

NOTICE OF MEETING AND AGENDA

**SPECIAL 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**

WEDNESDAY, APRIL 6, 2016 - 9:00 A.M.**

COMMITTEE MEMBERS:

Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of March 2, 2016

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare: (Memorandum dated March 28, 2016)

1. Authorize staff to issue a Request For Proposal (RFP) for an external firm to audit the CMS Medicare Part D RDS Program submission for program year 2014-2015 with an option to also audit program years 2015-2016 and 2016-2017; and
2. Approve the RFP "Firm Minimum Qualifications" that key personnel shall each have a minimum of five years experience auditing RDS applications, and bidder must have performed RDS audits on at least two governmental clients having at least 5,000 participants within the last five years; and

III. ACTION ITEMS (Continued)

3. Approve the evaluation process as follows:

- a. July 2016 - Bidders make presentations to the Evaluation Committee
 - b. August 11, 2016 - Evaluation Committee provides final recommendations to IBLC
 - c. September 15, 2016 - IBLC provides a recommendation to the Board of Retirement. The finalists will make presentations to the Board of Retirement, and the Board will select and approve the winning audit firm.
- B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 2257, which relates to the online posting of meeting agendas. (Memorandum dated March 24, 2016)
- C. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 2468, which establishes an alternative benefit formula under the California Public Employees' Pension Reform Act of 2013 for new nonsafety members of the Public Employees' Retirement System. (Memorandum dated March 21, 2016)
- D. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Support" position on Assembly Bill 2853, which allows a public agency that posts a public record on its website to refer persons requesting that record to its website. (Memorandum dated March 23, 2016)
- E. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt an "Oppose" position on HR 4822, which would enact the Public Employee Pension Transparency Act. (Memorandum dated March 28, 2016)

IV. FOR INFORMATION

- A. Staff Activities Report for March, 2016
- B. Cigna & Anthem Blue Cross Claims Experience
- C. Federal Legislation
 - Aon Hewitt Washington Report

April 6, 2016

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V. GOOD OF THE ORDER

(For information purposes only)

VI. 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 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
WEDNESDAY, MARCH 2, 2016, 11:50 A.M. – 12:10 P.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Anthony Bravo
Yves Chery

STAFF, ADVISORS, PARTICIPANTS

Leilani Ignacio Barry Lew

Aon Hewitt

Kirby Bosley

The meeting was called to order by Chair Robbins at 11:50 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of February 11, 2016

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the minutes of the regular meeting of February 11, 2016. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 1812, which limits the maximum retirement benefit payable for public employees who become members of a public retirement system on or after January 1, 2017. (Memorandum dated February 22, 2016)

Mr. Kehoe made a motion, Mr. Robbins seconded, to recommend the Board of Retirement adopt an "Oppose" position on Assembly Bill 1812. The motion passed unanimously.

B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Support" position on Assembly Bill 2376, which amends the definition of Plan D in the Prospective Plan Transfer provisions and authorizes regulations relating to sworn statements in the County Employees Retirement Law of 1937. (Memorandum dated February 22, 2016)

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

IV. FOR INFORMATION

A. Staff Activities Report for February, 2016

The staff activities report was discussed.

B. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through January 2016 were discussed.

V. GOOD OF THE ORDER

(For information purposes only)

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

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



March 28, 2016

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum. Alternate

FROM: Cassandra Smith 
Director, Retiree Healthcare

FOR: April 6, 2016 - Insurance, Benefits and Legislative Committee Meeting

**SUBJECT: REQUEST FOR PROPOSAL – CENTERS FOR MEDICARE AND
MEDICAID (CMS) MEDICARE PART D RETIREE DRUG SUBSIDY
(RDS) PROGRAM AUDIT SERVICES**

RECOMMENDATION

It is recommended the Insurance, Benefits and Legislative Committee (IBLC):

1. Authorize staff to issue a Request For Proposal (RFP) for an external firm to audit the CMS Medicare Part D RDS Program submission for program year 2014-2015 with an option to also audit program years 2015-2016 and 2016-2017; and
2. Approve the RFP "Firm Minimum Qualifications" that key personnel shall each have a minimum of five years experience auditing RDS applications, and bidder must have performed RDS audits on at least two governmental clients having at least 5,000 participants within the last five years; and
3. Approve the evaluation process as follows:
 - July 2016 - Bidders make presentations to the Evaluation Committee
 - August 11, 2016 - Evaluation Committee provides final recommendations to IBLC
 - September 15, 2016 - IBLC provides a recommendation to the Board of Retirement. The finalists will make presentations to the Board of Retirement, and the Board will select and approve the winning audit firm.

EXECUTIVE SUMMARY

The Federal government provides a cost subsidy for certain qualified Medicare Part D drug expenditures. LACERA works with its insurance carriers to file for these subsidies under the CMS Medicare Part D RDS Program. To ensure we are maximizing our subsidy opportunity, LACERA engages an audit firm to validate the submission information and assist with revised submission as necessary. These audits have proven valuable. The Board approved a policy to continue auditing the RDS subsidy program submissions until such time as the insurance carrier submissions are substantially correct and to initiate periodic audits every two years to ensure continued compliance. This recommendation is for the continued audit of our Anthem Blue Cross RDS subsidy program submissions and for a periodic audit of our other insurance carrier submissions.

BACKGROUND

LACERA has actively participated and filed applications for the CMS Medicare Part D RDS Program (RDS Program) since inception of the program in 2005. Under the RDS program, for each allowable cost, approved plan sponsors may qualify for a 28% subsidy for each Medicare Part D claim submitted which meets CMS' eligibility, cost threshold, and cost limits.

LACERA began auditing the RDS subsidy program submission in 2013 using its Retiree Healthcare Program consultant, AON, for RDS Program year 2006-2007 and there after using an external audit firm, Milliman, hired through a request-for-proposal process. The audit process identified incomplete subsidy submissions by the insurance carriers. For the program years where the incomplete submission was significant, LACERA petitioned CMS to re-open the submission, and for the majority of petitions, CMS allowed the insurance carriers to amend the submission resulting in additional money to be collect by LACERA on behalf of the Retiree Healthcare Program.

On July 9, 2015, your Board approved staff's recommendation to establish a policy of auditing LACERA's continued participation in the Medicare Part D RDS program. Specifically, the action was to amend the external auditors contract to continue auditing the Anthem Blue Cross RDS subsidy submissions until the submissions are determined to be complete per CMS guidelines, and to audit LACERA's participation in the Medicare Part D RDS program every two plan years. In compliance, staff recommends issuing the attached RFP.

