

MINUTES OF THE REGULAR 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

JULY 11, 2013, 10:55 A.M. – 12:40 P.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 (*left at 11:35 a.m.*)
Yves Chery
Mark Saladino (*left at 11:35 a.m.*)

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith

Aon Hewitt

Kirby Bosley John Grosso

CVS Caremark

Pallav Tatapudi

Milliman

Robert Schmidt

The meeting was called to order by Chairman Bernstein at 10:55 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of June 6, 2013.

Mr. Kehoe made a motion, Ms. Grey seconded, to approve the minutes of the special meeting of June 6, 2013. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Staff Activities Report for June, 2013.

The staff activities report was discussed.

B. Medicare Part D EGWP Feasibility Study & Potential GASB 43/45 Impact

John Grosso of Aon discussed the feasibility of transitioning to the Medicare Part D EGWP (Employer Group Waiver Plan) strategy as opposed to the current RDS (Retiree Drug Subsidy). The advantage would be to preserve member benefits while decreasing the cost to the plan sponsor. Members would enroll in Medicare Part D through a LACERA group sponsored program, with LACERA to determine plan design. This would be a virtually seamless experience to retirees to make the transition.

The feasibility study indicated a material cash and accounting savings opportunity for LACERA, with the potential for little to no participant disruption, under an EGWP + Wrap strategy, a “wrap-around” benefit to preserve the current prescription drug plan design, formulary, and covered medications.

Robert Schmidt of Milliman discussed the estimated GASB 43/45 impact. The RDS strategy is not reflected in the GASB valuation pursuant to current accounting standards. EGWP savings must be reflected in GASB accounting as soon as the strategy is announced. There would be a significant decrease in actuarial liability using the EGWP strategy.

C. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through May 2013 were discussed.

D. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

July 11, 2013

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IV. MISCELLANEOUS

V. GOOD OF THE ORDER

(For discussion purposes only)

VI. ADJOURNMENT

The meeting adjourned at 12:40 p.m., after setting the time for the Operations Oversight Committee at 1:15 p.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.**