

## **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**

**JULY 10, 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 special meeting of June 10, 2014

#### **II. PUBLIC COMMENT**

#### **III. ACTION ITEMS**

- A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare: That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement follow Milliman's recommendation to not re-open the 2008-2009 Medicare Part D RDS Cigna Network Model Plan with CMS. (Memorandum dated June 18, 2014)

#### **IV. FOR INFORMATION**

- A. Staff Activities Report for June, 2014
- B. RHC Tier 2 Progress Update on Communication Rollout Plan
- C. Medical/Dental Plan Audits
  - Medical Plan Audit – Anthem Blue Cross
  - Dental Plan Audit – Cigna
- D. Cigna & Anthem Blue Cross Claims Experience
- E. Federal Legislation
  - Aon Hewitt Washington Report

July 10, 2014

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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.**

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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

JULY 10, 2014, 10:30 A.M. – 11:17 A.M.

**COMMITTEE MEMBERS**

PRESENT: Vivian H. Gray, Chair  
Alan Bernstein, Vice Chair (*arrived at 10:35 a.m.*)  
Shawn R. Kehoe  
Ronald Okum  
Les Robbins, Alternate

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Marvin Adams  
Yves Chery  
William de la Garza  
David L. Muir

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith                      Leilani Ignacio  
JJ Popowich

Aon Hewitt

Kirby Bosley                              Michael Muheisen  
Helen Batsalkin                          Cathy Weis

The meeting was called to order by Chair Gray at 10:30 a.m. The Chair announced that Mr. Robbins, as the alternate, would be a voting member of the Committee until the arrival of Mr. Bernstein.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of June 10, 2014

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the minutes of the special meeting of June 10, 2014. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare: That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement follow Milliman's recommendation to not re-open the 2008-2009 Medicare Part D RDS Cigna Network Model Plan with CMS. (Memorandum dated June 18, 2014)

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

IV. FOR INFORMATION

A. Staff Activities Report for June, 2014

The staff activities report was discussed.

B. RHC Tier 2 Progress Update on Communication Rollout Plan

Mr. Popowich presented a progress update on the RHC Tier 2 communications rollout.

Both lacera.com and the HR Pros website have been updated. The Member Sworn Statement has been updated with Tier 2 language. Meetings have been held with County manager groups to inform them of the changes for new hires. A special newsletter bulletin was created to be mailed to all current active and retired members explaining that their retiree healthcare benefits are not changing.

Filming has been completed on a Tier 2 video. After being edited, it will be posted on lacera.com to reassure current members that their benefits will not be changing, and provide a very brief overview of the new Tier 2 program

IV. FOR INFORMATION (Continued)

C. Medical/Dental Plan Audits

- Medical Plan Audit – Anthem Blue Cross
- Dental Plan Audit – Cigna

Cathy Weis of Aon presented the results of the annual medical and dental plan claims audits. Both audits covered the period July 1, 2012 thru June 30, 2013.

- Anthem Blue Cross

Financial accuracy and nonfinancial accuracy improved as compared to the 2012 audit results. However, both overall accuracy and payment accuracy were below Aon Hewitt objectives. While the frequency of errors increased, the dollar amounts of financial errors were lower. Turnaround time for 30-calendar days was 95.40%, which did not meet LACERA's performance guarantee of 98%, resulting in a penalty for non-compliance paid to LACERA.

- Cigna

Timeliness, overall accuracy, and payment accuracy were above Aon Hewitt's objectives. Even though financial accuracy improved compared to the 2012 audit results, it still did not meet the Aon Hewitt objectives.

D. CIGNA & Anthem Blue Cross Claims Experience

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

E. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

V. MISCELLANEOUS

VI. GOOD OF THE ORDER

(For information purposes only)

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

The meeting adjourned at 11:17 a.m., after setting the time for the Operations Oversight Committee at 11:30 a.m.

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