REQUEST FOR PROPOSAL

The request-for-proposal (RFP) is substantially in similar form as to the RFP successfully used in the 2013 search for RDS Program audit services. To be selected for this assignment, the audit firm must demonstrate these minimum criteria.

- A. Key Personnel shall each have a minimum of five years experience auditing RDS applications.
- B. Bidder must have performed RDS audits on at least two governmental clients having at least 5,000 participants within the last five years.

The engagement's statement-of-work is designed for the audit firm to audit the 2014-2015 RDS subsidy submission with the option for LACERA to direct the audit firm to also audit the 2015-2016 and 2016-2017 RDS subsidy submissions. Such audits will also include a review of the subsidy submission process to ensure it is operating efficiently and effectively, and to assist with resubmissions as necessary.

The RFP will use the following project timeline, as noted in the RFP's on page 6.

Request for Proposal issued	May 6, 2016
Bidder RFP Questions Due	May 23, 2016
Responses to RFP Questions Posted by	June 8, 2016
Deadline for Bid Submission	June 13, 2016
Bidder Presentations to the Evaluation Committee	July 2016 (Estimated)
Evaluation Committee's Recommendation to the IBLC	August 11, 2016
IBLC provides their recommendation to the Board of Retirement for the final bidders. The finalists present to the Board. The Board selects and approves the winning audit firm.	September 15, 2016
Contract Effective Date	October 1, 2016

EVALUATION PROCESS

The RFP evaluation process is being conducted in a similar manner that was successfully used in the 2013 search for RDS Program audit services. The following reflect roles and responsibilities as defined in the proposed RFP.

Task	Responsible Party
Evaluate Written Proposals	Staff
Forward Recommendation to Board	IBL Committee
Consider recommendation, interview finalists and make selection	Board

Should the Committee prefer to directly participate in the evaluating the written proposals or for the Board to interview finalist firms, please provide direction to staff.

CONCLUSION

LACERA is committed to fulfilling its fiduciary duty to effectively and efficiently administer the Retiree Healthcare Program by participating and obtaining the maximum subsidy allowed under the CMS RDS Program based on our eligible retirees, their eligible dependents, and conforming to CMS RDS rules and regulations. Auditing the RDS subsidy submission is a prudent action to ensure we are maximizing our RDS subsidy. It is therefore recommended that your Committee:

1. Authorize staff to issue a Request For Proposal (RFP) for an external firm to audit the CMS Medicare Part D RDS Program submission for program year 2014-2015 with an option to also audit program years 2015-2016 and 2016-2017; and
2. Approve the RFP "Firm Minimum Qualifications" that key personnel shall each have a minimum of five years experience auditing RDS applications, and bidder must have performed RDS audits on at least two governmental clients having at least 5,000 participants within the last five years; and

3. Approve the evaluation process as follows:

- July 2016 - Bidders make presentations to the Evaluation Committee
- August 11, 2016 - Evaluation Committee provides final recommendations to IBLC
- September 15, 2016 - IBLC provides a recommendation to the Board of Retirement. The finalists will make presentations to the Board of Retirement, and the Board will select and approve the winning bidder.

Attachment

CS:ivi
RFP-RDS Audit Service Memo IBLC.docx

REVIEWED AND APPROVED BY:



Gregg Rademacher
Chief Executive Officer



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

REQUEST FOR PROPOSAL



**MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT
SERVICES**

Issued: May 6, 2016
Proposal Deadline: June 13, 2016

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INTRODUCTION

SCOPE OF SERVICES

The Los Angeles County Employees Retirement Association (“LACERA”) is soliciting proposals from qualified firms to provide audit and consulting services for its Medicare Part D Retiree Drug Subsidy (RDS) program. The selected vendor will be engaged to perform multiple assignments, including;

- A. an audit of LACERA’s Medicare Part D Retiree Drug Subsidy (RDS) program administration and subsidy submission process to provide assurance that this process is efficient, effective, and functioning as intended.
- B. an audit of LACERA’s 2014-2015 RDS final claims cost reports submitted by carriers/vendors for completeness, accuracy, and compliance with the Centers for Medicare and Medicaid Services (CMS) rules and regulations.
- C. potential reopening and resubmission of the 2014-2015 RDS application (dependent on audit results).
- D. potential audits of subsequent years’ RDS applications,
- E. potential reopening and resubmission of subsequent years’ RDS applications (dependent on related audit results).

For additional detail on services to be provided please see Exhibit A - Statement of Work and Exhibit B - Minimum Audit Criteria.

LACERA BACKGROUND

LACERA is an independent entity established pursuant to the County Employees Retirement Law of 1937 (Government Code Section 31450 et.seq.) (“CERL”). The California Constitution, CERL, and the bylaws, procedures and policies adopted by its two governing bodies, the Board of Retirement and Board of Investments, govern LACERA’s operations.

LACERA administers a comprehensive program of retirement, disability, death, and retiree health benefits for eligible employees of Los Angeles County. As of June 30, 2015, LACERA's membership included 93,674 active and deferred members and 60,584 retired members. Management of the LACERA retiree health benefits program is vested in a group of nine trustees known as the LACERA Board of Retirement. The Board of Retirement employs an in-house staff and a number of external consultants and advisors to assist it in the administration of LACERA’s benefit programs. Additionally, the Insurance, Benefits & Legislative Committee (“IBLC”), a committee of the Board of Retirement, reviews LACERA’s Retiree Health Care Benefits Program information and reports its findings and recommendations to the Board of Retirement.

PROGRAM STRUCTURE

LACERA currently files RDS subsidy applications for the following LACERA-administered health plans.

Medical Plans	Total Number of Plan Participants (As of July 1, 2014)	Pharmacy Benefit Manager
Cigna Network Model HMO	1,624 ^a	Cigna
Kaiser HMO (Basic, under 65)/Kaiser MA PD Plan	4,641 ^a	Kaiser
Anthem Blue Cross Plan I	1,538 ^a	CVS/Caremark ^b
Anthem Blue Cross Plan II	749 ^a	CVS/Caremark ^b
Anthem Blue Cross Plan III	21,006 ^a	CVS/Caremark ^b
Anthem Blue Cross Prudent Buyer Plan	10,490	Anthem Blue Cross Pharmacy ^b
TOTAL	40,048 ^a	

^a Includes participants under the age of 65.

