



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, AUGUST 13, 2024
TIME: 10:00 A.M.
MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

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

President: Annie Chao
Vice President: Janna Sidley

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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

Notice to Paid Representatives

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

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communications Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please 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 (800) 779-8328 or RTT (888) 349-3996.

Si requiere servicios de traducción, llámenos tres días (72 horas) antes de la reunión o evento al (800) 779-8328.

For additional information, please contact: Board of Administration Office at (213) 855-9348 and/or email at lacers.board@lacers.org.

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. NOMINATION OF A PRESIDENT PRO TEMPORE TO PRESIDE OVER THE MEETING AND POSSIBLE BOARD ACTION
- II. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- III. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- IV. RECEIVE AND FILE ITEMS
 - A. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - C. [COMMISSIONER ELIZABETH LEE EDUCATION EVALUATION ON INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFITS PLANS ADVANCED INVESTMENTS MANAGEMENT – WHARTON SCHOOL; JULY 22-24, 2024; SAN FRANCISCO, CA](#)
- V. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 9, 2024 AND POSSIBLE BOARD ACTION](#)
- VI. COMMITTEE REPORT(S)
 - A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 13, 2024
- VII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [2025 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION](#)
 - B. [2025 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION](#)
 - C. [BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION](#)
- VIII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION](#)

IX. LEGAL/LITIGATION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**

X. OTHER BUSINESS

- XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 27, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, CA 90012.

XII. ADJOURNMENT

**LACERS’ ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

RESTRICTED SOURCES

The Board’s Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
Graphic Talent, Inc.	Graphic Design Services	N/A	N/A	Communications + Stakeholders
BC Design Haus Inc.	Graphic Design & Website Services	N/A	N/A	Communications + Stakeholders
Straw to Gold	Graphic Design, Website, & Videography Services	N/A	N/A	Communications + Stakeholders
KES Mail, Inc.	Printing & Mailing Services	July 1, 2021	June 30, 2024	Communications + Stakeholders
Forefront Group Corp.	Videography Services	September 20, 2022	June 30, 2024	Communications + Stakeholders
Showreel International dba Shot Glass	Videography Services	N/A	N/A	Communications + Stakeholders
Anthem	Medical HMO & PPO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Kaiser	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
SCAN	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
United Healthcare	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

Name	Description	Inception	Expiration	Division
Delta Dental	Dental PPO and HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Anthem Blue View Vision	Vision Services Contract	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Frasco, Inc.	Investigative Services	October 1, 2021	September 30, 2024	Retirement
TruView BSI, LLC	Investigative Services	October 1, 2021	September 30, 2024	Retirement
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
Polen Capital Credit, LLC	Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan	September 1, 2020	August 31, 2024	Investments

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Tabletop Exercise Consulting Services	AARC Consultants, LLC, Algora Solutions Inc, Business Contingency Group, Constant Associates, Inc., Guidepost Solutions LLC, High Street Consulting, LLC, Jo Kephart, Kimble & Associates dba Kuma, LMG Security, Norwich University Applied Research Institutes (NUARI), Plante Moran	April 22, 2024	May 13, 2024	Administration
Dental Plans	Ameritas Life Insurance Corp., Blue Cross of California dba Anthem Blue Cross, Cigna Health and Life Insurance Company, Delta Dental of California, Metropolitan Life Insurance Company, United Concordia Dental	March 5, 2024	April 12, 2024	Health, Wellness, & Buyback
Vision Plans	Ameritas Life Insurance Corp., Blue Cross of California dba Anthem Blue Cross, Cigna Health and Life Insurance Company, Metropolitan Life Insurance Company	March 5, 2024	April 12, 2024	Health, Wellness, & Buyback
Medical Plans	Alignment Health Plan, Anthem Blue Cross, Blue Shield of California, Humana, Kaiser Foundation Health Plan, Inc., SCAN Health Plan, UnitedHealthcare Insurance Company	March 10, 2023	April 21, 2023	Health, Wellness, & Buyback
Master Trust / Custodial Services and Securities Lending	The Northern Trust Company, State Street Bank and Trust Company	September 11, 2023	November 28, 2023	Investments

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Buluran Lavilles, Janet Punzal	42	Library Dept.	Management Analyst
Ortega, Rosa I	39	Police Dept. - Civilian	Exec Admin Asst
Jamerson, Michael	38	PW - Sanitation	Wastewater Conv Operator
Taylor, Jill F	37	Harbor Dept.	Senior Management Analyst
Mitchell, Georgianna	37	ITA	Programmer/Analyst
Shu, Susan Shang Shi	37	PW - Engineering	Senior Civil Engineer
Fong, Cindy	37	Library Dept.	Administrative Clerk
Douglas, Chalon	36	Harbor Dept.	Management Analyst
Escutia, Eric	36	Library Dept.	Library Asst
Gray, Adriene L	36	Dept. of Airports	Senior Real Estate Officer
Island, Laura T	36	Dept. of Rec. & Parks	Pr Rec Supervisor
Perez, Miguel	36	Dept. of Transportation	Senior Traffic Supervisor
Camou, Bridgeen M	35	Dept. of Airports	Risk & Insurance Asst
Cox, Michael	35	PW - Special Proj Constr Div.	St Svcs Supt
Lepe, Dora Maria	35	Police Dept. - Civilian	Sr Administrative Clerk
Bailon, Elvira	35	Police Dept. - Civilian	Accounting Clerk
Hyett, Maurice C	35	GSD - Public Bldgs.	Constr & Maint Supv
Martinez, Martha	35	Fire & Police Pensions	Exec Admin Assistant
Ceja, Rafael V	34	PW - Sanitation	Ref Coll Truck Oper
Flynn, Beverly Pilas	34	Dept. of Transportation	Sr Mgmt Analyst
Okelly Green, Marie Rivera	34	Dept. of Airports	Airports Manager
Thomas, Deatrice	34	Police Dept. - Civilian	Senior Personnel Analyst
Ramirez, Ignacio	34	Police Dept. - Civilian	Sr Detention Officer
Hollomon, Kevin Earl	34	Police Dept. - Civilian	Criminalist
Sue Yokoyama, Shirlene M	33	Dept. of Airports	Airp Manager
Walters, Matthew J	33	Dept. of Airports	Airport Police Officer
Calderon, Alfred G	33	Dept. of Airports	Airports Maint Supervisor
Spears, Timothy Tyrone	33	PW - Sanitation	Ref Coll Truck Oper
Phillips, Alois M	32	City Attorney's Office	Deputy City Attorney
Truong, Sandy H	32	PW - St. Lighting	St Ltg Engineer
Magallanes, Alfredo	32	PW - Sanitation	Prin Environmental Engineer
Hillman, Steven K	31	GSD - Fleet Reengineering	Chief Management Analyst
Sarigumba, Richard M	31	PW - St. Lighting	St Ltg Engineer
Firestone, Carrie Lyn	31	Police Dept. - Civilian	Management Analyst
Rodriguez, Carlos A	31	GSD - Bldg. Svcs.	Roofer
Weston, Doris D	31	Dept. of Transportation	Crossing Guard

Hill Paul, Rochelle	30	Dept. of Transportation	Sr Administrative Clerk
Floyd, Lisa Khairiya	30	Dept. of Airports	Sr Mgmt Analyst
Garganta, Loida K	30	Office of the City Clerk	Sr Administrative Clerk
Aitken, Keith W	29	Dept. of Airports	Tile Setter
Lawson, Errol R	29	Police Dept. - Civilian	Sr Mgmt Analyst
Pierce, Ruth Ann	29	Dept. of Transportation	Commun Info Rep
Sauer, Paul B	29	Dept. of Rec. & Parks	Carpenter
Riley, Julie Conboy	29	City Attorney's Office	Sr Assistant City Attorney
Mckenna, Michael	28	Dept. of Airports	Senior Management Analyst
Williams, Stephany D	27	Police Dept. - Civilian	Police Service Representative
Thomas, Stephanie Jo	27	Police Dept. - Civilian	Criminalist
Civitate, Anthony Greg	26	Police Dept. - Civilian	Police Service Rep
Freire Reyes, Mariella M	26	Dept. of Aging	Asst Gm Dept Of Aging
Tsang, Joseph	26	ITA	Commun Engrg Assoc
Perez, Alexander T	25	City Attorney's Office	Assistant City Attorney
Stone, Shawn P	25	Dept. of Airports	Custodian Supervisor
Guy, Leroi J	25	PW - Sanitation	Ref Coll Truck Oper
Yamzon, Anne Marie J	25	PW - Admin Div.	Senior Management Analyst
Garcia, Jorge R	25	PW - Sanitation	Maintenance Laborer
Valmores, Merlita Dy	24	Dept. of Airports	Financial Manager
Harvey, Thomas Patrick	24	PW - Sanitation	Management Analyst
Cazarin, Mario	23	Dept. of Animal Svcs.	Animal Care Tech
Chan, David Weiming	23	Dept. of Bldg. & Safety	Build Mech Inspector
Cardenas, Irene	23	Dept. of Transportation	Traffic Officer
Mathias, Benedict	22	Dept. of Bldg. & Safety	Build Mech Inspector
Davis, Richard Lorne	22	GSD - Fleet Services	Equipmnt Mechanic
Caperton, William	21	Cultural Affairs	Develpmnt & Mrktng Dir
Simons, Richard Warren	21	Dept. of Bldg. & Safety	Build Mech Inspector
Ngo, Thu Thanh	21	ITA	Commun Electrician
Villero, Anicia Rodriguez	21	Dept. of Rec. & Parks	Gardener Caretaker
Kutsch, Kathryn A	20	Dept. of Airports	Sr Administrative Clerk
Brooks, Sandra Y	20	Library Dept.	Librarian
Klundt, Michael William	20	Police Dept. - Civilian	Police Service Representative
Leon, Maria Rosario	20	Dept. of Rec. & Parks	Gardener Caretaker
Judilla, Edgardo G	19	GSD - Standards	Materials Testing Technician
Nagdimon, Jay Michael	18	Police Dept. - Civilian	Police Psychologist
Craddolph, Barry	18	LA Housing Dept.	Principal Inspector
Rabulan, Gerardo B	17	PW - Engineering	Management Analyst
Huynh, Su Y	17	Fire Dept. - Civilian	Programmer/Analyst
Lotter, Edward	17	PW - Engineering	Programmer/Analyst
Nguyen, Uyen Linh Thi	16	City Attorney's Office	Deputy City Atty
Grabatin, Jimmie Rodger	15	Dept. of Bldg. & Safety	Sr Safety Eng Elevators
Cannon, Christopher D	13	Harbor Dept.	Traf Manager
Jewett, Paul Kevin	11	Dept. of Rec. & Parks	Air Cond Mech Supvr
Tan, Karin Elisabeth	10	PW - Engineering	Aquarium Educator

Ilomin, Melchor Arzadon	10	Council	Council Aide
Gomez, Clemente	8	Dept. of Rec. & Parks	Special Program Assistant
Gonzalez, Maria C	7	Dept. of Rec. & Parks	Special Prog Asst
Kiely, Susanna C	6	Personnel Dept.	Correctional Nurse
Austin, Ben B	4	City Attorney's Office	Assistant City Attorney
Pezzell, Marc I	3	Library Dept.	Librarian
Rounds, Steven	0.3	PW - Sanitation	Civil Eng Associate

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

TIER 1

Alvarez, Carmen

Beneficiary/Payee

Lidia M Marroquin for the payment of the
Unused Contributions

Arroyo, Grace

Yolanda Arroyo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

August, Henry

Tillie August for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Baumgartner, Betty L

Philip Ray Baumgartner for the payment of the
Accrued But Unpaid Continuance Allowance

Bilezikjian, Albert

Lynne B Fitzpatrick for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Blakely, Jeanne A Diana J Blakely for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bogan, Sandra Kaye Yolanda Bogan for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Brenner, Delphine Doneta Christian Brenner for the payment of the
Accrued But Unpaid Continuance Allowance

Donita Adams for the payment of the
Accrued But Unpaid Continuance Allowance

Britt, Mona J William R Alveari for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Brown, Elsie Mae Jo Etta Brown-Higgins for the payment of the
Accrued But Unpaid Continuance Allowance

Butler, Marcelle Stephanie R Perry for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance

Carlin, John W Mark W Carlin for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Cheng, Garland	Rebecca W Cheng for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Childers, Kerry Dale	Steven W Childers for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Clingmon, Thurston R	Percy Clingmon for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance Unused Contributions
Clouse, Michael W	Wanda L Clouse for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Coleman, Matt E	Berthrese Hayward for the payment of the Burial Allowance Melissa Hayward Tucker for the payment of the Burial Allowance
Conferti, Ronald L	Richard Conferti for the payment of the Accrued But Unpaid Service Retirement Allowance
Cooper, Charles R	Shawn E Cooper for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Crellin, Dayne D	Estate of Dayne Crellin C/O Ingrid Miles for the payment of the Accrued But Unpaid Service Retirement Allowance
Dixon, Theresa	Gerard Dixon for the payment of the Accrued But Unpaid Continuance Allowance Shantray Souvinette for the payment of the Accrued But Unpaid Continuance Allowance
Douglas, Wilbert	Nicole Laverne Douglas for the payment of the Burial Allowance
Eason, Tafalla Nefertari	Brittney N Eason for the payment of the Burial Allowance Devin N Eason for the payment of the Burial Allowance
Gales, Earl E	Bessie Gales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Gallegos, Theresa	Francine Lorraine Alvarez for the payment of the Accrued But Unpaid Continuance Allowance

Gersh, Jack E	Gabrielle S Maxner for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
	Natalie Gale Lay for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Graves, Nancy A	Christopher M Graves for the payment of the Accrued But Unpaid Continuance Allowance
Gray, Doris M	Mary L Mims for the payment of the Accrued But Unpaid Continuance Allowance
	Willie Ruth Haskins for the payment of the Accrued But Unpaid Continuance Allowance
Harper, Augusta	Rickey Harper for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Harrell, Ann Marie	Estate of Ann Marie Harrell for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Henry, Bertha M	Audwin D Pippins for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hernandez, Eddie Ramirez	Peter Edward Hernandez for the payment of the Burial Allowance

Hogan, James Anthony Pamela J Hogan for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Isaac, Bernel A Rodney Wayne Isaac for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Jackson, Rosalie Marvin Wyatt Jackson for the payment of the
Accrued But Unpaid Continuance Allowance

Johnson, Ercelle O Deron Robert Johnson for the payment of the
Burial Allowance

Johnson, Irene Diana Y Johnson for the payment of the
Accrued But Unpaid Service Retirement Allowance

Johnson, L E La Keda R Huckabay for the payment of the
Accrued But Unpaid Service Retirement Allowance

Jordan, Curtis L

Jimmy Charles Jordan for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Death Subsidy Credit

Lisa F Jordan for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Death Subsidy Credit

Kakiki, Chieko

Curtis Kakiki for the payment of the
Accrued But Unpaid Continuance Allowance
Death Subsidy Credit

Stephen Kakiki for the payment of the
Accrued But Unpaid Continuance Allowance
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Death Subsidy Credit

Kakiki, Takao J

Curtis Kakiki for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Stephen Kakiki for the payment of the
Accrued But Unpaid Continuance Allowance
Accrued But Unpaid Service Retirement Allowance
Burial Allowance
Death Subsidy Credit

Kell, Lonnie E

Lea M Mott for the payment of the
Accrued But Unpaid Service Retirement Allowance

Kennedy, Robert Irene Kennedy for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Kikuchi, Robert H Donna A Kikuchi for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Kipp, Richard Allen Stephanie Melendez Kipp for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Kistler, Eva F James Donald Kistler for the payment of the
Accrued But Unpaid Continuance Allowance

John Mark Kistler for the payment of the
Accrued But Unpaid Continuance Allowance

Kopper, Herbert R Tammy Kay Christensen for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Loquet, Louis J Denise Loquet Robert for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Louis J Loquet for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Lorenzo, Gaudelia L	Margie Weiner for the payment of the Accrued But Unpaid Continuance Allowance
Lu, Be Van	Christine Terasaki for the payment of the Burial Allowance
Luna, Albert Daniel	John Avila for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Martins, Joan	Karen Thompson for the payment of the Accrued But Unpaid Continuance Allowance
McCray, Willie D	Millard Kevin McCray for the payment of the Accrued But Unpaid Continuance Allowance
Mcleod, Silvia R	Brian Tamburino for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Merrill, Anna R	Janet McDonald for the payment of the Accrued But Unpaid Continuance Allowance
Moreno, Robert G	Richard A Moreno for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Murphy, Stephen R	Derrick Murphy for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Murray, Barbara Jean	Paul Murray for the payment of the Accrued But Unpaid Continuation Allowance Phillip Murray for the payment of the Accrued But Unpaid Continuation Allowance Robert Murray for the payment of the Accrued But Unpaid Continuation Allowance
Norton, Johnnie L	Nichele L Norton Harris for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Pereyra, Esperanza M	Andres Martinez Pereyra Jr for the payment of the Unused Contributions
Peterson, Donna Mae	Joseph L Torres for the payment of the Accrued But Unpaid Continuation Allowance
Quiocho, Josefina Torres	Avelino M Alonzo for the payment of the Accrued But Unpaid Service Retirement Allowance

Ramos, Ramiro	Diana Carrillo for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Unused Contributions
Rose, Michele Ruth	Denise Townsend for the payment of the Burial Allowance
Rosen, Shirley	Richard B Rosen for the payment of the Accrued But Unpaid Service Retirement Allowance
Salazar, Miguel A	Luz Marina Santos Hernandez De Salazar for the payment of the Accrued But Unpaid Disability Retirement Allowance
Salinas, Maria L	Merlinda M Salinas for the payment of the Accrued But Unpaid Continuance Allowance
Sanchez, Dolores	Alfred Sanchez for the payment of the Accrued But Unpaid Disability Continuance Allowance

Shum, Edwin

David A Shum for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Sandra Louise Shum for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Susan K Shum-Maxwell for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Sollars, William Andrew

Estate of William Andrew Sollars for the payment of the
Accrued But Unpaid Survivorship (Retirement) Allowance

Takafuji, Norman K

Sharyl K Anderson for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Taylor, Flora J

Flora D Jones for the payment of the
Accrued But Unpaid Survivorship (Retirement) Allowance

Taylor, Robert M

Henry Robert Taylor for the payment of the
Accrued But Unpaid Service Retirement Allowance

Terry, Anna W

Mark Franklin Terry for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Valenzuela, Edward A	Benjamin Rea Valenzuela for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Edward Adam Valenzuela for the payment of the Burial Allowance
Velazquez, San Juana	Patricia Velazquez for the payment of the Accrued But Unpaid Continuanace Allowance
Virk, Surjit S	Mohinder Kaur Virk for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Weber, Catherine E	Linda Prior for the payment of the Accrued But Unpaid Continuanace Allowance
Westphal, Mary M.	Joseph Westphal for the payment of the Accrued But Unpaid Continuanace Allowance
Wiggs, Ruth	Jeffrey Wiggs for the payment of the Accrued But Unpaid Continuanace Allowance
Williams, Lottie	Demetria Waymire for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance

Wise, Clifta L

Michael Wise for the payment of the
Accrued But Unpaid Continuance Allowance

Woods, Janet M

Melissa Teresa Raynor for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

TIER 1

Active

Beneficiary/Payee

Angulo, Andrea M
(Deceased Active)

Joshua Angulo for the payment of the
Accumulated Contributions

Bonnell, Shawn
(Deceased Active)

Cheryl Crofford for the payment of the
Accumulated Contributions

Chamberlain, Rodney D
(Deceased Active)

Cheryl Williams for the payment of the
Accumulated Contributions

Claudia Chamberlain for the payment of the
Accumulated Contributions

Longino, Roberta
(Deceased Active)

Michael D Longino for the payment of the
Accumulated Contributions

Manuel, James Corleto A
(Deceased Active)

Ma. Melisa A Manuel for the payment of the
Accumulated Contributions

Navarro, Ezequiel
(Deceased Active)

Julia V Navarro for the payment of the
Service Retirement Survivorship Allowance
Survivor Contributions Death Refund

Porras, Raul A
(Deceased Active)

Gloria Sanchez for the payment of the
Accumulated Contributions

Reese, Victor B
(Deceased Active)

Karen L Robinson for the payment of the
Accumulated Contributions

Rivera, Maria I
(Deceased Active)

Miguel Angel Solis Reyes for the payment of the
Disability Retirement Survivorship Allowance

TIER 3
NONE

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee: Elizabeth Lee	
Title of Conference/Seminar: IFEBP Advanced Investments Management (Wharton)	
Location: San Francisco, CA	No. of Education Hours:
Trustee Rating: (A-Excellent, B-Very Good, C-Good, D-Not Beneficial) B	Level: (Introductory, Intermediate, or Advanced) Intermediate
Event Sponsor: IFEBP	Date(s) Held: July 22 to 24, 2024

Report for:

Travel

Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

Attend investment training for trustees

II. Significant Information Gained:

Performance analysis, risk measures, asset allocation, alternatives, investment poli



III. Benefits to LACERS:

Provides insights and strategies as we prepare our triennial asset allocation review.



IV. Additional Comments:

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 977 N. BROADWAY, LOS ANGELES, CA
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR

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

July 9, 2024

10:00 a.m.

PRESENT:	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Elizabeth Lee (arrived at 10:04 a.m.) Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	President:	Annie Chao

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Vice President Sohn asked if any persons wanted to make a general public comment to which there were no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- HRP Update provided by Sevan Simonian, Senior Benefits Analyst I
 - Parking for LACERS staff
 - Fiscal Year 2024 closing and Fiscal Year 2025 beginning
 - LACERS HQ security update
 - Benefit Operations Update

- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Board Meeting on July 23, 2024: General Manager Designee Signature Authority and Election of Board Officers for Fiscal Year 2024-25
- C. RECOGNITION OF SERVICE FOR JOHN P. KOONTZ – Neil M. Guglielmo, General Manager, Horacio Arroyo, Sr. Management Analyst II, and the Commissioners recognized John P. Koontz for his service to LACERS.
- D. RECOGNITION OF SERVICE FOR ANYA J. FREEDMAN – Neil M. Guglielmo, General Manager, and the Commissioners recognized Anya J. Freedman for her service to LACERS.

III

RECEIVE AND FILE ITEMS

- A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

IV

Commissioner Wilkinson moved approval of Consent Agenda Item IV-A, and seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6. Nays, None

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JUNE 11, 2024 AND POSSIBLE BOARD ACTION

V

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 9, 2024 – Commissioner Wilkinson stated the Committee approved the Dental Plan Request for Proposal Contract Award Recommendations and Vision Plan Request for Proposal Contract Award Recommendations.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. DENTAL PLAN REQUEST FOR PROPOSAL CONTRACT AWARD RECOMMENDATIONS AND POSSIBLE BOARD ACTION – Bordan Darm, Lead Consultant with Keenan Associates,

James Kawashima, Senior Benefits Analyst II, and Maricel Martin, Senior Benefits Analyst I, presented and discussed this item with the Board for five minutes. Commissioner Sidley moved approval of the following resolution:

**FINAL DENTAL CARRIER FOR LACERS DENTAL PLANS
FOR PLAN YEAR 2025**

RESOLUTION 240709-A

WHEREAS, the Los Angeles Administrative Code establishes that Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, on March 5, 2024, LACERS issued a Request for Proposal (RFP) for dental plan benefits;

WHEREAS, on July 9, 2024, the Benefits Administration Committee considered a staff report on the recommended finalist to the RFP;

WHEREAS, on July 9, 2024, the Benefits Administration Committee approved forwarding a recommendation to the Board to continue with the current dental plan carrier;

WHEREAS, on July 9, 2024, the Benefits Administration Committee approved forwarding to the Board a recommendation to contract with Delta Dental for Dental PPO and Dental HMO coverage of LACERS eligible retirees, survivors, and eligible dependents' dental benefits;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby approves the 2025 dental carriers and authorizes the General Manager to negotiate and execute these contracts, subject to City Attorney review:

Delta Dental PPO (Self-Funded)
Delta Dental HMO (Fully Insured)

Which motion was seconded by Commissioner Wilkinson and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6; Nays, None.

- B. VISION PLAN REQUEST FOR PROPOSAL CONTRACT AWARD RECOMMENDATIONS AND POSSIBLE BOARD ACTION – Bordan Darm, Lead Consultant with Keenan Associates, James Kawashima, Senior Benefits Analyst II, and Maricel Martin, Senior Benefits Analyst I, presented and discussed this item with the Board for five minutes. Commissioner Sidley moved approval of the following resolution:

**FINAL VISION CARRIERS FOR LACERS VISION PLANS
FOR PLAN YEAR 2025**

RESOLUTION 240709-B

WHEREAS, the Los Angeles Administrative Code establishes that Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, on March 5, 2024, LACERS issued a Request for Proposal (RFP) for vision plans;

WHEREAS, on July 9, 2024, the Benefits Administration Committee considered a staff report on recommended finalist to the RFP;

WHEREAS, on July 9, 2024, the Benefits Administration Committee approved forwarding a recommendation to the Board to continue with the current vision plan carrier;

WHEREAS, on July 9, 2024, the Benefits Administration Committee approved forwarding to the Board a recommendation to contract with Anthem for vision coverage of LACERS eligible retirees, survivors, and their eligible dependents;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby approves the 2025 vision carrier and authorizes the General Manager to negotiate and execute these contracts, subject to City Attorney review:

Anthem

Which motion was seconded by Commissioner Wilkinson and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6; Nays, None.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$23.305 billion as of July 8, 2024; and Volatility Index at 12.4. Rod June discussed the following items:
- POLICY
 - a. Staff is working on some possible amendments to the Responsible Investment Policy
 - OPERATIONAL
 - a. City Contribution anticipated in middle of July.
 - GLOBAL ISSUES
 - a. No significant changes in valuation for Russia, Ukraine, China/Tech, Israel
 - FUTURE AGENDA ITEMS
 - a. Contract with “Townsend Holdings, LLC”.
 - b. Continued discussion of the Asset Allocation led by “NEPC, LLC”.
 - ANNOUNCEMENTS
 - a. Introduction of Monae Gant, LACERS Summer Intern
- B. TRAVEL AUTHORITY – ELLEN CHEN, INVESTMENT OFFICER III; PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) INTERNATIONAL CONFERENCE, TORONTO,

CANADA; OCTOBER 7-11, 2024 AND POSSIBLE BOARD ACTION. Commissioner Lee moved approval of the following resolution:

**TRAVEL AUTHORITY
ATTENDANCE TO PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) INTERNATIONAL
CONFERENCE OCTOBER 8-10, 2024
TORONTO, CANADA**

RESOLUTION 240709-C

WHEREAS, Board approval is required for all international travel requests; and,

WHEREAS, the attendance to Principles for Responsible Investment (PRI) in Person International Conference requires international travel to Toronto, Canada, and therefore requires approval; and,

WHEREAS, the request to attend the conference conforms to the LACERS Strategic Plan Board Governance Goal of upholding good governance practices which affirm transparency, accountability, and fiduciary duty.

