

# **INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE MINUTES 12-9-10**

## **PRESENT**

- William de la Garza, Vice Chair
- Edward L. Blecksmith
- Simon S. Russin
- Marvin Adams, Alternate

## **ABSENT**

- Les Robbins, Chair

## **ALSO ATTENDING:**

## **BOARD MEMBERS AT LARGE**

- Yves Chery
- Ed C. Morris

## **STAFF, ADVISORS, PARTICIPANTS**

- Cassandra Smith
- Mercer Human Resource Consulting
- Clay Levister

The meeting was called to order by Chairman de la Garza at 9:35 a.m.

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

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

### **2. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF NOVEMBER 4, 2010**

A motion was made by Mr. Russin, seconded by Mr. Adams, to approve the minutes of the special meeting of November 4, 2010. The motion passed unanimously.

### **3. ACTION ITEMS**

1. Recommendation as submitted by Cassandra Smith, Director, Retiree Health Care: That the Committee direct the Retiree Health Care Director to work with the Los Angeles County Chief Executive Office to issue a Request for Proposal (RFP) for a new Long Term Care plan for both active and retired LACERA members. (Memorandum dated December 1, 2010)

MetLife has recently announced that they will no longer be selling a Long Term Care insurance product, effective January 1, 2011. They will, however, continue to honor their commitment to currently enrolled LACERA members.

The LACERA sponsored Long Term Care (LTC) product for retired county employees has been in effect since 1996. Over the years staff has been involved in discussions with the Los Angeles

County Chief Executive Office regarding the possibility of offering the retiree LTC program to active LACERA members. This would provide substantial benefits, such as increased participation, lower premiums, and a seamless transition into retirement. MetLife's recent announcement of their exit from the Long Term Care market provides the opportunity to partner with the County in the search for a new long term care plan to include both active and retired LACERA members.

A motion was made by Mr. Russin, seconded by Mr. Adams, to approve the recommendation. The motion passed unanimously.

#### 4. FOR INFORMATION

##### 1. Medicare Part B Reimbursement Program for 2011

On November 5, 2010, the Centers for Medicare & Medicaid Services (CMS) announced the Medicare Parts A & B premium and coinsurance rates for 2011. The standard Part B premium will increase to \$115.40 for the newly eligible, and current individuals who are paying their premium through a quarterly billing process. Those members paying their premiums through their Social Security benefit will not be affected. Their Part B premium will remain unchanged at either \$96.40 or \$110.50.

The Los Angeles County Chief Executive Office has indicated that their recommendation to the Board of Supervisors will be to continue the reimbursement program and to pay the applicable standard premium to eligible members.

##### 2. Staff Activities Report for November, 2010

The staff activities report was discussed.

##### 3. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through October 2010 were discussed.

##### 4. CMS Issues 2011 Medicare Premium, Deductible & Coinsurance Amount

- Medicare Part A – Hospital Insurance: There are minor increases on deductibles and coinsurance amounts.
- Medicare Part D – Outpatient Prescription Drug Coverage: As mandated by the health care reform law, the Part D program will charge higher premiums to higher-income enrollees in 2011. The usual monthly premium is paid to the plan; the added amount for higher-income beneficiaries will be deducted from an enrollee's Social Security benefits and paid to Medicare, or the enrollee will be billed directly. This effects individuals enrolled in MAPD plans, i.e. Kaiser, but will not impact those members in Blue Cross I, II, or III or the Prudent Buyer Plan
- Medicare Part B – Medical Insurance: As discussed previously, those members newly eligible for Medicare, and current individuals who are paying their premium through a quarterly billing process, will pay the new Part B premium of \$115.40. Those members paying their premiums through their Social Security benefit will continue to pay the 2010 premium of \$110.50 or the 2008/2009 premium of \$96.40.

##### 5. Federal Legislation

- Weekly Highlights – November 29, 2010
- Weekly Highlights – November 15, 2010
- Weekly Highlights – November 8, 2010
- Weekly Highlights – November 1, 2010

On the federal level, we are seeing additional clarification on the issues of health care reform, such as grandfathered status, regulations on medical loss ratio requirements.

California has implemented a law reflecting health care reform's requirement to provide coverage to dependents up to age 26. However, unlike the federal, the new state law does not exempt retiree-only plans from the coverage requirement. Also, California did not amend the state's tax code to extend the ability for individuals to pay for the extra coverage on a pre-tax basis.

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.

1/13/11