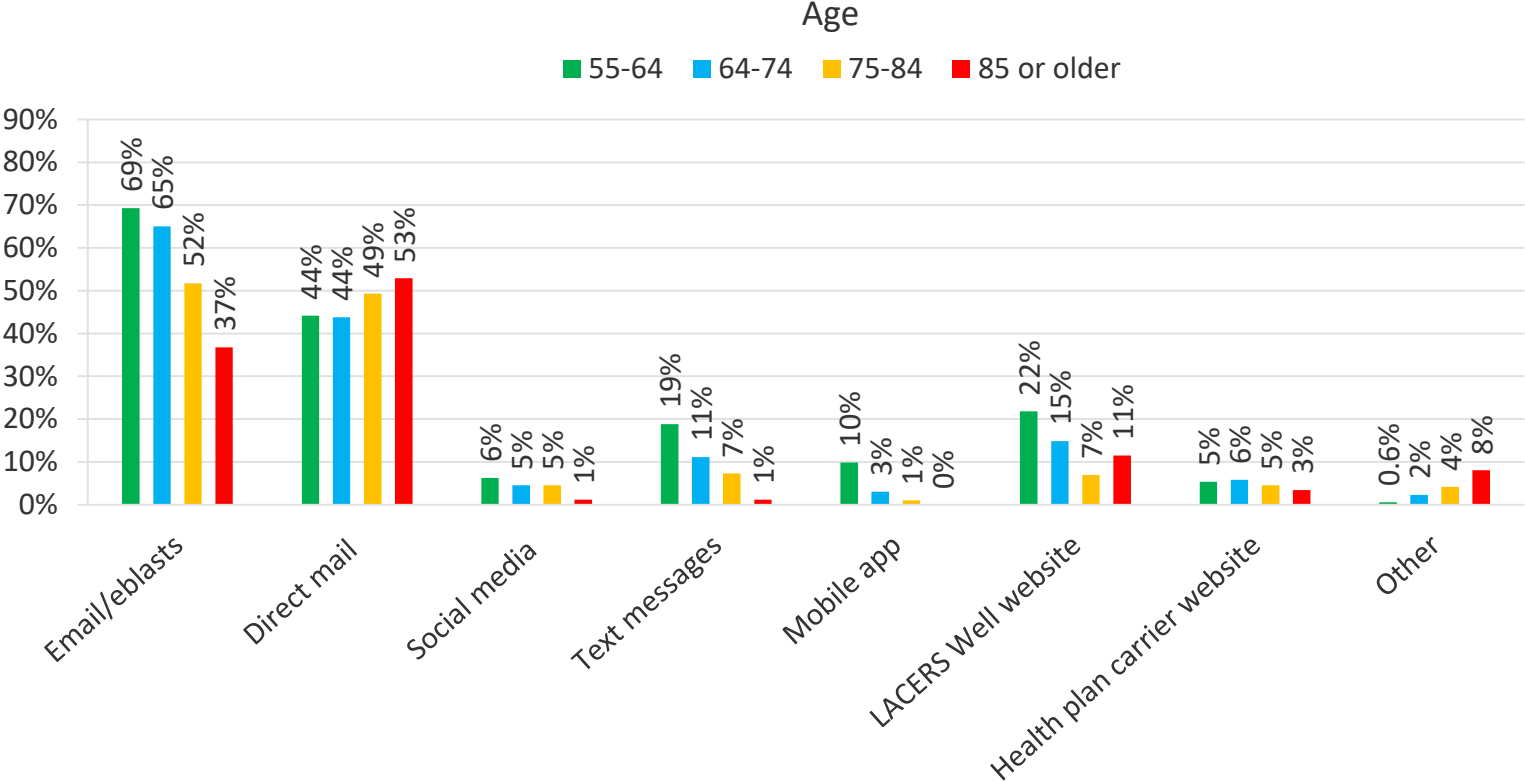
# Which of the following wellness activities and resources would you participate in/use if they were provided through the LACERS Well wellness program in 2019? (Check all that apply)



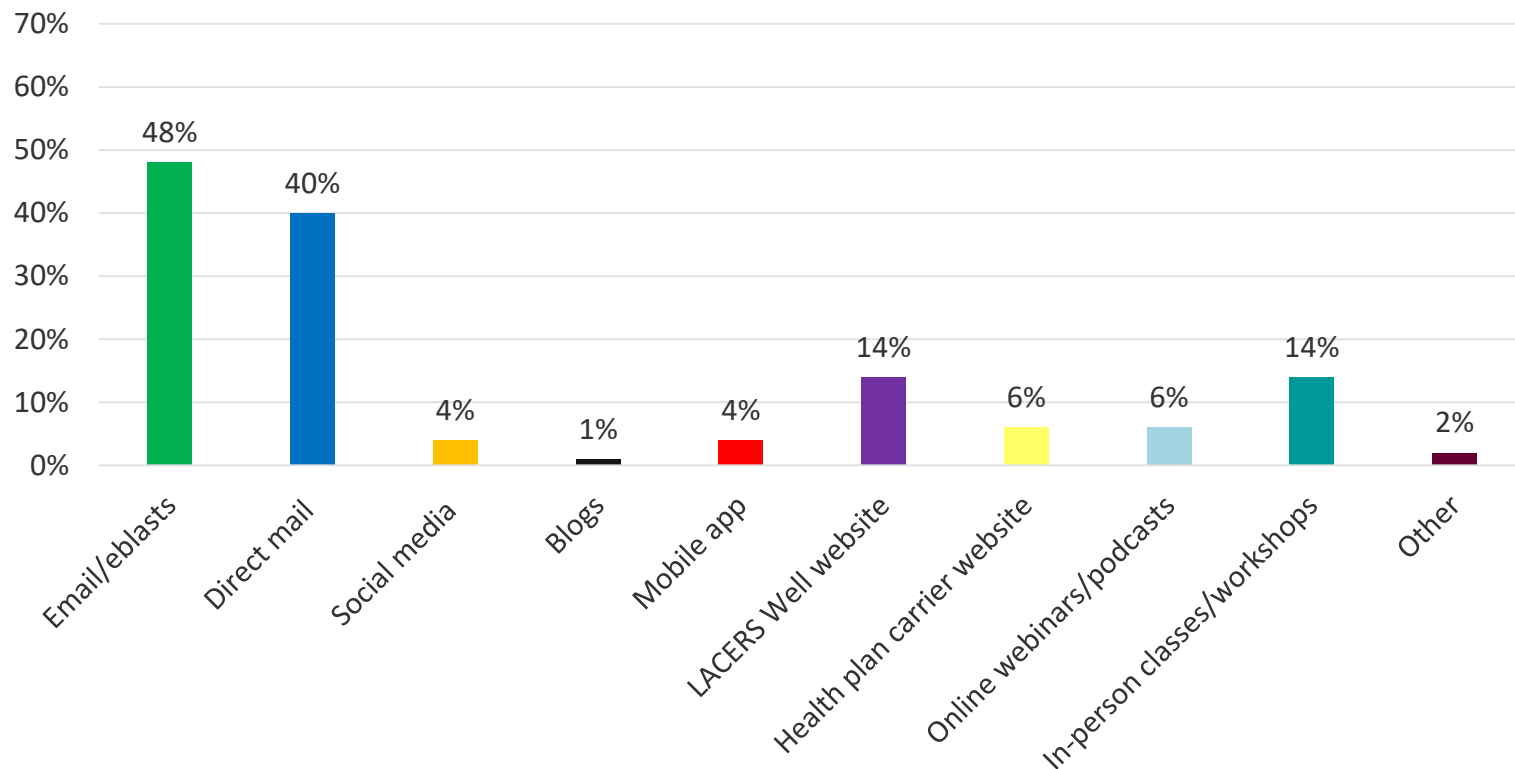
# How would you like to receive information on the LACERS *Well* wellness program? (Check all that apply)



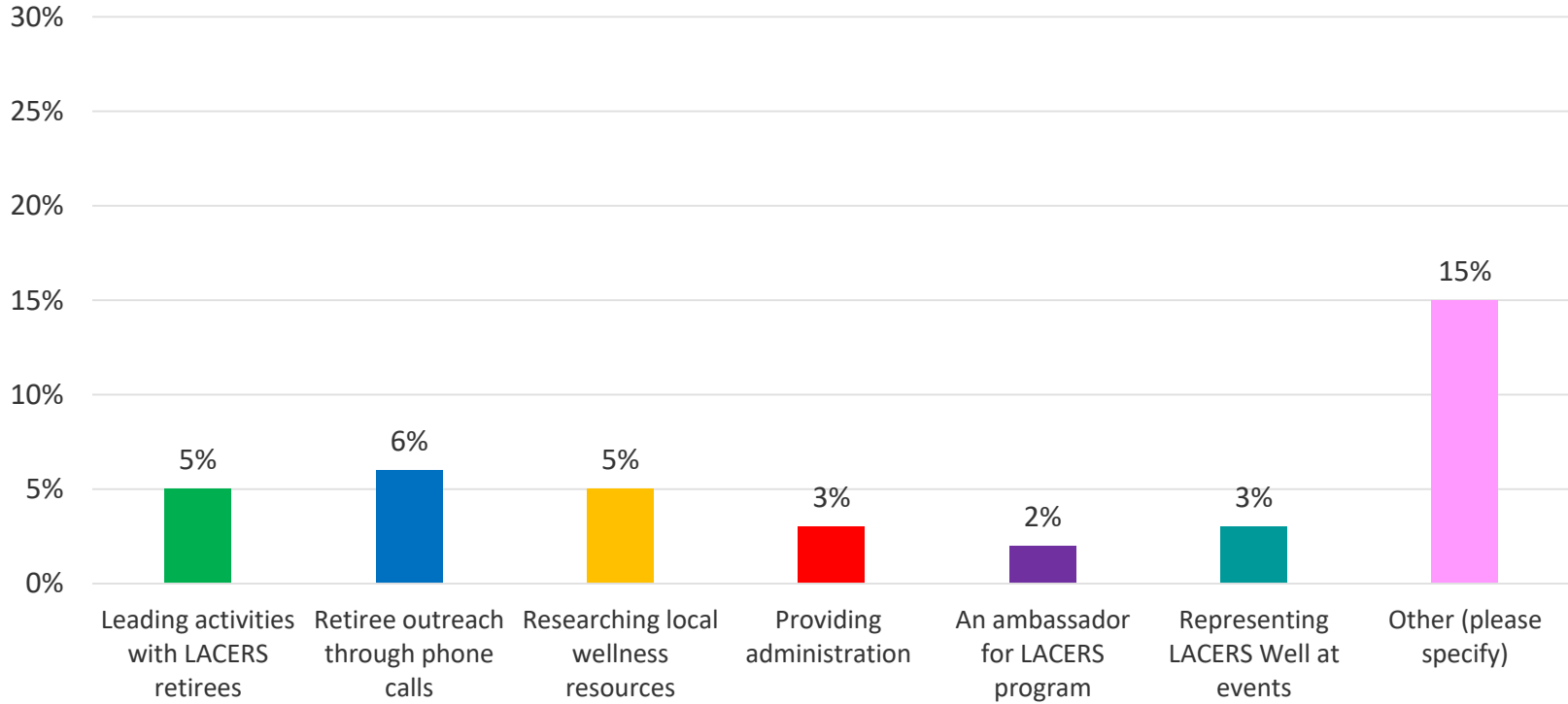
# How would you like to receive information on the LACERS Well wellness program? (Check all that apply) – By Age Range



# How would you like to learn about ways to take better care of your health through the LACERS *Well* wellness program? (Check all that apply)



# Please indicate whether you would be interested in joining the Wellness Champion program by participating in any of the following ways: (Check all that apply)