^b All Anthem Blue Cross Plans' claims are aggregated by Anthem prior to submission to RDS.

A breakdown of participants by carrier, plan and plan year may be found in Exhibit C – Participant Breakdown.

MINIMUM QUALIFICATIONS

To be selected for this assignment, the Bidder must demonstrate these minimum criteria.

- A. Key Personnel shall each have a minimum of five years experience auditing RDS applications.
- B. Bidder must have performed RDS audits on at least two governmental clients having at least 5,000 participants within the last five years.

BIDDING PROCESS

POINT OF CONTACT FOR RFP

Leilani Ignacio, Assistant Division Manager
 LACERA Retiree Healthcare Division
 300 North Lake Avenue, Suite 300
 Pasadena, California 91101
 Telephone: (626) 564-6000 ext. 2229
 Fax: (626) 236-4361
 Email: lignacio@lacera.com

Except for communications expressly permitted by this RFP, communication by Bidders with LACERA staff or members of its Boards regarding the RFP are strictly prohibited from the date of this RFP through the date LACERA completes or terminates the RFP process, as publicly disclosed by LACERA. Bidders violating the communication prohibition will be disqualified, at LACERA’s discretion.

CRITICAL DATES AND DEADLINES

The following table provides the planned schedule of critical dates that will apply during the proposal and implementation process of the RFP; LACERA reserves the right to waive or modify specific terms and conditions contained in this RFP and to waive, modify or extend deadlines specified herein.

The deadline for submitting a response to this Request for Proposal is 5:00 p.m. PST, on June 13, 2016. LACERA will consider proposals received after the submission deadline for evaluation if LACERA, in its sole discretion, deems consideration to be in its best interests.

Request for Proposal issued	May 6, 2016
Bidder RFP Questions Due	May 23, 2016
Responses to RFP Questions Posted by	June 8, 2016
Deadline for Bid Submission	June 13, 2016
Bidder Presentations to the Evaluation Committee	July 2016 (Estimated)
Evaluation Committee’s Recommendation to the IBLC	August 11, 2016
IBLC provides their recommendation to the Board of Retirement for the final bidders. The finalists present to the Board. The Board selects and approves the winning audit firm.	September 15, 2016
Contract Effective Date	October 1, 2016

BIDDER QUESTIONS

Interested parties will have until 5:00 p.m. PST on May 23, 2016, to submit questions in writing regarding this RFP. All questions shall, to the highest degree possible, cite the specific RFP Section to which the question refers. LACERA’s responses to requests for clarification or additional information will be posted to the LACERA website, www.lacera.com, “RFP Opportunities” page. Only answers provided in writing by LACERA will be considered official.

All query submissions must include the identity of the sender, the sender's title, firm name, mailing address, telephone number, and facsimile number or e-mail address, as applicable.

Questions must be submitted to Leilani Ignacio via fax, e-mail, or mail. LACERA is not responsible for questions received after the question submittal deadline.

Answers to all questions will be posted at LACERA's website, www.lacera.com, "RFP Opportunities" page, by June 8, 2016 and will be available, upon request, by fax, e-mail, or regular U.S. mail delivery, after June 8, 2016.

SUBMISSION OF PROPOSAL

- A. All required items must be received no later than 5:00 p.m. PST, June 13, 2016.
- B. Bidder shall submit six bound copies, one unbound copy, and one electronic copy in MS Word compatible format. The unbound copy shall bear original signatures and shall be marked as "master copy". The unbound copy shall contain no divider sheets or tabs, and shall be printed on one side only on 8-1/2 in. x 11 in. paper to enable copying if needed. Colors must reproduce in a legible manner on a black and white copier.

If supplemental materials are included with the Proposal, each copy of the Proposal must also include all such supplemental materials.

- C. Proposals shall be mailed or delivered to Leilani Ignacio by regular mail, certified mail, express mail, or hand delivery using the Point-of-Contact information.

If sending a proposal by regular mail, certified mail, or express mail, it is incumbent upon the Bidder to allow sufficient time to permit delivery by the U.S. Postal Service or any other delivery service. The Proposal shall be received by LACERA, located at 300 N. Lake Avenue, Pasadena, CA, by the required deadline. The time and date stamp by LACERA will be the final determinant of whether a Proposal has been timely received by LACERA.

PROPOSAL CONTENT

GUIDELINES

The Bidder's submitted Proposal shall include all information and be formatted as requested herein. Bidders shall provide their best response to the specifications, terms and conditions contained in this RFP. Each Bidder shall be solely responsible for its thorough understanding of the RFP, including its attachments, exhibits, and forms. In addition, each Bidder shall be solely responsible for its Proposal and all documentation submitted. Bidders whose proposals do not meet the mandatory requirements will be so notified, however, notification may be after the deadline for submitting proposals has passed.

Incomplete Proposals- If the information provided in a Bidder's proposal is deemed insufficient for evaluation, LACERA reserves the right to request additional information or to reject the proposal outright. False, incomplete, or unresponsive statements in connection with a proposal will be sufficient cause for its rejection. The evaluation and determination of the fulfillment of the requirements will be determined by LACERA and such judgment shall be final.

Proposals submitted shall be valid for 120 days following the submission closing date, June 13, 2016. LACERA and the Bidders may extend this period by mutual written agreement. Bidder may not withdraw its proposal during this period. If this solicitation is cancelled before the closing date, proposals will be returned unopened to the Bidder who submitted each response.

ORGANIZATION AND CONTENT

Bidders must adhere to the following guidelines:

Please answer all requests for information contained in this proposal. Please also review LACERA's requirements. Should there be instances where your firm cannot meet our requirements, please so indicate and briefly explain why. Any assumptions made in the Proposal must be identified in a clear manner and presented in a written format. Bidder must answer each question in the sequence presented in the RFP. Each page of Bidder's proposal shall be numbered, and each page should state the section and question being addressed.

Proposal should be titled "LACERA MEDICARE PART D RDS Audit" and include the proposal due date.

TRANSMITTAL LETTER

The Bidder shall provide a transmittal letter identifying the responding company, including its address, signed by an individual authorized to bind the firm contractually. The letter shall state the name, title, address, telephone number, fax number, and e-mail address of a contact authorized to provide clarifying information regarding the Proposal. If any material in the Proposal is marked as proprietary information, Bidder shall include a separate sheet behind the transmittal letter that indicates the section(s) and page(s) so marked.