NOW, THEREFORE, BE IT RESOLVED, that Ellen Chen, Director of Private Market and ESG Risk Officer, Investment Officer III is hereby authorized to travel to Toronto, Canada to attend the PRI in Person International Conference, on October 8-10, 2024 (travel dates October 7-11, 2024).

BE IT FURTHER RESOLVED, that the reimbursement of up to \$6,500 for Ellen Chen, Director of Private Markets and ESG Risk Officer, Investment Officer III is hereby authorized for reasonable expenses in connection with participation and will be applied to the 2024-25 Fiscal Year budget.

Which motion was seconded by Commissioner Sidley and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6; Nays, None.

- C. INVESTMENT GOVERNANCE AND REVIEW PROCESSES, PROPOSED POLICY AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, and James Wang, Investment Officer I, presented and discussed this item with the Board for five minutes. Commissioner Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6; Nays, None.
- D. ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM FOR THE PERIOD ENDING DECEMBER 31, 2023 – Rod June, Chief Investment Officer, presented and discussed this item with the Board for 20 minutes. This report was received by the Board and filed.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 23, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, Vice President Sohn adjourned the Meeting at 11:40 a.m.

Sung Won Sohn
Vice President

Neil M. Guglielmo
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Thuy Huynh
Sung Won Sohn

MEETING: AUGUST 13, 2024

ITEM: VII-A

SUBJECT: 2025 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve the 8% Anthem Blue Cross PPO premium arrangement;
2. Approve the addition of the out-of-network hearing aid benefit for the Anthem Blue Cross Medicare Preferred (PPO) plan;
3. Approve the proposed 2025 premium rate changes for LACERS medical, dental, and vision plans, allowing for minor premium adjustments, as follows:
 - Anthem Blue Cross HMO: 8.0%
 - Anthem Blue Cross PPO: 8.0%
 - Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement): 6.0%
 - Anthem Blue Cross Medicare Preferred (PPO) Plan with out-of-network hearing aid: 9.5%
 - Kaiser Permanente HMO: 3.99%
 - Kaiser Permanente Senior Advantage HMO: 5.84%
 - SCAN Health Plan Medicare Advantage HMO: 0.00%
 - Delta Dental HMO: 3.97%
 - Delta Dental PPO: 0.00%
 - Anthem Blue View Vision: 0.00%
4. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier rate changes and to utilize the 115 Trust fund to smooth the UHC Member rate increase; and,
5. Authorize the General Manager to make premium rate adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

At the August 13, 2024 Benefits Administration Committee meeting preceding the Board meeting, staff and Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant, will have presented recommendations regarding the proposed 2025 medical plan premium rates as detailed in the attached committee report. Should the Committee approve staff's recommendation, this report on the proposed 2025 medical plan premium rates will move forward to the Board for approval.

Recommendations for the health plan contract renewals have resulted in an overall 2025 health plan (medical, dental, and vision) premium costs increasing by approximately \$9.9 million or 6.38%. For the Kaiser, Anthem HMO, Anthem PPO, Anthem Medicare Supplement, UnitedHealthcare, and SCAN programs, no changes to benefits for 2025 were requested. The out-of-network hearing aid benefit was requested to be added to the Anthem Medicare Preferred (PPO) plan. Delta Dental and Anthem Blue View Vision were selected as the LACERS dental and vision insurance carriers respectively. A breakdown of premium cost changes by carrier is included in the attached Keenan report.

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

NMG/DWN/KF/vd

Attachments: 1. August 13, 2024, Benefits Administration Committee Report
2. Proposed Resolution
3. LACERS Historical Medical Cost Increases Through 2025



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

MEETING: AUGUST 13, 2024
ITEM: III

SUBJECT: 2025 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to:

1. Approve the 8% Anthem Blue Cross PPO premium arrangement;
2. Approve the addition of the out-of-network hearing aid benefit for the Anthem Blue Cross Medicare Preferred (PPO) plan;
3. Approve the proposed 2025 premium rates for LACERS medical, dental, and vision plans, allowing for minor premium adjustments;
4. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier rate changes and to utilize the 115 Trust to smooth the UHC Member rate increase; and,
5. Authorize the General Manager to make premium rate adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

Recommendations for the health plan contract renewals have resulted in overall 2025 health plan (medical, dental, and vision) premium costs increasing by approximately \$9.9 million, or 6.38%, from \$156.0 million in 2024 to \$165.9 million.

The proposed 2025 carrier rate changes for LACERS medical, dental, and vision plans, are as follows:

- Anthem Blue Cross HMO: 8.00%
- Anthem Blue Cross PPO: 8.00%
- Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement): 6.00%
- Anthem Blue Cross Medicare Preferred (PPO) Plan with out-of-network hearing aid: 9.50%
- Kaiser Permanente HMO: 3.99%
- Kaiser Permanente Senior Advantage HMO: 5.84%
- SCAN Health Plan Medicare Advantage HMO: 0.00%
- UnitedHealthcare Medicare Advantage HMO: 50.83%

- Delta Dental HMO: 3.97%
- Delta Dental PPO: 0.00%
- Anthem Blue View Vision: 0.00%

Discussion

As part of the annual process, LACERS' Health and Welfare Consultant, Keenan & Associates (Keenan), released a Request for Renewal, requesting premium rate renewal data from LACERS' medical plan carriers: Kaiser Permanente (Kaiser), Anthem Blue Cross (Anthem), UnitedHealthcare (UHC) and Senior Care Action Network (SCAN). A Request for Proposals was released in March for the dental and vision plans. Data requested included proposed 2025 premium rates, documentation to support the proposed premium rates, performance guarantees, as well as financial commitments toward LACERS' wellness program.

2025 Medical Plan Renewal Summary

For the Kaiser, Anthem HMO, Anthem PPO, Anthem Medicare Supplement, UHC, and SCAN programs, no changes to benefits were requested for 2025. The out-of-network hearing aid benefit was requested to be added to the Anthem Medicare Preferred (PPO) plan. The 2025 preliminary medical premiums were estimated to increase by \$12.1 million or 8.5%, from \$142.2 million to \$154.3 million. After negotiations with Keenan, the 2025 medical premium cost was reduced to \$152.1 million, an increase of approximately \$9.9 million or 6.97% from the 2024 medical premium cost. A breakdown of premium cost changes by carrier is included in the attached Keenan report.

UHC Plan Renewal Increase

UHC proposed an average plan increase of 50.83%; 52.88% for California, 54.78% for Nevada, and 33.69% for Arizona. This is the highest proposed renewal increase for LACERS Medicare Advantage HMO plans. Additional analysis is being conducted by LACERS to determine the possibility of smoothing the rates using the 115 Trust funds. Due to the tight renewal timeline that impacts Open Enrollment and annual actuarial valuation, it is recommended that the General Manager be authorized to further negotiate and approve the final UHC carrier rate changes and to utilize the 115 Trust to smooth the UHC Member rate increase.

Anthem PPO Rate Increase

Anthem initially proposed a 17% increase for the PPO plan in 2025. Keenan negotiated with Anthem to provide a lower rate at either an 11% increase or an 8% increase. At the 11% increase, LACERS would not be held responsible for covering any losses on Anthem's side. However, Members will have a higher monthly premium cost and monthly deduction, depending on their eligible subsidy amount and the number of dependents covered on the plan. At the 8% increase, LACERS would be responsible for the deficit should the claims amount exceed the total premiums paid. Yet, the Members will have a lower premium increase. Additionally, any possible balance owed to Anthem will come from the Claims Stabilization Fund after the completion of the 2025 Year-End Accounting. Therefore, the 8% increase is recommended as this will have a smaller impact on Members enrolled in the Anthem PPO plan.

Hearing Aid Benefit added to Anthem Medicare Preferred (PPO) Plan

The current Anthem Medicare Preferred (PPO) plan requires Members to purchase hearing aids through Anthem's hearing aid supplier, Hearing Care Solutions. Some Members prefer to use a different vendor with their provider, resulting in several instances in which hearing aids were purchased from unauthorized vendors and Members were required to pay at full cost. The Anthem Medicare Supplement plan does not have this restriction and adding this benefit would bring parity between the two plans.

Keenan requested Anthem to provide the cost of allowing Members to order the hearing aid benefit through the Member's preferred provider. Anthem proposed a premium amount of \$5.91 per covered life per month to add the benefit to the Anthem Medicare Preferred (PPO) plan.

According to the Los Angeles Administrative Code Section 4.1106 and Board rules, the LACERS Board may make discretionary benefit changes as long as they do not increase the next year's projected annual premium cost for the entire program by more than one-half of one percent (0.5%) in total annual premium cost. At \$5.91 per covered life with about 4,900 enrolled as of June 30, 2024, the approximate annual cost to add the hearing aid benefit is \$348,000. The total proposed premium cost for 2025 is \$165.9 million. Adding this benefit will add about 0.21% to the total premium cost, thus the Board has the authority to approve the out-of-network hearing aid benefit.

2025 Dental Plan Request for Proposal Summary

On July 9, 2024, the Board approved contracting with the current dental insurance carrier, Delta Dental for the self-funded PPO and fully insured HMO plans.

The Delta Dental PPO has been self-funded by LACERS beginning on January 1, 2019. A review of the premiums and claims shows the projected dental plan costs will be greater than current premiums and the underwriting determined that the plan adjust the premium by 4.91%. It is recommended that the premium not change for 2025 and to use the reserves in the 115 Trust. By holding rates for 2025, Keenan projects that annual cost will increase by \$593,000.

The 2025 DeltaCare USA (HMO) premium costs will increase by 3.97%. Overall, the 2025 dental plan costs are estimated to increase by \$624,000, or 4.85% to \$13.5 million.

Delta Dental's wellness program contribution of \$10,000 remains at the same level as 2024.

2025 Vision Plan Request for Proposal Summary

On July 9, 2024, the Board approved contracting with the current vision insurance provider, Anthem Blue View Vision for the self-funded vision plan. The Anthem Blue View Vision has been self-funded by LACERS beginning on January 1, 2022. Based on a review of the premiums and claims, the vision plan is operating at a surplus and the underwriting determined the plan could withstand a premium reduction of 20.0%. It is recommended that the premium not change for 2025. By holding rates for 2025, Keenan projects that \$198,000 will be added to LACERS' reserves.

The 2025 vision plan cost is not estimated to increase from last year's premium cost of \$908,348 based on current enrollment figures.

Anthem Vision's wellness program contribution is combined with Anthem medical.

Wellness Funding

The carriers will continue to fund the LACERS wellness program and provide a total of \$288,500. Kaiser's funding of \$150,000, Anthem's funding of \$100,000, SCAN's funding of \$20,000, UHC's funding of \$8,500, and Delta Dental's funding of \$10,000 remains at the same level as 2024.

Conclusion

The 2025 annual health plan premium cost initially came in at \$168.1 million. Negotiations conducted by Keenan brought an overall cost decrease of \$2.2 million to \$165.9 million. Compared to 2024, the 2025 annual premium cost will increase by \$9.9 million, or 6.38%.

Current premium amounts will be maintained where plan premium costs are to decrease, and surplus premium dollars will be placed in the premium reserve of the 115 Trust to be used for future health plan management purposes.

The carriers will provide a total of \$288,500 for Wellness events and activities.

Occasionally, premiums are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor premium adjustments, within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Staff and Keenan will be present to discuss the 2025 health plan renewal process and answer the Committee's questions.

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

NMG/DWN/KF/vd

Attachment: Keenan Report – 2025 Health Plan Renewal Final Report



BAC Meeting: 08/13/24
Item: III
Attachment

Los Angeles City Employees' Retirement System

2025 Health Plan Renewal, Final Report

August 13, 2024

Respectfully Submitted by:

Ju Anderson, Senior Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

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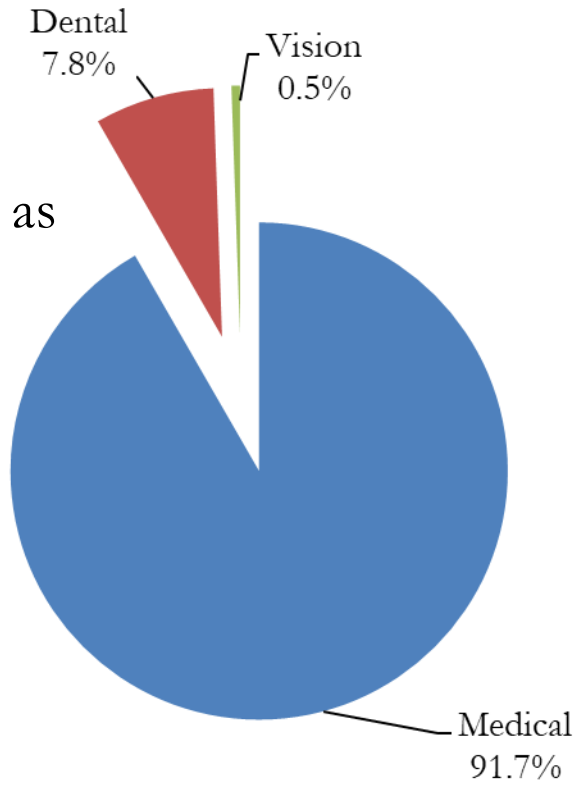
Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2025 final health plan renewals
- Anthem Blue Cross (Anthem) and Kaiser Permanente (Kaiser) provided their Pre-65 medical plan renewals.
- Changes to carrier reimbursements for Medicare have caused delays in receiving Medicare renewals. UHC's renewals were received August 5, 2024.
- The Delta Dental PPO plan has been self-funded since 2019. The PPO 2025 administration fee remains unchanged
- Anthem Blue View Vision has been self-funded since 2022
Vision administration fee decreased by 9% from \$0.67 to \$0.61
- Data provided by the carriers included plan designs, rates, and enrollment
- LACERS' Dental and Vision programs went out to RFP for 2025. Delta Dental and Blue View have retained the dental and vision program respectfully.
- Minor rounding issues throughout the report may cause summations to be slightly off.



Executive Summary

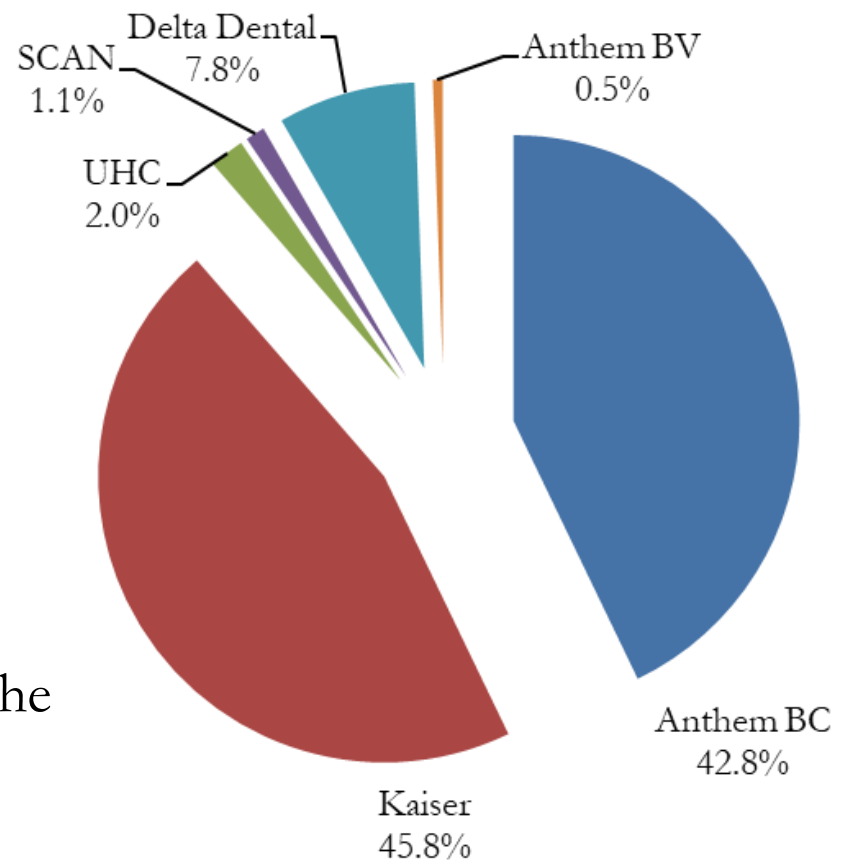
- The 2025 final renewal for the LACERS Health and Welfare Program requires an increase in cost of **\$9,948,750** or **6.38%**, from \$156,012,587 to \$165,961,337.
- The 2025 LACERS renewal premium adjustments are as follows:
 - Medical premiums: **\$9,917,400** or **6.97%**,
 - Dental premiums: **\$31,350** or **0.24%**, and
 - Vision premiums: **\$0** or **0.00%**
 - Total premium adjustment: **\$9,948,750** or **6.38%**
- Out of LACERS’ total premium: Medical represents **91.7%**, Dental **7.8%**, and Vision **0.5%**



Overall Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
Medical	15,901	\$142,242,040	\$152,159,440	\$9,917,400	6.97%	\$2,210,426
Dental	17,478	\$12,862,199	\$12,893,549	\$31,350	0.24%	\$0
Vision	7,208	\$908,348	\$908,348	\$0	0.00%	\$0
GRAND TOTAL	40,587	\$156,012,587	\$165,961,337	\$9,948,750	6.38%	\$2,210,426

Executive Summary

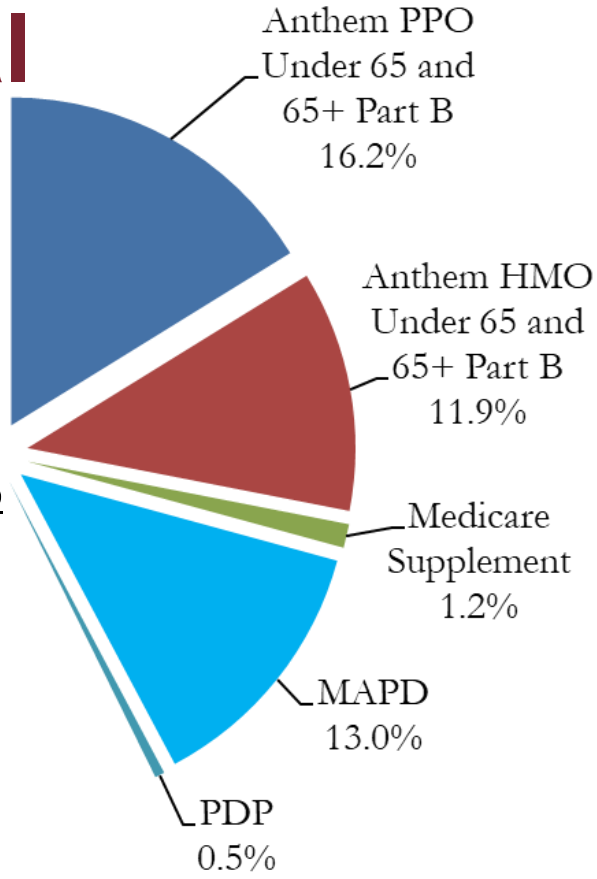
- The 2025 LACERS final renewal cost change by carrier is as follows:
 - Anthem: **\$5,511,163** or **8.40%**
 - Kaiser: **\$3,307,933** or **4.55%**
 - UHC: **\$1,098,303** or **50.83%**
 - SCAN: **\$0** or **0.0%**
 - Delta Dental: **\$31,350** or **0.24%**
 - Anthem Blue View: **\$0** or **0.0%**
- Kaiser and Anthem comprise 88.6% of the total cost



Carrier	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Current Premium	\$ Change	% Change	
Anthem	6,438	\$65,602,666	\$71,113,829	\$5,511,163	8.40%	\$2,210,426
Kaiser	8,105	\$72,664,316	\$75,972,249	\$3,307,933	4.55%	\$0
UnitedHealthcare	638	\$2,160,659	\$3,258,962	\$1,098,303	50.83%	\$0
SCAN	720	\$1,814,400	\$1,814,400	\$0	0.00%	\$0
Delta Dental	17,478	\$12,862,199	\$12,893,549	\$31,350	0.24%	\$0
Anthem Blue View	7,208	\$908,348	\$908,348	\$0	0.00%	\$0
GRAND TOTAL	40,587	\$156,012,587	\$165,961,337	\$9,948,750	6.38%	\$2,210,426

Anthem Blue Cross Renewal

- Anthem Blue Cross comprises **42.8%** of LACERS' premium costs
- Anthem proposes the following rate adjustments:
 - PPO Under 65 / 65+ Part B: **\$1,997,902** or **8.00%**
 - HMO Under 65 / 65+ Part B: **\$1,465,451** or **8.00%**
 - Medicare Advantage (MAPD): **\$1,875,345** or **9.50%**
 - Medicare Supplement Coverage: **\$44,712** or **6.00%**
 - PDP (Rx Only): **\$127,753** or **7.04%**
 - An overall change of **\$5,511,163** or **8.40%**
- Other considerations: \$100,000 rate load for the wellness program



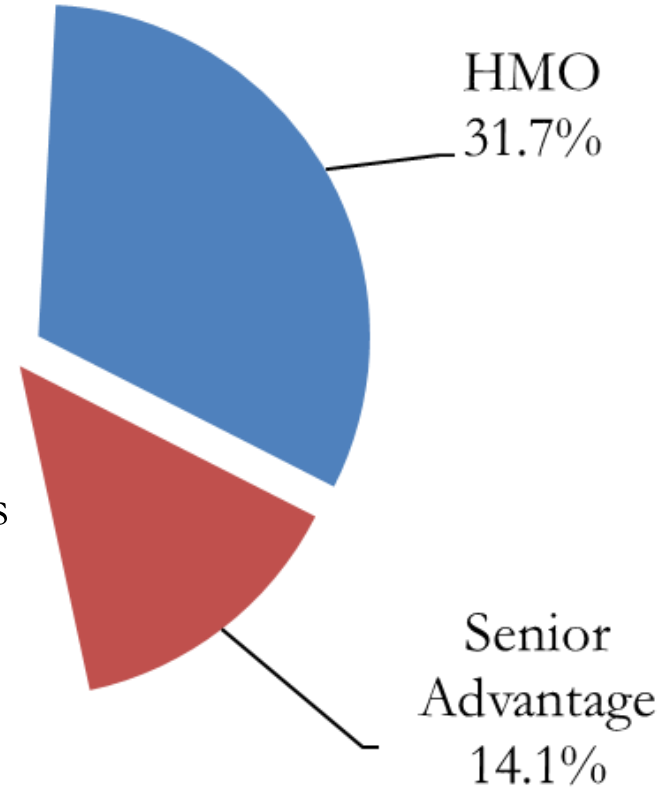
Anthem Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B	1,138	\$24,973,458	\$26,971,360	\$1,997,902	8.00%	\$2,362,469
HMO Under 65 and 65+ Part B	887	\$18,318,313	\$19,783,764	\$1,465,451	8.00%	(\$152,042)
MAPD (Medical and Rx)	3,754	\$19,750,230	\$21,625,575	\$1,875,345	9.50%	\$0
PDP (Rx Only)	544	\$1,815,437	\$1,943,190	\$127,753	7.04%	\$0
Medicare Supplement	115	\$745,228	\$789,940	\$44,712	6.00%	\$0
Total	6,438	\$65,602,666	\$71,113,829	\$5,511,163	8.40%	\$2,210,426

Anthem PPO Renewal Options

- Anthem provided two PPO renewal options from the preliminary renewal of 17.5%:
 - **Option 1** - Reduce rate action to +11.0% + \$1.7M in minimum Claim Stabilization Reserve (CSR) balance for 2025 policy.
 - CSR is currently \$1,734,584 as of December 31, 2023.
 - **Option 2** - Reduce rate action to +8.0% + Retro-Refunding Option + \$1.7M in minimum CSR balance for 2025.
 - The Retro-Refunding Option means Anthem will invoice LACERS the rates correlated with an +8% increase (billed premium);
 - Upon completion of the 2025 plan year, Anthem will require in the 2025 year-end accounting, if there is a deficit on the account, Anthem reserves the right to call up to the difference between the contract premium and billed premium to cover the deficit.
 - The retro call will be collected before touching the CSR reserves.
 - Under this option LACERS may receive an invoice with the 2025 year-end accounting for the full deficit position (up to 3.0%). Amounts above the 3.0% would be taken from the CSR.
- Keenan recommends Option 2. Keenan's underwriting supports the 8.0% renewal.

Kaiser Permanente Renewal

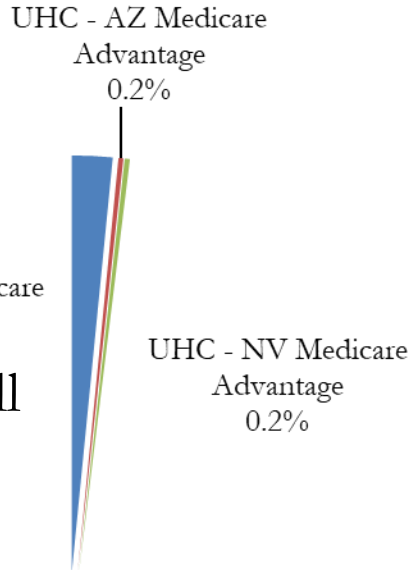
- Kaiser comprises 45.8% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
 - HMO Under 65: \$2,015,529 or 3.99%
 - Senior Advantage: \$1,292,404 or 5.84%
 - For an overall increase of \$3,307,933 or 4.55%
- Other considerations:
 - \$150,000 rate load in the Pre-65 rates for the wellness program



Kaiser Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
HMO Under 65	2,189	\$50,525,209	\$52,540,738	\$2,015,529	3.99%	\$0
Senior Advantage	5,916	\$22,139,107	\$23,431,511	\$1,292,404	5.84%	\$0
Total	8,105	\$72,664,316	\$75,972,249	\$3,307,933	4.55%	\$0

UnitedHealthcare Renewal

- UnitedHealthcare Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- UHC provides coverage in California, Arizona, and Nevada
- UHC comprises 2.0% of LACERS' premium costs
- Due to Medicare Part D changes, UHC is requesting an overall increase of 50.83% or \$1,098,303:
 - CA – 52.88% or \$902,957
 - NV – 54.78% or \$110,777
 - AZ – 33.69% or \$84,570 annual increase
- Other considerations: Wellness program contribution of \$8,500



UnitedHealthcare Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
CA Medicare Advantage	512	\$1,707,433	\$2,610,390	\$902,957	52.88%	\$0
NV Medicare Advantage	73	\$202,234	\$313,011	\$110,777	54.78%	\$0
AZ Medicare Advantage	53	\$250,992	\$335,561	\$84,570	33.69%	\$0
Total	638	\$2,160,659	\$3,258,962	\$1,098,303	50.83%	\$0

UnitedHealthcare Renewal

UHC provided the following narrative for their renewal:

Due to CMS initiative and the Inflation Reduction Act, there are several significant changes being implemented for plan year 2025, specifically around Part D benefits.

