

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**

March 13, 2014 - 9:00 A.M.**

COMMITTEE MEMBERS:

Vivian H. Gray, Chair
Alan Bernstein, Vice Chair
Shawn R. Kehoe
Ronald Okum
Les Robbins, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of February 13, 2014

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 1824, which would permit specified retired members the ability to revise the beneficiary of an optional settlement. (Memorandum dated February 21, 2014)

B. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Committee recommend the Board of Retirement approve the rate renewal proposals and mandatory contractual changes for the 2014-2015 plan year, listed by carrier, and the administrative fee. (Memorandum dated March 3, 2014)

March 13, 2014

Page 2

IV. FOR INFORMATION

- A. LACERA Life Expectancy
Gregg Rademacher
- B. Staff Activities Report for February, 2014
- C. Cigna & Anthem Blue Cross Claims Experience
- D. Federal Legislation
 - Aon Hewitt Washington Report

V. MISCELLANEOUS

VI. GOOD OF THE ORDER

(For information purposes only)

VII. 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.

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 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

MARCH 13, 2014, 10:05 A.M. – 11:45 A.M.

COMMITTEE MEMBERS

PRESENT: Vivian H. Gray, Chair
Alan Bernstein, Vice Chair
Ronald Okum
Shawn R. Kehoe
Les Robbins, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Yves Chery
William de la Garza

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith	Gregg Rademacher
Leilani Ignacio	Robb Van Der Volgen
Cynthia Lau	

Aon Hewitt

Kirby Bosley	Helen Batsalkin
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Kaiser Permanente

Ken Reiff	Mark Frey
Pan Auyeung	

The meeting was called to order by Chair Gray at 10:05 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of February 13, 2014

Mr. Kehoe made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of February 13, 2014. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cynthia Lau, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 1824, which would permit specified retired members the ability to revise the beneficiary of an optional settlement. (Memorandum dated February 21, 2014)

Mr. Bernstein made a motion, Mr. Kehoe seconded, to approve the recommendation. The motion passed unanimously.

B. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Committee recommend the Board of Retirement approve the rate renewal proposals and mandatory contractual changes for the 2014-2015 plan year, listed by carrier, and the administrative fee. (Memorandum dated March 3, 2014)

The overall rate increase for the 2014-2015 plan year is 3.2%, or approximately \$15.3 million. The medical premiums are increasing by 3.5%, with the dental/vision increasing .4%. The projected annual program cost for the 2014-2015 plan year will be approximately \$591 million. The renewal rates include a \$5.00 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. The renewals this year also include a reinsurance fee of \$63 per person, mandated by the Patient Protection and Affordable Care Act.

Representatives from Kaiser gave a brief presentation regarding their rate increase, illustrating what is driving the increase, focusing on the under-65 and Senior Advantage plans, and annual fees assessed mandated by the Patient Protection and Affordable Care Act.

III. ACTION ITEMS (Continued)

Mr. Kehoe made a motion, Mr. Okum seconded, to approve the recommendation, excluding Kaiser, with additional information regarding the Kaiser renewal to be provided to the full Board of Retirement in April.

The Chair ended the vote to address a question by Mr. Okum. The Chair then requested to revote the motion. Because the vote had already been taken, a motion was required to reconsider the vote.

Mr. Kehoe made a motion, Mr. Bernstein seconded, to reconsider the vote. The motion passed unanimously.

A vote was taken on the original motion to approve the recommendation, excluding Kaiser, with additional information regarding the Kaiser renewal to be provided to the full Board of Retirement in April. The motion passed unanimously.

IV. FOR INFORMATION

A. LACERA Life Expectancy Gregg Rademacher

During the discussion of OPEB liability at the Board offsite, questions arose regarding life expectancy and how the actuary addresses this in projecting plan costs. Mr. Rademacher presented a brief overview of this topic.

- The actuary starts with a national mortality study, adjusts the national data for LACERA specific experience, and adds in a cushion for expected improvements in mortality.
- The same mortality assumptions are used for projecting the retirement benefit liability, the retiree healthcare benefit liability, and other OPEB liabilities.
- We have more retirees than ever before, and they are living longer. As such, our benefit cash flows and liabilities will continue to increase.

IV. FOR INFORMATION (Continued)

B. Staff Activities Report for February, 2014

The staff activities report was discussed.

C. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through January 2014 were discussed.

D. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

V. MISCELLANEOUS

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

The meeting adjourned at 11:45 a.m., after setting the time for the Operations Oversight Committee at 11:50 a.m.

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