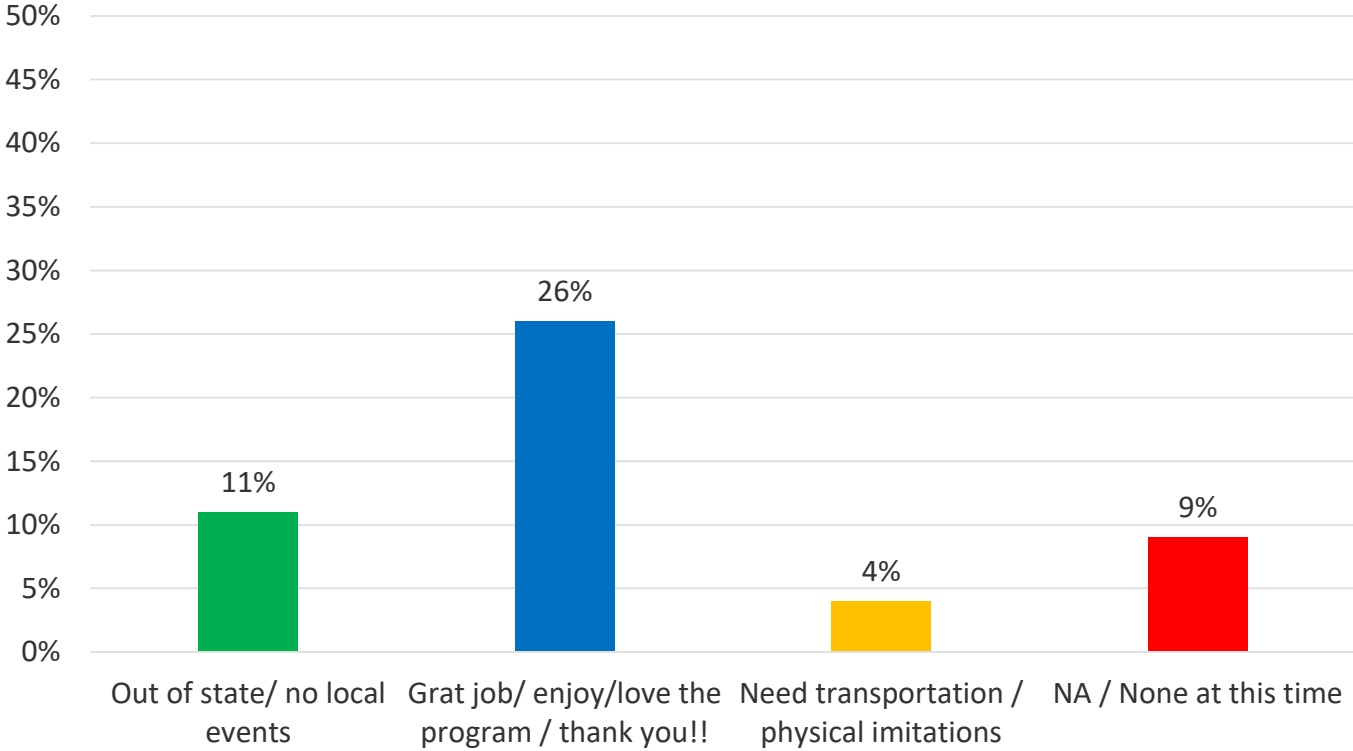
## Provided Contact Information

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- Sign-up for Wellness Champion program: 289
- To earn gift card: 774



# Additional Comments or Suggestions (open-ended)





**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**MEETING: AUGUST 13, 2019**

**From: Neil M. Guglielmo, General Manager**

**ITEM: IV**

*Neil M. Guglielmo*

**SUBJECT: 2020 HEALTH PLAN PREMIUMS AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Committee forward a recommendation to the Board to approve the proposed 2020 premium rates for LACERS medical, dental, and vision plans, as included in the Attachment 1, including any minor premium adjustments.

**Executive Summary**

Health plan contract renewals have resulted in overall 2020 health plan premium costs decreasing by 0.1% and include the addition of acupuncture benefits that are equivalent to the chiropractic benefit, and standard copay costs through the Medicare prescription drug Catastrophic Phase in the medical plans.

**Discussion**

As part of an annual process, LACERS' Health and Welfare Consultant, Keenan and Associates (Keenan), released a Request for Renewal, requesting premium rate renewal data from LACERS' health plan carriers: Kaiser Permanente (Kaiser), Anthem Blue Cross (Anthem), UnitedHealthcare (UHC), Senior Care Action Network (SCAN), and Delta Dental (Delta). Data requested included proposed 2020 premium rates, documentation to support the proposed premium rates, performance guarantees, as well as financial commitments toward LACERS' wellness program. In addition, LACERS requested the medical plans that did not already provide these benefits to provide the cost to include an acupuncture benefit and to provide Members coverage in the event they enter the "catastrophic phase" of their prescription plan.

*Acupuncture Benefits*

In an ongoing effort to maximize the utility of our health plans while controlling costs, LACERS sought the inclusion of acupuncture benefits for all medical plans. Acupuncture can be effective at treating a

wide range of ailments, including some inherent to an aging population, such as:

- General Pain Relief
- Back and Neck Relief
- Nerve Conduction
- Digestion Relief
- Anxiety/Depression/Insomnia Relief

Review of the acupuncture benefit is responsive to requests from LACERS' culturally diverse membership and allows all Members the opportunity and flexibility to take advantage of alternative treatment methods. The additional cost of including acupuncture is nominal; for example, no impact on SCAN rates, \$0.48 per Member per month for Kaiser, and \$3.82 for UnitedHealthcare enrollees.

#### *Prescription Plan Catastrophic Phase Coverage*

In certain Medicare Part D plans, once the Member has spent more than their plan's prescription out-of-pocket spending limit, they enter the "catastrophic phase" in which they must pay 5% of the plan's negotiated drug cost rather than the regular co-pay. Although it is rare that a LACERS Member finds themselves in this situation, when it happens, the substantially increased prescription drug costs for necessary prescriptions can have a considerable negative impact on the Member's quality of life and finances. In order to address this concern, LACERS and Keenan have confirmed and/or negotiated with each of the medical plan carriers that, moving forward, our Members will be charged only standard co-pays for prescription drugs.

#### *2020 Medical Plan Renewal Summary*

Overall, the 2020 medical premiums are estimated to decrease by \$243,384, or 0.2%, from \$127.8 million to \$127.5 million.

#### *2020 Dental and Vision Plan Renewal Summary*

The Delta Dental PPO is self-funded by LACERS, as of this year. Based on a review of the premiums and claims, the dental plan is operating at an estimated surplus of \$87,794, or 0.9%, and there is no need to change the premium for 2020.

DeltaCare USA (HMO) premium costs will increase by \$42,850, or 6.0%, from \$714,094 to \$756,944. The renewal also includes a rate cap of 6.0% for 2021.

Overall, the 2020 dental premiums are estimated to increase by \$42,850, or 4.0%, from \$10.7 million to \$10.8 million.

Anthem Blue View vision plan premiums will increase by \$37,512, or 5.0%, from \$750,235 to \$787,474, as part of a three-year rate guarantee. A one-year rate increase of 4.0% for 2020 was offered, but staff recommends securing the modest 5.0% rate increase for the next three years instead.

## Conclusion

Negotiations conducted by Keenan and recommended renewal options resulted in an overall cost decrease of \$163,022, or 0.1%, from \$139.3 million to \$139.1 million. This cost includes the provision of a parity benefit between acupuncture and chiropractic, and maintaining standard copays during the Medicare prescription drug Catastrophic Phase for the associated medical plans. The Board has the authority to add benefits if the total premium cost of the Health and Welfare Program does not increase by more than 0.5%. The cost of adding these benefits is estimated to be \$118,799, which is only 0.09% of the estimated total cost of \$139,095,951.

Occasionally, premiums are subject to change slightly after Board approval due to discovered miscalculations. Staff recommends that the Board allow for any premium adjustments, with increases not to exceed \$5.00 per plan premium, to be included in the recommendation.

Staff and Keenan will be present to discuss the 2020 health plan renewal process and answer the Committee's questions.

## Strategic Plan Impact Statement

Conducting an annual renewal of our health plans allows staff to ensure that our plan premiums and benefits are competitive and appropriate, and support the Strategic Plan Goal to Improve the Value and Minimize Costs of Members' Health and Wellness Program.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst  
Bruce Bernal, Senior Personnel Analyst II

NMG/LP:ar

Attachments: 1 – Keenan Report – 2020 Health Plan Renewal Final Report  
2 – LACERS Historical Medical Cost Increases



# Los Angeles City Employees' Retirement System

2020 Health Plan Renewal, Final Report

Benefits Administration Committee

August 13, 2019

BAC Meeting: 08/13/19

Item IV

Attachment 1

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Consultant

Erin Robinson, Senior Service Representative | Christine Hough, Actuary

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• Recommendations	Page 19
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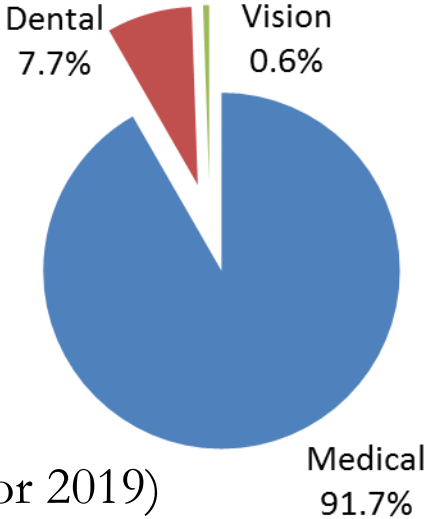
# Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) preliminary 2020 health plan renewals
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), UnitedHealthcare (UHC), and SCAN have provided medical plan renewals for 2020
- Delta Dental has provided a renewal for the DHMO plan for 2020. The Delta Dental PPO plan is self-funded as of January 1, 2019. The PPO administration fee remains the same from 2019.
- Anthem Blue View Vision has provided renewals for 2020 and for a three-year guarantee contract
- Data assumes the current carriers, plans, and enrollment in the report with the following exception;
  - An acupuncture benefit was added in parity with the chiropractic benefit
  - The Medicare Rx Catastrophic stage member cost share was adjusted to match the copayment structure.



# Executive Summary

- The 2020 final renewal for the LACERS Health and Welfare Program is a minor decrease in cost of \$163,022 or -0.1% from \$139,258,973 to \$139,095,951
- Of LACERS’ total premium costs, medical is 91.7%, dental 7.7%, and vision 0.6%
- The 2020 LACERS final renewals are as follows:
  - Medical premiums: **-\$243,384** or **-0.2%**
  - Dental premiums: **\$42,850** or **0.4%**
  - Vision premiums: **\$37,512** or **5.0%**
- The Delta Dental PPO plan is in its first year of self-funding
  - IBNR reserve of \$915,545 will be funded in 2019
  - No adjustment in rates is needed for 2020
- The Health Insurance Tax (HIT) for 2020 is \$2,026,040 (\$0 for 2019)



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Final Renewal			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
MEDICAL	19,027	127,788,497	\$129,593,964	\$1,805,467	1.4%	\$127,545,113	(\$243,384)	-0.2%	\$2,048,851
DENTAL	15,003	10,720,241	\$10,763,091	\$42,850	0.4%	\$10,763,091	\$42,850	0.4%	\$0
VISION	7,602	750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
<b>GRAND TOTAL</b>		<b>\$139,258,973</b>	<b>\$141,137,321</b>	<b>\$1,878,348</b>	<b>1.3%</b>	<b>\$139,095,951</b>	<b>(\$163,022)</b>	<b>-0.1%</b>	<b>\$2,041,370</b>

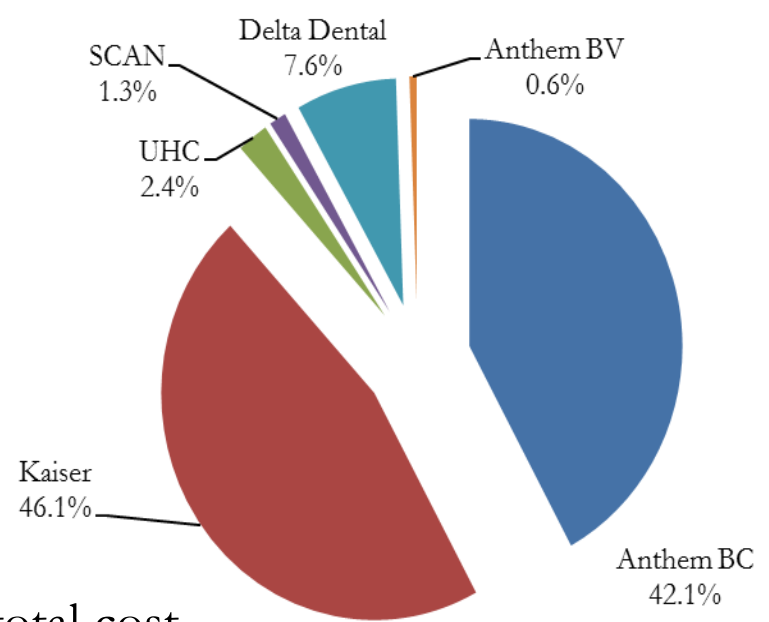


# Executive Summary

The 2020 LACERS final renewals by carrier are as follows:

- Anthem: **\$1,099,666** or **1.9%**
- Kaiser: **-\$1,578,370** or **-2.4%**
- UHC: **\$235,320** or **7.5%**
- SCAN: **\$0** or **0.0%**
- Delta Dental: **\$42,850** or **0.4%**
- Anthem Blue View: **\$37,512** or **5.0%**