The following are key changes that will be impacting all Prescription Drug Plans:

- CMS is implementing a \$2,000 Out-of-Pocket Maximum
- Removal of the coverage gap/donut hole (LACERS has already removed the gap)
- CMS is implementing a payment plan option for individuals with high-cost medications referred to as M3P Program
- CMS funding will shift from reinsurance to direct subsidy in 2025

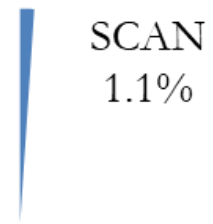
The following are key CMS funding changes impacting all Medicare Advantage plans:

- CMS made a change to the Growth Rate calculations related to indirect and direct medical education costs associated with services furnished to MA enrollees.
 - A negative reduction of 0.8% will apply to 2024, 2025 and 2026.
- The Risk Adjustment Model moved from ICD-9 to ICD-10 codes
 - CMS removed 2,000+ codes impacting CMS funding for various disease states.
 - The coding change will reduce the funding for MA plans
 - The coding change will reduce “MA Risk Score Trend”

New for 2025 - Our fitness vendor is changing back to SilverSneakers.

SCAN Renewal

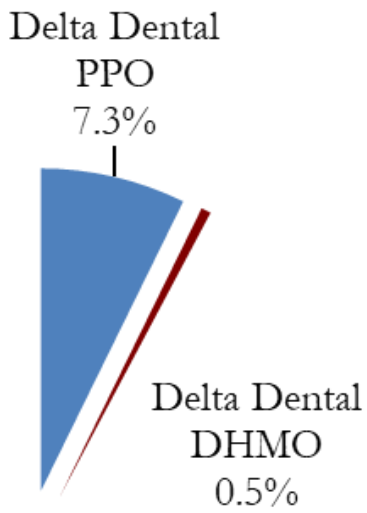
- SCAN Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- SCAN comprises 1.1% of LACERS' premium costs
- SCAN requested the following rate adjustments:
 - Medicare Advantage: \$0 or 0.00% decrease
- Other considerations: Wellness program contribution of \$20,000



SCAN Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medicare Advantage	720	\$1,814,400	\$1,814,400	\$0	0.00%	\$0

Delta Dental Renewal

- LACERS' Dental program went out to RFP for 2025. Delta Dental was able to retain the dental coverage.
 - PPO fee guarantee is through 2027 with 5.0% rate cap for 2028/29
 - DHMO rate guarantee is through 2027 with 5.0% rate cap for 2028/29
- Delta Dental PPO and DHMO is available to all retired Members
- Delta Dental comprises 7.8% of LACERS' premium costs
- LACERS started self-funding the Delta Dental PPO January 1, 2019
- The self-funded PPO underwriting shows a rate adjustment of 4.91%. This includes 2.50% margin. LACERS proposes to hold rates at 0.00% and fund any increase from the 115 Trust.
- Delta Dental proposes a 3.97% rate increase for the DHMO
- Other considerations: Wellness program contribution of \$10,000



Delta Dental Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO	14,274	\$12,073,389	\$12,073,389	\$0	0.00%	\$0
DHMO	3,204	\$788,809	\$820,159	\$31,350	3.97%	\$0
Total	17,478	\$12,862,199	\$12,893,549	\$31,350	0.24%	\$0

Delta Dental Self-Funded Renewal

2025 will be the seventh year of self-funding the PPO dental plan

The 2025 underwriting shows that projected costs are expected to be greater than the current premium

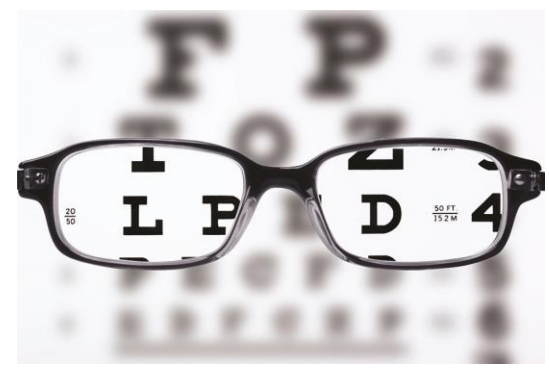
- The underwriting for 2025 shows a rate increase of:
 - 2.52% (without margin) or
 - 4.91% with 2.50% margin.
- Keenan recommends holding the rates at 0.00% and utilizing the 115 Trust to fund any required cost increase.

LACERS - Self-Funded Dental Renewal		
Effective from January 1, 2025 through December 31, 2025		
Experience Data from July 1, 2023 through June 30, 2024		
1	Paid Claims (7/1/2023 - 6/30/2024)	\$10,867,791
2	Beginning Reserve as of 5/1/2023	(645,770)
3	Ending Reserve as of 4/30/2024	645,770
4	Incurred Claims	\$10,867,791
5	Covered Employees	168,820
6	Incurred Claims/EE/Month	\$64.38
7	Trend Factor	3.0% 1.0453
8	Expected Incurred Claims (1/1/2025 - 12/31/2025)	\$67.29
9	Administration	\$5.10
10	Calculated Funding Level Without Margin	\$72.39
11	Current Average Funding Level	\$70.61
12	Calculated Funding Action Without Margin = (10)/(11)	2.52%
13	Recommended Margin = Margin % x (8)	2.5% <u>\$1.68</u>
14	Calculated Funding Level With Margin = (10)+(13)	\$74.07
15	Current Average Funding Level = (11)	\$70.61
16	Calculated Funding Action With Margin = (14)/(15)	4.91%

Anthem Blue View Vision Renewal

- LACERS' Vision program went out to RFP for 2025. Anthem Blue View Vision was able to retain the vision coverage.
 - Vision fee guarantee is through December 31, 2028.
- Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN and UHC
- Anthem Blue View comprises 0.5% of LACERS premium costs
- Anthem Blue View moved to self-funded for 2022
- 2025 will be LACERS Anthem Blue View vision coverage's fourth year of self-funding
- Keenan recommends holding rates **\$0** or **0.0%** for 2025
- Other considerations: Wellness program contribution of \$10,000 (separate from Anthem medical)

Anthem Blue View
0.5%



Anthem Blue View Final Renewal	Current Enrollment	2024 Premium	2025 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Vision	7,208	\$908,348	\$908,348	\$0	0.0%	\$0

Anthem Blue View Self-funded Renewal

- The 2025 underwriting shows that projected costs are expected to be less than the current premium
- Anthem is proposing 9% reduction in admin fees from \$0.67 to \$0.61
- Underwriting for 2025 shows a rate decrease of:
 - -21.82% (without margin)
 - -20.01% with 2.5% margin
- Keenan recommends a rate pass for 2025 and allow the Vision plan to continue building its reserve
- By holding rates for 2025 it is projected that LACERS will add \$198,243 to reserves

LACERS - Self-Funded Vision Renewal		
Effective from January 1, 2025 through December 31, 2025		
Experience Data from July 1, 2023 through June 30, 2024		
1	Paid Claims (7/1/2023 - 6/30/2024)	\$624,030
2	Beginning Reserve as of 5/1/2023	(44,640)
3	Ending Reserve as of 4/30/2024	44,640
4	Incurred Claims	\$624,030
5	Covered Employees	85,786
6	Incurred Claims/EE/Month	\$7.27
7	Trend Factor	2.5% 1.0420
8	Expected Incurred Claims (1/1/2025 - 12/31/2025)	\$7.58
9	Administration	\$0.61
10	Calculated Funding Level Without Margin	\$8.19
11	Current Average Funding Level	\$10.48
12	Calculated Funding Action Without Margin = (10)/(11)	-21.82%
13	Recommended Margin = Margin % x (8)	2.5% <u>\$0.19</u>
14	Calculated Funding Level With Margin = (10)+(13)	\$8.38
15	Current Average Funding Level = (11)	\$10.48
16	Calculated Funding Action With Margin = (14)/(15)	-20.01%

LACERS 2025 Renewal Projection

All Coverage MEDICAL	Current Enrollment	2024 Premium	2025 Renewal - Final		
			Premium	\$ Change	% Change
Anthem					
PPO Under 65 and 65+ Part B	1,138	\$24,973,458	\$26,971,360	\$1,997,902	8.00%
HMO Under 65 and 65+ Part B	887	\$18,318,313	\$19,783,764	\$1,465,451	8.00%
MAPD (Medical and Rx)	3,754	\$19,750,230	\$21,625,575	\$1,875,345	9.50%
PDP (Rx Only)	544	\$1,815,437	\$1,943,190	\$127,753	7.04%
Medicare Supplement	115	\$745,228	\$789,940	\$44,712	6.00%
Total Anthem	6,438	\$65,602,666	\$71,113,829	\$5,511,163	8.40%
Kaiser					
HMO Under 65	2,189	\$50,525,209	\$52,540,738	\$2,015,529	3.99%
Senior Advantage	5,916	\$22,139,107	\$23,431,511	\$1,292,404	5.84%
Total Kaiser	8,105	\$72,664,316	\$75,972,249	\$3,307,933	4.55%
UnitedHealthcare					
CA Medicare Advantage	512	\$1,707,433	\$2,610,390	\$902,957	52.88%
NV Medicare Advantage	73	\$202,234	\$313,011	\$110,777	54.78%
AZ Medicare Advantage	53	\$250,992	\$335,561	\$84,570	33.69%
Total UnitedHealthcare	638	\$2,160,659	\$3,258,962	\$1,098,303	50.83%
SCAN					
Medicare Advantage	720	\$1,814,400	\$1,814,400	\$0	0.00%
Total SCAN	720	\$1,814,400	\$1,814,400	\$0	0.00%
Medical Total	15,901	\$142,242,040	\$152,159,440	\$9,917,400	6.97%
DENTAL					
Delta Dental PPO (self-funded)	14,274	\$12,073,389	\$12,073,389	\$0	0.00%
Delta Dental HMO	3,204	\$788,809	\$820,159	\$31,350	3.97%
Dental Total	17,478	\$12,862,199	\$12,893,549	\$31,350	0.24%
VISION					
Anthem Blue View (self-funded)	7,208	\$908,348	\$908,348	\$0	0.00%
Vision Total	7,208	\$908,348	\$908,348	\$0	0.00%
GRAND TOTAL		\$156,012,587	\$165,961,337	\$9,948,750	6.38%

2024 Renewal and Member Strategies

LACERS has maintained a multi-year strategy to smooth Member renewals by holding Member rates when available. This has enabled LACERS to build reserves to better serve retirees.

2024 Inforce Carrier Rate Renewals and Member Rate Strategies:

- **Anthem** – HMO, PPO, and Medicare Supplemental plan; carrier rates equaled Member rates. Medicare Advantage carrier rates reduced -14.31%. LACERS reduced the Member rate - 12.24%.
- **Kaiser** – LACERS did a buy down of 2.4% of the 14.4% Kaiser Permanente HMO carrier rate using the LACERS Health Care 115 Trust Fund to 12.0%.
- **KPSA** – Carrier rates increased 9.61% however, Member rates remained unchanged and contributed 13.3% of the Member rate to LACERS reserves.
- **UHC** – Carrier rates decreased -28.8% in CA, -33.1% in NV, and -21.52% in AZ. Member rates decreased -14.44% in CA, -16.55% in NV, and -10.76% in AZ (50% of carrier decrease) resulting in LACERS reserving 20.3% in CA, 24.7% in NV, and 13.7% in AZ of the carrier rate.
- **SCAN** – Carrier rates and Member rates decreased -16.7% resulting in LACERS reserving 3.7% of the carrier rate.
- **Delta Dental** – Carrier rates and Member rates remained unchanged
- **Anthem Blue View Vision** - Carrier rates and Member rates remained unchanged

2025 Proposed Renewal Action:

It is recommended LACERS maintain its multi-year strategy to smooth Member renewals by holding Member rates when available. This enables LACERS to build reserves to better serve retirees.

2025 Proposed Carrier Rate Renewals and Member Rates:

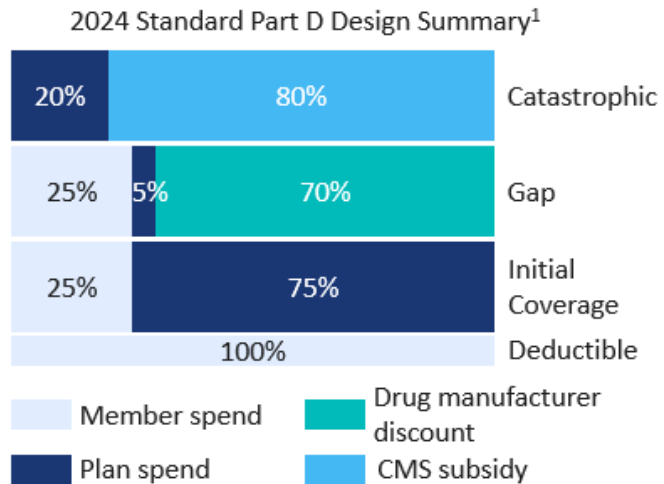
- **Anthem** – Carrier Rates: HMO and PPO +8.0% (Option 2), Medicare Supplemental plan +6.0%, Medicare Advantage plan +9.5%, and the PDP (Rx only) +7.04%. Member Rates: HMO, PPO, and Medicare Supplemental plan, carrier rates equal member rate. For the Medicare Advantage plan, Member rates would be unchanged from 2024 resulting in LACERS accumulating 9.4% of the carrier rates for reserves.
- **Kaiser** – Carrier Rates: 3.99% increase. Member rates would reflect carrier rates (an increase of 6.23% due to buy-down of the 2024 rates)
- **KPSA** – Carrier Rates: 5.84% increase. Member rates unchanged from 2024 resulting in LACERS accumulating 7.1% of the carrier rates for reserves.
- **UHC** – Carrier Rates: 50.83% increase projected for all states. Member rates would reflect carrier rates (an increase of 27.07% for CA, 24.09% for NV, and 17.58% for AZ).
- **SCAN** – Carrier rates and Member rates to remain unchanged resulting in LACERS accumulating 3.7% of the carrier rates for reserves.
- **Delta Dental** –Carrier rates and Member rates to increase: Dental PPO 4.91%, DHMO 3.97%
- **Anthem Blue View Vision** - Carrier rates and Member rates to remain unchanged

Follow-Up and Recommendations

CMS' new Part D (prescription drug coverage) structure effective January 1, 2025, will need to be monitored to ensure carrier rate adjustments adequately cover the new cost structure. See Anthem chart below for summary outline.

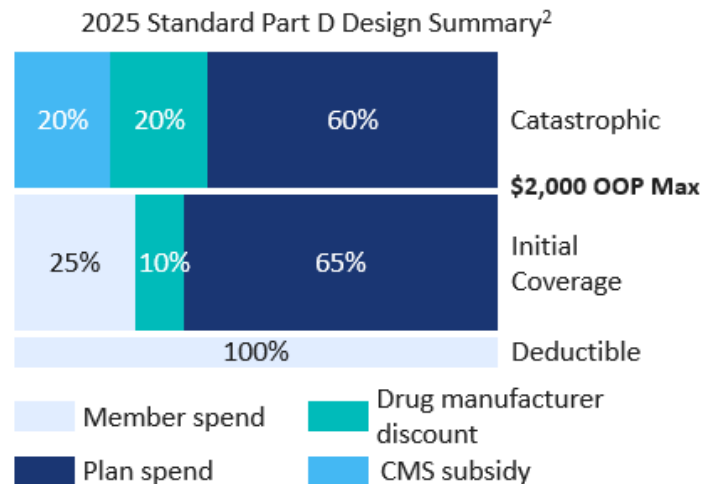
2024:

- ❖ Current subsidy structure almost entirely claims based



Future state (2025+ under IRA):

- ❖ Decrease in CMS claims subsidy to be offset in part by an increase in the diagnosis based Direct Subsidy



New structure incentivizes need for annual formulary management

¹ Summary for brand and specialty drugs; for generic drugs plan is responsible for 75% of the cost in the Gap; drug manufacturers carry no liability for generic drugs
² Summary for brand and specialty drugs; for generic drugs plan is responsible for 75% in the Initial Coverage phase and CMS is responsible for 40% in the Catastrophic phase; drug manufacturers carry no liability for generic drugs

Appendix

Anthem PPO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2024	2025	% Change	2024	2025	% Change	2024	2025
U65 and 65+ Part B PPO - Refunding									
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,584.59	\$1,711.36	8.00%	\$1,584.59	\$1,711.36	8.00%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$3,169.18	\$3,422.71	8.00%	\$3,169.18	\$3,422.71	8.00%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,584.59	\$1,711.36	8.00%	\$1,584.59	\$1,711.36	8.00%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,584.59	\$1,711.36	8.00%	\$1,584.59	\$1,711.36	8.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,723.79	\$4,021.69	8.00%	\$3,723.79	\$4,021.69	8.00%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$2,139.20	\$2,310.34	8.00%	\$2,139.20	\$2,310.34	8.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$2,139.20	\$2,310.34	8.00%	\$2,139.20	\$2,310.34	8.00%	\$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)	\$554.61	\$598.98	8.00%	\$554.61	\$598.98	8.00%	\$0.00	\$0.00

Anthem HMO Rates

Anthem HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2024	2025	% Change	2024	2025	% Change	2024	2025
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,263.89	\$1,365.00	8.00%	\$1,263.89	\$1,365.00	8.00%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,527.78	\$2,730.00	8.00%	\$2,527.78	\$2,730.00	8.00%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,263.89	\$1,365.00	8.00%	\$1,263.89	\$1,365.00	8.00%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,263.89	\$1,365.00	8.00%	\$1,263.89	\$1,365.00	8.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,286.11	\$3,549.00	8.00%	\$3,286.11	\$3,549.00	8.00%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$2,022.22	\$2,184.00	8.00%	\$2,022.22	\$2,184.00	8.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$2,022.22	\$2,184.00	8.00%	\$2,022.22	\$2,184.00	8.00%	\$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)	\$758.33	\$819.00	8.00%	\$758.33	\$819.00	8.00%	\$0.00	\$0.00

Anthem Medicare Supplement

Anthem Medicare Supplement Plan - Refunding		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2024	2025	% Change	2024	2025	% Change	2024	2025
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$540.02	\$572.42	6.00%	\$540.02	\$572.42	6.00%	\$0.00	\$0.00
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$540.02	\$572.42	6.00%	\$540.02	\$572.42	6.00%	\$0.00	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$540.02	\$572.42	6.00%	\$540.02	\$572.42	6.00%	\$0.00	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,080.04	\$1,144.84	6.00%	\$1,080.04	\$1,144.84	6.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$540.02	\$572.42	6.00%	\$540.02	\$572.42	6.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$540.02	\$572.42	6.00%	\$540.02	\$572.42	6.00%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,080.04	\$1,144.84	6.00%	\$1,080.04	\$1,144.84	6.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,620.06	\$1,717.26	6.00%	\$1,620.06	\$1,717.26	6.00%	\$0.00	\$0.00

Anthem Medicare Advantage

Anthem Medicare Advantage Plan		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2024	2025	% Change	2024	2025	% Change	2024	2025
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$355.86	\$389.65	9.50%	\$426.12	\$426.12	0.00%	\$70.26	\$36.47
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$355.86	\$389.65	9.50%	\$426.12	\$426.12	0.00%	\$70.26	\$36.47
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$355.86	\$389.65	9.50%	\$426.12	\$426.12	0.00%	\$70.26	\$36.47
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$711.72	\$779.30	9.50%	\$852.24	\$852.24	0.00%	\$140.52	\$72.94
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$355.86	\$389.65	9.50%	\$426.12	\$426.12	0.00%	\$70.26	\$36.47
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$355.86	\$389.65	9.50%	\$426.12	\$426.12	0.00%	\$70.26	\$36.47
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$711.72	\$779.30	9.50%	\$852.24	\$852.24	0.00%	\$140.52	\$72.94
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,067.58	\$1,168.95	9.50%	\$1,278.36	\$1,278.36	0.00%	\$210.78	\$109.41

KAISER Rates

Kaiser		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2024	2025	% Change	2024	2025	% Change	2024	2025
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,074.42	\$1,117.28	3.99%	\$1,051.78	\$1,117.28	6.23%	-\$22.64	\$0.00
M	Retiree with Medicare	\$231.60	\$245.12	5.84%	\$262.47	\$262.47	0.00%	\$30.87	\$17.35
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$2,148.84	\$2,234.56	3.99%	\$2,103.56	\$2,234.56	6.23%	-\$45.28	\$0.00
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,306.02	\$1,362.40	4.32%	\$1,288.44	\$1,362.40	5.74%	-\$17.58	\$0.00
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,306.02	\$1,362.40	4.32%	\$1,288.44	\$1,362.40	5.74%	-\$17.58	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$463.20	\$490.24	5.84%	\$524.94	\$524.94	0.00%	\$61.74	\$34.70
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,793.48	\$2,904.92	3.99%	\$2,734.63	\$2,904.92	6.23%	-\$58.85	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,950.66	\$2,032.76	4.21%	\$1,919.50	\$2,032.76	5.90%	-\$31.16	\$0.00
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,950.66	\$2,032.76	4.21%	\$1,919.50	\$2,032.76	5.90%	-\$31.16	\$0.00
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$1,107.84	\$1,160.60	4.76%	\$1,107.84	\$1,160.60	4.76%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$694.80	\$735.36	5.84%	\$786.81	\$786.81	0.00%	\$92.01	\$51.45

UHC Rates

UHC		Carrier Rates			Member Rates			Amount Retained by LACERS	
		2024	2025	% Change	2024	2025	% Change	2024	2025
HMO MAPD with RX									
California									
M	Retiree with Medicare	\$198.17	\$302.97	52.88%	\$238.42	\$302.97	27.07%	\$40.25	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$396.34	\$605.94	52.88%	\$476.83	\$605.94	27.08%	\$80.49	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$594.51	\$908.91	52.88%	\$715.25	\$908.91	27.08%	\$120.74	\$0.00
Nevada									
M	Retiree with Medicare	\$166.86	\$258.26	54.78%	\$208.13	\$258.26	24.09%	\$41.27	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$333.72	\$516.52	54.78%	\$416.26	\$516.52	24.09%	\$82.54	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$500.58	\$774.78	54.78%	\$624.39	\$774.78	24.09%	\$123.81	\$0.00
Arizona									
M	Retiree with Medicare	\$275.21	\$367.94	33.69%	\$312.94	\$367.94	17.58%	\$37.73	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$550.42	\$735.88	33.69%	\$625.87	\$735.88	17.58%	\$75.45	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$825.63	\$1,103.82	33.69%	\$938.91	\$1,103.82	17.56%	\$113.28	\$0.00

SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2024	2025	% Change	2024	2025	% Change	2024	2025
M	Retiree with Medicare	\$210.00	\$210.00	0.00%	\$217.79	\$217.79	0.00%	\$7.79	\$7.79
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$420.00	\$420.00	0.00%	\$435.58	\$435.58	0.00%	\$15.58	\$15.58
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$630.00	\$630.00	0.00%	\$653.37	\$653.37	0.00%	\$23.37	\$23.37

Delta Dental Rates

Delta Dental		Carrier Rates			Member Rates			Amount Retained by LACERS	
		2024	2025	% Change	2024	2025	% Change	2024	2025
Dental Self-funded PPO									
	Dental ASO Fee PRPM	\$5.10	\$5.10	0.00%					
M	Retiree	\$51.16	\$51.16	0.00%	\$51.16	\$51.16	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$101.45	\$101.45	0.00%	\$101.45	\$101.45	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$146.56	\$146.56	0.00%	\$146.56	\$146.56	0.00%	\$0.00	\$0.00
DHMO									
M	Retiree	\$15.10	\$15.70	3.97%	\$15.10	\$15.70	3.97%	\$0.00	\$0.00
MM	Retiree & Dependent	\$28.19	\$29.31	3.97%	\$28.19	\$29.31	3.97%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$32.59	\$33.89	3.99%	\$32.59	\$33.89	3.99%	\$0.00	\$0.00

Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount Retained by LACERS	
Vision		2024	2025	% Change	2024	2025	% Change	2024	2025
Vision Self-funded		Self-Funded Fee & Equivalent Rates							
	Vision ASO Fee PRPM	\$0.67	\$0.61	-8.96%					
M	Retiree	\$9.14	\$9.14	0.00%	\$9.14	\$9.14	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$13.25	\$13.25	0.00%	\$13.25	\$13.25	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$23.67	\$23.67	0.00%	\$23.67	\$23.67	0.00%	\$0.00	\$0.00

Delta Dental – PPO Plan Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jul-22	3,333	\$702,167	\$71,283	\$773,449	13,971	\$990,661	\$217,211	78.1%
Aug-22	3,657	\$761,069	\$71,318	\$832,387	13,991	\$992,121	\$159,734	83.9%
Sep-22	4,565	\$930,776	\$71,415	\$1,002,191	13,993	\$991,450	-\$10,741	101.1%
Oct-22	3,822	\$742,825	\$71,349	\$814,174	13,990	\$991,031	\$176,857	82.2%
Nov-22	3,733	\$768,306	\$71,369	\$839,675	13,989	\$990,347	\$150,671	84.8%
Dec-22	4,327	\$876,130	\$71,262	\$947,392	13,972	\$988,004	\$40,612	95.9%
Jan-23	3,323	\$745,582	\$72,185	\$817,767	14,161	\$1,004,385	\$186,618	81.4%
Feb-23	4,410	\$969,407	\$72,221	\$1,041,628	14,164	\$1,004,573	-\$37,055	103.7%
Mar-23	5,108	\$1,171,507	\$72,359	\$1,243,866	14,171	\$1,004,600	-\$239,266	123.8%
Apr-23	3,963	\$888,418	\$72,104	\$960,522	14,150	\$1,003,038	\$42,516	95.8%
May-23	3,934	\$824,968	\$72,114	\$897,082	14,138	\$1,001,450	\$104,368	89.6%
Jun-23	4,836	\$1,047,390	\$72,058	\$1,119,447	14,130	\$1,000,392	-\$119,055	111.9%
Jul-23	3,400	\$737,598	\$72,027	\$809,626	14,130	\$999,658	\$190,033	81.0%
Aug-23	4,998	\$1,014,120	\$72,206	\$1,086,326	14,167	\$1,001,988	-\$84,338	108.4%
Sep-23	3,662	\$750,572	\$72,384	\$822,956	14,185	\$1,002,477	\$179,521	82.1%
Oct-23	4,016	\$792,776	\$72,420	\$865,196	14,191	\$1,002,106	\$136,910	86.3%
Nov-23	4,692	\$923,962	\$72,379	\$996,341	14,187	\$1,001,218	\$4,877	99.5%
Dec-23	3,945	\$776,058	\$72,216	\$848,274	14,165	\$998,922	\$150,648	84.9%
Jan-24	3,686	\$828,459	\$72,833	\$901,292	14,289	\$1,009,299	\$108,007	89.3%
Feb-24	4,980	\$1,179,720	\$73,001	\$1,252,721	14,315	\$1,011,077	-\$241,645	123.9%
Mar-24	4,375	\$954,169	\$73,022	\$1,027,191	14,315	\$1,010,539	-\$16,652	101.6%
Apr-24	4,125	\$938,520	\$73,103	\$1,011,624	14,330	\$1,011,367	-\$256	100.0%
May-24	5,060	\$1,081,869	\$73,098	\$1,154,968	14,311	\$1,009,179	-\$145,788	114.4%
Jun-24	4,060	\$889,967	\$0	\$889,967	14,274	\$1,006,116	\$116,149	88.5%