EXECUTIVE SUMMARY

The Bidder shall provide a concise description of its approach to meeting LACERA's requirements in this RFP. The Bidder shall include the highlights of the Bidder's Proposal, including an overview of its plan and/or schedule to meet the requirements provided in this RFP. Unique characteristics of the Bidder's Proposal shall be emphasized.

ORGANIZATION

In this section, the Bidder shall address the qualifications of the firm.

- A. Provide the number of years the firm has been providing the services requested in this RFP, both in general and specifically for public sector retiree groups.
- B. Please provide the size of the firm in terms of employees and clients.
- C. Provide the address, telephone number, facsimile number, and website of the firm's office.
- D. In the last 10 years, has the firm ever been involved in a lawsuit involving any services or services similar to those required by this RFP? If so, provide details, including dates and outcomes.
- E. In the last five years, has the firm, related entities, principals and/or officers been a party in any material civil or criminal litigation, whether or not directly related to services requested by this RFP? If so, provide details, including dates and outcomes.
- F. Describe any expected litigation in which your firm may become involved.
- G. What amount of insurance does the firm carry? State the insurance carriers' names, types of insurance, amounts of coverage, any deductibles and coinsurance amounts, if applicable.

- H. Please describe your firm's experience/relationship with CMS on any prior re-openings in which your firm was involved.
- I. Please provide your firm's experience regarding compliance with federal regulations on re-openings.
- J. Please describe your firm's experience working with employer and/or retiree groups that are fully insured and do not mandate Medicare.

CONFLICTS OF INTEREST

- K. Describe any known or perceived conflicts of interest, which may result if your organization were engaged to perform the audit services herein requested.
- L. Bidder must disclose all gifts given to members of LACERA's Board of Retirement and staff or staff employed or anyone associated with the Plan Sponsor (Los Angeles County) within the twelve months immediately prior to the date of this RFP. Include (1) the name of the person receiving the gift, (2) the earlier of the date the gift was promised or given, (3) a brief description of the gift, and (4) the fair market value of the gift when promised or given, whichever is greater.

PROFESSIONAL STAFF

Bidder shall state the role(s) that each proposed person will perform on this project and identify key personnel for this project. Bidder shall relate the qualifications of each of the personnel being proposed to the role(s) they are to fulfill. The information provided shall be specific to the actual experience/qualifications of each proposed person.

- M. Provide list of staff members to be assigned to this project, office location, and expected hours per staff member dedicated to the project.
- N. Provide biographies of staff to be assigned to this project and indicate the specific roles of each staff member. Please include recent projects similar to this assignment, education, training, and professional certifications.
- O. Include a description of a transition plan in case a key professional assigned to this project leaves the firm.
- P. Does your firm have existing relationships with LACERA's health plan carriers/vendors? Please describe.

- Q. Describe the firm's prior experience working with LACERA's health plan carriers/vendors.
- R. Indicate expected communication with carriers/vendors and provide name of person expected to be responsible for communication with carrier/vendor representative.

IMPLEMENTATION PLAN

In this section, the Bidder shall specify, to the greatest degree possible, the activities that are to be undertaken, including a systematic timetable and the names of the persons involved in each step. This shall include the resource requirements needed to complete the project. Resource requirements shall include any required input from LACERA. You may limit your response to address Phase 1 only. Please also include discussion of any enhancements you will make to Exhibit B – Minimum Audit Criteria in completing the engagements.

- S. Describe your approach to providing all deliverables as described in the Exhibit A - Statement of Work.
- T. Describe the steps your firm will take in completing the audit of LACERA's Medicare Part D Retiree Drug Subsidy (RDS) program administration and subsidy submission process to provide assurance that this process is efficient, effective, and functioning as intended
- U. Describe how your firm will conduct the audits of the RDS applications for all LACERA-administered health plans for completeness, accuracy and compliance. Including:
 - 1. The steps that your firm will take in conducting the RDS eligibility data review process. If exceptions are identified, describe how your firm will resolve any eligibility exceptions issues.
 - 2. How your firm will conduct the comprehensive RDS prescription drug data technical analysis. If exceptions are identified, describe how your firm will process and reconcile any exceptions.
 - 3. The steps that your firm will take in conducting the Medicare Part D Creditable Coverage Notice (CCN) compliance.
- V. If your audit identifies any eligibility records from prior RDS submissions that were excluded and need to be added or others that need to be removed from the Covered Retiree Lists – based on the CMS/RDS guidelines – please describe the actions you will take to correct/update LACERA's eligible retiree list.

- W. If your audits warrant a reopening of closed RDS applications, describe how your firm will complete this process?
- X. Provide a detailed timeline for Phases 1 and 2 of this engagement.
- Y. Provide a list of data and resources necessary to perform the requested audits.

REFERENCES

- Z. Bidder shall provide a list of at least three current, or recent, government clients for whom the Bidder provides/provided Retiree Drug Subsidy Program audit services. For each client, Bidder shall specify the size of the client's participant group(s), the period retained, and the names of team members assigned to each of these clients, who are also proposed as team members for this engagement. For each client, Bidder shall include the name, title, address, e-mail address, telephone, and facsimile numbers of a responsible individual who may be contacted as a reference.

FEE PROPOSAL

The (non-contingent) Fee Proposal should contain all pricing information relative to performing the required auditing services as described in this RFP. Bidder will estimate overhead, out-of-pocket, and administrative expenses and include them in the total not-to-exceed Fee. All expenses will be charged against the total not-to-exceed fee and not reimbursed separately. Prices for all services and/or deliverables provided shall be final.

- AA. Please provide your firm's billing procedures.
- BB. Please provide your total not-to-exceed maximum fee, for each project as described in Exhibit A – Statement of Work, using the format defined in Exhibit D – Fee Proposal. Exhibit D of the RFP will become Exhibit C of the final Agreement for Audit Services.

EXCEPTIONS

- CC. Any exceptions to the specifications, terms, and conditions of the RFP shall be explicitly set forth in this section of the Proposal. If there are no exceptions, the Bidder shall explicitly state the Bidder takes no exception to the RFP's specifications, terms and conditions

CONTRACT REVIEW

The general form of the contract is included with this Proposal in Exhibit E – Sample Contract. By submitting a Proposal without comment on the contract, Bidder is deemed to have agreed to each term in the contract, and will not seek any modifications to the contract. If Bidder objects to a term in the contract, or wishes to modify or add terms to the contract, Bidder's Proposal must identify each objection, and propose language for each modification, and additional term sought, and include the reasons therefore. LACERA reserves the right to make changes to the contract prior to execution.