Kaiser and Anthem comprise 87.2% of the total cost

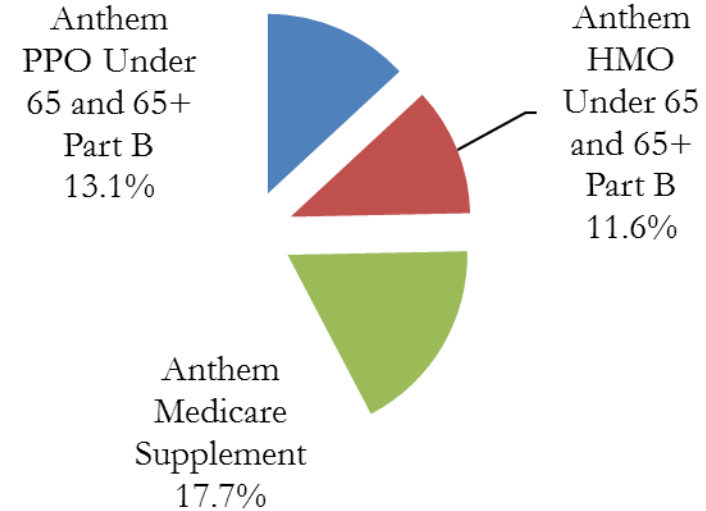


Carriers	Current Enrollment	2019 Premium	2019 Renewal - Preliminary			2020 Renewal - Preliminary			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem	5,029	\$57,768,916	\$59,390,679	\$1,621,763	2.8%	\$58,868,582	\$1,099,666	1.9%	\$522,097
Kaiser	12,380	\$65,073,982	\$65,069,856	(\$4,126)	0.0%	\$63,495,612	(\$1,578,370)	-2.4%	\$1,574,244
UnitedHealthcare	1,036	\$3,131,086	\$3,318,916	\$187,830	6.0%	\$3,366,406	\$235,320	7.5%	(\$47,490)
SCAN	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0
Delta Dental	15,003	\$10,720,241	\$10,763,091	\$42,850	0.4%	\$10,763,091	\$42,850	0.4%	\$0
Anthem Blue View	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
<b>GRAND TOTAL</b>		<b>\$139,258,973</b>	<b>\$141,137,321</b>	<b>\$1,878,348</b>	<b>1.3%</b>	<b>\$139,095,951</b>	<b>(\$163,022)</b>	<b>-0.1%</b>	<b>\$2,041,370</b>

1) Anthem and Delta Dental enrollments are retiree counts.  
 2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.  
 3) Kaiser did not provide Senior Advantage preliminary renewal. For illustration, an industry norm 3% increase was assumed.

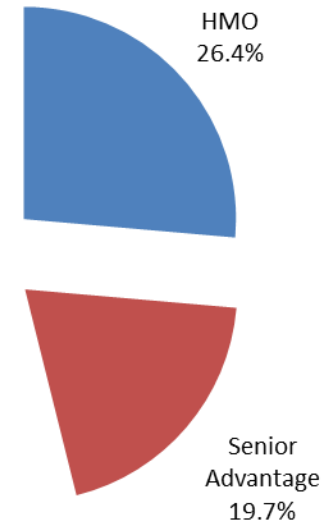
# Anthem Blue Cross Renewal

- Anthem Blue Cross comprises 42.4% of LACERS' premium costs
- Anthem requested the following rate adjustments:
  - PPO Under 65 / 65+ Part B: **\$56,583** or **0.3%**
  - HMO Under 65 / 65+ Part B: **\$1,348,7445** or **9.1%**
  - Medicare Supplement: **-\$305,662** or **-1.2%**
  - An overall increase of **\$1,099,666** or **1.9%**
- Considerations for Anthem's renewal:
  - 2020 wellness program contribution of \$375,000
  - Preliminary renewal includes Anthem concession for HMO from 12.7% to 9.1%



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>Anthem</b>									
<b>Anthem</b>									
PPO Under 65 and 65+ Part B	1,034	\$18,172,154	\$18,228,737	\$56,583	0.3%	\$18,228,737	\$56,583	0.3%	\$0
HMO Under 65 and 65+ Part B	893	\$14,740,384	\$16,611,226	\$1,870,842	12.7%	\$16,089,129	\$1,348,745	9.1%	\$522,097
Medicare Supplement	3,102	\$24,856,378	\$24,550,716	(\$305,662)	-1.2%	\$24,550,716	(\$305,662)	-1.2%	\$0
<b>Total</b>	<b>5,029</b>	<b>\$57,768,916</b>	<b>\$59,390,679</b>	<b>\$1,621,763</b>	<b>2.8%</b>	<b>\$58,868,582</b>	<b>\$1,099,666</b>	<b>1.9%</b>	<b>\$522,097</b>

# Kaiser Permanente Renewal



- Kaiser comprises 46.1% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
  - HMO Under 65: -\$791,409 or -2.1% decrease
  - Senior Advantage: -\$786,961 or -2.9% decrease
  - For an overall decrease of **-\$1,578,370** or **-2.40%**
- Other considerations:
  - \$150,000 funding for wellness program and Open Enrollment

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>Kaiser</b>									
HMO Under 65	4,051	\$38,053,406	\$37,238,663	(\$814,743)	-2.1%	\$37,261,997	(\$791,409)	-2.1%	(\$23,334)
Senior Advantage	8,329	\$27,020,576	\$27,831,193	\$810,617	3.0%	\$26,233,615	(\$786,961)	-2.9%	\$1,597,578
<b>Total</b>	<b>12,380</b>	<b>\$65,073,982</b>	<b>\$65,069,856</b>	<b>(\$4,126)</b>	<b>0.0%</b>	<b>\$63,495,612</b>	<b>(\$1,578,370)</b>	<b>-2.4%</b>	<b>\$1,574,244</b>

# SCAN Renewal

## SCAN Medicare Advantage HMO – Available to retired Members with Medicare Parts A and B

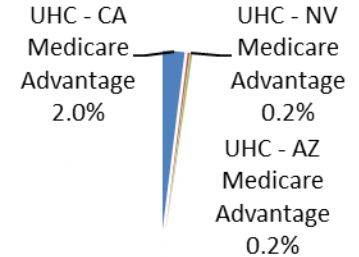
SCAN  
1.3%

- SCAN comprises 1.3% of LACERS' premium costs
- SCAN requested the following rate adjustments:
  - Medicare Advantage: **\$0** or **0.0%**
- Other considerations:
  - Wellness program contribution of \$9,000

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>SCAN</b>									
Medicare Advantage	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0

# UnitedHealthcare Renewal

## UnitedHealthcare Medicare Advantage HMO – Available to retired Members with Medicare Parts A and B



- UHC comprises 2.4% of LACERS’ premium costs
- UHC proposed a **\$187,830** or **6.0%** increase
  - With acupuncture parity to chiropractic benefits the renewal increased to 7.5% (\$235,320)
- UHC provides LACERS coverage in California, Arizona, and Nevada
- Other considerations:
  - Wellness program contribution of \$8,500

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>UnitedHealthcare</b>									
CA Medicare Advantage	873	\$2,624,762	\$2,782,216	\$157,454	6.0%	\$2,822,234	\$197,472	7.5%	(\$40,018)
NV Medicare Advantage	102	\$270,957	\$287,212	\$16,255	6.0%	\$291,888	\$20,931	7.7%	(\$4,676)
AZ Medicare Advantage	61	\$235,367	\$249,488	\$14,121	6.0%	\$252,284	\$16,917	7.2%	(\$2,796)
<b>Total</b>	<b>1,036</b>	<b>\$3,131,086</b>	<b>\$3,318,916</b>	<b>\$187,830</b>	<b>6.0%</b>	<b>\$3,366,406</b>	<b>\$235,320</b>	<b>7.5%</b>	<b>(\$47,490)</b>

# Delta Dental Renewal

## Delta Dental PPO and DHMO –

### Available to retired members

Delta Dental  
PPO  
7.1%



Delta Dental  
DHMO  
0.5%

- Delta Dental comprises 7.6% of LACERS' premium costs
- LACERS started self-funding the Delta Dental PPO as of January 1, 2019
- The self-funded PPO requires no rate adjustment for 2020
- The Delta Dental DHMO requires a 6.0% increase or \$42,850.
  - Based off of the plan experience for the DHMO a 28.1% increase would be required.
- Other considerations:
  - Wellness program contribution of \$10,000

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>Delta Dental</b>									
PPO	11,810	\$10,006,147	\$10,006,147	\$0	0.0%	\$10,006,147	\$0	0.0%	\$0
DHMO	3,193	\$714,094	\$756,944	\$42,850	6.0%	\$756,944	\$42,850	6.0%	\$0
<b>Total</b>	<b>15,003</b>	<b>\$10,720,241</b>	<b>\$10,763,091</b>	<b>\$42,850</b>	<b>0.4%</b>	<b>\$10,763,091</b>	<b>\$42,850</b>	<b>0.4%</b>	<b>\$0</b>

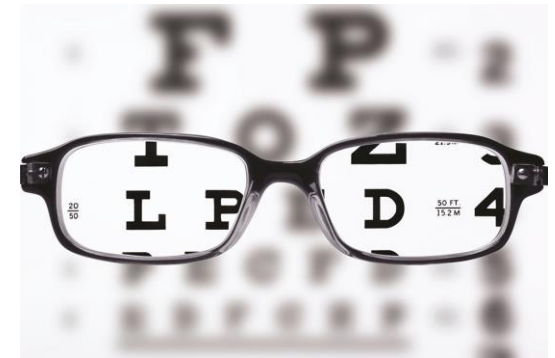
# Anthem Blue View Vision Renewal

## Anthem Blue View Vision –

Available to retired Members enrolled in Anthem, SCAN and UHC

Anthem  
Blue View  
0.6%

- Anthem Blue View comprises 0.6% of LACERS premium costs
- Anthem Blue View has requested an increase of **\$37,512** or **5.0%** with a 3-year rate guarantee (a one year renewal option is available at 4.0%)
- Other considerations:
  - Wellness program contribution is combined with Anthem medical



	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>Anthem Blue View</b>									
Vision	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)

# Estimate of 2019 Renewal Action on 2020

- For 2019 LACERS elected to hold rates for various coverages, rather than pass on rate decreases. The following chart illustrates this action on the proposed 2020 final renewal action.

LACERS Renewal	2019 Renewal				2020 Renewal		
	2019 Renewal	Renewal Action	Funds to LACERS	Fund From PSR	2020 Renewal	Proposed Renewal Action	Funds to LACERS
<b>Medical</b>							
<i>Antem</i>							
PPO Under 65 and 65+ Part B	-2.4%	0.0%	2.4%	0.0%	0.3%	0.0%	2.1%
HMO Under 65 and 65+ Part B	-9.7%	-9.7%	9.7%	-9.7%	9.1%	9.1%	0.0%
Medicare Supplemental Plan	2.6%	0.0%	0.0%	-2.6%	-1.2%	1.3%	0.0%
<i>Kaiser</i>							
HMO Under 65	-2.7%	0.0%	2.7%	N/A	-2.1%	0.0%	4.7%
Senior Advantage	2.0%	2.0%	0.0%	N/A	-3.1%	0.0%	1.2%
<i>UHC</i>							
California	-5.6%	0.0%	5.6%	N/A	7.5%	1.5%	0.0%
Nevada	-6.4%	0.0%	6.4%	N/A	7.7%	0.8%	0.0%
Arizona	-4.4%	0.0%	4.4%	N/A	7.2%	2.5%	0.0%
<i>SCAN</i>							
	0.0%	0.0%	0.0%	N/A	0.0%	0.0%	0.0%
<b>Dental</b>							
<i>Delta Dental</i>							
Delta Dental PPO	3.5%	3.5%	0.0%	N/A	0.0%	0.0%	0.0%
Delta Dental DHMO	6.0%	6.0%	0.0%	N/A	6.0%	6.0%	0.0%
<b>Vision</b>							
<i>Antem</i>							
Blue View Vision	3.5%	3.5%	0.0%	N/A	5.0%	5.0%	0.0%