Anthem Blue View Vision – Plan Experience

Date	Paid Amount	Administration	Total Expenses	Susbscribers	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jul-22	\$47,310	\$4,668	\$51,977	6,967	\$72,967	\$20,990	71.2%
Aug-22	\$53,478	\$4,691	\$58,168	7,001	\$73,348	\$15,180	79.3%
Sep-22	\$57,541	\$4,695	\$62,236	7,007	\$73,405	\$11,169	84.8%
Oct-22	\$59,364	\$4,687	\$64,051	6,996	\$73,265	\$9,214	87.4%
Nov-22	\$49,823	\$4,699	\$54,522	7,013	\$73,417	\$18,895	74.3%
Dec-22	\$46,335	\$4,697	\$51,032	7,011	\$73,360	\$22,328	69.6%
Jan-23	\$53,789	\$4,735	\$58,524	7,067	\$74,107	\$15,583	79.0%
Feb-23	\$31,881	\$4,742	\$36,623	7,077	\$74,204	\$37,582	49.4%
Mar-23	\$53,549	\$4,745	\$58,294	7,082	\$74,275	\$15,982	78.5%
Apr-23	\$49,327	\$4,748	\$54,075	7,086	\$74,314	\$20,239	72.8%
May-23	\$58,415	\$4,758	\$63,172	7,101	\$74,441	\$11,269	84.9%
Jun-23	\$44,405	\$4,757	\$49,162	7,100	\$74,425	\$25,264	66.1%
Jul-23	\$59,734	\$4,760	\$64,494	7,105	\$74,442	\$9,948	86.6%
Aug-23	\$47,432	\$4,770	\$52,202	7,119	\$74,640	\$22,439	69.9%
Sep-23	\$49,850	\$4,779	\$54,629	7,133	\$74,773	\$20,143	73.1%
Oct-23	\$63,623	\$4,780	\$68,403	7,134	\$74,748	\$6,344	91.5%
Nov-23	\$38,218	\$4,776	\$42,995	7,129	\$74,624	\$31,630	57.6%
Dec-23	\$62,947	\$4,774	\$67,721	7,126	\$74,521	\$6,800	90.9%
Jan-24	\$65,018	\$4,815	\$69,833	7,187	\$75,250	\$5,417	92.8%
Feb-24	\$36,906	\$4,826	\$41,732	7,203	\$75,463	\$33,731	55.3%
Mar-24	\$42,442	\$4,838	\$47,280	7,221	\$75,617	\$28,337	62.5%
Apr-24	\$57,718	\$4,843	\$62,560	7,228	\$75,683	\$13,123	82.7%
May-24	\$50,864	\$4,844	\$55,708	7,230	\$75,770	\$20,062	73.5%
Jun-24	\$49,278	\$4,862	\$54,140	7,256	\$76,043	\$21,903	71.2%

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire 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

ATTACHMENT 2

2025 LACERS MEDICAL PLAN PREMIUMS

PROPOSED RESOLUTION

WHEREAS, under Chapter 11 of the Los Angeles Administrative Code (LAAC), the Board of Administration (Board) of the Los Angeles City Employees' Retirement System (LACERS) has the authority to administer the health and welfare program and shall contract for suitable plans to be made available to eligible retirees, their eligible dependents, and their qualified survivors;

WHEREAS, during the annual health plan renewal process, LACERS staff and health plan consultant received the preliminary medical premium rates from the carriers and after thorough reviews and negotiations, recommends the Board accept the plan year 2025 medical, dental, and vision premium rates commencing on January 1, 2025, through December 31, 2025;

NOW, THEREFORE, BE IT RESOLVED, that the Board approve:

1. The 8% Anthem Blue Cross PPO premium arrangement;
2. The addition of the out-of-network hearing aid benefit for the Anthem Blue Cross Medicare Preferred (PPO) plan;
3. The proposed 2025 premium rates for LACERS medical, dental, and vision plans, allowing for minor premium adjustments; and,
4. Authorize the General Manager to make premium rate adjustments within the parameters established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report, and execute a one-year contract with the carriers, subject to satisfactory legal review by the City Attorney.

2025 CALIFORNIA MEDICAL PLAN PREMIUM RATES					
Medicare Status	Anthem Blue Cross PPO / Med Sup PPO	Anthem Blue Cross PPO / Passive PPO Med Adv	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only					
U	\$1,711.36	\$1,711.36	\$1,117.28	\$1,365.00	\$1,365.00
M	\$572.42	\$426.12	\$262.47	\$302.97	\$217.79
Two-Party Plan – Retiree and One Dependent					
UU	\$3,422.71	\$3,422.71	\$2,234.56	\$2,730.00	\$2,730.00
UM	\$2,283.78	\$2,137.48	\$1,362.40	\$1,667.97	\$1,582.79
MU	\$2,283.78	\$2,137.48	\$1,362.40	\$1,667.97	\$1,582.79
MM	\$1,144.84	\$852.24	\$524.94	\$605.94	\$435.58
Family Plan – Retiree and Family					
UUU	\$4,021.69	\$4,021.69	\$2,904.92	\$3,549.00	\$3,549.00
UMU	\$2,882.76	\$2,736.46	\$2,032.76	\$2,486.97	\$2,401.79
MUU	\$2,882.76	\$2,736.46	\$2,032.76	\$2,486.97	\$2,401.79
MMU	\$1,743.82	\$1,451.22	\$1,160.60	\$1,424.94	\$1,254.58
MMM	\$1,717.26	\$1,278.36	\$786.81	\$908.91	\$653.37

**2025 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO
NON-CALIFORNIA PREMIUM RATES**

Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$367.94	\$258.26
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$735.88	\$516.52
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,103.82	\$774.78

2025 DENTAL PLAN PREMIUM RATES

Dental Tiers	Delta Dental PPO Self-Funded	DeltaCare USA HMO
Retiree	\$51.16	\$15.70
Retiree + 1 Dependent	\$101.45	\$29.31
Retiree + Family	\$146.56	\$33.89

2025 VISION PLAN PREMIUM RATES

Tiers	Anthem Blue View Vision Self-Funded
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

LACERS HISTORICAL MEDICAL COST CHANGES THROUGH 2025

Medical Plan	1999	2000	2001	2002	2003	2004
Kaiser Senior Advantage					51.35%	59.34%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO					0.10%	15.40%
UnitedHealthcare -CA MAPD					72.87%	7.81%
Kaiser HMO		47.48%	4.49%	7.62%	17.71%	1.72%
Anthem PPO					-12.16%	5.92%
Aggregate Medical Cost Change				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	-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/ LPPO / Med. Adv. Passive PPO	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	-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		-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	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	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	-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 Change	-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	2021	2022	2023	2024	2025	10-Yr Avg, Incl 2025	Historic Avg
Kaiser Senior Advantage	2.03%	-2.91%	-6.25%	-0.50%	-9.22%	9.61%	5.84%	0.82%	4.82%
Anthem Medicare Supplement/ LPPO / Med. Adv. Passive PPO	2.63%	1.37%	2.65%	-25.28%	0.00%	-14.31%	9.50%	-1.92%	1.91%
Anthem Medicare Supplement							6.00%	6.00%	6.00%
UnitedHealthcare - CA MAPD	-5.56%	7.52%	0.54%	1.50%	1.47%	-28.88%	52.88%	3.92%	6.23%
SCAN HMO	0.00%	0.00%	0.00%	-3.00%	0.00%	-16.67%	0.00%	-1.58%	0.58%
Kaiser HMO	-2.70%	-2.08%	3.37%	7.10%	4.32%	14.41%	3.99%	3.72%	7.12%
Anthem HMO	-9.66%	9.15%	2.91%	-0.05%	9.50%	8.90%	8.00%	4.36%	5.89%
Anthem PPO	-2.44%	0.31%	2.85%	4.58%	9.50%	8.90%	8.00%	4.95%	3.89%
Aggregate Medical Premium Cost Change	-1.60%	-0.20%	0.72%	-1.45%	0.92%	4.49%	6.31%	1.92%	4.81%
Assumed Actuarial Trend Rate	7.00%	7.00%	6.75%	6.75%	7.50%	7.25%	7.25%	6.98%	8.34%

2005 to 2011: Anthem Medicare Supplement

2011 to 2012: Anthem LPPO Medicare Preferred PPO

2014 to 2021: Anthem Medicare Supplement

2022 to 2023: Anthem Medicare Advantage Passive PPO

2024: Anthem Medicare Supplement along with Medicare Advantage Passive PPO



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Thuy Huynh
Sung Won Sohn

MEETING: AUGUST 13, 2024

ITEM: VII-B

SUBJECT: 2025 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the following maximum 2025 subsidy and reimbursement amounts:

1. A maximum medical plan premium subsidy of \$2,318.58 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,318.58 per month, 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 \$581.56 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.93 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions.

The 2025 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below.

Discussion

At the August 13, 2024 Benefits Administration Committee meeting preceding the Board meeting, staff presented recommendations regarding the proposed 2025 maximum subsidies and reimbursements as described in the attached Committee report (Attachment 1). Should the Committee approve staff's recommendation, this report on the proposed 2025 maximum subsidies and reimbursements will move forward to the Board for approval.

As presented in the Benefits Administration Committee report, the Board, by resolution, sets certain maximum retiree health subsidies and MPRP reimbursement amounts based on the LAAC provisions.

- The 2025 Kaiser two-party non-Medicare plan premium will increase by \$131.00, and the Board has the authority to increase the maximum medical subsidy and MPRP reimbursement for Retired Members under Age 65 or enrolled in Medicare Part B only by the same amount as the increase does not exceed the limitations. Therefore, it is recommended that the maximum subsidy be increased from \$2,187.58 to \$2,318.58 ($\$2,187.58 + \131.00) for both groups.
- The maximum MPRP reimbursement for Members with Medicare Parts A and B enrolled in MPRP will increase because the highest cost Medicare Parts A and B plan is the Anthem Life and Health Medicare Plan (Medicare Supplement) which will increase by 6.00%.
- The maximum monthly dental subsidies for active City employees for plan year 2025 is estimated to remain the same at \$42.93 per month. The active City employee dental subsidy has not been approved by the City. Therefore, the proposed delegated authority to General Manager is necessary to allow the administration of the dental program, so as not to delay the Open Enrollment planning.

Conclusion

If the Board approves the Committee's recommendations, LACERS total 2025 medical subsidy, dental subsidy, and reimbursement amounts will increase by approximately 6.0%.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

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

NMG/DWN/KF/vd

Attachments: 1. August 13, 2024 Benefits Administration Committee Report
 2. Proposed Resolution



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

MEETING: AUGUST 13, 2024
ITEM: IV

SUBJECT: 2025 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to approve the following:

1. A maximum medical plan premium subsidy of \$2,318.58 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,318.58 per month, 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 \$581.56 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.93 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions as shown on the following chart.

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 - LAAC 4.1111(b), 4.1111(c), 4.1126(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Subsidy, Medicare Parts A and B – LAAC 4.1111(e), 4.1126(d)	Ordinance	Ordinance	Ordinance	Ordinance
Retiree MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(b), 4.1127(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(d), 4.1127(d)	Board Resolution	Board Resolution	Ordinance	Board Resolution
Retiree Dental Subsidy – LAAC 4.1114(a), 4.1129(a)	Board Resolution	Board Resolution	Board Resolution	Board Resolution
Survivor Medical Subsidy, Under 65 or Medicare Part B Only – LAAC 4.1115(b)(3), 4.1115(e), 4.1129.1(b)(3)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Subsidy, Medicare Parts A and B – LAAC 4.1115(c), 4.1129.1(c)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance

The 2025 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below.

Discussion

Retiree Medical Subsidy, Under 65 or Medicare Part B Only (LAAC 4.1111(b), 4.1111(c), 4.1126(b))

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

LAAC Authority: The increases in the maximum plan subsidy to Vested Members shall be provided at an amount not less than the increase in the Kaiser two-party non-Medicare Part A and Part B premium.

Limitations:

- 1) The 2025 Kaiser non-Medicare two-party plan premium increases by \$131.00 or 6.23% (\$85.72 or 3.99% 2025 rate increase + \$45.28 or 2.4% 2024 rate buydown adjustment), from \$2,103.56 to \$2,234.56.

Recommended Subsidy: The maximum subsidy be increased from \$2,187.58 to \$2,318.58 (\$2,187.58 + \$131.00 or 6.00%).

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

LAAC Authority: The Board has the option to apply the Vested Retired Members subsidy increase to Discretionary Retired Members (LAAC Section 4.1111(b)) so long as any increase does not exceed the dollar increase in the Kaiser non-Medicare two-party plan premium and the three-year average percentage increase does not exceed the average assumed actuarial medical trend rates for the same period.

Limitations:

- 1) The 2025 Kaiser non-Medicare two-party plan premium increases by \$131.00 or 6.23% (\$85.72 or 3.99% 2025 rate increase + \$45.28 or 2.4% 2024 rate buydown adjustment), from \$2,103.56 to \$2,234.56.
- 2) The three-year 2025 Actuarial Assumed Trend Rate (AATR) assumption is 7.33% and the maximum increase for 2025 is 6.4%. With the 6.0% subsidy increase, the three-year average is below the actuarial medical trend rate limit.

Recommended Subsidy: Same as Vested Retired Members above. The maximum subsidy be increased from \$2,187.58 to \$2,318.58 (\$2,187.58 + \$131.00 or 6.00%).

Medical Premium Reimbursement Program (MPRP) Reimbursements

The MPRP is available to Retired Members and Survivors who live outside of California or within California but outside of 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 are as follows:

- *Tier 1 Discretionary and Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only (LAAC 4.1112(b), 4.1127(b))*

LAAC Authority: The maximum MPRP reimbursement amounts are set similar to the medical subsidies, pursuant to LAAC Section 4.1112 and 4.1127.

Recommended Subsidy: It is recommended that the same maximum be applied toward MPRP reimbursements at \$2,318.58. This will provide Members who 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*

LAAC Authority: Increase to the maximum reimbursement amount may not exceed the one-party premium of LACERS’ highest-cost Medicare plan.

Recommended Subsidy: In 2025, the monthly premium for LACERS’ highest-cost single-party Medicare Parts A and B medical plan, the Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement), will be \$581.56. Staff recommends the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$581.56.

Overall Member Impact

The chart below shows the average medical subsidy paid by LACERS and monthly allowance premium deduction amounts paid by Tier 1 Members in 2024 as compared to the 2025 recommendations. There are currently no Tier 3 Retired Members who are receiving a medical subsidy.

Tier 1 Member Status	Tier 1 2025 Estimated Population	Tier 1 2024 Subsidy \$2,187.58		Tier 1 2025 Subsidy \$2,318.58	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	5,103	\$1,399.48	\$81.88	\$1,468.33	\$109.88
Non-Medicare Survivor	220	\$847.65	\$180.81	\$911.32	\$181.21
Medicare Retiree	10,240	\$453.95	\$37.42	\$498.49	\$40.87
Medicare Survivor	1,600	\$305.46	\$12.06	\$329.55	\$11.93
All Covered Members	17,163	\$726.59	\$50.13	\$761.70	\$59.39

Dental Plan Premium Subsidy (LAAC Section 4.1114 and 4.1129)

The recommended maximum dental plan premium subsidy amount is as follows:

LAAC Authority: The Retired Member maximum dental plan premium subsidy cannot exceed the maximum dental plan premium subsidy for Active Members.

Recommended Subsidy: The maximum dental plan subsidy for Active Members of LACERS for plan year 2024 is estimated to remain at \$42.93 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be set at \$42.93. The maximum subsidy for Active

Members, has not been approved by the City. Therefore, the delegated authority to the General Manager is necessary, in case an adjustment is made in the future.

Conclusion

Staff recommends the Committee forward to the Board the proposed maximum subsidies and reimbursement amounts for 2025 as authorized by the Los Angeles Administrative Code.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

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

NMG/DWN/KF/vd

Attachments:

1. Maximum Subsidy and Reimbursement Amounts Established by Ordinance
2. LACERS Medical Plan Premium Subsidy for Tier 1 Discretionary Retired Members
3. LACERS Historical Medical Subsidy Costs

Maximum Subsidy and Reimbursement Amounts Established by Ordinance

The Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to set the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts. Other subsidies and reimbursements do not require Board action as they are established by ordinance and codified in the LAAC:

- *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 plan 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 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 to the single-party premium of the LACERS plan in which the Survivor is enrolled.

LACERS MEDICAL PLAN PREMIUM SUBSIDY FOR TIER 1 DISCRETIONARY RETIRED MEMBERS

The LACERS Board has the authority as established by the Los Angeles Administrative Code (LAAC) Section 4.1112(b) 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.

For 2025, the Kaiser Permanente HMO (non-Medicare) two-party premium will increase by \$85.72 or 3.99% in addition to the \$45.28 from the 2.4% buydown in plan year 2024 for a total increase of \$131.00. The 2025 maximum medical plan premium subsidy increase to \$2,318.58 (\$2,187.58 + \$131.00) does not exceed the LAAC limitation as the three-year average increase of 7.2% is lower than the three-year average assumed actuarial medical trend rate of 7.33%. The table below shows by how much the Board may increase the 2025 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>
2025	7.25%	6.4%	\$2,327.58**
2024	7.25%	11.5%	\$2,187.58
2023	7.50%	4.1%	\$1,962.20
3-yr Average	7.33%	7.33%	

*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 2025 plan year, the LACERS Board could approve a subsidy increase of up to 6.4% without requiring City Council approval.

LACERS HISTORICAL TIER 1 MEDICAL SUBSIDY COSTS

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$928.00	\$983.00	\$1,022.00	\$1,120.00	\$1,123.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$45.00	\$55.00	\$39.00	\$98.00	\$3.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	5.1%	5.9%	4.0%	9.6%	0.3%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$915.14	\$982.74	\$1,021.54	\$1,119.58	\$1,122.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$44.58	\$67.60	\$38.80	\$98.04	\$3.16
% Increase - Kaiser 2 Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	5.1%	7.4%	3.9%	9.6%	0.3%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%	5.7%	7.1%	4.5%
% Premium Cost Subsidized	88.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%	91.6%	92.5%	91.8%

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Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Maximum Monthly Medical Subsidy	\$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	\$1,790.80	\$1,884.50	\$1,962.20	\$2,187.58	\$2,318.58
Dollar Increase - Maximum Subsidy	\$67.00	\$0.00	\$177.00	\$97.00	\$116.08	\$0.00	\$156.80	\$53.92	\$0.00	\$0.00	\$0.00	\$93.70	\$77.70	\$225.38	\$131.00
% Increase - Maximum Subsidy	6.0%	0.0%	14.9%	7.1%	7.9%	0.0%	9.9%	3.1%	0.0%	0.0%	0.0%	5.2%	4.1%	11.5%	6.0%
Kaiser 2-Party	\$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	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56	\$2,234.56
Dollar Increase - Kaiser 2-Party	\$66.48	(\$1.98)	\$176.20	\$96.22	\$116.08	(\$79.68)	\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00
% Increase - Kaiser 2 Party	5.9%	-0.2%	14.8%	7.1%	8.0%	-5.1%	10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%
Aggregate Medical Premium Increase	6.2%	0.2%	7.9%	7.4%	4.8%	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%	6.3%
% Premium Cost Subsidized	91.3%	90.9%	92.7%	92.5%	94.0%	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%	92.7%

1. Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.
2. In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Trend Rate (AATR) increase. The recommended increase is bought down using the 115 Trust, up to 12%, below the limit. Therefore, the Kaiser 2-party rate and subsidy reflected in 2024 is 12%.
3. In plan year 2025, the Kaiser 2-party under 65 rate increases by 3.99% compounded with addition of the 2.4% by the plan year 2024 buydown. Therefore, the Kaiser 2-party rate increase reflected in 2025 is 6.2%

LACERS HISTORICAL TIER 3 MEDICAL SUBSIDY COSTS

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Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Maximum Monthly Medical Subsidy	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56	\$2,234.56
Dollar Increase - Maximum Subsidy		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00
% Increase - Maximum Subsidy		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%
Kaiser 2-Party	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56	\$2,234.56
Dollar Increase - Kaiser 2-Party		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00
% Increase - Kaiser 2-Party		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%
Aggregate Medical Premium Increase	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%	6.3%
% Premium Cost Subsidized	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%	92.7%

Tier 3 became effective February 21, 2016. Maximum subsidy is Kaiser's premium per Ordinance.

1. Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.
2. In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Trend Rate (AATR) increase. The recommended increase is bought down using the 115 Trust, up to 12%, below the limit. Therefore, the Kaiser 2-party rate and subsidy reflected in 2024 is 12%.
3. In plan year 2025, the Kaiser 2-party under 65 rate increases by 3.99% compounded with addition of the 2.4% by the plan year 2024 buydown. Therefore, the Kaiser 2-party rate increase reflected in 2025 is 6.2%

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS
FOR PLAN YEAR 2025**

PROPOSED RESOLUTION

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, Section 4.1111(b) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, Section 4.1111(c) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration shall, for Tier 1 retirees who at any time prior to retirement made additional contributions to LACERS as provided in Section 4.1003(c) of the Los Angeles Administrative Code, set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and B premium;

WHEREAS, Sections 4.1112(b) and 4.1112(d) of the Los Angeles Administrative Code provide that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, Section 4.1114(a) of the Los Angeles Administrative Code provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 13, 2024, the 2025 health benefit subsidies and reimbursements were presented to the Benefits Administration Committee;

WHEREAS, on August 13, 2024, the Board of Administration approved the 2025 health benefit subsidies and reimbursements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2025 health benefit subsidies and reimbursements; and authorizes the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after the report:

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired On After July 1, 2011 “Vested”	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$2,318.58	\$2,318.58	-
Retiree MPRP Reimbursement, <65/Medicare Part B	\$2,318.58	\$2,318.58	-
Retiree MPRP Reimbursement, Medicare Parts A and B	\$581.56	\$581.56	\$581.56
Retiree Dental Subsidy	\$42.93	\$42.93	\$42.93



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair

Thuy Huynh

Sung Won Sohn

MEETING: AUGUST 13, 2024

ITEM: VII - C

SUBJECT: BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Board approve and adopt the proposed Board Rules related to Benefits Administration.

Executive Summary

Adoption of the proposed Board Rules will further streamline and add efficiency to the Retirement Services Division process.

Discussion

On August 13, 2024, staff presented the proposed changes to Board of Administration Board Rules related to Benefits Administration to the Benefits Administration Committee. The Committee will verbally report at the Board meeting its recommendation to approve or deny staff's recommendation.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

NG:FS:IC:cr

Attachment 1: Benefits Administration Committee Report dated August 13, 2024



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

MEETING: AUGUST 13, 2024
ITEM: V

SUBJECT: BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend the Board adopt the proposed Board Rules related to Benefits Administration.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for new rules or amendments due to changes in LACERS' plan provisions, case law, or other areas affecting the administration of retirement benefits. Reviews of Board Rules also seek to identify those rules that are no longer applicable or in need of revision.

Board Rules also work in conjunction with authoritative plan documents such as the Los Angeles Administrative Code (LAAC), and City Charter (LACC), as well as State or Federal law, the Internal Revenue Code, and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan documents, legislative guidelines, or regulatory provisions.

Under Section 1106 of the Los Angeles City Charter, the Board of Administration is authorized to adopt rules governing the administration of benefits under the LACERS Plan. The proposed rules contained herein and detailed in Attachment 1 address needed changes in the general delegation authority for the General Manager and processes related to benefits administration for sworn members.

Discussion

GENERAL MANAGER AUTHORIZATIONS

The Board adopted a board rule providing a general delegation of authority to the General Manager (“GMA 1”) to adopt policies for benefit operations and limited delegation to determine benefits that are compliant with the Los Angeles Administrative Code. On January 9, 2018, GMA 1 was amended to allow for a 100% continuance to a spouse when a member dies before they are able to complete their

continuance election; and revised again on March 23, 2021, to extend the 100% continuance should the member die before receiving their first benefit check. This proposed technical change simply breaks out this specific scenario and the amended language into its own discrete rule, GMA 3. GMA 1, therefore, can remain a broad and general rule.

Additionally, the requirement to send all denial letters issued by the General Manager to each Board Member is deleted. This change helps ensure Member confidentiality by limiting distribution.

ENHANCED BENEFITS - DISABILITY RETIREMENT

Los Angeles Administrative Code Section 4.1008 (e), Review of Disability Retirees, covers retired civilian re-examination procedures. The Section stipulates that if a disability retiree fails, neglects, or refuses to submit to medical examination, the Board has the discretion to cancel the retiree's benefit should it determine sufficient cause exists. However, under the Enhanced Disability Retirement Section 4.1008.1(g) and Disability Retirement for Public Safety Officer Members Section 4.1008.2(g), Periodic Medical Examinations, comparable language does not exist. The proposed Board Rule mirrors the language from the aforementioned Administrative Code section and provides staff with the ability to uniformly apply the same rationale in cases where the retired sworn member fails to comply similarly with the re-examination process. The new proposed rule, EB-DR14 will provide the necessary consistency in all re-examination procedures.

Additionally, when a Tier 1 Enhanced or Public Safety Officer Member applies for a disability retirement, they are required to provide a list of any and all treating physicians for purposes of LACERS obtaining complete medical records to be used in determining the Member's disability. LACERS obtains all medical records directly from the treating physician. However, there are occasions when the Member or their representative will submit medical records from providers not disclosed to LACERS at the time of application submission. These subsequent submissions delay the application process, increase the cost of medical evaluations because the new information must be reviewed by the evaluation physicians who may have already submitted their report and because the records were not provided directly from the new/undisclosed treating physician, LACERS staff must confirm the validity of the new medical records. The proposed new rule, EB-DR15, reduces processing delays, allows the addition of this rule to the disability retirement application and the disability fact sheet, eliminates additional work, and ensures Members provide all medical information upfront.

ENHANCED BENEFITS – HEARING PROCESS

On September 26, 2023, the Board of Administration approved two changes to streamline the Enhanced Disability Retirement process. Under the first change, applicants have the option of having their applications presented to the Board as Alternative 1 (Alt 1), which allows sworn disability applicants the option to have their case approved without a formal hearing. The sworn member signs an acknowledgment indicating their agreement to accept the staff recommendation, waive a formal hearing, and have their disability retirement application presented to the Board under the Consent Agenda. The applicant or their representative also has the option to be present or not. The second change, Alternative 2 (Alt 2), makes the formal hearing process an option in the event the applicant or their representative disagrees with the staff recommendation.