EVALUATION CRITERIA

PROPOSAL REVIEW

An Evaluation Committee (Committee) consisting of LACERA staff will evaluate all proposals received. This section describes the guidelines LACERA will use to analyze and evaluate all proposals. LACERA reserves the right to evaluate all factors deemed appropriate, whether or not such factors have been stated in this section. Acceptance of a proposal neither commits LACERA to award a contract to any Bidder, even if the Bidder has satisfied all requirements stated in this RFP.

- A. The Committee will determine if Bidder meets the Mandatory Requirements previously discussed in this RFP as well as those listed below.
- The Bidder has no conflict of interest with regard to any other work performed by the Bidder.
 - The Bidder is qualified to complete the services required.
 - The Bidder adheres to the instructions in this RFP, including submission of all required material on time.
 - The Bidder has agreed to the RDS Audit Services Agreement or has provided comments and alternative language acceptable to LACERA.
- B. The Committee members will individually evaluate and score each proposal for technical qualifications. Each member of the Committee will evaluate each proposal using a defined scoring system. Bidders will make presentations to the Evaluation Committee in July 2016. The full Committee will then convene to review and discuss the evaluations to select the firms and provide final recommendations to IBLC on August 11, 2016. Finalist bidders will make presentations to the Board of Retirement on September 15, 2016. Board of Retirement makes a final selection and approval of the winning bidder on September 15, 2016.
- C. The Committee will evaluate each bid as a whole, including experience, proposed staffing, implementation plans, presentations, fees, and references using the following weighted measures:
- | | |
|---------------------|-----|
| Experience | 30% |
| Staffing | 30% |
| Implementation Plan | 30% |
| Fees | 10% |
- D. Reference reviews will be performed for all firms selected as finalist.
- E. Upon completion of the evaluation process, the Committee members will submit a short list of approved bidders to the IBLC.

ORAL PRESENTATION

Bidders who are selected as finalists will be required to make one oral presentation, in-person, to the Board of Retirement, at LACERA offices, on September 15, 2016. LACERA will not be responsible for any costs associated with the presentation.

VENDOR SELECTION

The IBLC will forward its recommendation of the selected firm to the Board of Retirement. The Board of Retirement will make the final vendor selection for RDS Audit Services.

CONTRACT NEGOTIATION

Once a firm has been selected to perform the RDS audit, negotiations will be initiated. LACERA expects engagement negotiations to be brief. If the agreement cannot be negotiated quickly with the selected Bidder, LACERA may, in its sole discretion, terminate negotiations with the selected Bidder and commence engagement with another party, whether or not that party was a Bidder.

LACERA reserves the right to award a contract based upon proposals received; respondents should not rely upon the opportunity to alter your proposal (e.g., services to be provided, fees, etc.) during contract negotiations.

The final contract must allow LACERA to terminate (a) for its convenience upon not more than 10 days notice, (b) if funds are not appropriated for the services to be provided, and (c) for default.

GENERAL PROPOSAL CONDITIONS

- A. Written approval from LACERA will be required for any news releases regarding this process.
- B. The general form of the contract is included with this Proposal. By submitting a Proposal without comment on the contract, Bidder is deemed to have agreed to each term in the contract, and not seek any modifications to the contract. If Bidder objects to a term in the contract, or wishes to modify or add terms to the contract, Bidder's Proposal must identify each objection, and propose language for each modification, and additional term sought, and includes the reasons therefore. LACERA reserves the right to make changes to the contract prior to execution.
- C. The RFP is not an offer of a contract. Acceptance of a Proposal does not commit LACERA to award a contract to any Bidder. Publication of this RFP does not limit LACERA's rights to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a Proposal. LACERA reserves the right to elect not to enter into an agreement with any of the respondents to this Request for Proposal.
- D. The information Bidder submits in response to this RFP becomes the exclusive property of LACERA.
- E. Proprietary information and knowledge developed through this RFP will remain the property of LACERA.
- F. Withdrawal - The Bidder may withdraw its proposal at any time prior to the deadline for submission upon presentation of a written request to LACERA.
- G. Costs - LACERA will not pay for any information herein requested, nor is it liable for any costs incurred by the Bidder in submitting to this requested proposal.
- H. Waiver of Claims - By submitting a Proposal, the Bidder agrees to waive any claim it has or may have against LACERA, LACERA Board members and/or LACERA officers, employees and agents, arising out of or in connection with the administration, evaluation, or recommendation of any Proposal, the waiver or any requirements under the RFP, the acceptance or rejection of any Proposal, and/or the award of the Contract.

I. Notice to Bidders Regarding the California Public Records Act; Freedom of Information and Open Meetings.

The information you submit in response to this RFP ("Proposal") will be subject to public disclosure pursuant to the California Public Records Act (Cal. Gov. Code Section 6250 et. seq., the "Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if LACERA staff chooses to recommend your firm to the Board of Retirement for hiring, such recommendation will appear on a publicly posted agenda for a public meeting of the Board of Retirement in accordance with the Ralph M. Brown Act (Cal. Gov. Code section 54950 et seq., the "Sunshine Law"), and parts or all of your proposal may be included in the agenda packet that is available to the public generally. If it is included in the agenda packet, your proposal will not be exempt from disclosure under the Act.

If you believe that any portion of your proposal is exempt from public disclosure under the Act and should not be included as part of the agenda packet, you must mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," with a brief explanation for the exemption under the Act and make it readily separable from the balance of your response. Proposals marked "TRADE SECRET," "CONFIDENTIAL," OR "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked. By submitting a proposal with material marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," you represent you have a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive.

You may be required to justify in writing why such material should not, upon request, be disclosed by LACERA under the Act and should not be included in the agenda packet. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY".

If a request is made pursuant to the Act for materials you have marked "TRADE SECRET," "CONFIDENTIAL" or "PROPRIETARY" and if LACERA agrees that the material requested is not subject to disclosure under the Act, LACERA will either notify you so you can seek a protective order at your own cost and expense, or LACERA will deny disclosure of those materials. LACERA will not be held liable, however, for inadvertent disclosure of such materials, data and information.