# Estimate of 2019 Renewal Action on 2020

## 2020 Final Renewal Dollar Impact

LACERS Renewal	2019 Renewal				2020 Renewal		
	2019 Renewal	Renewal Action	Funds to LACERS	Fund From PSR	2020 Renewal	Proposed Renewal Action	Funds to LACERS
<b>Medical</b>							
<i>Anthem</i>							
PPO Under 65 and 65+ Part B	\$ (433,469)	\$ -	\$ 433,469	\$ -	\$ 56,583	\$ -	\$ 382,093
HMO Under 65 and 65+ Part B	\$ (1,511,809)	\$ (1,511,809)	\$ 1,511,809	\$ (1,511,809)	\$ 1,348,745	\$ 1,348,745	\$ -
Medicare Supplemental Plan	\$ 607,328	\$ -	\$ -	\$ (607,328)	\$ (305,662)	\$ 305,662	\$ -
Anthem Total	\$ (1,337,950)	\$ (1,511,809)	\$ 1,945,278	\$ (2,119,137)	\$ 1,099,666	\$ 1,654,407	\$ 382,093
<i>Kaiser</i>							
HMO Under 65	\$ (1,020,390)	\$ -	\$ 1,020,390	N/A	\$ (791,409)	\$ -	\$ 791,409
Senior Advantage	\$ 521,946	\$ 521,946	\$ -	N/A	\$ (786,961)	\$ -	\$ 786,961
Kaiser Total	\$ (498,444)	\$ 521,946	\$ 1,020,390	N/A	\$ (1,578,370)	\$ -	\$ 1,578,370
<i>UHC</i>							
California	\$ (159,300)	\$ -	\$ 159,300	N/A	\$ 197,472	\$ 42,393	\$ -
Nevada	\$ (17,939)	\$ -	\$ 17,939	N/A	\$ 20,931	\$ 2,424	\$ -
Arizona	\$ (8,644)	\$ -	\$ 8,644	N/A	\$ 16,917	\$ 6,235	\$ -
UHC Total	\$ (185,883)	\$ -	\$ 185,883	N/A	\$ 235,320	\$ 51,052	\$ -
<i>SCAN</i>							
Total Medical	\$ (2,022,277)	\$ (989,863)	\$ 3,151,551	\$ (2,119,137)	\$ (243,384)	\$ 1,705,459	\$ 1,960,463
<b>Dental</b>							
<i>Delta Dental</i>							
Delta Dental PPO	\$ 318,343	\$ 318,343	\$ -	N/A	\$ -	\$ -	\$ -
Delta Dental DHMO	\$ 39,295	\$ 39,295	\$ -	N/A	\$ 42,850	\$ 42,850	\$ -
Total Dental	\$ 357,638	\$ 357,638	\$ -	N/A	\$ 42,850	\$ 42,850	\$ -
<b>Vision</b>							
<i>Anthem</i>							
Blue View Vision	\$ 23,357	\$ 23,357	\$ -	N/A	\$ 37,512	\$ 37,512	\$ -
<b>Health - Medical, Dental, &amp; Vision</b>							
Total Health	\$ (1,641,282)	\$ (608,868)	\$ 3,151,551	\$ (2,119,137)	\$ (163,022)	\$ 1,785,821	\$ 1,960,463

# Health Insurance Tax (HIT) / ACA Tax

- For 2020 HIT/ACA tax will be implemented again.
- For 2019, no HIT/ACA fees were required.
- Total 2020 HIT/ACA tax is \$2,126,040

HIT / ACA Tax	2019	2020	Enrollment	2020 Cost per Retiree per Month
<b>Medical</b>				
<i>Anthem</i>				
PPO Under 65 and 65+ Part B	\$ -	\$ 501,255	1,034	\$ 40.40
HMO Under 65 and 65+ Part B	\$ -	\$ 458,238	893	\$ 42.76
<u>Medicare Supplemental Plan</u>	\$ -	\$ 313,994	<u>3,102</u>	\$ 8.44
Anthem Total	\$ -	\$ 1,273,487	5,029	\$ 21.10
<i>Kaiser</i>				
HMO Under 65	\$ -	\$ 339,900	4,051	\$ 6.99
<u>Senior Advantage</u>	\$ -		<u>8,329</u>	
Kaiser Total	\$ -		12,380	
<i>UHC</i>				
California	\$ -	\$ 408,250	873	\$ 38.97
Nevada	\$ -	\$ 55,092	102	\$ 45.01
<u>Arizona</u>	\$ -	\$ 27,853	<u>61</u>	\$ 38.05
UHC Total	\$ -	\$ 491,195	1,036	\$ 39.51
<i>SCAN</i>	\$ -	\$ -	582	\$ -
Total Medical	\$ -	\$ 2,104,582	10,698	\$ 16.39
<b>Dental</b>				
<i>Delta Dental</i>				
Delta Dental PPO	\$ -		11,810	
<u>Delta Dental DHMO</u>	\$ -		<u>3,193</u>	
Total Dental	\$ -		15,003	
<b>Vision</b>				
<i>Anthem</i>				
Blue View Vision	\$ -	\$ 21,458	7,602	\$ 0.24
<b>Health - Medical, Dental, &amp; Vision</b>				
Total Health	\$ -	\$ 2,126,040		

# Acupuncture Benefit

- Keenan worked with the LACERS carriers (Kaiser, SCAN and UHC) to create parity between the provision of acupuncture and chiropractic benefits. The following table illustrates the plan design and rate cost impact.

LACERS - Current Benefits Chiropractic and Acupuncture	Anthem PPO	Anthem HMO	Anthem Medicare Supplemental	Kaiser HMO	Kaiser KPSA	SCAN	UHC
<b>Chiropractic Copayment</b>	\$20 Copayment	\$20 Copayment	\$10 Copayment	\$15 Copayment	\$15 Copayment	\$10 Copayment	\$15 Copayment
<b>Chiropractic Benefit</b>	30 visits / year	30 visits / year	30 visits / year	30 visits / year	30 visits / year	20 visits / year	CA - 30 visits / year, AZ /NV 12 visits / year
<b>Acupuncture Copayment</b>	\$30 Copayment	\$20 Copayment	\$30 Plan payment				
<b>Acupuncture Benefit</b>	12 visits / year	If medically necessary and approved by PCP. No benefit limit	12 visits / year, Must use a physician	No Coverage	No Coverage	No Coverage	No Coverage
LACERS - Proposed Acupuncture Benefit	Anthem PPO	Anthem HMO	Anthem Medicare Supplemental	Kaiser HMO	Kaiser KPSA	SCAN	UHC
<b>Copayment</b>	\$20 Copayment	\$20 Copayment	\$10 Copayment	\$15 Copayment	\$15 Copayment	\$10 Copayment	\$15 Copayment
<b>Benefit</b>	30 visits / year	30 visits / year	30 visits / year	30 visits / year	30 visits / year	20 visits / year	CA - 30 visits / year, AZ /NV 12 visits / year
<b>Rate Impact</b>	\$0	\$0	\$0	\$0.48/\$0.96/\$1.25 Ret/Ret+Sp/Ret+F	\$0.48/Ret/mo.	\$0	\$3.82/member/month
<b>Annual Dollar Cost Impact</b>	\$0	\$0	\$0	\$23,334	\$47,975	\$0	\$47,490

# Prescription Drug Catastrophic Stage

## Out of Pocket Retiree Cost

- It has come to LACERS’ attention that after a retiree on Medicare reaches \$5,100 (\$6,350 in 2020) in out of pocket expenses for prescription drugs, a 5% of cost co-insurance applies to future prescription drug expenses.
- This benefit level is only attained by few retirees with significant prescription drug cost, but can be substantial for those retirees who obtain this out-of-pocket benefit cost-share level.
- Keenan was able to negotiate with each carrier to continue applicable standard copayments during the Medicare Catastrophic Stage at no cost.

LACERS - Medicare Coverage RX - Catastrophic Phase	Anthem Medicare Supplemental	Kaiser KPSA	SCAN	UHC
<b>Current RX Retiree Cost Share</b>	Up to 5% of Cost	Applicable Copayment applies	Up to 5% of Cost	Up to 5% of Cost
<b>Effective 1/1/2020</b>	Applicable Copayment applies	Applicable Copayment applies	Applicable Copayment applies	Applicable Copayment applies
<b>Cost Impact</b>	\$0	\$0	\$0	\$0

# Security Breach Performance Standard

- LACERS has requested that each carrier provide performance standards, measures, and guarantees in the event of a security breach exposing LACERS Members' personal health information (PHI).
- Anthem and UHC has complied with this request. Kaiser, SCAN, and Delta Dental are working on this request. However it will most likely not be ready for 2020.
- Additionally, LACERS requested confirmation that each carrier carries Security Breach coverage. All carriers provided confirmation of coverage.

# Delta Dental Self-Funded Renewal

This is LACERS first year of self-funding the PPO dental plan. The 2020 underwriting shows no renewal increase required for 2020. Additionally, by the end of 2019 the IBNR reserve should be fully funded and a reserve balance should accumulate.

Paid Claims (7/1/18 - 6/30/19)		\$7,510,843
Beginning IBNR Reserve @ 1/1/19	—	\$0
Ending IBNR Reserve @ 6/30/19 (1.5 month factor)	+	\$915,545
Plan Change Adjustment	+	\$0
Incurred Claims (7/1/18 - 6/30/19)		\$8,426,388
Covered Retirees	÷	141,432
Incurred Claims (Per Retiree Per Month)		\$59.58
Trend Factor (4% for 20 months)	x	1.068
Claims Fluctuation Margin @ 2%	x	1.020
2020 Projected Incurred Claims (Per Retiree Per Month)		\$64.88
Delta Dental Administration Fee (Per Retiree Per Month)	+	\$5.10
2020 Projected Retiree Cost Per Month		\$69.98
Current Retiree Count	x	11,956
2020 Self Funded Cost		\$10,039,570
2019 Current Fully Insured Premium		\$10,127,364
\$ Difference		(\$87,794)
% Difference (renewal requirement)		-0.9%

Note: Based on Delta Dental Monthly Experience Report

# Recommendations

- Accept the final medical renewals to include parity between the acupuncture and chiropractic benefits and coverage through the Medicare prescription drug Catastrophic Phase
- Accept the final dental plan renewals as recommended
- Accept the final vision plan renewal as part of a three-year rate guarantee



# Appendix



# Health Plan Financial Summary

	Current Enrollment	2019 Premium	2020 Renewal - Preliminary			2020 Final Renewal			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
<b>Anthem</b>									
<b>Anthem</b>									
PPO Under 65 and 65+ Part B	1,034	\$18,172,154	\$18,228,737	\$56,583	0.3%	\$18,228,737	\$56,583	0.3%	\$0
HMO Under 65 and 65+ Part B	893	\$14,740,384	\$16,611,226	\$1,870,842	12.7%	\$16,089,129	\$1,348,745	9.1%	\$522,097
Medicare Supplement	3,102	\$24,856,378	\$24,550,716	(\$305,662)	-1.2%	\$24,550,716	(\$305,662)	-1.2%	\$0
<b>Total</b>	<b>5,029</b>	<b>\$57,768,916</b>	<b>\$59,390,679</b>	<b>\$1,621,763</b>	<b>2.8%</b>	<b>\$58,868,582</b>	<b>\$1,099,666</b>	<b>1.9%</b>	<b>\$522,097</b>
<b>Kaiser</b>									
HMO Under 65	4,051	\$38,053,406	\$37,238,663	(\$814,743)	-2.1%	\$37,261,997	(\$791,409)	-2.1%	(\$23,334)
Senior Advantage	8,329	\$27,020,576	\$27,831,193	\$810,617	3.0%	\$26,233,615	(\$786,961)	-3.1%	\$1,597,578
<b>Total</b>	<b>12,380</b>	<b>\$65,073,982</b>	<b>\$65,069,856</b>	<b>(\$4,126)</b>	<b>0.0%</b>	<b>\$63,495,612</b>	<b>(\$1,578,370)</b>	<b>-2.4%</b>	<b>\$1,574,244</b>
<b>UnitedHealthcare</b>									
CA Medicare Advantage	873	\$2,624,762	\$2,782,216	\$157,454	6.0%	\$2,822,234	\$197,472	7.5%	(\$40,018)
NV Medicare Advantage	102	\$270,957	\$287,212	\$16,255	6.0%	\$291,888	\$20,931	7.7%	(\$4,676)
AZ Medicare Advantage	61	\$235,367	\$249,488	\$14,121	6.0%	\$252,284	\$16,917	7.2%	(\$2,796)
<b>Total</b>	<b>1,036</b>	<b>\$3,131,086</b>	<b>\$3,318,916</b>	<b>\$187,830</b>	<b>6.0%</b>	<b>\$3,366,406</b>	<b>\$235,320</b>	<b>7.5%</b>	<b>(\$47,490)</b>
<b>SCAN</b>									
Medicare Advantage	582	\$1,814,513	\$1,814,513	\$0	0.0%	\$1,814,513	\$0	0.0%	\$0
<b>Total</b>	<b>582</b>	<b>\$1,814,513</b>	<b>\$1,814,513</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$1,814,513</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Medical Total</b>	<b>19,027</b>	<b>\$127,788,497</b>	<b>\$129,593,964</b>	<b>\$1,805,467</b>	<b>1.4%</b>	<b>\$127,545,113</b>	<b>(\$243,384)</b>	<b>-0.2%</b>	<b>\$2,048,851</b>
<b>DENTAL</b>									
<b>Delta Dental PPO</b>	11,810	\$10,006,147	\$10,006,147	\$0	0.0%	\$10,006,147	\$0	0.0%	\$0
<b>Delta Dental HMO</b>	3,193	\$714,094	\$756,944	\$42,850	6.0%	\$756,944	\$42,850	6.0%	\$0
<b>Dental Total</b>	<b>15,003</b>	<b>\$10,720,241</b>	<b>\$10,763,091</b>	<b>\$42,850</b>	<b>0.4%</b>	<b>\$10,763,091</b>	<b>\$42,850</b>	<b>0.4%</b>	<b>\$0</b>
<b>VISION</b>									
<b>Anthem Blue View</b>	7,602	\$750,235	\$780,266	\$30,031	4.0%	\$787,747	\$37,512	5.0%	(\$7,481)
<b>Vision Total</b>	<b>7,602</b>	<b>\$750,235</b>	<b>\$780,266</b>	<b>\$30,031</b>	<b>4.0%</b>	<b>\$787,747</b>	<b>\$37,512</b>	<b>5.0%</b>	<b>(\$7,481)</b>
<b>GRAND TOTAL</b>		<b>\$139,258,973</b>	<b>\$141,137,321</b>	<b>\$1,878,348</b>	<b>1.3%</b>	<b>\$139,095,951</b>	<b>(\$163,022)</b>	<b>-0.1%</b>	<b>\$2,041,370</b>