Board Rules EB-HP 3 provides guidance to the Board when presiding over Alt 1 presentations or Alt 2 hearings and EB-HP 4, covers the required agreement and acknowledgment from the applicant.

ENHANCED BENEFITS – OPTION TO CONVERT A SERVICE RETIREMENT (CSR) TO A DISABILITY RETIREMENT

The last proposed new rule, Board Rule EB-CSR4, will permit a sworn member receiving an Enhanced Service Retirement benefit who converts to a Service-Connected Disability Retirement benefit to amend their retirement election.

The proposed rules have been reviewed by the Office of the City Attorney as to form.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

NG:FS:IC:cr

Attachment 1: Proposed Board Rules

ATTACHMENT 1
SOURCE DOCUMENT – BOARD MANUAL
SECTION 4.0 BENEFITS ADMINISTRATION

(August 13, 2024)

4.1 PROPOSED BOARD RULE CHANGES AND ADDITIONS

GENERAL MANAGER AUTHORIZATIONS (GMA)

ORIGINAL

GMA 1: Pursuant to its authority under Charter section 1106, unless otherwise provided in these Board Rules, the Board of Administration hereby delegates to the General Manager the responsibility to develop and modify LACERS operating policies, procedures, and guidelines in order to facilitate the provision of retirement and retirement-related benefits and management of member, former member, and nonmember accounts, as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code.

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. This shall include, upon a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment. The eligible surviving spouse or eligible domestic partner shall be granted a one hundred percent continuance. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

This limited delegation of the authority granted to the Board of Administration by Charter Section 1106 shall not be construed to delegate to the General Manager the authority to make any decision that the law requires the Board to make based upon findings of fact.

Any request by a member, former member, or nonmember, to rescind, revoke, or cancel a prior election made irrevocable by the Charter, Los Angeles Administrative Code, Board Rules, or any other administrative decision adverse to the request shall be presented to the Board for decision making, provided that the General Manager, in consultation with the City Attorney, determines there is a legal basis upon which to grant the member, former member, or nonmember relief. If the General Manager, in consultation with the

City Attorney, determines that no such legal basis exists, the General Manager has the authority to make and communicate a final decision in writing, on behalf of LACERS, to deny the request for relief from the irrevocable election or decision. This final decision-making authority for irrevocable elections and decisions shall not be delegated below the level of the General Manager. (Adopted: June 14, 2016)

GMA 2: Pursuant to Internal Revenue Code Section 415, the Board of Administration hereby delegates to the General Manager the authority to determine a different manner and priority of reduction of benefits of a Member, to enter into an agreement with any or all other plans covering such Member, and to create the administrative rules necessary to facilitate different manners for reduction of benefits. Reference Board Rule IRC 1(n) – Reduction of Benefits Priority. (Adopted: January 22, 2019)

REDLINE

GMA 1: Pursuant to its authority under Charter section 1106, unless otherwise provided in these Board Rules, the Board of Administration hereby delegates to the General Manager the responsibility to develop and modify LACERS operating policies, procedures, and guidelines in order to facilitate the provision of retirement and retirement-related benefits and management of member, former member, and nonmember accounts, as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code.

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. ~~This shall include, upon a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment, the General Manager is delegated authority to approve eligible surviving spouse or eligible domestic partner a one hundred percent continuance.~~ Benefits approved by the General Manager shall be reported to the Board in a timely manner.

This limited delegation of the authority granted to the Board of Administration by Charter Section 1106 shall not be construed to delegate to the General Manager the authority to make any decision that the law requires the Board to make based upon findings of fact.

Any request by a member, former member, or nonmember, to rescind, revoke, or cancel a prior election made irrevocable by the Charter, Los Angeles Administrative Code, Board Rules, or any other administrative decision adverse to the request shall be presented to the Board for decision making, provided that the General Manager, in consultation with the City Attorney, determines there is a legal basis upon which to grant the member, former member, or nonmember relief. If the General Manager, in consultation with the City Attorney, determines that no such legal basis exists, the General Manager has the

authority to make and communicate a final decision in writing, on behalf of LACERS, to deny the request for relief from the irrevocable election or decision. ~~The denial letter issued by the General Manager shall promptly be copied to all Board Members.~~ This final decision-making authority for irrevocable elections and decisions shall not be delegated below the level of the General Manager. (Adopted: June 14, 2016)

GMA 2: Pursuant to Internal Revenue Code Section 415, the Board of Administration hereby delegates to the General Manager the authority to determine a different manner and priority of reduction of benefits of a Member, to enter into an agreement with any or all other plans covering such Member, and to create the administrative rules necessary to facilitate different manners for reduction of benefits. Reference Board Rule IRC 1(n) – Reduction of Benefits Priority. (Adopted: January 22, 2019)

GMA 3: Upon a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment, the General Manager is delegated authority to approve eligible surviving spouse or eligible surviving domestic partner to receive a one hundred percent (100%) continuance. (Adopted January 9, 2018; Revised March 23, 2021)

ENHANCED BENEFITS – DISABILITY RETIREMENT (DR)

EB-DR14 The Board, at its discretion, may suspend or terminate a retirement benefit when a beneficiary fails, neglects, or refuses to submit to a medical reexamination ordered by the Board or to return to active service after the Board has determined that the beneficiary is no longer incapacitated, within such reasonable time as determined by the Board.

EB-DR15: All medical records an Applicant believes support their disability retirement application must be provided to LACERS staff directly from the physicians or medical providers treating the Applicant. At the time an Applicant submits an application, the Applicant is required to provide the names of all physicians and medical providers who have treated the Applicant. Medical records provided by the Applicant or their representative will not be accepted.

ENHANCED BENEFITS – HEARING PROCESS (EB-HP)

EB-HP 3: Under an Alternative 1 (Alt 1) process, the Board may take the following actions:

- (a) Approve staff recommendations for disability retirement awards as provided in the meeting agenda;
- (b) Acknowledge that when the Board votes to approve the entire consent agenda, approval includes any properly agendized staff recommendation to award or deny a disability retirement application; and,

- (c) If the Board disagrees with any aspect of the staff recommendation for a given disability retirement application and votes against adopting the staff recommendation, that application will be scheduled for a formal hearing, known as Alternative 2 (Alt 2), at a future meeting.

EB-HP 4: When an Enhanced Disability Retirement Applicant agrees to have their case brought before the Board for consideration under the Alternative 1 (Alt 1) process, prior to submitting the application to the Board the Applicant must sign an acknowledgment form that:

- (a) Confirms the Applicant agrees with the proposed recommendation to the Board to approve the disability retirement benefit as presented by staff;
- (b) Confirms the Applicant agrees and accepts the submission of all documentation used as evidence by the Board to make a finding and determination to approve or deny the disability retirement application;
- (c) Acknowledges the Applicant's case will be heard in open session and that Applicant and/or their representative are not required to appear; and,
- (d) Confirms the Applicant understands that if the Board rejects or wishes to alter any part of the recommendation, the case will be deferred to a formal hearing that can held in open or closed session, known as Alternative 2 (Alt 2), at a future date.

ENHANCED BENEFITS – OPTION TO CONVERT A SERVICE RETIREMENT (CSR) TO A DISABILITY RETIREMENT

EB-CSR4: Upon Board approval to convert an Enhanced Service Retirement or a Service Retirement for a Public Safety Officer Member, the Member may opt to change their retirement election choice.

ASSET-LIABILITY STUDY

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

AUGUST 13, 2024



LACERS ASSET- LIABILITY STUDY

- Background
- Executive Summary
- Current Policy
- Alternative Portfolios
- Next Steps
- Appendix
 - Health Plan
 - Assumptions & Definitions

BACKGROUND



PURPOSE OF ASSET-LIABILITY STUDY

- **Review the current/projected financial status of the plan over long-term horizon**
- **Determine appropriateness of current asset allocation with consideration of:**
 - Expected progress of liabilities and cash flows/liquidity needs
 - Path of funded status
- **Test sensitivity of plan (Assets and Liabilities) to various range of outcomes**
 - Market performance across range of economic environments
 - Contribution volatility
 - Range of liquidity environments
- **Consider appropriate asset mixes and expected return on assets**
 - Assess return target against tradeoff of volatility/range of outcomes
 - Analyze inclusion/exclusion of various asset classes/strategies

BALANCING THE PENSION EQUATION

- All the complexities of pension plans boil down to the classic equation:

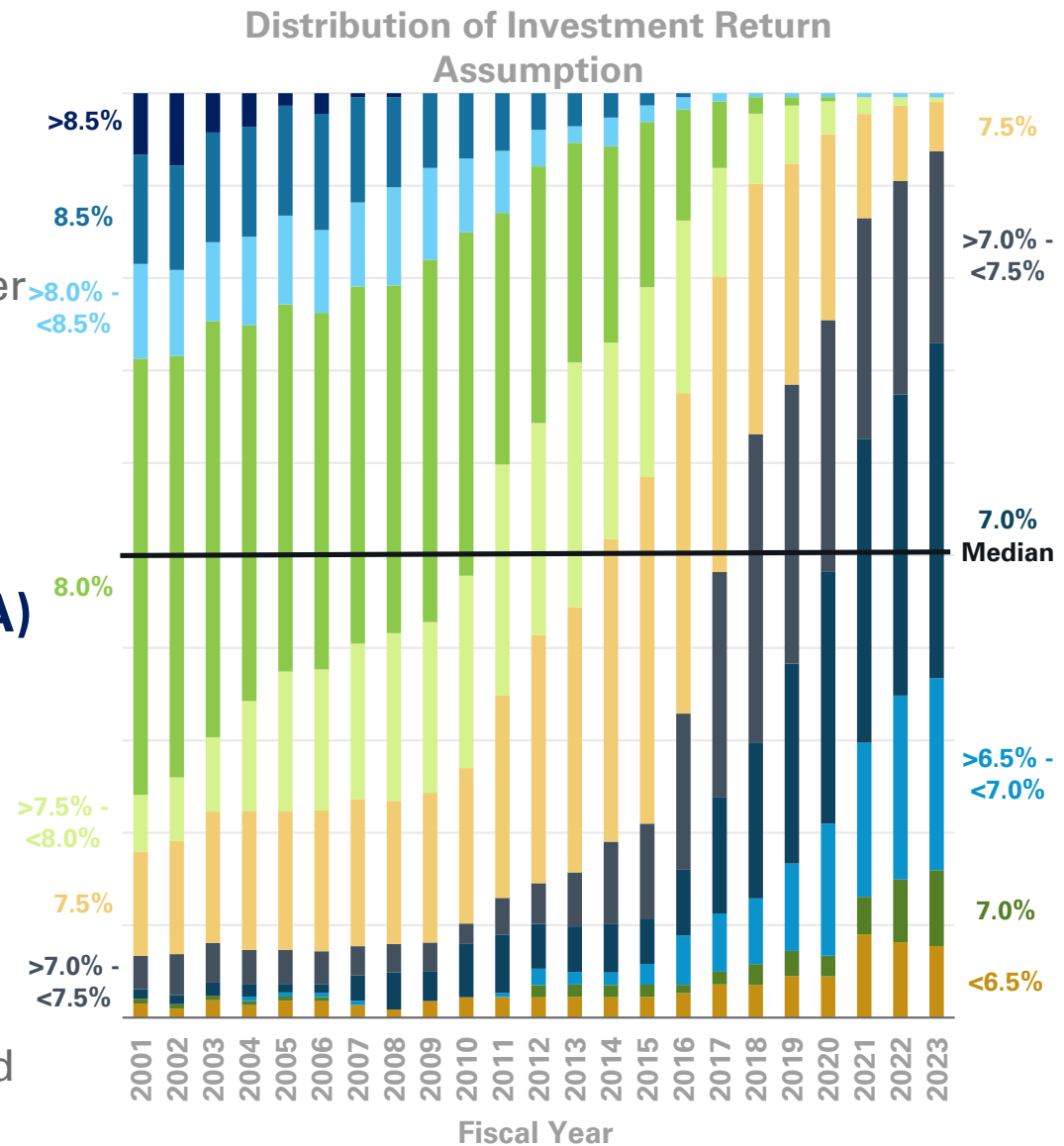
$$B + E = C + I$$

- Benefits (B), Expenses (E), Contributions (C), and Investment Earnings (I)

Plan Factor	Flexibility/Constraint
(B + E) Benefits & Expenses	<p>Lower "C" and/or "I" can be offset with an equivalent reduction in outflows:</p> <ul style="list-style-type: none"> Vested benefits generally cannot be reduced Non-vested benefits can be reduced, but challenging on many levels
(C) Contributions	<p>LACERS contribution model offers adequate flexibility to balance equation:</p> <ul style="list-style-type: none"> Dynamic contribution rates based on asset and liability performance Layered amortizations of annual gains/loss designed to fully fund the plan within 15 years Recommended contribution obligations are assumed to be made each year
(I) Investment Return	<p>Investment pool can be restructured to maintain target return</p> <ul style="list-style-type: none"> Increase risk and/or portfolio efficiency Expected return (and risk level) could be scaled down over time as funded status improves allowing for maintenance of long-term plan stability

EXPECTED RETURN

- **Expected return and liability discount rate are closely linked for public pension plans**
 - Going-concern of government entities has historically provided comfort in public plans taking longer term approach
 - Expected returns are forward-looking
- **Historical market environment has led to downward trend in expected return on assets (EROA) for public pensions**
 - Median 2024 EROA = 7.0%
- **Low expected returns put pressure on assumptions and outcomes but...**
 - Market re-pricing and higher inflation may push return expectations higher looking forward



Source: NASRA Public Plan Database consisting of 229 pension plans covering 95% of public pension membership and assets nationwide; data as of July 2024



LACERS VS. PEER AVERAGE ALLOCATION

	Current Policy	Average Public Fund*
Cash	1.00%	2.90%
Total Cash	1.00%	2.90%
US Equity	21.00%	27.00%
Non-US Equity	18.00%	16.70%
Emerging Market Equity	8.00%	2.30%
Private Equity	16.00%	12.90%
Total Equity	63.00%	58.90%
US Fixed Income	18.25%	17.00%
Private Debt	5.75%	5.00%
Total Fixed Income	24.00%	22.00%
Public Real Assets	5.00%	1.50%
Real Estate	7.00%	7.00%
Private Real Assets	0.00%	2.00%
Total Real Assets	12.00%	10.50%
Hedge Fund	0%	5.70%
Total Multi Asset	0%	5.70%
Expected Return 10 yrs	6.72%	6.15%
Expected Return 30 yrs	7.86%	7.40%
Standard Dev	15.32%	13.77%
Sharpe Ratio (10 years)	0.18	0.16
Sharpe Ratio (30 years)	0.29	0.29

- LACERS portfolio is well diversified and incorporates a higher equity allocation than the average public fund
- Due to the higher allocation to equities, both public and private, LACERS' expected return and risk is higher than the average public fund

* Average public fund allocation is estimated using multiple sources, including peer universe allocation, NEPC average client asset allocation, as well as making multiple assumptions about asset/sub-asset classifications. Asset class definitions and categorizations differ across each plan's asset allocation.

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

KEY OBSERVATIONS

- **LACERS' current funded status is 73.1% (Actuarial Basis) and is projected to move towards full funding**
 - Funded status has held fairly steady over the past five years
 - A funded status of 85% is projected in ten years

- **Employer contributions are expected to range between 30-32% of payroll for the next ten years**
 - Reflects the 15-year amortization period adopted by the Board to pay off the actuarial unfunded liability

- **Employer contributions decline significantly in 2037 due to the expectation of reaching full funding for the Pension Plan**

- **The Plan's net cash flow is expected to hover between negative 2-3% for the next 10 years**
 - Net cash flow is projected to increase to -3.8% when the Pension Plan reaches full funding

EXECUTIVE SUMMARY

KEY OBSERVATIONS (CONTINUED)

- **The Current Policy allocation is well-diversified and is expected to produce an average return of 7.9% over the next 30 years, slightly higher than the target of 7.0% expected return on assets**
 - Due to current market conditions, the 10-year return faces more headwinds with an expected return of 6.7%

- **Market environment has shifted significantly**
 - Economic resiliency in the U.S. despite higher interest rates and above target inflation
 - From low rates/low growth/low expected returns...
 - To higher inflation, higher growth, and tightening monetary policy

- **NEPC is recommending incremental changes to the current policy mix**
 - Reduce exposure to Non-US Equity
 - Increase Real Asset exposure

EXECUTIVE SUMMARY

RECOMMENDATION

- **Incremental changes to Current Policy should lead to modest reduction in portfolio volatility**
 - Reduce non-US equity exposure to dampen volatility and become more in line with opportunity set and peers
 - Increase real assets portfolio to reflect inflationary market environment
 - Continue to take advantage of the opportunities in private markets to capitalize on relative value opportunities and diversification benefit

- **Based on current projections, these changes are expected to achieve:**
 - A similar return expectation when compared to the Current Portfolio over a 10-year and 30-year horizon
 - Reduced volatility as measured by standard deviation
 - Funded status expectation of 100% by 2036

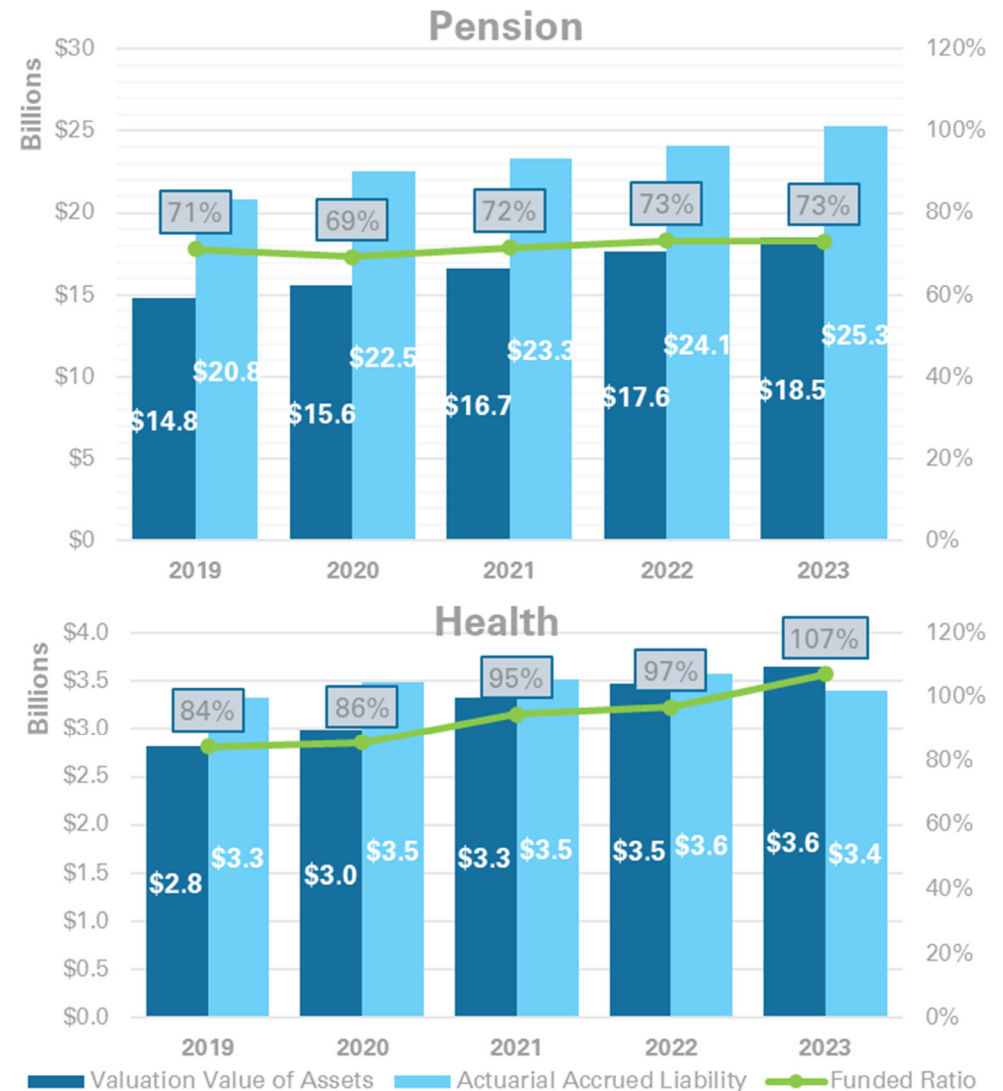
CURRENT POLICY



ASSET-LIABILITY PROFILE

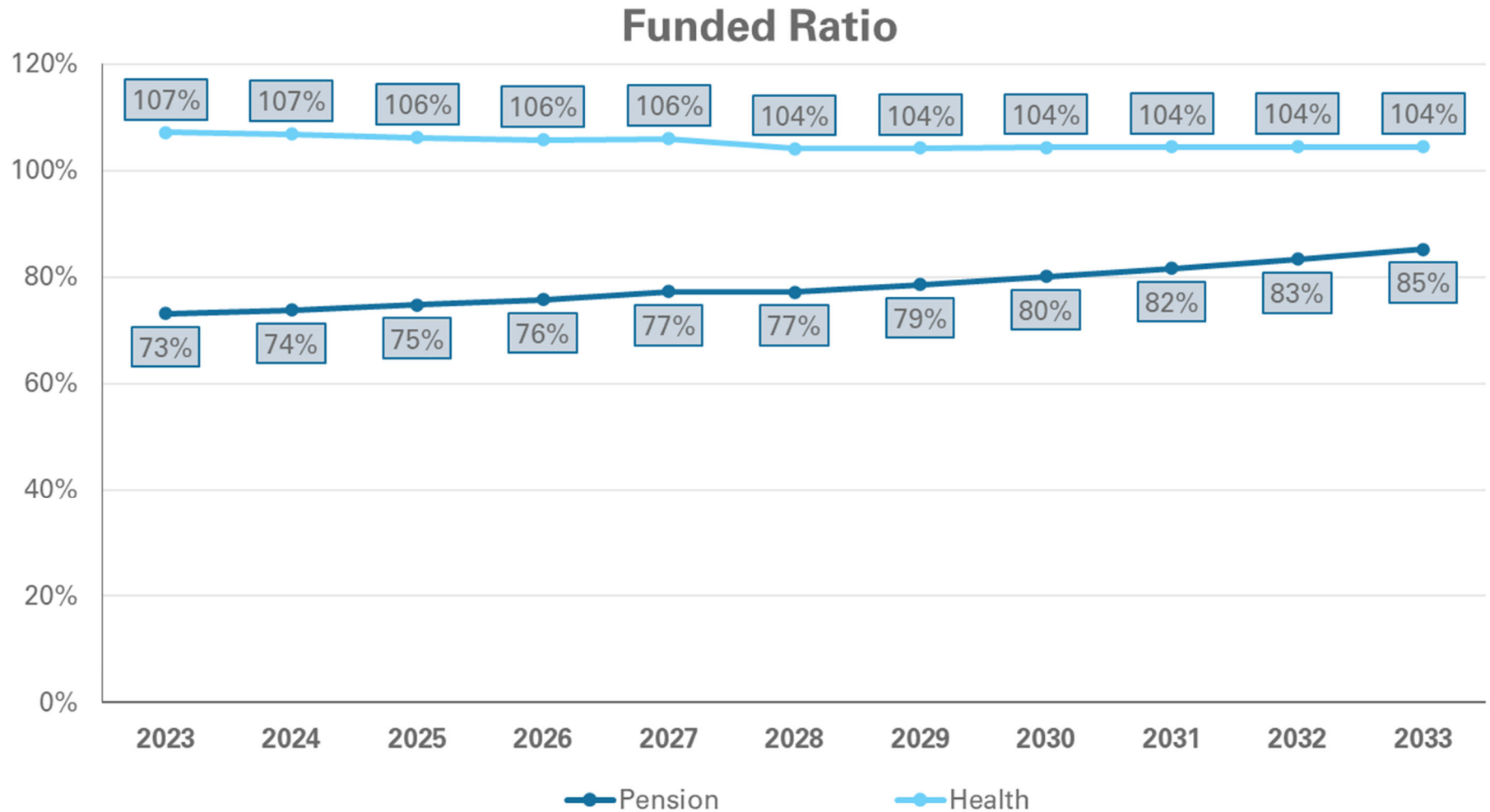
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

- Pension funded status has been stagnant over the last 5 years while Health has improved to above 100%
- Due to the Pension's size and underfunded status, contribution flow into the system is expected to be healthy
- With healthy contribution flow expected for the foreseeable future, allocating to private markets may be best use of capital for additive returns
- Current Policy allocation is expected to achieve the investment return assumption set by the Board
 - 7.00% investment return assumption
 - 10-yr expected return of 6.7%
 - 30-yr expected return of 7.9%



10-YEAR FUNDED RATIO PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

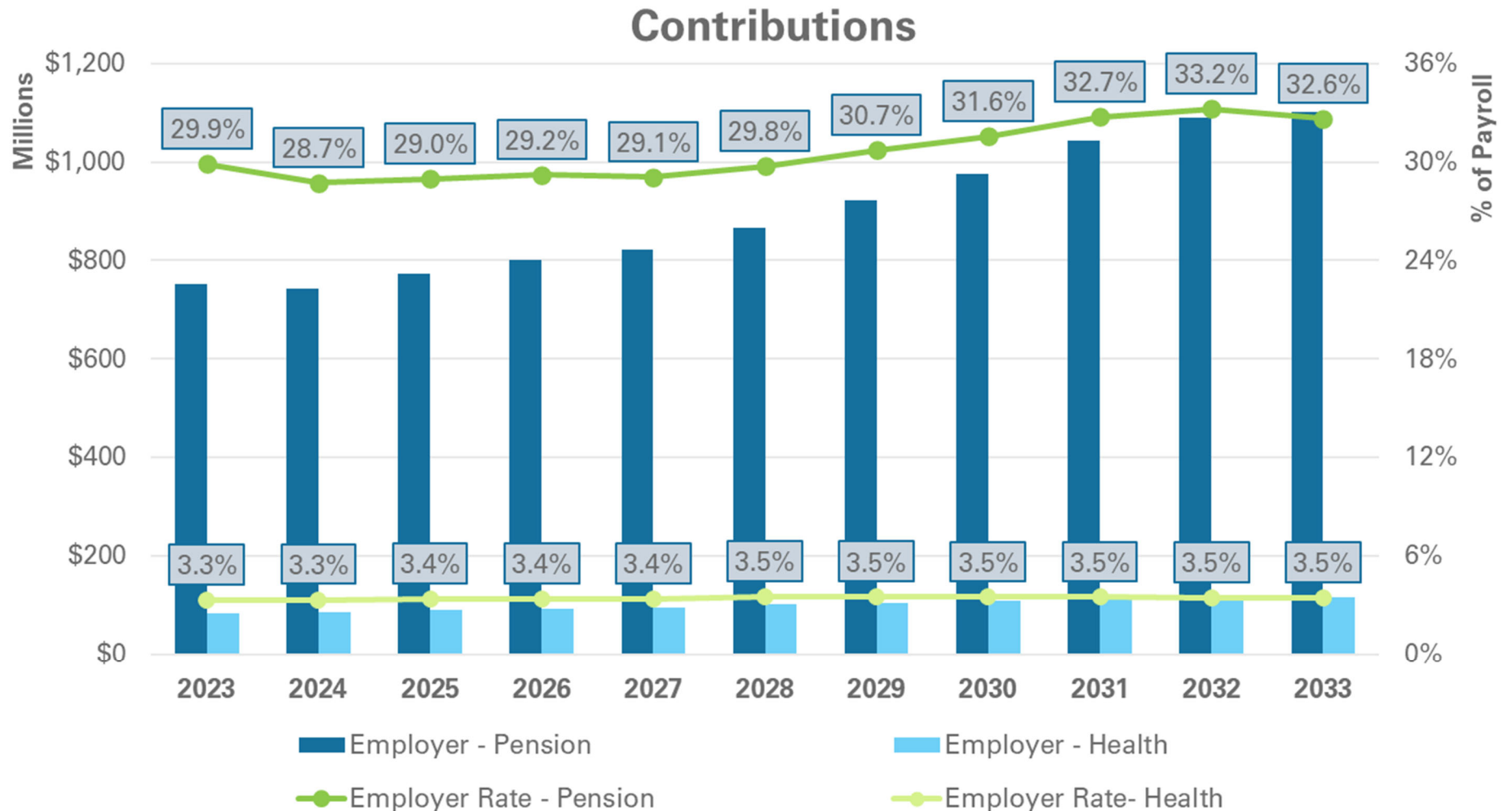


Notes: As of June 30; reflects Current Policy 10-year expected return of 6.7% per annum



