

# **INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE MINUTES 3-4-10**

## **PRESENT**

- Les Robbins, Chair
- Edward L. Blecksmith
- Simon S. Russin

## **ABSENT**

- William de la Garza, Vice Chair
- Will Pryor, Alternate

## **ALSO ATTENDING:**

## **BOARD MEMBERS AT LARGE**

- Yves Chery
- James P. Harris
- Ed C. Morris

## **STAFF, ADVISORS, PARTICIPANTS**

- Robert Hill
- Leilani Ignacio
- Cassandra Smith
  
- Mercer Human Resource Consulting
- Clay Levister
- Laurie Silva
- Kathy Slothour

The meeting was called to order by Chairman Robbins at 10:40 a.m.

### **1. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT**

The Chair appointed Mr. Harris a voting member of the Committee.

### **2. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 11, 2010**

A motion was made by Mr. Russin, seconded by Mr. Blecksmith, to approve the minutes of the regular meeting of February 11, 2010.

The motion passed unanimously.

### **3. ACTION ITEMS**

1. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 1658 which would allow members of the Office of Public Safety (OPS) who become safety members the ability to convert all or any of their general service to safety service for duties performed as an officer prior to consolidation. (Memorandum dated February 18, 2010)

A motion was made by Mr. Harris, seconded by Mr. Blecksmith, to approve the recommendation.

The motion passed unanimously.

2. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 1739 relating to disabilities and deaths for members on approved military leave. (Memorandum dated February 18, 2010)

A motion was made by Mr. Harris, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

3. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Support” position on Assembly Bill 1902 which would add and amend various provisions of the County Employees Retirement Law regarding noncontributory Plan E. (Memorandum dated February 18, 2010)

A motion was made by Mr. Harris, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

4. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt an “Oppose Unless Amended” position on Assembly Bill 1994 to remove the rebuttable presumption for neck and back impairments for hospital employees. (Memorandum dated February 22, 2010)

A motion was made by Mr. Harris, seconded by Mr. Blecksmith, to approve the recommendation.

The motion passed unanimously.

5. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 2253 relating to a rebuttable cancer presumption for specified members. (Memorandum dated February 22, 2010)

A motion was made by Mr. Harris, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

6. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 2397 which would allow the employee and employer to mutually agree to extend 4850 benefits. (Memorandum dated February 23, 2010)

A motion was made by Mr. Harris, seconded by Mr. Robbins, to approve the recommendation.

The motion passed unanimously.

7. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 2436 relating to county pensions. (Memorandum dated February 24, 2010)

A motion was made by Mr. Russin, seconded by Mr. Harris, to approve the recommendation.

The motion passed unanimously.

8. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement adopt a “Watch” position on Assembly Bill 2452 relating to boards of retirement. (Memorandum dated February 24, 2010)

A motion was made by Mr. Harris, seconded by Mr. Robbins, to approve the recommendation.

The motion passed with Mr. Russin voting no.

9. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer:

That the Committee recommend the Board of Retirement continue its “Watch” position on Senate Bill 414 relating to the process of filling Board member vacancies. (Memorandum dated February 22, 2010)

A motion was made by Mr. Harris, seconded by Mr. Russin, to approve the recommendation.

The motion passed unanimously.

10. Recommendation as submitted by Robert R. Hill, Assistant Executive Officer:

That the Committee recommend the Board of Retirement approve the rate renewal proposals and benefit changes for 2010-2011, listed by carrier, and the administrative fee. (Memorandum dated February 24, 2010)

The overall rate increase for the 2010-2011 plan year is 4.6%, or approximately \$18.9 million. The medical premiums are increasing by 4.6%, with the dental/vision increasing 4.2%. The projected annual program cost for the 2010-2011 plan year will be approximately \$430 million. The renewal rates include a \$3.00 fee that reflects LACERA’s estimated costs for administering the retiree health plans, both the outside consultant/vendor charges and LACERA’s internal administration fee.

A motion was made by Mr. Harris, seconded by Mr. Blecksmith, to approve the recommendation.

The motion passed unanimously.

4. FOR INFORMATION

1. Staff Activities Report for February, 2010

The staff activities report was discussed.

2. Claims administration Audit of CIGNA Healthcare (Dental)

Kathy Slothour of Mercer presented the results of the annual audit of the dental plan claims at CIGNA’s Visalia, California claims processing facility. The audit included review of a statistically valid sample of dental claims processed during the period of July 1, 2008 through June 30, 2009.

The objectives of the audit were to ensure that dental claims are being processed in accordance with LACERA's plan provisions, and to measure the quality and timeliness of CIGNA's performance as compared to existing performance guarantees.

Based on Mercer's review of the materials made available during the course of the audit, it appears that CIGNA has satisfactorily administered the LACERA dental plan during 2008-2009. Financial payment accuracy, claims processing accuracy, and payment incidence accuracy results exceeded generally accepted industry standards. CIGNA's turnaround time performance for the percentage of claims processed in 14 calendar days or less met generally accepted industry standards. Based on CIGNA's self-reported results, all performance standards for which results are available for Plan Year 2008-2009 were met.

These are the best audit results that we've seen in the last five years. CIGNA is to be commended on the improvements they've made in claims processing accuracy.

### 3. Claims Administration Audit of Anthem Blue Cross (Medical)

Kathy Slothour of Mercer presented the results of the annual Anthem Blue Cross (Anthem) claims audit. This was a review of a statistical sample of 250 medical claims processed during the period of July 1, 2008 through June 30, 2009. The objectives of the audit were to ensure that medical claims are being processed in accordance with LACERA's plan provisions, and to measure the quality and timeliness of Anthem's performance as compared to existing performance guarantees.

Based on this audit, it appears that Anthem has administered LACERA's claims with mixed results. The results for overall claim processing accuracy, payment incidence accuracy, non-financial accuracy, and the percent of claims processed in 14 calendar day claims turnaround time were within LACERA-specific performance standards where applicable and other mainstream programs audited by Mercer, although payment incidence accuracy fell just short of generally accepted industry standards. However, Anthem did not meet the performance standards for financial accuracy and the percentage of claims processed in 30 calendar days or less, resulting in penalties due LACERA.

### 4. Federal Legislation

- Weekly Highlights – February 22, 2010
- Weekly Highlights – February 16 2010
- Weekly Highlights – February 8, 2010
- Weekly Highlights – February 1, 2010

Submitted for information only.

### 5. MISCELLANEOUS

### 6. PUBLIC COMMENT

### 7. GOOD OF THE ORDER

(For discussion purposes only)

### 8. ADJOURNMENT

 PROMISED BENEFITS | In 1937, a promise was made to County employees; we exist to uphold that promise.

4/16/10