If LACERA denies disclosure, then by submitting your proposal you agree to reimburse LACERA for, and to indemnify, defend, and hold harmless LACERA,

its officers, fiduciaries, employees, and agents from and against: any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from, in connection with, or relating to LACERA's non-disclosure. By submitting your proposal, you also agree to defend, indemnify, and hold LACERA harmless from and against any and all Claims arising from, in connection with, or relating to LACERA's public disclosure of any such designated portions of your proposal if LACERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

RESERVATIONS BY LACERA

- A. LACERA reserves the right to cancel this RFP, in whole or in part, at any time.
- B. LACERA will not be liable for any costs Bidder incurs in connection with the preparation or submission of any responses.
- C. If Bidder submits a proposal, LACERA reserves the right to make such investigations as it deems necessary to determine Bidder's satisfaction of the minimum qualifications and ability to furnish the required services, the Bidder agrees to furnish all such information for this purpose as LACERA may request.
- D. LACERA also reserves the right to reject the proposal of anyone who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner.
- E. LACERA reserves the right to reject, in whole or in part, any and all proposals received; to waive minor irregularities; to negotiate in any manner necessary serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
- F. LACERA reserves the right to award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the audit service needs of LACERA. LACERA may take into consideration any factor it considers relevant, such as past experience, financial stability, the ability to perform the requirements stated in the RFP and other relevant criteria. LACERA is not required to accept for consideration any proposals that fail to address or do not comply with each of the requirements or the criteria set forth in this RFP.
- G. LACERA does not guarantee or commit to contracting any specific number of projects to Bidders during the life of the agreement.
- H. LACERA reserves the right to terminate or modify this RFP and to reject any or all proposals submitted.
- I. LACERA reserves the right to enter into discussions and negotiations with one or more organizations selected at its discretion to determine the best and final terms. LACERA is not under obligation to hold these discussions or negotiations with each organization that submits a proposal.

- J. LACERA reserves the right to request additional documentation or information from respondents. Requested information may vary by respondent. LACERA may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the scope of the work or other terms of the RFP.

EXHIBIT A – STATEMENT OF WORK

Selected vendor will perform an audit of LACERA's Medicare Part D Retiree Drug Subsidy (RDS) program administration and subsidy submission process to provide assurance that this process is efficient, effective and functioning as intended. Additionally, vendor will review LACERA's Plan participants to ensure all qualifying covered retirees have been identified, as well as review the 2014-2015 Medicare Part D RDS reconciliation submitted for completeness, accuracy and compliance with the Centers for Medicare and Medicaid Services (CMS) rules and regulations. (Please see Phase 1 – Process Review, below.)

The decision to reopen a subsidy application will be largely dependent upon the results of the 2014-2015 (RDS) claims review. At LACERA's discretion, selected vendor may be engaged to re-open the 2014-2015 subsidy application and to ensure all necessary data/information is resubmitted to the Medicare RDS Program. (Please see Phase 1 – 2014-2015 Audit/Review, below.)

If sufficient errors/issues are identified in the audit of the 2014-2015 submissions, and a recommendation to reopen RDS applications for 2014-2015 is made and accepted by LACERA, LACERA may also choose to begin Phase 2 through Phase 3 and have the 2015-2016, 2016-2017 applications audited and reopened, for all plans. (Please see Phase 2 through Phase 3, on the following pages.)

Phase 1

2014-2015 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2014-2015 Audit/Review

- A. Audit 2014-2015 RDS applications and reconciliations for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2014-2015 RDS submission and provide recommendations for/against reopening of RDS submission.

2014-2015 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Engage carriers/vendors in the reopening
- C. Provide all required submission data to/for RDS resubmission including a draft reopening letter
- D. Assure all supporting data/documentation is provided to LACERA for future audit reference.

Phase 2

2015-2016 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2015-2016 Audit/Review

- A. Audit 2015-2016 RDS applications and reconciliations for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2015-2016 RDS submission and provide recommendations for/against reopening of RDS submission.

2015-2016 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

Phase 3

2016-2017 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended.
- B. Report results and recommendations for LACERA RDS submission process improvements.

2016-2017 Audit/Review

- A. Audit 2016-2017 RDS applications and reconciliation for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA.
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2016-2017 RDS submission and provide recommendations for/against reopening of RDS submission.

2016-2017 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

EXHIBIT B – MINIMUM AUDIT CRITERIA

LACERA expects the audit to include the below listed areas. The audit provider is expected to enhance the testing criteria, where appropriate.

- A. **MEMBER ELIGIBILITY** -The purpose of this testing is to determine whether all qualifying covered retirees/survivors and dependents were included on the LACERA Covered Retiree List and whether all reported costs were incurred by qualified covered retirees and dependents. All participants will be examined to determine the following.
1. Was the participant included on the LACERA Covered Retiree List?
 2. Should the participant be included on the LACERA Covered Retiree List?
 - a. Was the participant a LACERA retiree/survivor or dependent enrolled in the Plan at the time services were rendered?
 - b. Was the participant a Medicare Part D eligible individual?
 - c. Was the participant enrolled in a Medicare Plan D plan?
 - d. Does the individual have coverage from his/her employer (not LACERA or LA County) based on current employment status?
 - e. Is the individual the spouse/dependent of a LACERA retiree who has coverage from his/her employer (not LACERA or LA County) based on current employment status?
 - f. Was the participant at least age 65 at the time services were rendered?
- B. **PRESCRIPTION DRUG ELIGIBILITY** - The purpose of this testing is to determine whether the prescription drug costs incurred by all participants were eligible under the Medicare Part D program. Reported costs shall be examined to determine the following.
1. Is the prescription drug eligible under Medicare Part D?
- C. **COST REPORTING** - The purpose of this testing is to determine whether the claims cost amounts submitted by carriers/vendors were accurate and in compliance with the CMS guidelines and requirements. Reported costs shall be examined to determine the following.
1. Does aggregate cost data reported to the RDS center reconcile with the back-up detail file prepared by the carrier/vendor for each Benefit Option?
 2. Was cost data submitted for claims incurred during the submission period?
 3. Was the “Threshold Reduction” correctly reported for each member?
 4. Was the “Limit Reduction” correctly reported for each member?
 5. Was the “Gross Eligible” correctly calculated and reported?
 6. Was the “Estimated Cost Adjustment” correctly calculated and reported?
 7. Was the “Allowable Retiree Cost” correctly calculated and reported?
 8. Was the “Subsidy Amount” correctly calculated and reported?
 9. Was the Gross Retiree Costs reduced by 0.3%, per Option 6 of CMS’ Part B vs. D guidance.