- 1) Anthem and Delta Dental enrollments are retiree counts.
- 2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.
- 3) Kaiser did not provide Senior Advantage preliminary renewal. For illustration, an industry norm 3% increase was assumed.

# Anthem PPO Rates

Anthem		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
U65 and 65+ Part B PPO - Refunding		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>Retiree Only</b>									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,231.62	\$1,235.44	0.31%	\$1,262.42	\$1,262.42	0.00%	\$30.80	\$26.98
<b>Retiree and One Dependent</b>									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,463.24	\$2,470.88	0.31%	\$2,524.84	\$2,524.84	0.00%	\$61.60	\$53.96
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,231.62	\$1,235.44	0.31%	\$1,262.42	\$1,262.42	0.00%	\$30.80	\$26.98
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,231.62	\$1,235.44	0.31%	\$1,262.42	\$1,262.42	0.00%	\$30.80	\$26.98
<b>Retiree and Family (Family = 2 or more dependents)</b>									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$2,894.31	\$2,903.28	0.31%	\$2,966.69	\$2,966.69	0.00%	\$72.38	\$63.41
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,662.69	\$1,667.84	0.31%	\$1,704.27	\$1,704.27	0.00%	\$41.58	\$36.43
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,662.69	\$1,667.84	0.31%	\$1,704.27	\$1,704.27	0.00%	\$41.58	\$36.43
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$431.07	\$432.40	0.31%	\$441.85	\$441.85	0.00%	\$10.78	\$9.45

# Anthem HMO Rates

Anthem		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>Retiree Only</b>									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$944.07	\$1,030.45	9.15%	\$944.07	\$1,030.45	9.15%	\$0.00	\$0.00
<b>Retiree and One Dependent</b>									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$1,888.14	\$2,060.90	9.15%	\$1,888.14	\$2,060.90	9.15%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$944.07	\$1,030.45	9.15%	\$944.07	\$1,030.45	9.15%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$944.07	\$1,030.45	9.15%	\$944.07	\$1,030.45	9.15%	\$0.00	\$0.00
<b>Retiree and Family (Family = 2 or more dependents)</b>									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$2,454.58	\$2,679.17	9.15%	\$2,454.58	\$2,679.17	9.15%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,510.51	\$1,648.72	9.15%	\$1,510.51	\$1,648.72	9.15%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,510.51	\$1,648.72	9.15%	\$1,510.51	\$1,648.72	9.15%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$566.44	\$618.27	9.15%	\$566.44	\$618.27	9.15%	\$0.00	\$0.00

# Anthem Rates

Anthem		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
Anthem Medicare Supplement Plan - Refunding *		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>Retiree Only</b>								(from PSR)	
<b>M</b>	Retiree > 65 with both Parts A & B of Medicare	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
<b>Retiree and One Dependent</b>								(from PSR)	
<b>UM</b>	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
<b>MU</b>	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
<b>MM</b>	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,096.33	\$1,082.86	2.63%	\$1,068.24	\$1,082.86	1.37%	-\$28.09	\$0.00
<b>Retiree and Family (Family = 2 or more dependents)</b>								(from PSR)	
<b>UMU</b>	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
<b>MUU</b>	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$548.17	\$541.43	2.63%	\$534.12	\$541.43	1.37%	-\$14.05	\$0.00
<b>MMU</b>	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,096.33	\$1,082.86	2.63%	\$1,068.24	\$1,082.86	1.37%	-\$28.09	\$0.00
<b>MMM</b>	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,644.50	\$1,624.29	2.63%	\$1,602.36	\$1,624.29	1.37%	-\$42.14	\$0.00

\* These rates include the Silver Sneakers program.

\*\* Acupuncture upgrade - Anthem will align the Acupuncture benefits for the plans with the Chiro benefit (co-pay and number of visits) with no change to benefit.

\*\*\* Medicare prescription drug coverage – Both plans currently have the same maximum member copay in the catastrophic phase. □

# KAISER Rates

Kaiser		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>Retiree Only</b>									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$830.44	\$813.14	-2.08%	\$853.39	\$853.39	0.00%	\$22.95	\$40.25
M	Retiree with Medicare	\$262.47	\$254.83	-2.91%	\$262.47	\$262.47	0.00%	\$0.00	\$7.64
<b>Retiree and One Dependent</b>									
UU	Retiree & Dependent both < 65	\$1,660.88	\$1,626.28	-2.08%	\$1,706.78	\$1,706.78	0.00%	\$45.90	\$80.50
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,092.91	\$1,067.97	-2.28%	\$1,115.86	\$1,115.86	0.00%	\$22.95	\$47.89
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,092.91	\$1,067.97	-2.28%	\$1,115.86	\$1,115.86	0.00%	\$22.95	\$47.89
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$524.94	\$509.66	-2.91%	\$524.94	\$524.94	0.00%	\$0.00	\$15.28
<b>Retiree and Family (Family = 2 or more dependents)</b>									
UUU	Retiree & Dependents all < 65	\$2,159.14	\$2,114.16	-2.08%	\$2,218.82	\$2,218.82	0.00%	\$59.68	\$104.66
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,591.17	\$1,556.04	-2.21%	\$1,627.90	\$1,627.90	0.00%	\$36.73	\$71.86
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,591.17	\$1,556.04	-2.21%	\$1,627.90	\$1,627.90	0.00%	\$36.73	\$71.86
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$1,023.20	\$997.73	-2.49%	\$1,036.98	\$1,036.98	0.00%	\$13.78	\$39.25
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$786.81	\$764.49	-2.84%	\$786.81	\$786.81	0.00%	\$0.00	\$22.32

\* These rates include the Silver Sneakers program.

\*\* Acupuncture upgrade U=\$0.48, UU=\$0.96, UUU-\$1.25, Senior Advantage M=\$0.48

\*\*\* Medicare Advantage prescription drug coverage – there is no catastrophic stage, all drugs are covered at the applicable copayment. □

# UHC Rates

UHC		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO MAPD with RX - (Assumes Current Plan)		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>California</b>									
<b>M</b>	Retiree with Medicare	\$250.55	\$269.12	7.41%	\$265.30	\$269.12	1.44%	\$14.75	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$501.10	\$538.24	7.41%	\$530.60	\$538.24	1.44%	\$29.50	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$751.65	\$807.36	7.41%	\$795.90	\$807.36	1.44%	\$44.25	\$0.00
<b>Nevada</b>									
<b>M</b>	Retiree with Medicare	\$221.37	\$240.29	8.55%	\$236.47	\$240.29	1.62%	\$15.10	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$442.74	\$480.58	8.55%	\$472.94	\$480.58	1.62%	\$30.20	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$664.11	\$720.87	8.55%	\$709.41	\$720.87	1.62%	\$45.30	\$0.00
<b>Arizona</b>									
<b>M</b>	Retiree with Medicare	\$321.54	\$340.06	5.76%	\$336.24	\$340.06	1.14%	\$14.70	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$643.08	\$680.12	5.76%	\$672.48	\$680.12	1.14%	\$29.40	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$964.62	\$1,020.18	5.76%	\$1,008.72	\$1,020.18	1.14%	\$44.10	\$0.00

\* With Acupuncture \$3.82 PMPM

\*\* The rates (Duplicating the 2018 rate) include coverage in the Catastrophic Stage, member will continue to pay their standard copay when they reach this stage.

# SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
HMO		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>M</b>	Retiree with Medicare	\$259.81	\$259.81	0.00%	\$259.81	\$259.81	0.00%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$519.62	\$519.62	0.00%	\$519.62	\$519.62	0.00%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$779.43	\$779.43	0.00%	\$779.43	\$779.43	0.00%	\$0.00	\$0.00

\* SCAN will add the acupuncture benefit without a rate impact for 2020

\*\* SCAN members pay the same copay through the CP

# Delta Dental Rates

Delta Dental		Self-Funded Fee and Equivalent Rates			Member Rates			Amount to 401(h)/115 Trust	
Dental		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>Dental PPO</b>									
	Dental ASO Fee PEPM	\$5.10	\$5.10	0.00%					
<b>M</b>	Retiree	\$51.16	\$51.16	0.00%	\$51.16	\$51.16	0.00%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent	\$101.45	\$101.45	0.00%	\$101.45	\$101.45	0.00%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$146.56	\$146.56	0.00%	\$146.56	\$146.56	0.00%	\$0.00	\$0.00
<b>DHMO</b>									
<b>M</b>	Retiree	\$13.57	\$14.38	5.97%	\$13.57	\$14.38	5.97%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent	\$25.33	\$26.85	6.00%	\$25.33	\$26.85	6.00%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$29.28	\$31.04	6.01%	\$29.28	\$31.04	6.01%	\$0.00	\$0.00
* Delta Dental PPO rates represent Premium Equivalent Rates, the self-funded ASO fee is \$5.10 per retiree per month for 3 years.									
** Through the first 6 months of 2019, Total Premium has exceeded Total Cost and IBNR Reserve by \$239,308 which could be applied to the 115 Trust upon close of the plan year.									



# Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount to 401(h)/115 Trust	
Vision		2019	2020	% Change	2019	2020	% Change	2019	2020
<b>Option 1 - 1 Year rate Guarantee</b>								(from PSR)	
<b>M</b>	Retiree	\$8.70	\$9.05	4.02%	\$8.39	\$9.05	7.87%	-\$0.31	\$0.00
<b>MM</b>	Retiree & Dependent	\$12.62	\$13.12	3.96%	\$12.18	\$13.12	7.72%	-\$0.44	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$22.54	\$23.44	3.99%	\$21.75	\$23.44	7.77%	-\$0.79	\$0.00
<b>Option 2 - 3 Year rate Guarantee</b>								(from PSR)	
<b>M</b>	Retiree	\$8.70	\$9.14	5.06%	\$8.39	\$9.14	8.94%	-\$0.31	\$0.00
<b>MM</b>	Retiree & Dependent	\$12.62	\$13.25	4.99%	\$12.18	\$13.25	8.78%	-\$0.44	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$22.54	\$23.67	5.01%	\$21.75	\$23.67	8.83%	-\$0.79	\$0.00

