

AGENDA

MEETING OF THE INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE and BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 North Lake Avenue, Suite 810
Pasadena, CA 91101

October 11, 2012 - 9:00 A.M.**

COMMITTEE MEMBERS:

Les Robbins, Chair
Simon S. Russin, Vice Chair
Marvin Adams
William de la Garza
Shawn R. Kehoe, Alternate

- I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT
- II. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF SEPTEMBER 6, 2012
- III. ACTION ITEMS
 - A. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Committee recommend the Board of Retirement direct LACERA's voting delegate to support the inclusion of legislative proposals in the SACRS 2013 Legislative Platform. (Memorandum dated October 1, 2012)
- IV. FOR INFORMATION
 - A. Staff Activities Report for September, 2012
 - B. LTC Update (verbal update)
 - C. EGWP Update
 - D. Reserve Analysis Update
 - E. CIGNA & Anthem Blue Cross Claims Experience
 - F. Health Insurance Exchanges
 - G. Federal Legislation
 - Aon Hewitt Washington Report
 - H. Miscellaneous: Retiree Articles
- V. MISCELLANEOUS
- VI. PUBLIC COMMENT

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VII. GOOD OF THE ORDER

(For discussion purposes only)

VIII. ADJOURNMENT *and*
SET TIME FOR OPERATIONS OVERSIGHT COMMITTEE MEETING

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

****Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.**

Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.

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MINUTES OF THE MEETING OF THE
INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
and
BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

OCTOBER 11, 2012, 11:30 A.M. – 12:10 P.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
Simon S. Russin, Vice Chair
Marvin Adams
William de la Garza
Shawn R. Kehoe, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Sadonya Antebi
John Barger
Yves Chery
Ed C. Morris

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith Leilani Ignacio

Aon Hewitt

Kirby Bosley
Helen Batsalkin
Debbie Donaldson

The meeting was called to order by Chairman Robbins at 11:30 a.m.

- I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

All regular members of the Committee were present.

II. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF SEPTEMBER 6, 2012

A motion was made by Mr. de la Garza, seconded by Mr. Adams, to approve the minutes of the special meeting of September 6, 2012. The motion passed unanimously.

III. ACTION ITEMS

A. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Committee recommend the Board of Retirement direct LACERA's voting delegate to support the inclusion of legislative proposals in the SACRS 2013 Legislative Platform. (Memorandum dated October 1, 2012)

- 1) LACERA Proposal to Address Use of Telephone Transactions – would further amend existing Government Code Section 31527 to allow county retirement systems to adopt, at their election, regulations allowing for the secure processing of member requests by telephone with the same force and effect as a manual signature.

A motion was made by Mr. de la Garza, seconded by Mr. Kehoe, to direct LACERA's voting delegate to support the inclusion of this proposal in the SACRS 2013 Legislative Platform. The motion passed unanimously.

- 2) LACERA Proposal to Address Disclosure of Real Estate Investments – would exempt “non-publicly traded direct or indirect real estate investments” from disclosure under the California Public Records Act (CPRA).

A motion was made by Mr. Russin, seconded by Mr. Morris, to direct LACERA's voting delegate to support the inclusion of this proposal in the SACRS 2013 Legislative Platform. The motion passed unanimously.

III. ACTION ITEMS (Continued)

- 3) SJCERA Proposal to Address Alternative Investments and Public Disclosure – would add Government Code Section 6254.26 of the CPRA to the list of writings which are exempt from public disclosure under the Brown Act, and would also allow a Board to be able to hold a closed session to discuss information relating to its alternative investments which are already exempt under Section 6254.26 of the CPRA.

A motion was made by Mr. Russin, seconded by Mr. de la Garza, to direct LACERA's voting delegate to support the inclusion of this proposal in the SACRS 2013 Legislative Platform. The motion passed unanimously.

IV. FOR INFORMATION

- A. Staff Activities Report for September, 2012

The staff activities report was discussed.

- B. LTC Update

When Met Life exited the long term care market, your Committee directed staff to issue an RFP for a new long term care plan. We have postponed issuing that RFP due to the instability of the long term care market. However, even though the market is still in flux and we likely won't be able to find a plan that duplicates the benefits of the Met Life or Transamerica plans, staff plans to issue a Request for Information (RFI) to see what is actually available. Also, we are still seeking to include the active population in the LACERA sponsored plan. After the County has reviewed the draft RFI and decides whether they want to join us, we will move forward with the RFI.

- C. EGWP Update

Aon presented an update on the EGWP feasibility study. Data has been requested from Anthem Blue Cross and Caremark to gather the necessary information. Part of the study is to look at the drug claims currently being paid, what drugs are being used, and compare to Medicare Part D to see what wrap-around benefits would need to be added to equal the benefits currently being offered. Switching to EGWP would ultimately replace the RDS program and potentially provide substantial savings for LACERA.

IV. FOR INFORMATION (Continued)

D. Reserve Analysis Update

Aon reported on the analysis of the reserves held by Anthem Blue Cross and CIGNA. In the past, at the direction of the County, these funds have been used to defray future premium increases in years where the insured plans generated deficits. Also, reserves have been used to fund premium holidays for Anthem and CIGNA members. Aon is reviewing the adequacy and appropriateness of use of these accounts, both within and outside of LACERA's insurance contracts. Data gathering from the carriers and LACERA is under way, with the expected completion date by the November Committee meeting.

E. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through August 2012 were discussed.

F. Health Insurance Exchanges

Aon discussed an article which appeared in the Wall Street Journal. Two big employers have signed on to a corporate health care exchange. In general, it is a defined contribution approach, wherein active employees will be given a set amount of money and they will select among an array of individual health insurance options. This is starting in corporate America, but if this truly takes hold in the country, it will come back to the public sector and will have to be addressed as it relates to retiree health care.

G. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

H. Miscellaneous – Retiree Articles

Several articles were presented to the Committee regarding retiree health care costs and different public entities' reactions in the city and state of New York, San Bernardino, Stockton, Vallejo, and the United States Postal Service.

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V. MISCELLANEOUS

VI. PUBLIC COMMENT

VII. GOOD OF THE ORDER

(For discussion purposes only)

VIII. ADJOURNMENT

The meeting adjourned at 12:10 p.m., after setting the time for the Operations Oversight Committee at 12:15 p.m.

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