10-YEAR CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

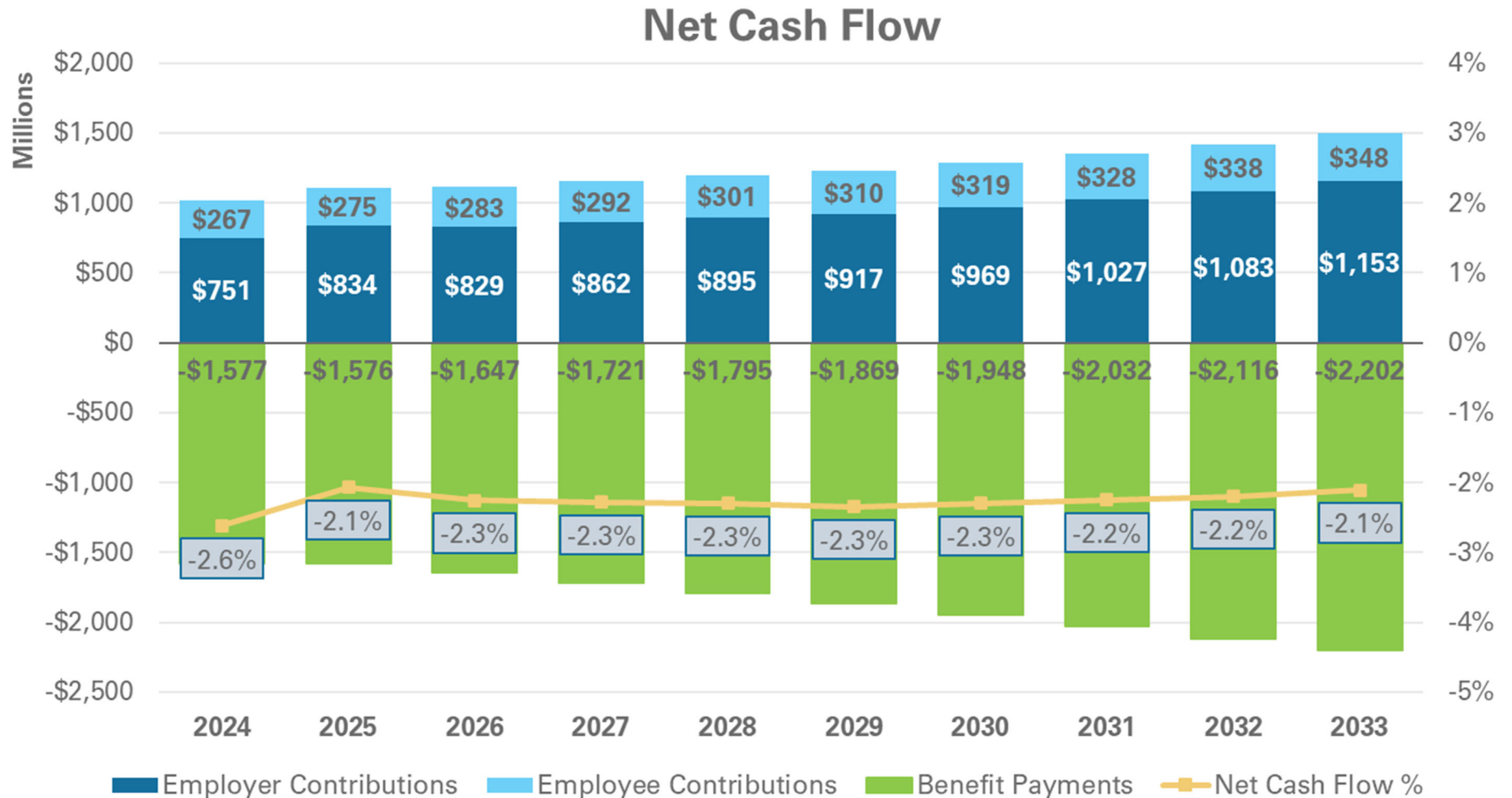


Notes: Determined as of June 30 and payable in FY+2; reflects Current Policy 10-year expected return of 6.7% per annum; employee contribution rate for pension is assumed to remain level at 10.6% of payroll



10-YEAR NET CASH FLOW PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

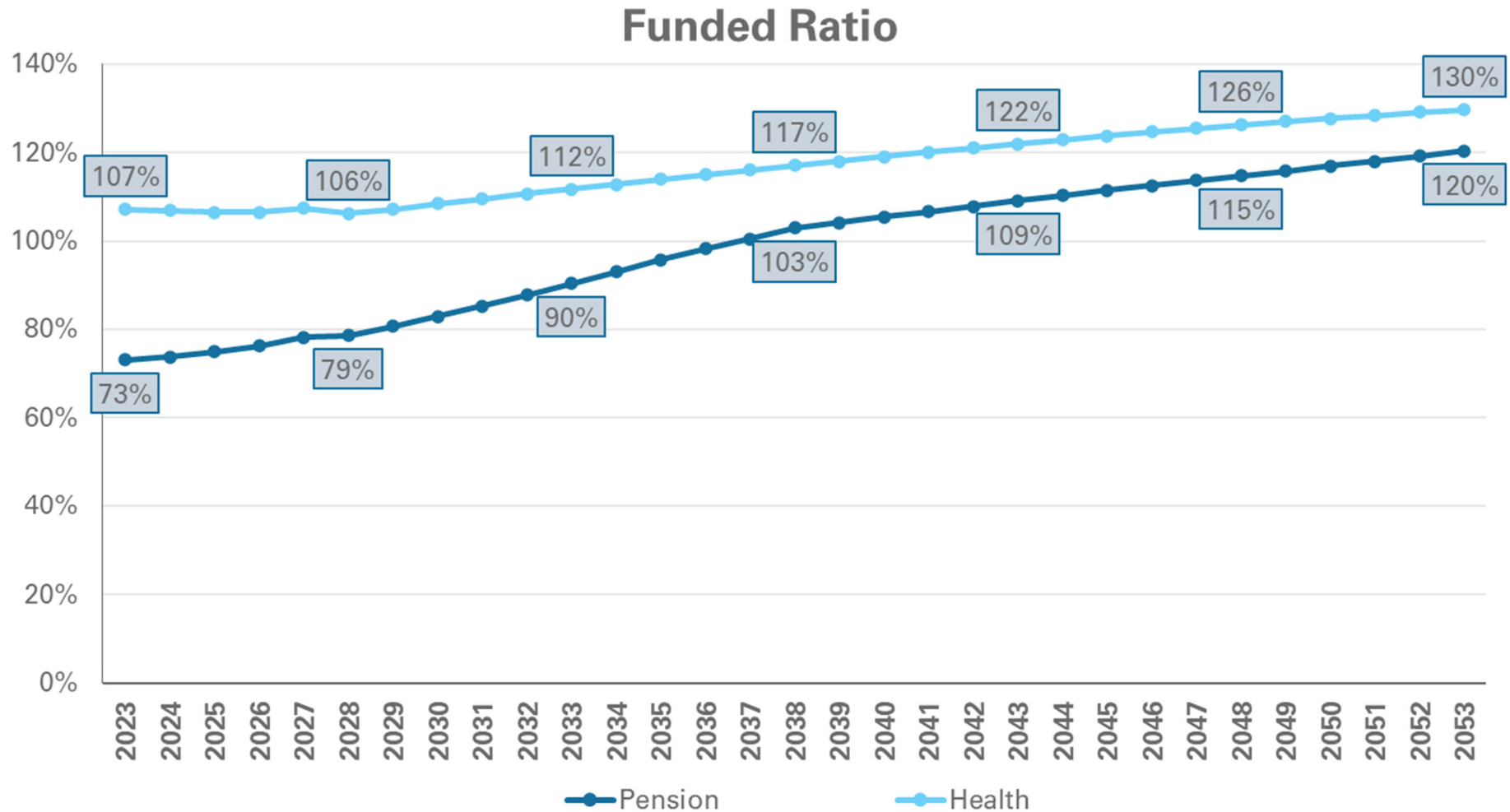


Notes: For the year ending June 30; reflects Current Policy 10-year expected return of 6.7% per annum; cashflows reflects aggregate pension and health amounts



30-YEAR FUNDED STATUS PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

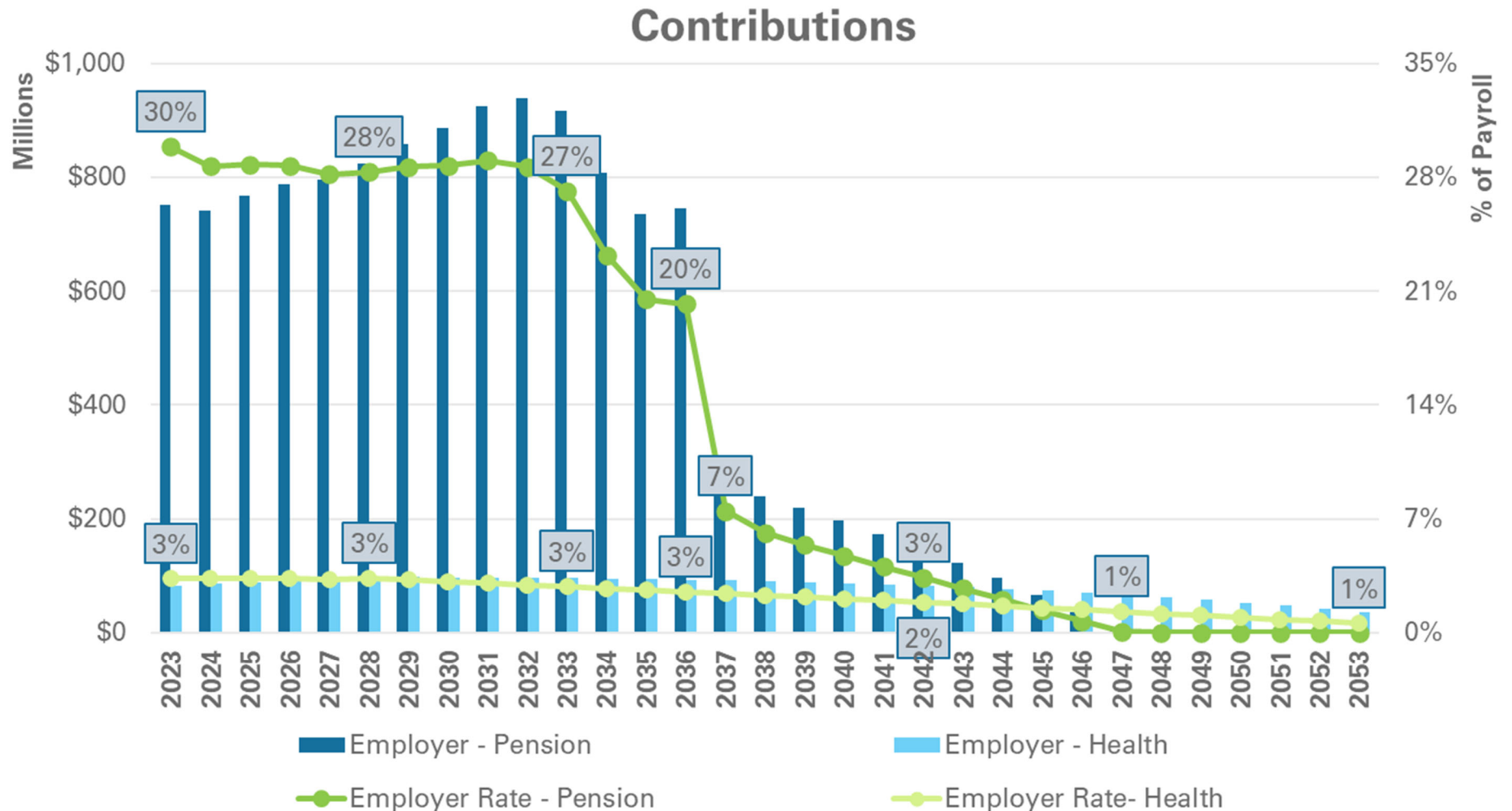


Notes: As of June 30; reflects Current Policy 30-year expected return of 7.9% per annum



30-YEAR CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

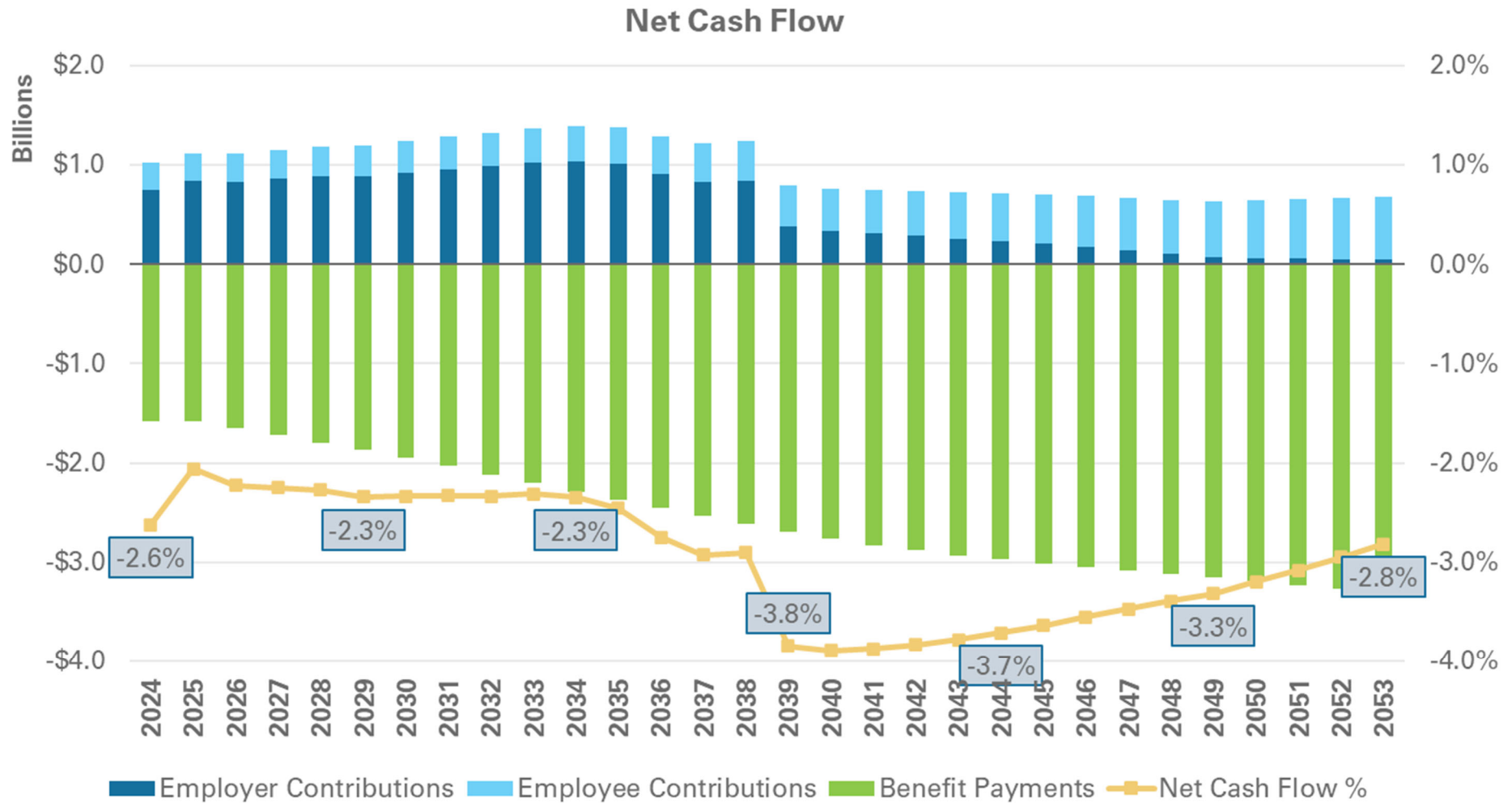


Notes: Determined as of June 30 and payable in FY+2; reflects Current Policy 30-year expected return of 7.9% per annum; employee contribution rate for pension is assumed to remain level at 10.6% of payroll



30-YEAR NET CASH FLOW PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



Notes: For the year ending June 30; reflects Current Policy 30-year expected return of 7.9% per annum; cashflows reflects aggregate pension and health amounts



ALTERNATIVE PORTFOLIOS



CONSIDERATIONS FOR LACERS

- **Reconfigure the equity allocation to be more in line with the global opportunity set**
 - Reduce non-US exposure

- **Increase Real Assets Exposure**
 - Include Public Infrastructure and a basket of Public Real Assets
 - Consideration given to the ease and cost of gaining exposure

- **Modest restructure of public Fixed Income**
 - Increase High Yield exposure, reduce Emerging Market Debt
 - Add a new Long-Term Treasury portfolio for Asset Mix E
 - Allocation provides additional liquidity and offers modest crisis protection to counterbalance increased private markets exposure

ALTERNATIVE ALLOCATIONS

	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
Cash	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Cash	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
US Large-Cap Equity	15.0%	15.0%	15.0%	15.0%	16.0%	15.0%
US Small/Mid-Cap Equity	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Non-US Developed Equity	15.0%	10.0%	9.0%	8.0%	7.0%	7.0%
Non-US Developed Small-Cap Equity	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%
Emerging Market Equity	6.7%	4.7%	4.7%	4.7%	4.0%	4.0%
Emerging Market Small-Cap Equity	1.3%	1.3%	1.3%	1.3%	1.0%	1.0%
Global Equity	0.0%	8.0%	5.0%	5.0%	0.0%	0.0%
Private Equity	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Total Equity	63.0%	63.0%	59.0%	58.0%	51.0%	50.0%
US Aggregate Bond	11.3%	11.3%	10.3%	10.3%	9.3%	9.3%
US High Yield Corporate Bond	1.5%	1.5%	1.5%	2.0%	2.5%	2.5%
US Leveraged Loan	1.5%	1.5%	1.5%	2.0%	2.5%	2.5%
Emerging Market External Debt	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%
Emerging Market Local Currency Debt	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%
Private Debt	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
US Treasury (10-30 Yr)	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%
Total Fixed Income	24.0%	24.0%	23.0%	23.0%	23.0%	26.0%
US TIPS	3.6%	3.6%	3.6%	3.6%	5.0%	3.6%
Public Real Assets (Multi-Asset)	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%
REIT	1.4%	1.4%	1.4%	1.4%	2.0%	1.4%
Public Infrastructure	0.0%	0.0%	5.0%	0.0%	5.0%	0.0%
Real Estate - Core	4.2%	4.2%	4.2%	4.8%	4.8%	4.8%
Real Estate - Non-Core	2.8%	2.8%	2.8%	3.2%	3.2%	3.2%
Private Infrastructure	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
Total Real Assets	12.0%	12.0%	17.0%	18.0%	25.0%	23.0%
Expected Return 10 yrs	6.72%	6.66%	6.77%	6.75%	6.81%	6.80%
Expected Return 30 yrs	7.86%	7.83%	7.88%	7.85%	7.84%	7.81%
Standard Dev	15.32%	15.17%	15.06%	14.83%	14.26%	13.73%
Sharpe Ratio (10 years)	0.18	0.18	0.19	0.19	0.20	0.21
Sharpe Ratio (30 years)	0.29	0.29	0.30	0.30	0.31	0.32

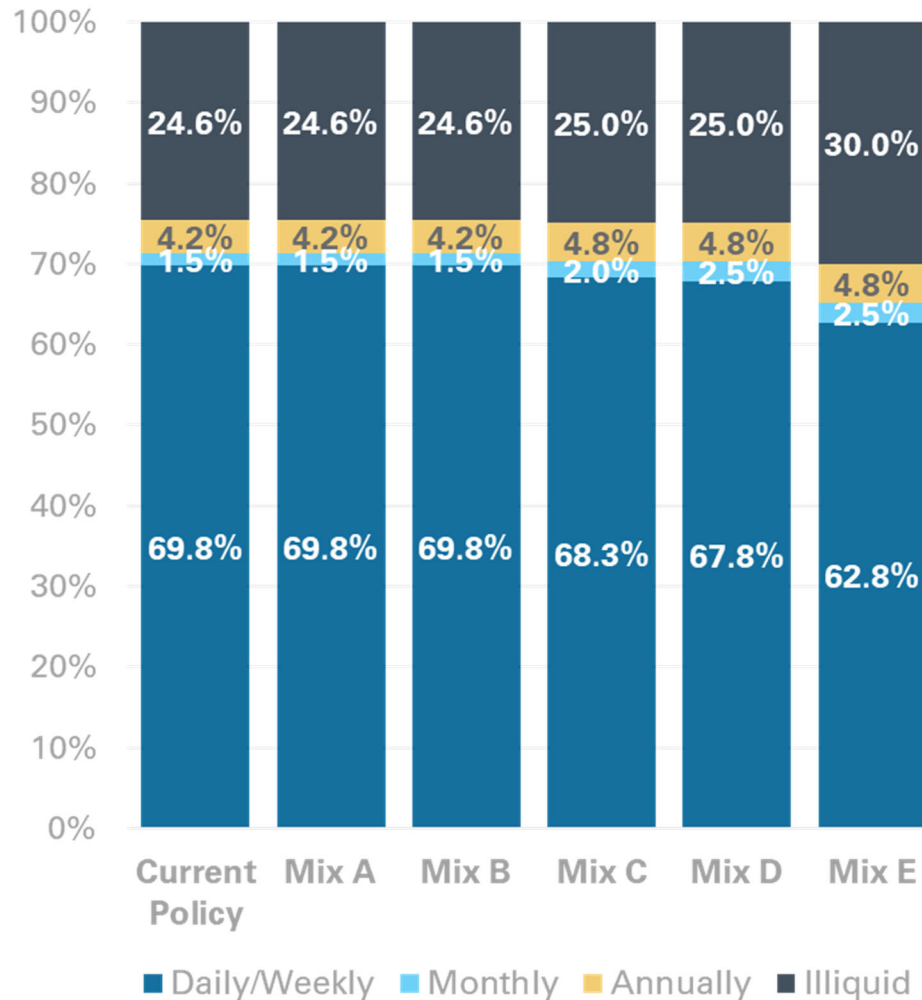
- **Mix A – Reweight public equity to be more in line with the global opportunity set and peers**
- **Mix B – Reweight public equity and add public infrastructure**
- **Mix C – Reweight public equity, increase high yield, reduce emerging market debt, and add public real assets**
- **Mix D – Reweight public equity, shift to high yield from emerging market debt, significant increase to real assets**
- **Mix E – Reweight public equity, add long duration treasury exposure for liquidity as private markets allocation is increased to 37% of total fund**

Notes: Allocations may not appear to sum to 100% due to rounding; Shading in the allocation table indicates change relative to Current Policy: green = increase to asset class and red = decrease to asset class; Shading for expected return, standard deviation and Sharpe ratio indicates whether the alternative allocation is expected to produce a better result than the current policy (i.e., light green is better and light orange is worse); based on NEPC's 12/31/2023 capital market assumptions



LIQUIDITY PROFILE

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



- **Net cash flow is expected to average negative 2.3% over next 10 years which is typical for a mature retirement system**
 - Public funds typically average net cash flow ranges between negative 2% and negative 4%
- **Funding policy will trigger contribution increases if needed, providing a backstop to plan liquidity**
- **NEPC believes the plan can handle the additional illiquid allocation in Mix E with no material impact to the plan's ability to meet its obligations**

SCENARIO ANALYSIS: REGIME DEFINITIONS

- **NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes**
 - Asset returns are informed by changes in real growth, inflation, and credit spreads experienced across market regimes
 - Scenario returns are sensitive to current market pricing

Expansion

A high growth—low inflation regime with declining interest rates and declining inflation. Equity valuations expand, earnings growth above expectations, and tightening credit spreads,

Stagflation

A low growth—high inflation regime with rising interest rates and rising inflation. Equity valuations contract, negative real earnings growth, and widening credit spreads

Depression

A negative growth—deflation regime with negative interest rates and deflation. All-time low equity valuations, negative earnings growth, and all-time high credit spreads