# Delta Dental – PPO Plan Experience



**Los Angeles City Employees' Retirement System  
Premium and Claims Report as of June 2019  
Delta Dental - DPPO**

	A	B	C	D	E (C+D)	F (C/A)	G (C/B)	H (E/B)
PERIOD MONTH-YEAR	ENROLLEES	PREMIUM	PAID CLAIMS	DELTA ADMIN	TOTAL EXPENSE	AVERAGE CLAIM COST PEPM	CLAIMS LOSS RATIO	TOTAL EXPENSE LOSS RATIO
Jul-17	11,169	\$755,495	\$559,403	\$58,405	\$617,808	\$50.09	74.04%	81.78%
Aug-17	11,219	\$755,582	\$646,752	\$58,412	\$705,164	\$57.65	85.60%	93.33%
Sep-17	11,239	\$759,484	\$516,462	\$58,714	\$575,176	\$45.95	68.00%	75.73%
Oct-17	11,277	\$767,756	\$623,676	\$59,353	\$683,029	\$55.31	81.23%	88.96%
Nov-17	11,289	\$767,313	\$589,083	\$59,319	\$648,401	\$52.18	76.77%	84.50%
Dec-17	11,291	\$768,429	\$608,978	\$59,405	\$668,383	\$53.93	79.25%	86.98%
Jan-18	11,351	\$773,262	\$918,160	\$67,292	\$985,452	\$80.89	118.74%	127.44%
Feb-18	11,391	\$772,317	\$720,511	\$51,819	\$772,330	\$63.25	93.29%	100.00%
Mar-18	11,419	\$772,477	\$736,277	\$59,718	\$795,996	\$64.48	95.31%	103.04%
Apr-18	11,462	\$776,696	\$689,322	\$60,044	\$749,367	\$60.14	88.75%	96.48%
May-18	11,525	\$780,075	\$714,306	\$60,306	\$774,612	\$61.98	91.57%	99.30%
Jun-18	11,558	\$792,008	\$613,328	\$61,228	\$674,557	\$53.07	77.44%	85.17%
Jul-18	11,586	\$788,684	\$563,379	\$60,971	\$624,351	\$48.63	71.43%	79.16%
Aug-18	11,633	\$789,959	\$641,636	\$61,070	\$702,706	\$55.16	81.22%	88.95%
Sep-18	11,685	\$795,379	\$555,328	\$61,489	\$616,817	\$47.52	69.82%	77.55%
Oct-18	11,710	\$799,546	\$621,293	\$61,811	\$683,104	\$53.06	77.71%	85.44%
Nov-18	11,697	\$802,303	\$544,462	\$62,024	\$606,486	\$46.55	67.86%	75.59%
Dec-18	11,688	\$798,124	\$566,352	\$61,701	\$628,053	\$48.46	70.96%	78.69%
Jan-19	11,821	\$835,386	\$545,725	\$60,231	\$605,956	\$46.17	65.33%	72.54%
Feb-19	11,835	\$835,539	\$737,068	\$60,399	\$797,467	\$62.28	88.21%	95.44%
Mar-19	11,878	\$838,779	\$700,291	\$60,542	\$760,833	\$58.96	83.49%	90.71%
Apr-19	11,965	\$845,753	\$642,973	\$60,965	\$703,938	\$53.74	76.02%	83.23%
May-19	11,983	\$846,247	\$781,973	\$61,210	\$843,184	\$65.26	92.40%	99.64%
Jun-19	11,956	\$843,947	\$610,363	\$61,373	\$671,736	\$51.05	72.32%	79.59%
2015	10,515	\$8,426,419	\$7,197,654	\$651,423	\$7,849,077	\$57.04	85.42%	93.15%
2016	10,794	\$8,740,608	\$7,457,163	\$675,714	\$8,132,877	\$57.57	85.32%	93.05%
2017	11,152	\$9,054,216	\$7,621,293	\$699,957	\$8,321,250	\$56.95	84.17%	91.90%
2018	11,559	\$9,440,831	\$7,884,355	\$729,476	\$8,613,831	\$56.84	83.51%	91.24%
2019 YTD	11,906	\$5,045,651	\$4,018,393	\$364,721	\$4,383,114	\$56.25	79.64%	86.87%
Current 12 Months	11,786	\$9,819,647	\$7,510,843	\$733,789	\$8,244,632	\$53.10	76.49%	83.96%

# Acknowledgement

Keenan & Associates would like to thank Ms. Lita Payne, Mr. Alex Rabrenovich, and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this renewal process. Their cooperation and guidance have been extremely valuable.

## Questions and Answers

LACERS HISTORICAL MEDICAL COST INCREASES THROUGH 2020

BAC Meeting: 08/13/19  
Item IV  
Attachment 2

Medical Plan	1999	2000	2001	2002	2003	2004
Kaiser Senior Advantage Premium Rate Increase					51.35%	59.34%
Anthem Medicare Supplement/ LPP0 Premium Rate Increase*					0.10%	15.40%
UnitedHealthcare -CA MAPD Premium Rate Increase					72.87%	7.81%
Kaiser HMO Premium Rate Increase		47.48%	4.49%	7.62%	17.71%	1.72%
Anthem PPO Premium Rate Increase					-12.16%	5.92%
Aggregate Medical Premium Cost Increase				17.00%	16.10%	18.20%
Assumed Actuarial Trend Rate	8.13%	7.88%	7.63%	8.13%	7.88%	7.63%

Medical Plan	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kaiser Senior Advantage Premium Rate Increase	-20.11%	-27.61%	6.43%	6.50%	3.69%	8.71%	-0.19%	2.70%	2.47%	5.32%	4.03%	-1.90%	6.60%	4.90%
Anthem Medicare Supplement/ LPP0 Premium Rate Increase	5.00%	-11.20%	14.00%	11.90%	6.80%	1.30%	9.40%	-11.80%	7.10%	8.90%	6.30%	-6.90%	3.80%	7.30%
UnitedHealthcare -CA MAPD Premium Rate Increase	-4.00%	-19.24%	-6.64%	3.00%	13.40%	11.75%	11.40%	10.88%	0.00%	0.00%	3.00%	3.00%	1.70%	5.00%
SCAN HMO Premium Rate Increase		-2.00%	22.90%	0.00%	0.00%	-9.40%	0.00%	-0.50%	0.00%	16.30%	0.00%	0.00%	3.90%	0.00%
Kaiser HMO Premium Rate Increase	6.97%	5.17%	7.34%	3.95%	9.60%	0.28%	5.92%	-0.17%	14.84%	7.06%	7.95%	-5.06%	10.50%	3.30%
Anthem HMO Premium Rate Increase	0.00%	2.78%	15.88%	2.19%	6.50%	11.80%	11.81%	6.00%	3.00%	11.70%	8.40%	9.42%	-2.00%	7.40%
Anthem PPO Premium Rate Increase	-10.47%	2.89%	19.98%	4.97%	6.80%	5.32%	7.91%	0.00%	7.50%	6.92%	-5.66%	0.00%	10.30%	7.50%
Aggregate Medical Premium Cost Increase	-5.21%	-6.22%	12.47%	5.71%	7.08%	4.47%	6.16%	0.23%	7.92%	7.44%	4.77%	-1.89%	6.49%	5.40%
Assumed Actuarial Trend Rate	9.63%	12.00%	12.00%	12.00%	9.00%	9.00%	9.00%	10.00%	9.00%	8.50%	8.00%	7.00%	6.75%	6.50%

Medical Plan	2019	2020	10-Yr Avg, Incl 2020	Historical Avg
Kaiser Senior Advantage Premium Rate Increase	2.03%	-3.10%	2.29%	6.17%
Anthem Medicare Supplement/ LPP0 Premium Rate Increase	0.00%	-1.20%	2.29%	3.68%
UnitedHealthcare -CA MAPD Premium Rate Increase	0.00%	7.50%	4.25%	6.75%
SCAN HMO Premium Rate Increase	0.00%	0.00%	1.97%	2.08%
Kaiser HMO Premium Rate Increase	0.00%	-2.10%	4.22%	7.36%
Anthem HMO Premium Rate Increase	-9.66%	9.10%	5.52%	5.90%
Anthem PPO Premium Rate Increase	0.00%	0.30%	3.48%	3.22%
Aggregate Medical Premium Cost Increase	-0.79%	-0.10%	3.56%	5.54%
Assumed Actuarial Trend Rate	7.00%	7.00%	7.88%	8.62%

\*2005 to 2011: Anthem Medicare Supplement  
2011 to 2012: Anthem LPP0 Medicare Preferred PPO  
2014 to Present: Anthem Medicare Supplement



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**MEETING: AUGUST 13, 2019**

**From: Neil M. Guglielmo, General Manager**

**ITEM: V**

*Neil M. Guglielmo*

**SUBJECT: 2020 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Committee recommend the Board approve the following:

- 1) A maximum medical plan premium subsidy of \$1,790.80 for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in a Medicare Part B only;
- 2) A maximum reimbursement of \$1,790.80 for Tier 1 Discretionary and Vested Retired Members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
- 3) A maximum reimbursement of \$550.57 for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program; and
- 4) A maximum dental subsidy of \$44.60 for Tier 1 and Tier 3 Retired Members.

**Executive Summary**

LACERS provides a variety of health benefits to Retired Members in the forms of subsidies and reimbursements. The Board's role in setting the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts differs based on Los Angeles Administrative Code provisions listed in Attachment 1. Limits on increases to subsidies and reimbursements are based on different factors, including rates of increase on certain medical plans and LACERS' performance compared with the assumed actuarial medical trend rate (Attachment 2).

**Discussion**

LACERS administers two tiers of retirement and health benefits.

Tier 1 benefits are available to City employees who were hired prior to February 21, 2016. For Tier 1 retiree medical benefits, there are three categories of Retired Members:

- 1) Discretionary – these Members retired on or before June 30, 2011;

- 2) Vested – these Members retired on or after July 1, 2011, and made additional contributions to LACERS; and,
- 3) Capped – these Members retired on or after July 1, 2011, and did not make additional contributions to LACERS.

Tier 3 retiree medical benefits are available to retired City employees who were hired on or after February 21, 2016.

***Established by Ordinance and Do Not Require Board Action***

Maximum Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 Capped Retired Members and their Survivors

All medical benefit amounts for these Members and their Survivors are capped at 2011 amounts. The medical subsidy that may be used toward premium costs of covering a dependent is also capped.

Maximum Medical Plan Premium Subsidies for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, Enrolled in Medicare Parts A and B

The maximum subsidy is based on the single-party premium of the LACERS plan in which the Retired Member is enrolled.

Maximum Medical Plan Premium Subsidy and MPRP Reimbursement Amount for Tier 3 Retired Members Under Age 65 or Enrolled in Medicare Part B Only

The maximum subsidy and reimbursement amount is based on the Kaiser two-party non-Medicare Parts A and B premium.

Survivor Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 and Tier 3 Retired Members

A Survivor's subsidy amount is based on the Retired Member's years of Service Credit.

- *Survivors Under Age 65 or Enrolled in Medicare Part B Only* – The maximum Survivor subsidy is set by Ordinance and is equal to the single-party premium of the lowest-cost non-Medicare plan. The lowest-cost LACERS non-Medicare plan is the Kaiser Permanente HMO.
- *Survivors Enrolled in Medicare Parts A and B* – The maximum subsidy is set at the single-party premium of the LACERS plan in which the Survivor is enrolled.

## ***Established by Board Resolution***

### ***Medical Plan Premium Subsidies***

The recommended Maximum Medical Plan Premium Subsidy amounts for the following are:

- Tier 1 Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only
- Tier 1 Discretionary Retired Members Under Age 65 or Enrolled in Medicare Part B Only

For Vested Retired Members, increases to the maximum subsidy are no less than the increase to the Kaiser non-Medicare two-party plan premium. The Board has the option to apply the same subsidy increase to Discretionary Retired Members, as long as the increase remains within the Board's authority, as established in Section 4.1111(b) of the Los Angeles Administrative Code (LAAC). For 2020, the applicable Kaiser premium rate will have a slight decrease, so staff recommends that the current maximum subsidy of \$1,790.80 be retained.

### ***Medical Premium Reimbursement Program (MPRP) Reimbursement Maximums***

The MPRP is available to Retired Members and Survivors who live outside of California or a LACERS HMO zip code service area. In order to participate, Members enroll in an individual plan and submit proof of premium payment to LACERS. LACERS reimburses premium costs up to the Member's subsidy amount on a quarterly basis.

The recommended Maximum MPRP Reimbursement amounts for the following are:

- Tier 1 Discretionary and Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only

The maximum MPRP reimbursement amounts are set similar to the medical subsidies. Given the recommendation to retain the maximum medical subsidy at \$1,790.80, it is recommended that the same maximum be applied toward MPRP reimbursements. This will provide Members that are unable to access a LACERS HMO the same amount of subsidy dollars to apply toward non-LACERS medical coverage.

- Tier 1 Discretionary and Vested Retired Members, and Tier 3 Members, Enrolled in Medicare Parts A and B

Pursuant to the Los Angeles Administrative Code, the Board has the authority to increase the maximum reimbursement amount to an amount not to exceed the one-party premium of LACERS' highest cost Medicare plan. In 2020, the monthly premium for LACERS' highest-cost single-party Medicare Parts A and B medical plan, Anthem Blue Cross Life & Health Medicare Plan, will be \$550.57. Staff recommends the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$550.57.