EXHIBIT C – PARTICIPANT BREAKDOWNS

CIGNA Medical HMO – RDS
Breakdown of plan participants per plan, per plan year
 Updated 02/04/2016

Months	Plan Year 305292 2013-2014	Plan Year 317286 2014-2015	Plan Year 336278 2015-2016
JULY	514	455	394
AUGUST	504	453	390
SEPTEMBER	501	445	387
OCTOBER	496	439	386
NOVEMBER	497	437	385
DECEMBER	495	436	381
JANUARY	486	435	378
FEBRUARY	481	432	375
MARCH	477	430	375
APRIL	470	428	375
MAY	466	425	375
JUNE	462	422	375

KAISER TRADITIONAL PLAN
 Breakdown of plan participants per plan, per plan year
 Updated 02/04/2016

Months	Plan Year 305296 2013-2014	Plan Year 317288 2014-2015	Plan Year 336242 2015-2016
JULY	1716	1631	1746
AUGUST	1656	1639	1696
SEPTEMBER	1674	1638	1677
OCTOBER	1689	1656	1675
NOVEMBER	1722	1653	1666
DECEMBER	1721	1661	1672
JANUARY	1725	1667	1642
FEBRUARY	1743	1672	1641
MARCH	1758	1680	1643
APRIL	1733	1685	1643
MAY	1713	1694	1643
JUNE	1717	1686	1643

*Note: counts excludes participants enrolled in Kaiser Senior Advantage MA PD plan

ANTHEM BLUE CROSS I

Breakdown of plan participants per plan, per plan year
Updated 02/04/2016

Months	Plan Year 305294 2013-2014	Plan Year 317290 2014-2015	Plan Year 336240 2015-2016
JULY	1611	1479	1383
AUGUST	1612	1470	1375
SEPTEMBER	1615	1466	1370
OCTOBER	1612	1458	1361
NOVEMBER	1594	1450	1352
DECEMBER	1583	1439	1346
JANUARY	1568	1426	1297
FEBRUARY	1557	1413	1294
MARCH	1553	1403	1294
APRIL	1547	1394	1294
MAY	1541	1383	1294
JUNE	1532	1369	1294

ANTHEM BLUE CROSS II
 Breakdown of plan participants per plan, per plan year
 Updated 02/04/2016

Months	Plan Year 305294 2013-2014	Plan Year 317290 2014-2015	Plan Year 336240 2015-2016
JULY	2805	2783	2974
AUGUST	2814	1791	2975
SEPTEMBER	2820	2789	2982
OCTOBER	2838	2797	2978
NOVEMBER	2848	2800	2965
DECEMBER	2868	2805	2958
JANUARY	2896	2815	2898
FEBRUARY	2899	2804	2891
MARCH	2910	2790	2891
APRIL	2919	2782	2891
MAY	2939	2767	2892
JUNE	2955	2758	2892

ANTHEM BLUE CROSS III
 Breakdown of plan participants per plan, per plan year
 Updated 02/04/2016

Months	Plan Year 305294 2013-2014	Plan Year 317290 2014-2015	Plan Year 336240 2015-2016
JULY	13100	13517	13866
AUGUST	13124	13560	13877
SEPTEMBER	13171	13577	13876
OCTOBER	13202	13612	13835
NOVEMBER	13219	13634	13771
DECEMBER	13242	13679	13736
JANUARY	13263	13701	13553
FEBRUARY	13262	13660	13518
MARCH	13266	13611	13518
APRIL	13288	13548	13518
MAY	13349	13500	13518
JUNE	13334	13457	13518

ANTHEM BLUE CROSS PBP
 Breakdown of plan participants per plan, per plan year
 Updated 02/04/2016

Months	Plan Year 305294 2013-2014	Plan Year 317290 2014-2015	Plan Year 336240 2015-2016
JULY	1186	1090	1052
AUGUST	1182	1087	1048
SEPTEMBER	1176	1080	1045
OCTOBER	1171	1078	1039
NOVEMBER	1168	1074	1032
DECEMBER	1163	1067	1020
JANUARY	1154	1067	986
FEBRUARY	1152	1058	982
MARCH	1149	1055	982
APRIL	1144	1049	982
MAY	1142	1044	982
JUNE	1138	1040	982

EXHIBIT D – FEE PROPOSAL

Please provide a quote for work to be performed in each phase, for each project category and carrier. (For example, a separate fee should be quoted for the review of LACERA’s RDS submission process and separate fees should be quoted for each Audit/Review and the resubmission of each plan carrier, for each period reviewed.)

		Cigna	Kaiser	Anthem Blue Cross			
				Prudent Buyer	Plan I	Plan II	Plan III
Phase 1	2014-2015 LACERA Process Review	\$	\$	\$	\$	\$	\$
	2014-2015 Audit/Review	\$	\$	\$	\$	\$	\$
	2014-2015 Resubmission	\$	\$	\$	\$	\$	\$
Phase 2	2015-2016 LACERA Process Review	\$	\$	\$	\$	\$	\$
	2015-2016 Audit/Review	\$	\$	\$	\$	\$	\$
	2015-2016 Resubmission	\$	\$	\$	\$	\$	\$
Phase 3	2016-2017 LACERA Process Review	\$	\$	\$	\$	\$	\$
	2016-2017 Audit/Review.	\$	\$	\$	\$	\$	\$
	2016-2017 Resubmission	\$	\$	\$	\$	\$	\$

EXHIBIT E – SAMPLE CONTRACT

THIS IS THE GENERAL FORM AND CONTENT OF THE CONTRACT LACERA INTENDS TO USE.

THE PROSPECTIVE VENDOR WILL BE DEEMED TO HAVE AGREED TO EACH CLAUSE IN THE SAMPLE CONTRACT (AND NOT TO SEEK INCLUSION OF ADDITIONAL CLAUSES), UNLESS PRIOR TO ITS SUBMITTAL TO LACERA TO SERVE AS LACERA'S VENDOR THE PROSPECTIVE VENDOR, IN WRITING:

- (1) EXPLAINS ITS OBJECTION TO THE CLAUSE; AND
- (2) PROVIDES LANGUAGE TO MAKE THE CLAUSE NON-OBJECTIONABLE; AND
- (3) PROVIDES LANGUAGE TO ADDRESS ISSUES PROSPECTIVE MANAGER BELIEVES ARE NOT, BUT SHOULD BE, ADDRESSED BY THE FORM.