Recession

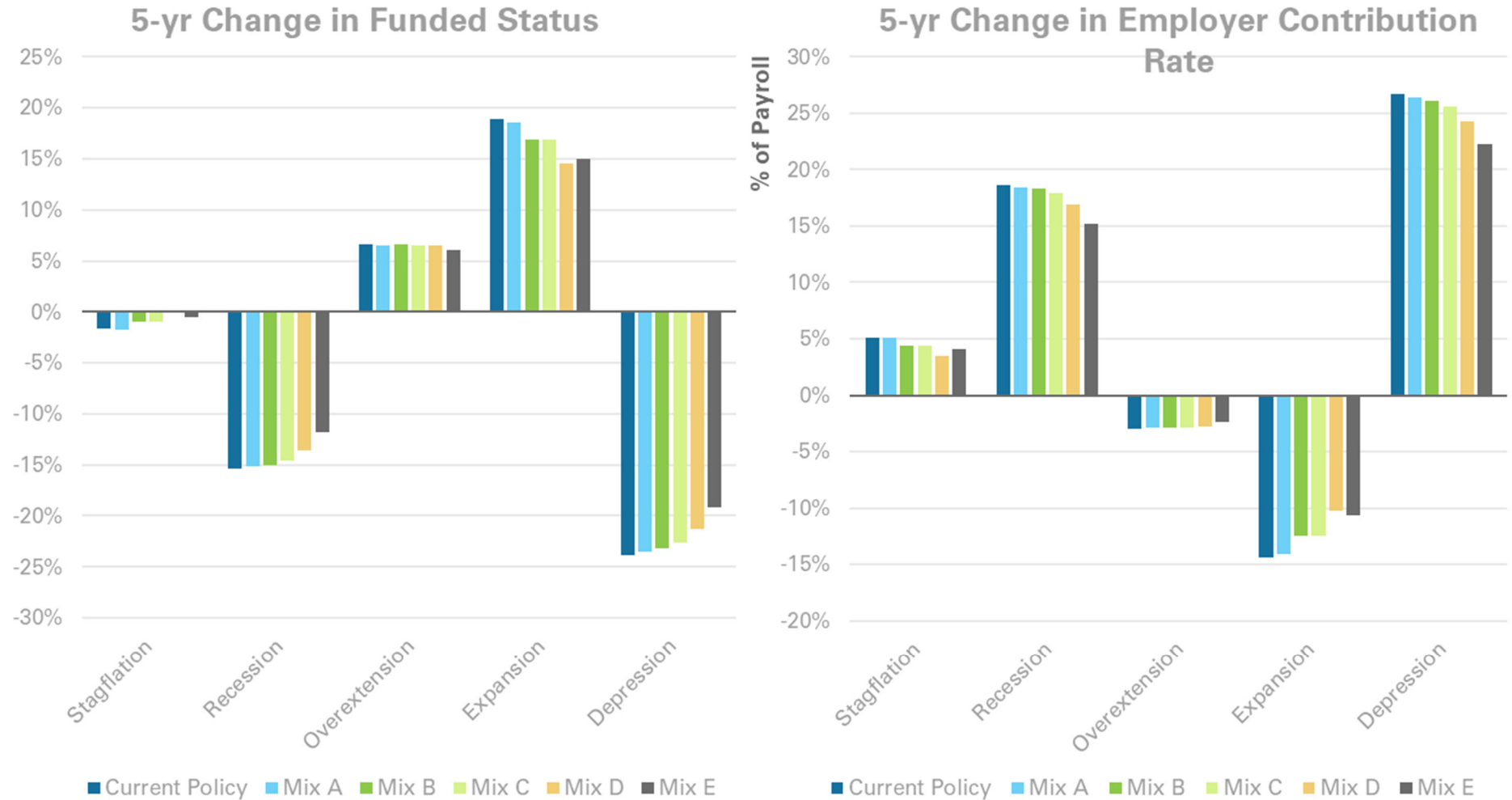
A low growth—low inflation regime with declining interest rates and declining inflation. Equity valuations contract, earnings growth below expectations, and widening credit spreads

Overextension

A high growth—high inflation regime with rising interest rates and rising inflation. Equity valuations contract, negative real earnings growth, and tightening credit spreads

ECONOMIC SCENARIOS – PENSION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

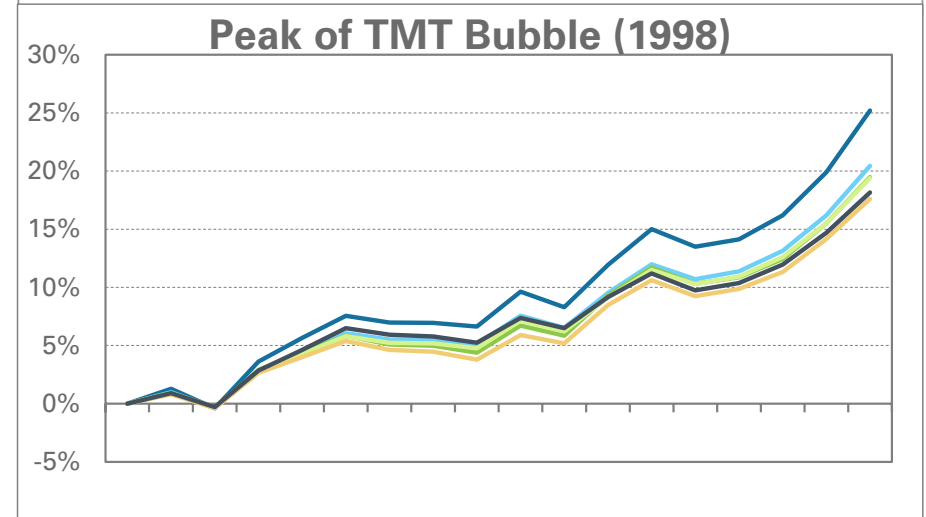
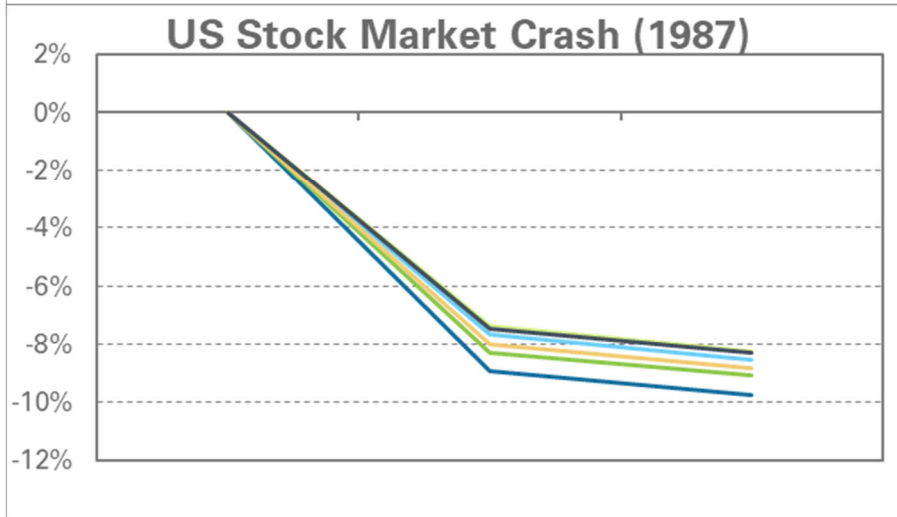
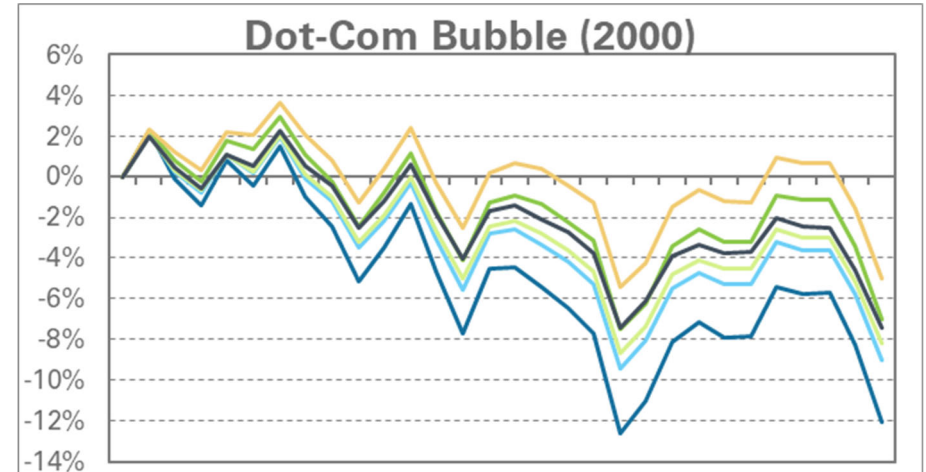
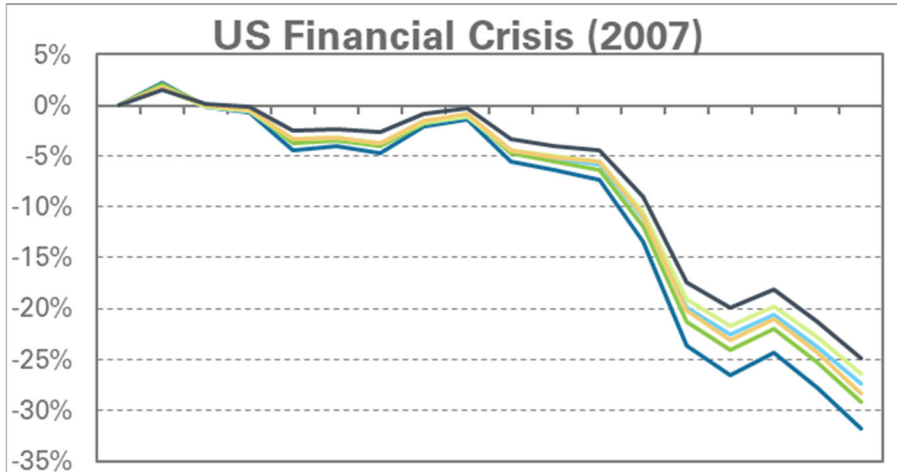


Notes: Change in funded status based on 73.1%; change in contribution rate based on 29.9%



HISTORICAL SCENARIOS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

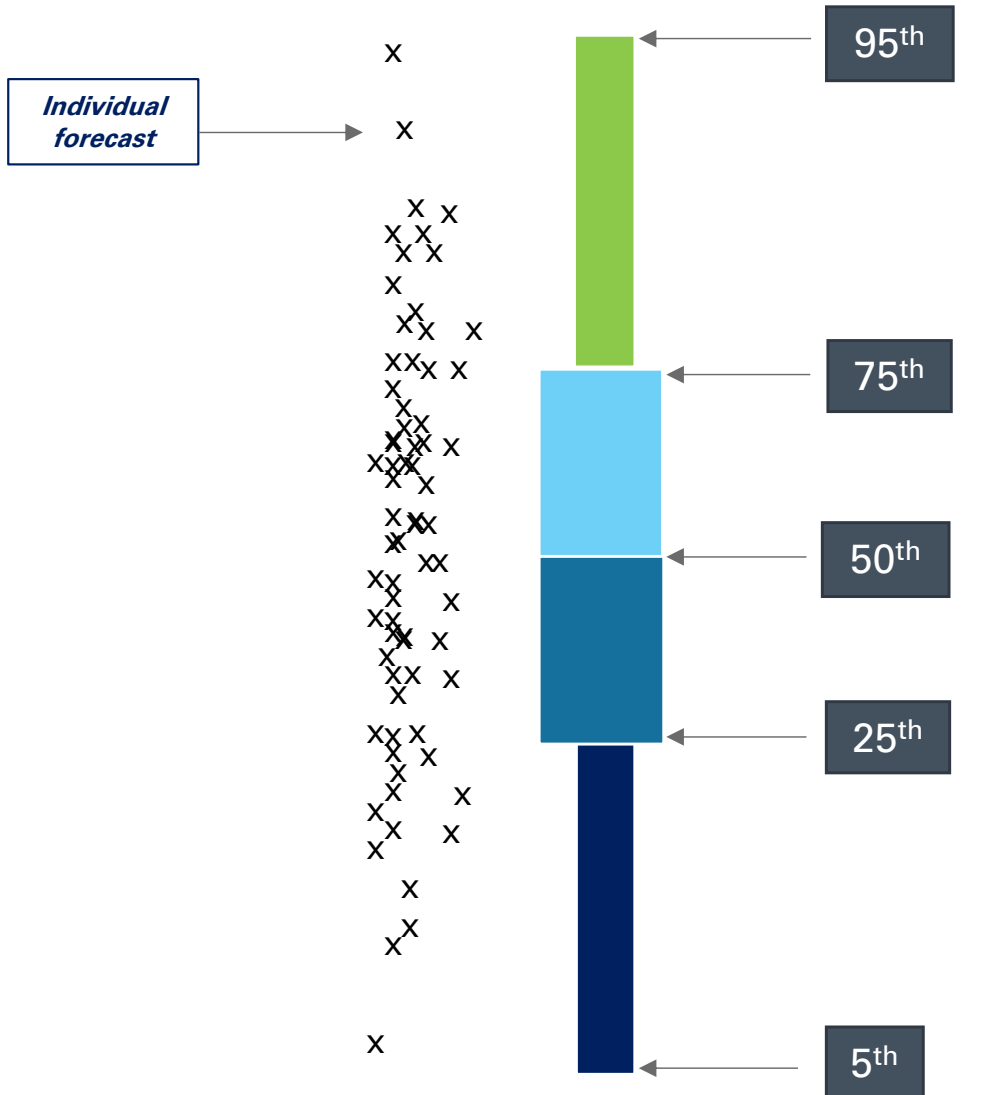


Notes: Quoted year represents beginning of scenario; based on monthly return intervals



INTERPRETING STOCHASTIC RESULTS

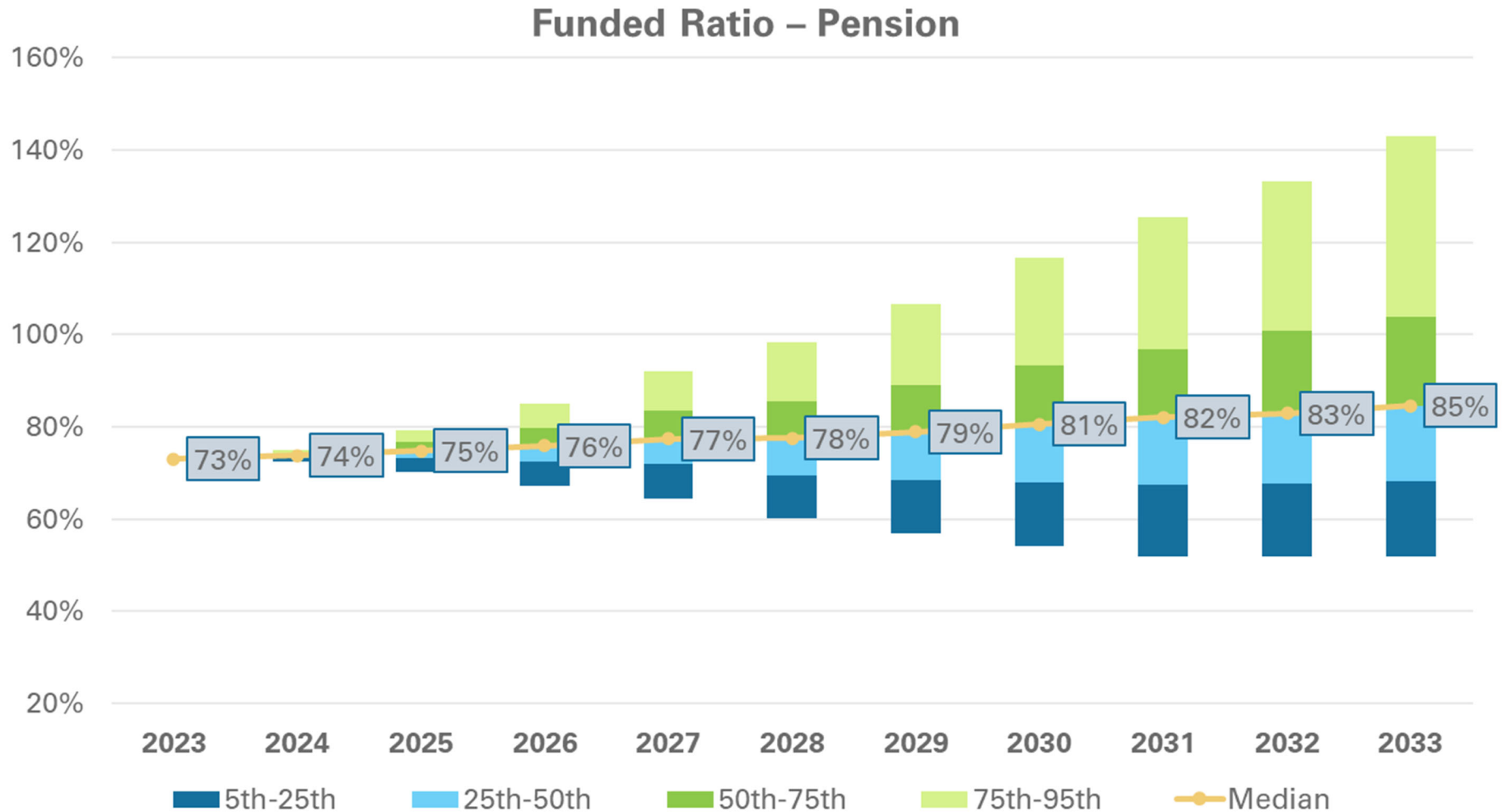
Model ranks 10,000 forecasts each year



- **95th percentile**
 - Exceeds 95% of all forecasts
 - Overly optimistic outcome
- **75th percentile**
 - Exceeds 75% of all forecasts
 - Optimistic outcome
- **50th percentile**
 - Exceeds 50% of all forecasts
 - Median outcome
- **25th percentile**
 - Exceeds 25% of all forecasts
 - Pessimistic outcome
- **5th percentile**
 - Exceeds 5% of all forecasts
 - Overly pessimistic outcome

10-YEAR STOCHASTIC FUNDED STATUS PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

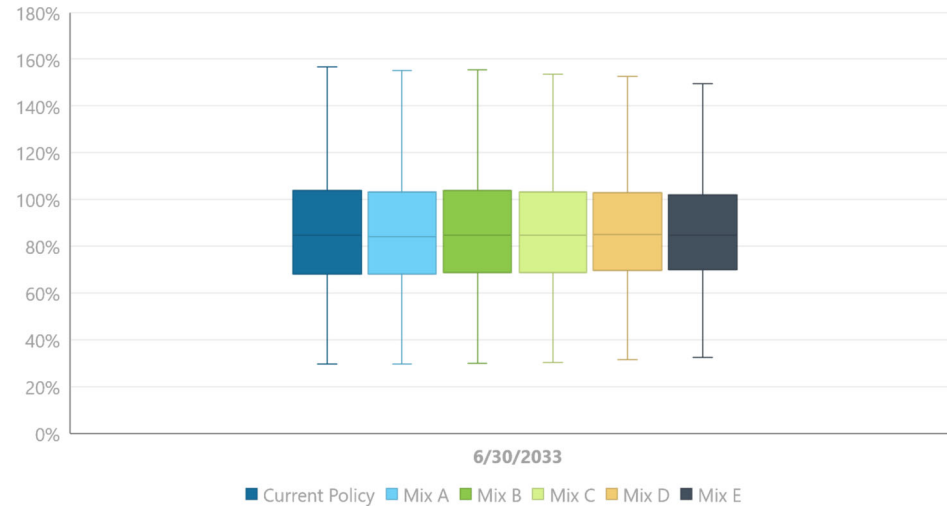


Notes: As of June 30; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility



10-YEAR STOCHASTIC FUNDED STATUS PROJECTION

Funded Ratio – Pension



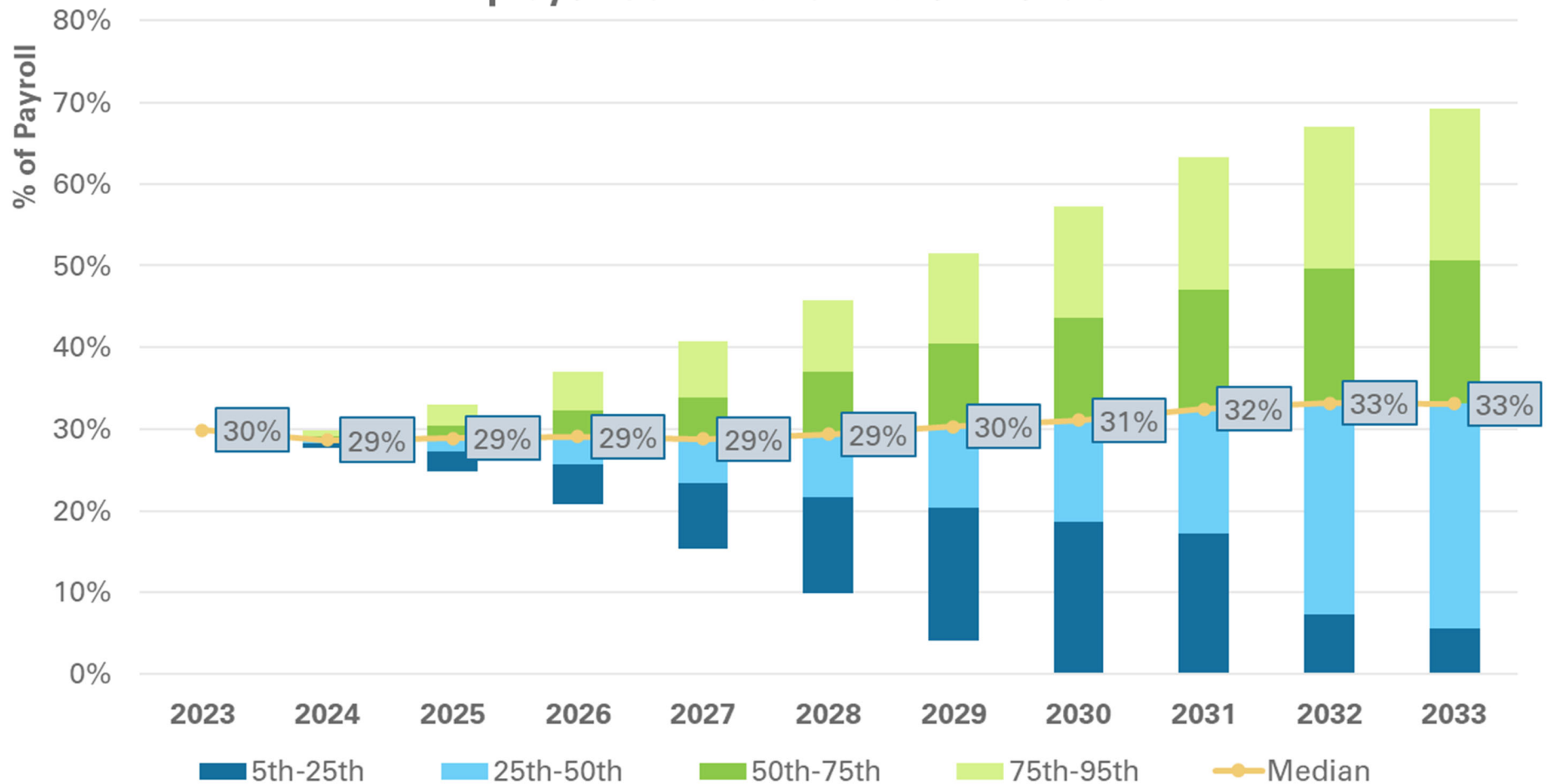
Funded Status	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Funded Ratio	103.9%	103.2%	103.7%	103.3%	102.8%	102.0%
50th Percentile 2033 Funded Ratio	84.6%	84.2%	84.8%	84.7%	84.9%	84.8%
25th Percentile 2033 Funded Ratio	68.3%	68.1%	68.7%	68.8%	69.6%	70.0%
Funded Ratio Volatility	2.3%	2.3%	2.3%	2.3%	2.2%	2.1%

Notes: Reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix

10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Employer Contribution Rate – Pension

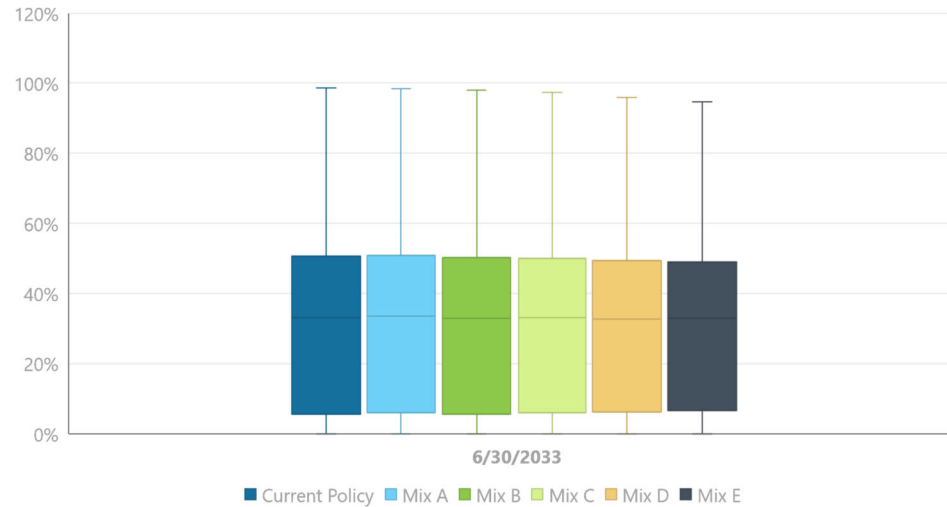


Notes: Determined as of June 30 and payable in FY+2; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility;



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

Employer Contribution Rate – Pension



Contributions	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Employer Contribution Rate	50.6%	50.8%	50.2%	50.1%	49.3%	48.9%
50th Percentile 2033 Employer Contribution Rate	33.1%	33.5%	32.9%	33.0%	32.7%	32.9%
25th Percentile 2033 Employer Contribution Rate	5.5%	5.9%	5.7%	5.9%	6.2%	6.7%
Contribution Rate Volatility	2.4%	2.4%	2.4%	2.3%	2.3%	2.2%

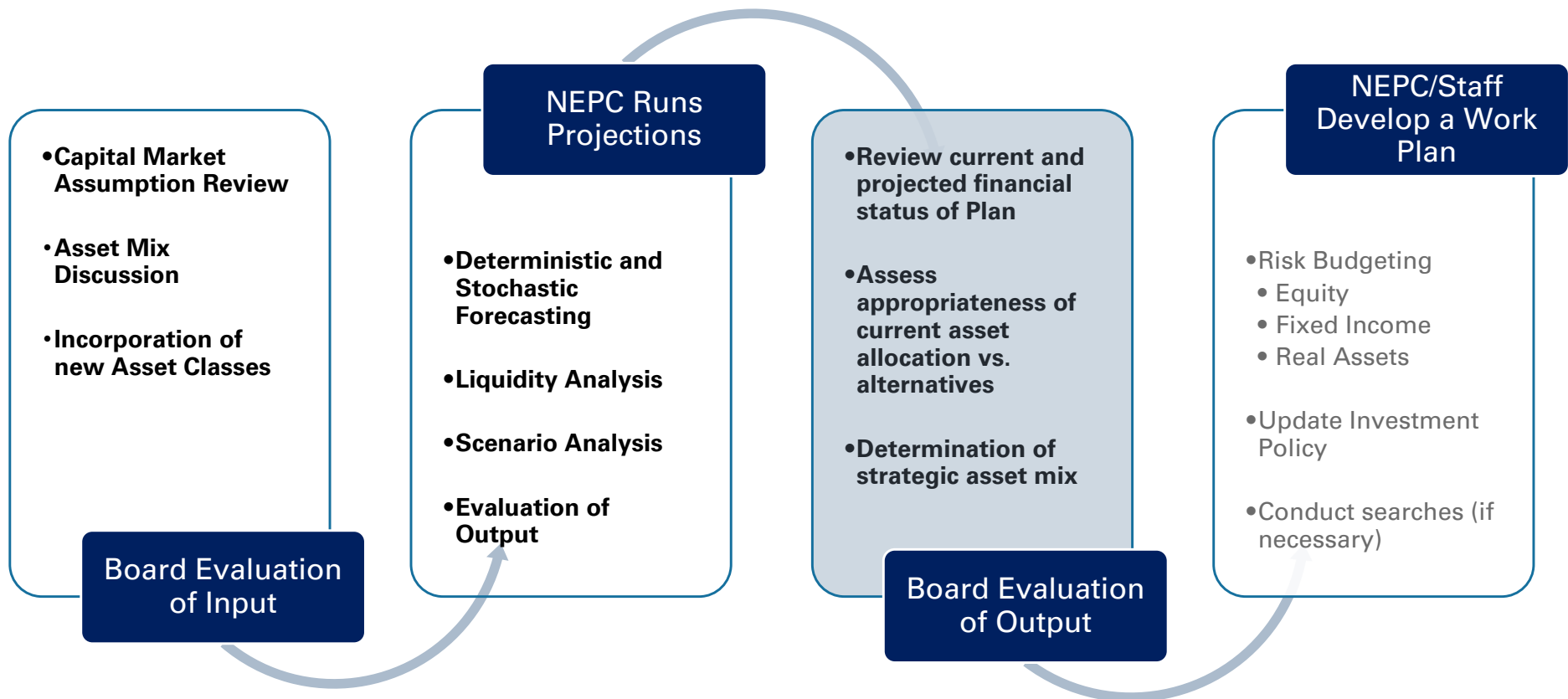
Notes: Payable in FY+2; reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



