

## 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

January 10, 2013 - 9:00 A.M.\*\*

- I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT
- II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 13, 2012
- III. FOR INFORMATION
  - A. Staff Activities Report for December, 2012
  - B. CIGNA & Anthem Blue Cross Claims Experience
  - C. Pre-Renewal Update
  - D. Federal Legislation
    - Aon Hewitt Washington Report
  - E. Caremark Informational Session
- IV. MISCELLANEOUS
- V. PUBLIC COMMENT
- VI. GOOD OF THE ORDER  
  
(For discussion purposes only)
- VII. ADJOURNMENT *and*  
SET TIME FOR OPERATIONS OVERSIGHT COMMITTEE MEETING

January 10, 2013

Page 2

**\*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.**

***Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.***

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

JANUARY 10, 2013, 10:00 A.M. – 11:00 A.M.

**COMMITTEE MEMBERS**

PRESENT: Alan Bernstein, Chair  
Vivian H. Gray, Vice Chair  
William de la Garza  
Shawn R. Kehoe  
Ed C. Morris, Alternate

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Marvin Adams  
Sadonya Antebi  
John Barger  
Yves Chery

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith  
Leilani Ignacio

Aon Hewitt

Kirby Bosley  
Helen Batsalkin

CVS/Caremark

Shannon Burke  
Justin Emerson  
Dana Merry

The meeting was called to order by Chairman Bernstein at 11:00 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 REGULAR MEETING OF DECEMBER 13, 2012

A motion was made by Mr. Kehoe, seconded by Mr. de la Garza, to approve the minutes of the regular meeting of December 13, 2012. The motion passed with Ms. Gray and Mr. Bernstein abstaining.

III. FOR INFORMATION

A. Staff Activities Report for December, 2012

The staff activities report was discussed.

B. CIGNA & Anthem Blue Cross Claims Experience

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

C. Pre-Renewal Update

Aon has received initial rates for all LACERA carriers except SCAN. These rates are before further negotiations. Overall, all increases are in single digits, with senior advantage plans coming in very low, anywhere between a rate pass to a low single digit increase. Anthem I, II, and III combined is somewhere between 5-7%, with Anthem Prudent Buyer slightly lower. United Healthcare is under 5%. Kaiser is coming in lower than expected after preliminary discussions. The CIGNA Dental/Vision rates are very low, with the CIGNA HMO at a high single digit increase.

D. Federal Legislation

- Aon Hewitt Washington Report

The proposed reinsurance fee, which will apply to all plan sponsors for 2014, 2015, and 2016, is likely to pass. This fee is designed to help fund the risk that the state exchanges will take on. As it stands now, the fee will be \$63 per member per year. Excluded are self-funded ERISA plans, and post-65 Medicare retirees where Medicare is primary.

III. FOR INFORMATION (Continued)

Permissible incentives for wellness programs have been increased from 20% to 30% of the cost of coverage.

A further increase in incentives to 50% of the cost of coverage for smoking cessation.

Clarification on the regulations relating to calculating minimum essential benefits. Healthcare reform requires a 60% minimum essential benefit, meaning that those covered under a program receive at least 60% of the cost of care.

E. Caremark Informational Session

A question and answer session was held with representatives from Caremark regarding recent unfavorable media coverage. Items discussed were the voluntary manufacturer recall of a generic Lipitor, and recent auto refill problems.

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 11:00 a.m., after setting the time for the Operations Oversight Committee at 11:05 a.m.

**\*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.**