Overall Member Impact

The chart below shows the average subsidy and deduction amounts covered Members realized in 2019 and how they will change based on 2020 subsidy decisions. The results demonstrate the impact on Members overall. However, those enrolled in the Anthem Blue Cross HMO plan with two-party coverage will experience an increase in their premium deductions from their monthly allowance. Those receiving the maximum subsidy will see their deductions increase by \$174, from \$109 to \$283. Members who are enrolled in SCAN or UHC and covering a non-Medicare dependent in the Anthem HMO plan will also experience a similar increase in the monthly allowance deduction.

Member Status	2020 Estimated Population	2019 Subsidy \$1,790.80		2020 Subsidy \$1,790.80	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	4,615	\$1,112.24	\$53.16	\$1,115.69	\$65.88
Non-Medicare Survivor	231	\$689.35	\$117.49	\$689.71	\$133.16
Medicare Retiree	8,612	\$499.52	\$38.68	\$500.56	\$39.77
Medicare Survivor	1,582	\$338.69	\$14.97	\$340.98	\$16.44
All Covered Members	15,040	\$671.12	\$41.72	\$686.71	\$46.38

*Dental Plan Premium Subsidy*

Maximum Retiree Dental Plan Premium Subsidy for Tier 1 and Tier 3 Retired Members

The Retired Member maximum dental plan premium subsidy cannot exceed the maximum dental plan premium subsidy for Active Members. The maximum dental plan subsidy for Active Members of LACERS for plan year 2020 will remain unchanged at \$44.60 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be retained at \$44.60.

**Strategic Plan Impact Statement**

Timely adoption of health benefits allows staff to: 1) Develop Member communications that provide Members sufficient time to make informed health plan decisions; and, 2) update systems in time for the new plan year so that subsidies and reimbursements can be applied correctly. These align with Strategic Plan Goals II (Benefit Delivery Goal – Accurate and timely delivery of member benefits) and V (Board Governance Goal – Uphold good governance practices which affirm transparency, accountability, and fiduciary duty).



Prepared By: Alex Rabrenovich, Chief Benefits Analyst, and Bruce Bernal, Senior Personnel Analyst, of the Health Benefits Administration and Communications Division.

NMG/LP/AR:bb

- Attachments:
- 1) How LACERS Health Subsidy and Reimbursement Amounts Are Set – 2020
  - 2) LACERS Medical Plan Premium Subsidy for Tier 1 Discretionary Retired Members
  - 3) LACERS Historical Medical Subsidy Costs

### HOW LACERS HEALTH SUBSIDY AND REIMBURSEMENT AMOUNTS ARE SET

Benefit Type	Tier 1 Retired Before July 1, 2011 "Discretionary"	Tier 1 Retired After July 1, 2011, "Vested"	Tier 1 Retired After July 1, 2011, "Capped"	Tier 3
Retiree Medical Subsidy, Under 65 or Medicare Part B Only	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Subsidy, Medicare Parts A and B	Ordinance	Ordinance	Ordinance	Ordinance
Retiree Medical Premium Reimbursement Program Reimbursement, Under 65 or Medicare Part B Only	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Premium Reimbursement Program Reimbursement, Medicare Parts A and B	Board Resolution	Board Resolution	Ordinance	Board Resolution
Retiree Dental Subsidy	Board Resolution	Board Resolution	Board Resolution	Board Resolution
Survivor Medical Subsidy, Under 65 or Medicare Part B Only	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Subsidy, Medicare Parts A and B	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Premium Reimbursement Program Reimbursement, Under 65 or Medicare Part B Only	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Premium Reimbursement Program Reimbursement, Medicare Parts A and B	Ordinance	Ordinance	Ordinance	Ordinance

**LACERS MEDICAL PLAN PREMIUM SUBSIDY FOR TIER 1 DISCRETIONARY RETIRED MEMBERS**

The LACERS Board has the authority to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser Permanente HMO (non-Medicare) two-party premium. If the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate for the same period, the increase must be approved by City Council. City Council may set the increase at any other amount.

The table below shows by how much the Board may increase the 2020 maximum subsidy before hitting the cap imposed by the three-year average assumed actuarial medical trend rate.

	<u>Assumed Actuarial Trend Rate*</u>	<u>% Increase</u>	<u>Max. Medical Subsidy Amt. (Cap)</u>
<b>2020</b>	<b>7.00%</b>	<b>17.2%</b>	<b>\$2,098.64**</b>
2019	7.00%	0.0%	\$1,790.80
2018	6.50%	3.3%	\$1,790.80
3-yr Average	<b>6.83%</b>	<b>6.83%</b>	

\*The assumed actuarial medical trend rates for coming years may be adjusted during each valuation and may alter the information contained in these tables.

\*\*For the 2020 plan year, the LACERS Board could approve a two-party Kaiser non-Medicare HMO premium increase of up to 17.2% without requiring City Council approval for the associated subsidy increase.

### LACERS HISTORICAL MEDICAL SUBSIDY COSTS

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Attachment 3

Year	1999	2000	2001	2002	2003	2004	2005	2005	2007
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$883.00	\$983.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$0.00	\$100.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	0.0%	11.3%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$870.56	\$982.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$0.00	\$112.18
% Increase - Kaiser 2-Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	0.0%	12.9%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%
% Premium Cost Subsidized	38.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Maximum Monthly Medical Subsidy	\$1,022.00	\$1,120.00	\$1,123.00	\$1,190.00	\$1,190.00	\$1,367.00	\$1,464.00	\$1,580.08	\$1,580.08	\$1,736.88	\$1,790.80	\$1,790.80	\$1,790.80
Dollar Increase - Maximum Subsidy	\$39.00	\$98.00	\$3.00	\$67.00	\$0.00	\$177.00	\$97.00	\$116.08	\$0.00	\$156.30	\$53.92	\$0.00	\$0.00
% Increase - Maximum Subsidy	4.0%	9.6%	0.3%	6.0%	0.0%	14.9%	7.1%	7.9%	0.0%	9.9%	3.1%	0.0%	0.0%
Kaiser 2-Party	\$1,021.54	\$1,118.58	\$1,122.74	\$1,189.22	\$1,187.24	\$1,363.44	\$1,459.66	\$1,575.74	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28
Dollar Increase - Kaiser 2-Party	\$38.80	\$98.04	\$3.16	\$66.48	(\$1.26)	\$176.20	\$96.22	\$116.08	(\$79.68)	\$156.80	\$53.92	(\$107.46)	(\$34.60)
% Increase - Kaiser 2-Party	3.9%	9.6%	0.3%	5.9%	-0.2%	14.8%	7.1%	8.0%	-5.1%	10.5%	3.3%	-2.7%	-2.1%
Aggregate Medical Premium Increase	5.7%	7.1%	4.5%	6.2%	0.2%	7.9%	7.4%	4.8%	4.8%	6.5%	5.4%	-1.2%	1.0%
% Premium Cost Subsidized	91.6%	92.5%	91.8%	91.3%	90.9%	92.7%	92.5%	94.0%	94.0%	94.3%	93.7%	94.2%	93.8%



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**MEETING: AUGUST 13, 2019**

From: Neil M. Guglielmo, General Manager

**ITEM: VI**

*Neil M. Guglielmo*

**SUBJECT: DISABILITY MEDICAL EVALUATION SERVICE PROVIDER REQUEST FOR PROPOSAL – PROPOSER RECOMMENDATIONS**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Committee recommend the Board:

- (1) Award contracts to QTC Medical Group, Inc. and Mitchell International dba MCN for three-year terms, with the option to renew for an additional three years;
- (2) Approve the contract awards of up to \$220,000 total for all contracted services per year starting in Fiscal Year 2019/2020; and,
- (3) Authorize the General Manager to determine the individual contract amounts up to the budgeted amount of \$220,000 per year for both contracts, negotiate and execute contract terms with the chosen service providers.

**Executive Summary**

On March 12, 2019, the Board approved the release of a Request for Proposal (RFP) for disability medical evaluation services. The purpose of the RFP is to secure the services of qualified contractors experienced in providing independent disability medical evaluations to governmental retirement plans or agencies. The selected proposer will provide a full range of required evaluation services. The required services include, but are not limited to: (1) access to an extensive network or panel of independent disability medical evaluation physicians; (2) medical consulting services which provide recommendations on the appropriate medical specialties applicable to each disability applicant's claim; (3) appointment scheduling services; (4) transcription and report preparation services using a pre-defined disability medical evaluation report format; (5) as-needed services, such as supplemental reports when a case requires additional medical review; (6) direct billing services; and, (7) having a secure encrypted on-line case management client portal.

Expenditures for disability medical evaluations since the issuance of the last RFP in Fiscal Year (FY) 2014/2015 total \$944,833 as of June 1, 2019, with annual expenditures averaging \$185,200 for the

fiscal year ending June 2018. Payments to the current provider QTC, total approximately \$1.1 million from the original contract date in FY 2008/2009 to present.

## Discussion

The providers have been evaluated and recommended based on their experience in providing civilian and sworn medical evaluation services to pension plans and public agencies, their extensive network of physicians, and their ability to provide evaluation services on a nationwide scale. Staff is proposing that the new contracts have the same three-year term as the previous contracts, with the option to renew for an additional three years.

### *Rating Scale*

Criteria	Points
Years in Operation	5
Qualifications and Experience of Team/Firm	20
Scope of Services	25
Coverage Area	20
Clarity of Responses	25
Pricing Structure	20
Contract History/References	15
Total	130

Four proposers submitted proposals meeting the required minimum qualifications of: (1) being in business for at least five years providing disability medical evaluation services and independent medical evaluations to public sector; (2) having dedicated personnel assigned to LACERS with at least three years of experience advising employers or retirement systems on disability related issues; (3) having a network of examining physicians, licensed with the Medical Board of the State of California, or possessing equivalent licensing if performing disability medical evaluations out-of-state; and, (4) having an online case management portal to transmit referrals, upload medical records, view case statuses and download completed examining physician reports. The four proposers are Mitchell International dba MCN (MCN), GENEX (a subsidiary of MCN), National Disability Evaluations (NDE), and QTC Medical Group Incorporated (QTC). QTC Medical Group is the current provider of disability medical services to LACERS.

Proposal scores varied based on the proposer's qualifications, ability to meet the scope of services, coverage area, pricing structure and clarity of responses. The top-scored proposals came from QTC and MCN. QTC has been in operation for more than 30 years and has provided medical evaluation services to LACERS since 2007. It has an extensive medical evaluation service background, a broad network of physicians and coverage area, trained personnel, continuing education programs for its' staff and other specialized services. MCN has been in business for 35 years and providing disability medical evaluation services for 22 years. The company has an extensive network of physicians, a nationwide presence, a Health Insurance Portability and Accountability Act (HIPAA) compliant encrypted client portal, experienced staff that is available 24 hours a day, seven days a week, and a set fee schedule. Both companies also have a formal policy on sexual harassment.

Staff recommends contracting with the top two proposers. Contracting with two service providers ensures: (1) there is always a second firm available for any contingency needs, thus minimizing potential disruptions to processing cases if one provider ceases operations or has its' contract terminated for cause; (2) staff has the ability to negotiate competitive rates; (3) access to a broader spectrum of physician resources, and (4) referral flexibility based on LACERS' specific service experience with each provider.

**Strategic Plan Impact Statement**

The use of medical provider services assists LACERS staff in maximizing organizational effectiveness and efficiency and assures the accurate and timely delivery of member benefits.

Prepared By: Ferralyn Sneed, Sr. Management Analyst of the Retirement Services Division.