NEXT STEPS



NEXT STEPS



APPENDIX

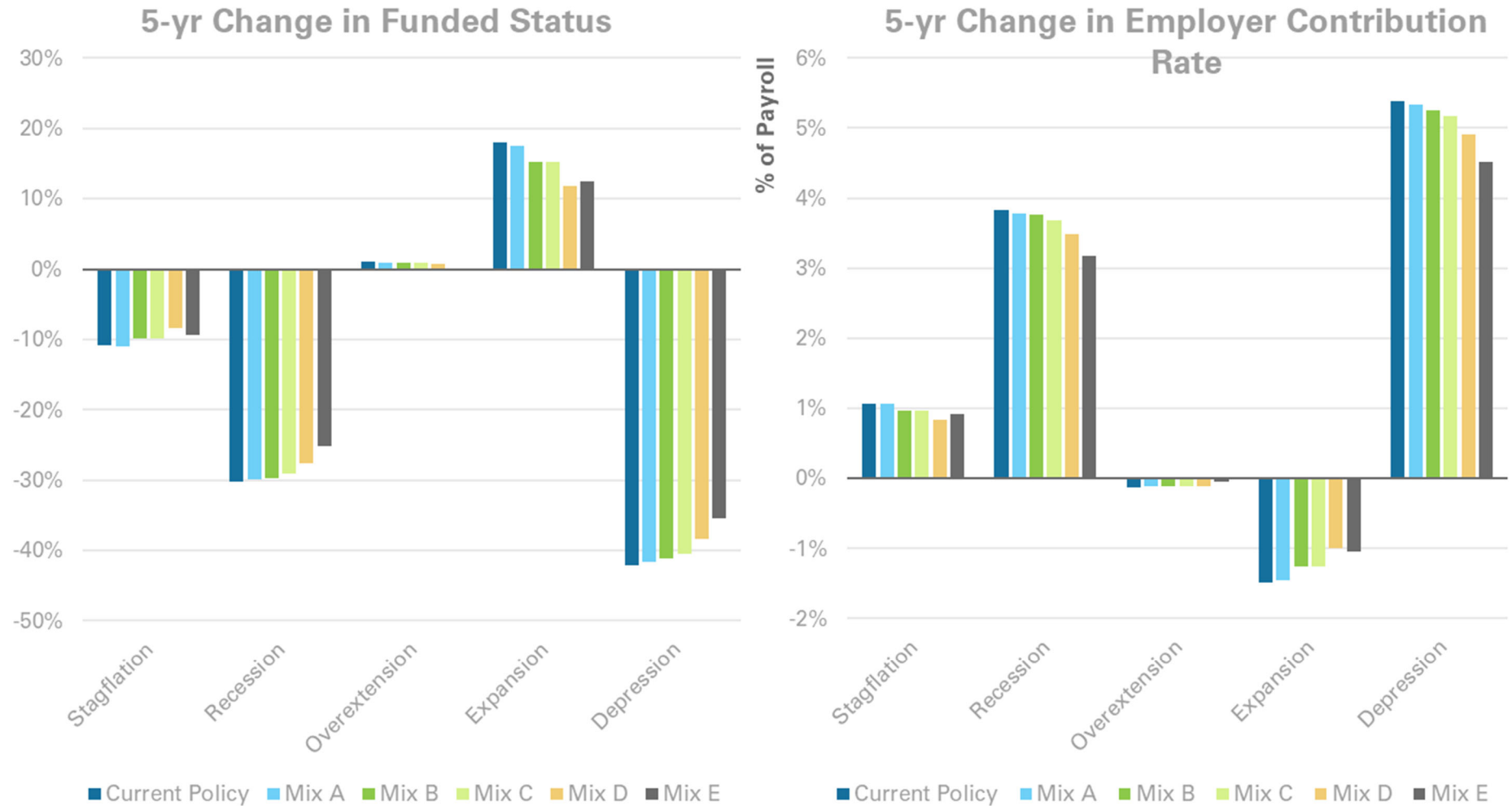


HEALTH PLAN STOCHASTIC MODELING



ECONOMIC SCENARIOS – HEALTH

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



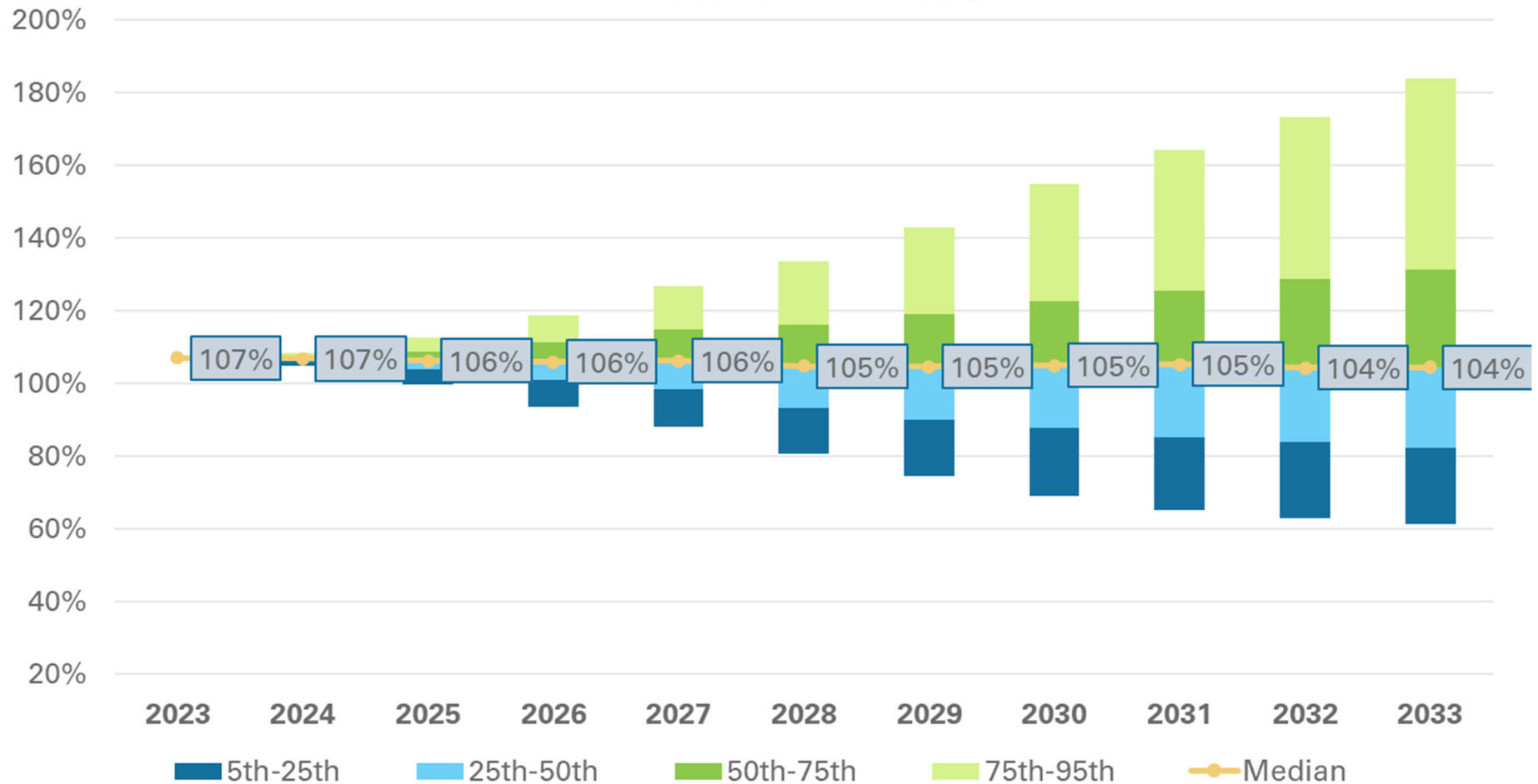
Notes: Change in funded status based on 107.1%; change in contribution rate based on 3.3%



10-YEAR STOCHASTIC FUNDED STATUS PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

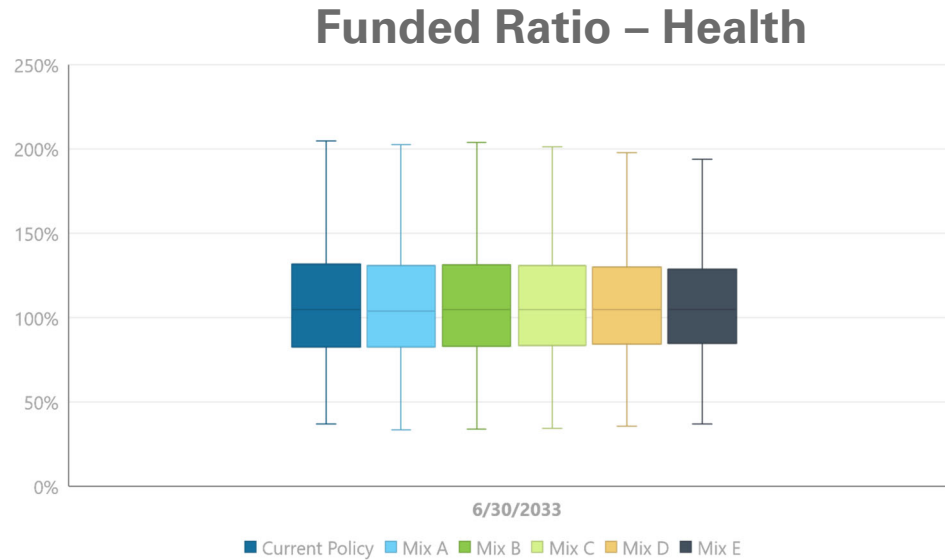
Funded Ratio – Health



Notes: As of June 30; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility



10-YEAR STOCHASTIC FUNDED STATUS PROJECTION



Funded Status	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Funded Ratio	131.4%	130.6%	131.2%	130.5%	129.7%	128.4%
50th Percentile 2033 Funded Ratio	104.5%	103.9%	104.6%	104.5%	104.8%	104.6%
25th Percentile 2033 Funded Ratio	82.3%	82.2%	82.9%	83.2%	84.1%	84.6%
Funded Ratio Volatility	3.1%	3.0%	3.0%	3.0%	2.9%	2.8%

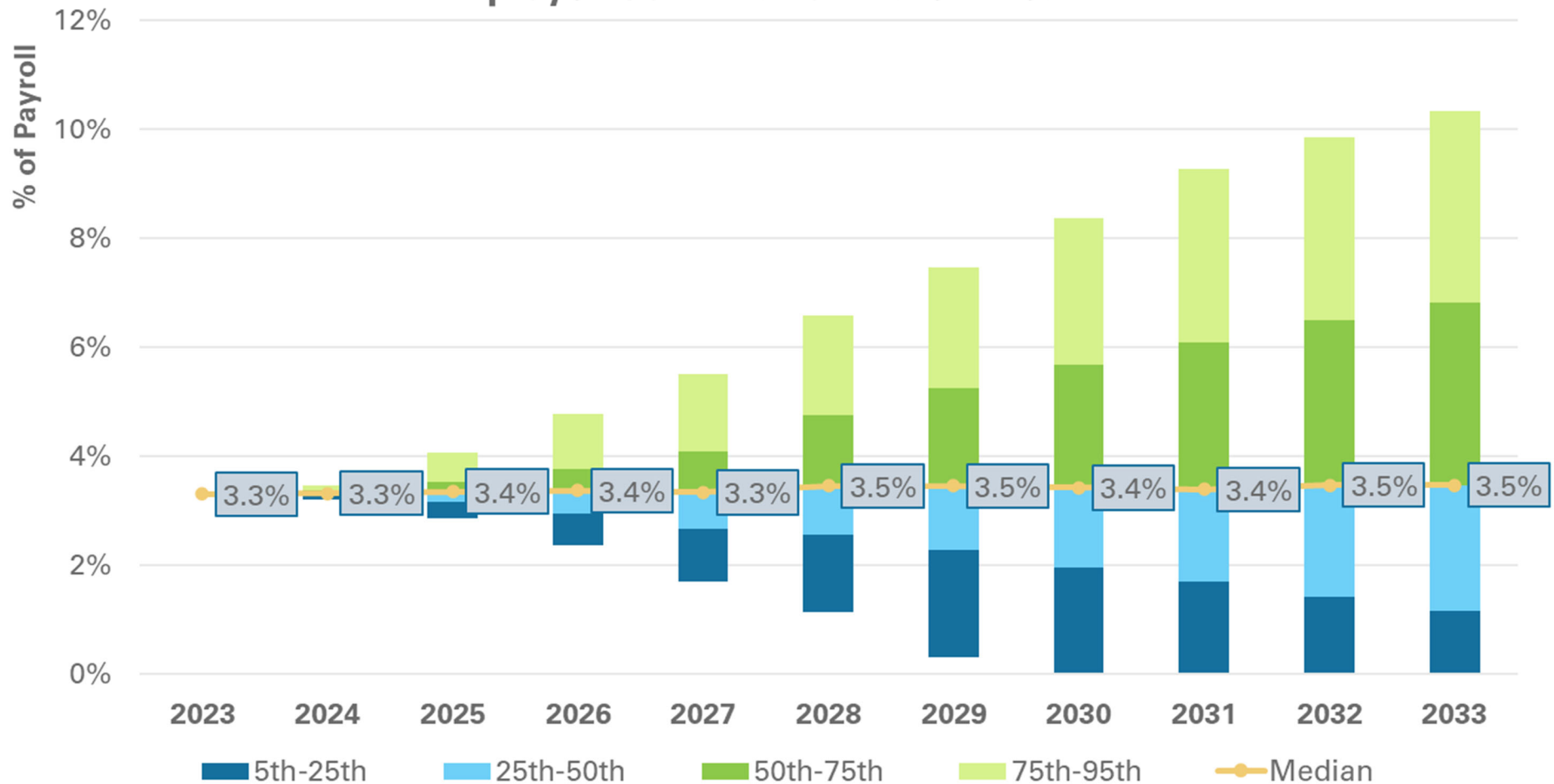
Notes: Reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Employer Contribution Rate – Health

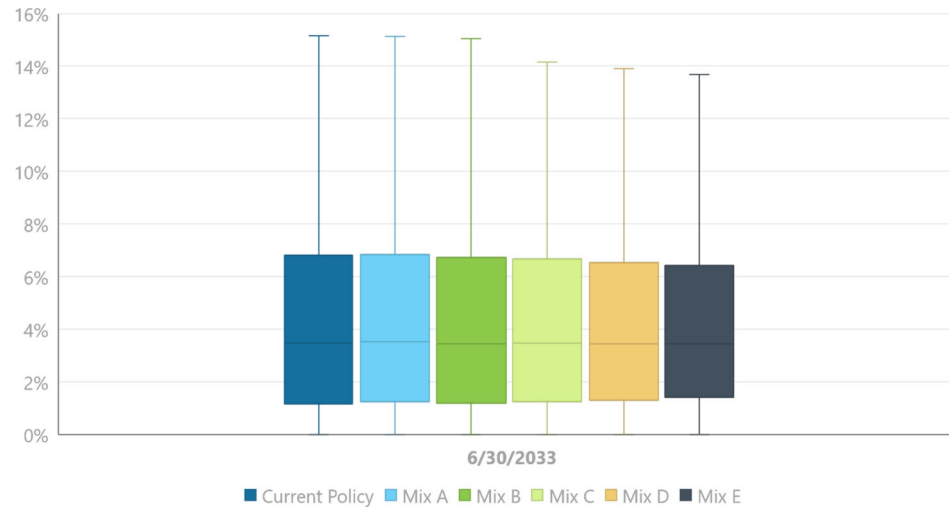


Notes: Determined as of June 30 and payable in FY+2; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility;



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

Employer Contribution Rate – Health



Contributions	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Employer Contribution Rate	6.8%	6.8%	6.7%	6.7%	6.5%	6.4%
50th Percentile 2033 Employer Contribution Rate	3.5%	3.5%	3.4%	3.5%	3.4%	3.5%
25th Percentile 2033 Employer Contribution Rate	1.2%	1.2%	1.2%	1.2%	1.3%	1.4%
Contribution Rate Volatility	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

Notes: Payable in FY+2; reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



ASSUMPTIONS AND DEFINITIONS



ASSUMPTIONS AND METHODS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

- **Deterministic and stochastic return projections are based on NEPC's 12/31/2023 capital market assumptions**
 - Reflects 4.5% for the period July 1, 2023 thru December 31, 2023
 - NEPC's 10-year & 30-year return assumptions thereafter

- **Asset-liability projections follow a roll-forward methodology based on the June 30, 2023 Actuarial Valuation Reports for Pension and Health provided by Segal**
 - Benefit payment projections provided by Segal
 - Pension and Health liabilities were modeled individually and assets were modelled in aggregate
 - Other than those described herein, all assumptions remain unchanged from the valuation
 - No experience gains or losses are assumed other than those attributed to investment experience

- **Contributions based on stated funded policy**
 - Normal cost plus amortization of unfunded liability
 - Amortization of unfunded liability based on 15-year layered level percent of pay amortizations of annual gains/losses
 - Prior amortizations layers considered fully amortized if surplus exists
 - Surplus amortized over 30 years
 - Employer normal cost contribution allowed to be reduced by surplus amortization

12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
MACRO	Inflation	2.6%	2.6%	—
	Cash	3.9%	3.4%	0.6%
	US Leverage Cost	4.1%	3.6%	0.7%
	Non-US Cash	2.2%	2.5%	0.6%
EQUITY	US Large-Cap Equity	4.4%	6.7%	17.2%
	US Small/Mid-Cap Equity	6.0%	7.4%	21.0%
	Non-US Developed Equity	4.6%	6.4%	19.7%
	Non-US Developed Equity (USD Hedge)	4.8%	6.6%	17.7%
	Non-US Developed Small-Cap Equity	6.4%	7.5%	24.2%
	Emerging Market Equity	8.6%	9.2%	28.1%
	Emerging Market Small-Cap Equity	7.9%	9.1%	31.4%
	<i>Global Equity*</i>	<i>5.4%</i>	<i>7.3%</i>	<i>18.2%</i>
	Hedge Fund – Equity	5.5%	6.0%	11.0%
	Private Equity – Buyout	7.4%	8.8%	20.0%
	Private Equity – Growth	8.7%	9.7%	31.5%
	Private Equity – Venture	9.8%	10.6%	46.5%
	Private Equity – Secondary	6.9%	8.2%	20.4%
	Non-US Private Equity	10.3%	10.8%	32.0%
	<i>Private Equity*</i>	<i>9.0%</i>	<i>10.1%</i>	<i>25.9%</i>
China Equity	9.9%	9.5%	30.6%	

*Calculated as a blend of other asset classes



12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US TIPS	4.6%	4.7%	6.0%
	US Treasury Bond	4.2%	4.3%	5.4%
	US Corporate Bond	5.3%	5.9%	7.7%
	US Mortgage-Backed Securities	4.4%	4.6%	6.5%
	<i>US Aggregate Bond*</i>	4.6%	4.9%	5.8%
	US High Yield Corporate Bond	6.1%	7.1%	11.2%
	US Leveraged Loan	7.2%	6.6%	9.1%
	Emerging Market External Debt	7.1%	7.3%	12.3%
	Emerging Market Local Currency Debt	6.1%	5.5%	12.7%
	Non-US Government Bond	2.4%	2.9%	9.5%
	Non-US Government Bond (USD Hedge)	2.6%	3.2%	4.1%
	<i>Global Government Bond*</i>	3.0%	3.4%	7.7%
	<i>Global Government Bond (USD Hedge)*</i>	3.1%	3.5%	4.2%
	Non-US Inflation-Linked Bond (USD Hedge)	3.2%	3.3%	6.7%
	<i>Global Multi-Sector Fixed Income*</i>	5.7%	6.1%	8.1%
	<i>Absolute Return Fixed Income*</i>	5.6%	5.8%	5.9%
	US Municipal Bond	3.5%	3.8%	6.0%
	US Municipal Bond (1-10 Year)	2.9%	3.5%	4.5%
	US High Yield Municipal Bond	4.5%	4.9%	12.0%
	Hedge Fund - Credit	6.6%	7.0%	9.9%
	Private Debt - Credit Opportunities	7.8%	8.4%	14.5%
	Private Debt – Distressed	8.6%	9.3%	14.4%
Private Debt - Direct Lending	8.1%	8.9%	11.0%	
<i>Private Debt*</i>	8.3%	9.0%	11.8%	

*Calculated as a blend of other asset classes



12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US Short-Term TIPS (1-3 Year)	4.7%	4.4%	3.3%
	US Short-Term Treasury Bond (1-3 Year)	4.4%	4.2%	2.3%
	US Short-Term Corporate Bond (1-3 Year)	5.4%	5.2%	2.8%
	US Short-Term High Yield Corporate Bond (1-3 Year)	5.5%	5.6%	8.2%
	US Intermediate-Term TIPS (3-10 Year)	4.6%	4.7%	6.0%
	US Intermediate-Term Treasury Bond (3-10 Year)	4.2%	4.4%	5.9%
	US Intermediate-Term Corporate Bond (3-10 Year)	5.6%	6.0%	7.1%
	US Long-Term Treasury Bond (10-30 Year)	4.5%	4.8%	12.4%
	US Long-Term TIPS (10-30 Year)	3.7%	4.3%	11.8%
	US Long-Term Corporate Bond (10-30 Year)	4.7%	6.0%	11.9%
	20+ Year US Treasury STRIPS	3.3%	4.2%	20.7%
	<i>US Long-Term Government/Credit*</i>	4.3%	5.2%	11.0%
	US Corporate Bond - AAA	4.4%	5.1%	6.8%
	US Corporate Bond – AA	4.6%	5.1%	6.6%
	US Corporate Bond – A	5.1%	5.5%	7.6%
	US Corporate Bond – BBB	5.6%	6.1%	8.4%
	US Corporate Bond – BB	6.8%	7.7%	9.7%
	US Corporate Bond – B	6.3%	7.1%	11.6%
	US Corporate Bond - CCC/Below	1.4%	1.9%	20.3%
	US Securitized Bond	5.2%	5.4%	8.0%
	US Collateralized Loan Obligation	5.5%	4.9%	7.7%
	US High Yield Securitized Bond	8.7%	8.3%	11.2%
	US High Yield Collateralized Loan Obligation	7.8%	7.3%	10.4%
	US Taxable Municipal Bond	5.3%	6.0%	7.5%
	10 Year US Treasury Bond	4.2%	4.8%	7.5%
10 Year Non-US Government Bond (USD Hedge)	2.1%	2.8%	5.0%	

*Calculated as a blend of other asset classes



12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
REAL ASSETS	Commodity Futures	4.6%	3.9%	18.5%
	Midstream Energy	5.5%	6.6%	28.2%
	<i>Public Real Assets (Multi-Asset)*</i>	<i>6.1%</i>	<i>6.4%</i>	<i>14.2%</i>
	US REIT	6.0%	7.3%	21.8%
	Global Infrastructure Equity	6.6%	7.0%	19.4%
	Global Natural Resources Equity	6.2%	7.1%	23.3%
	Gold	4.9%	4.8%	16.4%
	Core Real Estate	5.4%	6.1%	15.0%
	Non-Core Real Estate	7.1%	7.8%	24.3%
	Private Debt - Real Estate	6.3%	6.6%	11.9%
	Private Real Assets - Natural Resources	8.2%	8.7%	32.3%
	Private Real Assets – Infrastructure	6.8%	7.1%	12.4%
MULTI-ASSET	Hedge Fund – Macro	5.4%	5.8%	9.4%
	<i>Hedge Fund*</i>	<i>6.1%</i>	<i>6.5%</i>	<i>8.6%</i>
	<i>60% S&P 500 & 40% US Aggregate Bond*</i>	<i>4.8%</i>	<i>6.3%</i>	<i>10.9%</i>
	<i>60% MSCI ACWI & 40% US Aggregate Bond*</i>	<i>5.4%</i>	<i>6.6%</i>	<i>11.5%</i>

*Calculated as a blend of other asset classes



PRIVATE MARKETS COMPOSITES

PUBLIC MARKET BETA INPUTS FOR PRIVATE MARKETS

PRIVATE EQUITY

Buyout: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Secondary: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Growth: 50% U.S. Small/Mid Cap, 50% U.S. Microcap

Early-Stage Venture: 25% U.S. Small/Mid Cap, 75% U.S. Microcap

Non-U.S.: 70% International Small Cap, 30% Emerging Small Cap

Composite: 34% Buyout, 34% Growth, 15 % Non-U.S., 8.5% Secondary, 8.5% Early Venture

PRIVATE CREDIT

Direct Lending: 100% Bank Loans

Distressed: 20% U.S. Small/Mid Cap, 60% U.S. High Yield, 20% Bank Loans

Credit Opportunities: 34% U.S. SMID Cap, 33% U.S. High Yield, 33% Bank Loans

Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

PRIVATE REAL ASSETS

Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity

Infra/Land: 30% Commodities, 70% Public Infrastructure

Private Real Estate Debt: 50% CMBS, 50% Real Estate – Core



NEPC DISCLOSURES

Past performance is no guarantee of future results.

NEPC, LLC is an investment consulting firm. We provide asset-liability studies for certain clients but we do not provide actuarial services. Any projections of funded ratio or contributions contained in this report should not be used for budgeting purposes. We recommend contacting the plan's actuary to obtain budgeting estimates.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

The projection of liabilities in this report uses standard actuarial projection methods and does not rely on actual participant data. Asset and liability information was received from the plan's actuary, and other projection assumptions are stated in the report.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

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