NMG:KF:FS

Attachments:        1. RFP Level 1 Review

# RFP Requirements

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Attachment 1

	<b>QTC Medical Group, Inc.</b>	<b>National Disability Evaluations</b>	<b>Genex Services</b>	<b>Mitchell International Inc.</b>
<b>Address</b>	924 Overland Court San Dimas, CA 91773	11500 W. Olympic Blvd., Suite 580 Los Angeles, CA 90064	6111 Broken Sound Pkwy NW, Suite 207 Boca Raton, FL 33487	1301 Fifth Ave., Ste.2900 Seattle, WA 98101
<b>Phone</b>	909-859-2100	844-287-8180	610-964-5100	206-343-6100

## A. Cover Letter

### Key Personnel

Phone/Cell/Fax

Email

Erica Zamarripa	Stuart Pearson	Christi Doe	Lestina Dunkel
(p) 909-978-3860 (f) 909-610-0949	(p) (f)	(p) (f)	(p) (f)
<a href="mailto:erica.zamarripa@qtc.com">erica.zamarripa@qtc.com</a>			

### Key Personnel

Phone/Cell/Fax

Rosalea Balanza	Alison Gyepes	Debra Colonna	See page 11 for list
(p) (f)	(p) (f)	(p) 480-823-3003 (f)	(p) (f)

### Additional Staff

Ron Ann, Monea Longoria	John Garcia, Haley Feuer	Cara Brookman, Brandy Davis	See page 11 for list
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### Acknowledgement and acceptance of terms and conditions

Yes	Yes	Yes	Yes
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## B. Executive Summary

Yes	No	No	No
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## C. Proposal Items

### 1. Experience and Qualifications

#### a. Profile of proposer, etc.

Yes	Yes	Yes	Yes
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#### b. Qualifications and experience of key personnel

See page 22 for staff biographies	See page 9 for staff biographies	See page 9 for staff biographies	See exhibit 7 for staff resumes
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### 2. Experience with similar contracts

1	LAFPP	CalSTRS	Illinois Municipal Retirement Fund	Clients are confidential
2	CALPERS	CALPERS	State Employee Retirement System (Illinois)	
3	U.S. Railroad Retirement Board	LACERA	City of Eugene	

### 3. References

Yes	Yes	Yes	Yes
LACERS - Anna Ingram	CalSTRS - Sukha Chima	Houston Police Officers Pension System - Sheryl Baines	Montana State Fund - Michelle Fairclough
U.S. Railroad Retirement Board - Clifton Rucker	SCERS - Mario Sierras	Board of Pensions of the Presbyterian Church - Beth Rutkowski	City of Scottsdale - Darlene Ganger
Colorado Disability Determination Services - LaVonne Mercure	FCERA - Doris Rentschler	City of Los Angeles, Personnel Dept. - Tyrone Spears	Hanover Insurance Company - Rebecca Homolka

### 4. Project Proposal

Yes	Yes	Yes	Yes
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### 5. Proposed Fee Schedule

Yes	Yes	Yes	Yes
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### 6. Questionnaire Responses

Yes	Yes	Yes	Yes
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# RFP Requirements

**BAC Meeting: 08/13/19**  
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**D. General Requirements and Compliance Documents**

<b>1. Warranty/Affidavit</b>	Yes - only signed by one - needs two if corporation	Yes	Yes	Yes - only signed by one - needs two if corporation
<b>2. Bidder Certification</b>	Yes	Yes	Yes	Yes
<b>3. Prohibited Contributors</b>	Yes	Yes	Yes	Yes
<b>4. Requested Exceptions to standard provisions</b>	No	No	No	No

**E. Exhibits**

<b>1. Business Continuity Plan</b>	Yes (list of security measures)	Yes (summary)	Yes (list of security measures)	Yes (disaster recovery plan)
<b>2. Physician Resource List</b>	Yes	Yes	Available upon contract award	Yes
<b>3. Report Samples</b>	Yes	Yes	Yes	Yes
<b>4. Other Materials (if any)</b>	Disclosure Form	Disclosure Form; Required Insurance Form (filled out the "template" page)	Disclosure Form (unsigned); Schedule of Insurance	Sexual Harassment Policy; Conflict of Interest Polices; Disclosure Form; Certificate of Liability Insurance



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**MEETING: AUGUST 13, 2019**

**From: Neil M. Guglielmo, General Manager**

**ITEM: VII**

*Neil M. Guglielmo*

**SUBJECT: BOARD RULE FOR MEDICAL PREMIUM REIMBURSEMENT PROGRAM  
DEPENDENT REIMBURSEMENT WITH POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Committee recommend to the Board adoption of the Board Rule for Medical Premium Reimbursement Program Dependent Reimbursement with an effective date of July 1, 2019.

**Executive Summary**

This Board Rule will establish a maximum reimbursement amount for the cost of dependent medical insurance coverage to be provided to Members with Medicare Parts A and B and participating in the Medical Premium Reimbursement Program.

**Discussion**

When Members live in a zip code that is not within the service area of a LACERS HMO medical plan, their only LACERS health plan options are the more expensive Medicare Supplement or PPO plans. In this case, the medical subsidy will not provide the same level of premium coverage and may result in unaffordable premium deductions from a Member's monthly allowance. The Medical Premium Reimbursement Program (MPRP) was created for this reason. It allows Members who do not have access to a LACERS HMO (lower cost) plan the option of enrolling in an individual plan and being reimbursed the premium cost up to their subsidy amount. Reimbursements are provided on a quarterly basis.

For Retirees with Medicare Parts A and B, the maximum reimbursement is the same as the premium of our highest cost one-party Medicare A and B plan (the Medicare Supplement plan). Depending on the plan that the Member enrolls in, this may not leave much, if any, reimbursement to be applied toward a dependent's premium. Currently, there is no MPRP reimbursement amount provided for dependents of Members with Medicare Parts A and B. However, LAAC Sec 4.1112(e)4 states that the Board shall establish the reimbursement policy for dependents of these eligible retirees.

Creating a Board Rule that allows premium reimbursement for dependents of MPRP participants enrolled in Medicare Parts A and B would bring more parity between the benefit available to those enrolled in a LACERS health plan and participants in the MPRP.

For example, a Member with 25 years of Health Service Credit enrolled in Medicare Parts A and B covering a non-Medicare dependent enrolled in the LACERS Kaiser Permanente plan would be eligible to receive a subsidy that would cover the entire premium of \$1,115.86 per month. The same Member, as a participant in the MPRP, would be eligible for a maximum reimbursement of \$542.51 per month.

For non-Medicare Members participating in the MPRP, the maximum reimbursement is equal to the maximum subsidy available to Members enrolled in a LACERS health plan. For those with Medicare Parts A and B enrolled in a single-party plan, the maximum reimbursement is also equivalent to the maximum subsidy. However, those Members with Medicare Parts A and B that are covering a dependent have a much lower reimbursement amount than the subsidy provided to Members enrolled in a LACERS plan because there is no provision for dependent reimbursement in the MPRP.

Currently, the MPRP has 271 participants and 41 of them have Medicare Parts A and B, are covering a dependent, and have a reimbursement that does not cover their premium cost. If these Members were enrolled in a LACERS medical plan, they would be eligible to receive more subsidy to apply toward their premiums.

To create more parity between the reimbursement and subsidy amounts provided to Members with Medicare Parts A and B covering a dependent, staff recommends that the Board adopt the following Board Rule:

HBA 5(h): A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan (for 2019, this amount is \$1,115.86).

Of the 41 Members with Medicare Parts A and B that are covering a spouse in the MPRP, 12 have dependents who are under age 65. The cost of coverage for these “early retirees” is relatively high compared to employees or Medicare-eligible retirees, so a dependent reimbursement is of particular interest for Members with Medicare Parts A and B covering an early retiree dependent. For these dependents, the cost of coverage will be reduced significantly once they become Medicare eligible, so the amount of reimbursement will also decrease.

Staff consulted LACERS’ actuary, The Segal Company, regarding the financial impact this would have. Because the population is small, the change would not have any effect on costs, but would have a slight impact on the savings that the MPRP generates. Segal does not currently factor this program into the annual actuarial valuation due to its size, so the slight impact on savings will not have an impact on the Unfunded Actuarial Accrued Liabilities, funded status, or employer contribution rates.

Staff recommends that this Board Rule have an effective date of July 1, 2019, for ease of administration in processing the third-quarter (July – September) reimbursements.

Staff will be available to answer questions.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst

NMG/LP/AR:ar

Attachments: 1. Los Angeles Administrative Code Section 4.1112(e)4

**Sec. 4.1112. Medical Premium Reimbursement Program.**

The medical premium reimbursement program will be provided upon the conditions set forth below in order to lessen or defray part or all of the cost of medical plans to eligible retirees, as hereinafter defined.

(a) Eligibility for Medical Premium Reimbursement. Upon written application and verification, as required by the Board, those retirees who are receiving a service retirement benefit or disability retirement benefit from LACERS under Chapter 10, have at least ten (10) years of Service, are age fifty-five (55) years or older, and reside more than three (3) months of the year:

(1) Outside the state of California; or

(2) In the state of California, but not within a LACERS administered HMO medical plan zip code service area,

and are enrolled in a federally qualified HMO or a state regulated health insurance plan, shall be eligible for the medical plan premium reimbursement as provided in Subsection (c) or Subsection (e), as applicable.

(b) Maximum Medical Premium Reimbursement for Retirees Without Medicare Part A. The Board shall set the maximum medical plan premium reimbursement for retirees not eligible for Medicare or retirees not eligible for Medicare Part A premium free in the same manner as in Section 4.1111, Subsection (b) or Section 4.1111, Subsection (c), as applicable, of this Article.

(c) Reimbursement for Eligible Retirees Without Medicare Part A. Those retirees who are receiving a service retirement allowance or a disability retirement allowance, and who either are not eligible for Medicare or do not qualify for benefits under Part A of Medicare premium free, shall be reimbursed the following amount:

(1) Basic Monthly Reimbursement. For one (1) to ten (10) whole years of Service Credit, forty percent (40%) of the maximum monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (b) herein.

(2) Additional Monthly Reimbursement. For each additional whole year of Service Credit in excess of ten (10) years, add four percent (4%) of the maximum monthly medical plan premium reimbursement amount to the Basic Monthly Reimbursement.

(3) **Maximum Monthly Reimbursement.** The amount paid shall not exceed the maximum monthly medical plan premium reimbursement established pursuant to the provisions of Subsection (b) herein or the amount of the plan premium being reimbursed.

(4) **Dependent Reimbursement.** The monthly medical plan premium reimbursement shall be applied first to the retiree's medical plan coverage with any balance applied toward the coverage of the retiree's dependent(s) under the same medical plan.

(d) **Maximum Medical Premium Reimbursement for Retirees Enrolled in Parts A and B of Medicare.** Effective January 1, 2011, the maximum monthly medical plan premium reimbursement for retirees enrolled in Parts A and B of Medicare shall be \$480.41. The Board, in its discretion, may, by resolution, increase the monthly amount of medical plan premium reimbursement of retirees enrolled in Parts A and B of Medicare, provided that the amount of the maximum monthly medical plan premium reimbursement shall not exceed one hundred percent (100%) of the single-party monthly premium of the highest cost approved Medicare supplemental or coordinated plan provided by LACERS.

Effective July 1, 2011, no increases in the maximum reimbursement amount paid to retired members under this Subsection (d) shall be provided to members who retired on or after July 1, 2011, except that former members who terminated employment prior to July 1, 2011 and retire on or after July 1, 2011, on a deferred vested basis without returning to membership shall be entitled to increases in the maximum reimbursement amount as herein provided regardless of the date of retirement. Notwithstanding all of the foregoing, increases in the reimbursement amount provided to retired members subject to Section 4.1111(c) shall be governed by the provisions of this Subsection (d) regardless of the date of the member's retirement.

(e) **Reimbursement for Eligible Retirees Enrolled in Medicare Part A and Part B.** Those retirees who are receiving a service retirement allowance or a disability retirement allowance and who qualify for benefits under Part A and Part B of Medicare, shall be reimbursed the following amount:

(1) **Monthly Reimbursement (75%).** For one (1) whole year of Service Credit, but less than fifteen (15) whole years of Service Credit, seventy-five percent (75%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(2) **Monthly Reimbursement (90%).** For fifteen (15) whole years or more but less than twenty (20) whole years of Service Credit, ninety percent (90%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(3) **Monthly Reimbursement (100%).** For twenty (20) or more whole years of Service Credit, one hundred percent (100%) of the monthly medical plan premium reimbursement amount established pursuant to the provisions of Subsection (d) herein.

(4) **Dependent Reimbursement.** The Board shall establish the reimbursement policy for dependents of these eligible retirees.

(f) **Payment Limitation.** In no event shall the reimbursement provided in this section, when added to any other medical plan subsidy provided by the Department of Water and Power or the Fire and Police Pension Plan, exceed the maximum amount established in Subsection (b) herein.

(g) Reimbursement for Survivors. Any person who is eligible to receive the survivor medical plan premium subsidy provided in Section 4.1115 of this Article and who lives outside the state of California or in the state of California, but not within a LACERS administered HMO medical plan zip code service area, may qualify for the medical premium reimbursement program provided in this section, except that the amount of reimbursement shall not exceed the amount that he or she would have received as a medical plan premium subsidy under Section 4.1115.

(h) Medicare Enrollment. Retirees or survivors who are eligible to enroll in Medicare Part B must do so in order to qualify for the medical premium reimbursement provided in Subsections (c), (e) and (g) of this section. Retirees or survivors who are not entitled to premium free Part A of Medicare are not required to enroll in Part A.

#### SECTION HISTORY

Added by Ord. No. 182,629, Eff. 7-25-13. Amended by: Ord. No. 184,134, Eff. 1-22-16.