PLEASE NOTE: LACERA RESERVES THE RIGHT TO ADD OR DELETE LANGUAGE FROM THE FORM CONTRACT WHEN PREPARING THE FINAL FORM OF THE CONTRACT.

AGREEMENT

FOR

MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES

BETWEEN

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

AND

OCTOBER 1, 2016

**Prepared by:
LACERA Legal Office**

**AGREEMENT
FOR
MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES**

This Agreement for MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES ("Agreement") is made and entered into as of October 1, 2016 ("Agreement Date"), at Pasadena, California, by and between the Los Angeles County Employees Retirement Association ("LACERA"), and _____ ("Auditor"), for the performance of the program compliance audit services described herein.

RECITALS

A. LACERA is a duly established and existing public retirement system created under the County Employees Retirement Law of 1937, California Government Code Section 31450 et seq.; and

B. LACERA administers a Retiree Healthcare Benefits Program established by the County of Los Angeles, California ("County") for eligible retired members of LACERA (the "Program"), which Program includes medical, dental, and vision; and

C. All premiums for the insurance obtained under the Program are paid entirely by, and the entire cost of the administration of the Program is borne entirely by, the participants in the Program and the County; and

D. LACERA desires to engage an auditor to provide professional services to conduct an audit of the Retiree Drug Subsidy Program ("RDS") for Plan Years 2014-2015, 2015-2016, 2016-2017, for Anthem Blue Cross Plans I, II, III, and Prudent Buyer, Cigna Medical HMO, and Kaiser Traditional

E. LACERA has issued a request for proposal dated May 6, 2016 ("RFP") for such services; and

F. Auditor submitted a proposal dated June 13, 2016 ("Auditor's Proposal") in response to the RFP, and has represented to LACERA that it is qualified to perform the desired consulting services, and it is ready, willing and able to perform the duties and responsibilities entrusted to it under this Agreement; and

G. Auditor hereby reaffirms the reliability and accuracy of the written Proposal and oral representations made to LACERA in the RFP process; and

H. LACERA has determined, based on Auditor's Proposal and Auditor's oral representations made to LACERA during the RFP process, and LACERA's due diligence, that Auditor is qualified to perform the desired consulting services and desires to retain Auditor to provide such services.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, and intending to be legally bound, the parties hereto agree as follows:

AGREEMENT

1. Definitions. For purposes of this Agreement, capitalized terms shall have the meanings set forth in this Section 1.

"Agents" means any principals, employees, agents, Auditors, or representatives of Auditor acting in connection with this Agreement.

"Agreement" means this Agreement for Healthcare Benefits Consulting Services entered into by and between LACERA and Auditor.

"Agreement Date" means the date shown in the preamble of this Agreement.

"Authorized Persons" is defined in Section 4.D

"Auditor" means _____, a _____.

"Auditor's Proposal" means the proposal dated _____ submitted by Auditor in response to the RFP, and all attachments thereto and Auditor's oral representations made in the RFP process.

"Auditor's Proprietary Materials" is defined in Section 13.A.(1).

"County" means the County of Los Angeles, California.

"Covered Persons" means LACERA, its trustees, officers, employees, contractors, agents, and representatives, but does not include Auditor.

"Effective Termination Date" means the date on which work under this Agreement will formally cease, as specified in any Notice of Termination delivered by one party to the other.

"Force Majeure" means any cause, circumstance, or event beyond the reasonable control and without the fault or negligence of Auditor or its Agents which causes Auditor to fail to perform its obligations hereunder. Such causes, circumstances or events may include, but are not restricted to, acts of God or of the public enemy, acts of any foreign, international, federal or state government (including all subdivisions thereof) in such government's sovereign capacity, fires, floods and earthquakes; but in every case the failure to perform must be beyond the control and without the fault or negligence of Auditor.

"LACERA" means the Los Angeles County Employees Retirement Association, an independent public pension fund established under the authority of the County Employees Retirement Law of 1937 (California Government Code Sections 31450 et seq.).

"LACERA's Project Director" means Cassandra Smith, Director, Retiree Healthcare, or her delegate.

"Legal Requirements" means all federal, state, county and local laws, rules, regulations, ordinances, registrations, filings, approvals, authorizations, consents and examinations, presently existing or enacted or promulgated during the term of this Agreement, which may apply from time to time to Auditor or LACERA in relation to their performance under this Agreement, including the Health Insurance Portability and Accountability Act of 1996.

"Member Records" means any records relating to LACERA's members or beneficiaries to which Auditor or its Agents may be exposed when performing under this Agreement, including PHI (as defined in Section 13).

"Notice of Termination for Convenience" means a written notice delivered by LACERA when LACERA desires to terminate this Agreement (or a portion of the work to be performed by Auditor) for its convenience, or for any other reason other than Auditor's default.

"Notice of Termination for Default" means a written notice delivered by one party to the other party when the notifying party desires to terminate this Agreement (or a portion of the work to be performed by Auditor) due to a default by the other party.

"Program" means the Retiree Healthcare Benefits Program administered by LACERA for the County of Los Angeles, California.

"RFP" means the Request for Proposals for Retiree Healthcare Benefits Consulting Services issued by LACERA dated May 6, 2016.

“Work Records” is defined in Section 12.A.(1).

“Work Product” is defined in Section 13.A.(1).

2. Performance Requirements.

A. Work to be Performed. Auditor agrees to perform and deliver the audit of LACERA’s participation in the Medicare Part D Retiree Drug Subsidy Program in the manner and form as described in the body of this Agreement and in Exhibit “A” (Statement of Work) attached hereto and incorporated herein by reference. Auditor agrees that up to two (2) LACERA staff may accompany and observe Auditor during Auditor’s on-site audits and examinations of carriers’ records and procedures that are described in the Statement of Work. Auditor further agrees to cause carriers to permit LACERA staff to accompany and observe Auditor on those audits and examinations.

B. Quality of Services. Auditor agrees to discharge its duties under this Agreement with the same standard of care, skill, prudence and diligence that applies to other experts practicing in a like enterprise. If the quality of service provided by Auditor to other clients its serves in the same capacity exceeds the requirements of the preceding sentence, the quality of service provided by Auditor hereunder shall be at least equivalent to that higher quality of service. All services which Auditor provides hereunder shall meet the requirements and standards set forth in this Agreement. Auditor shall promptly correct any errors or omissions in the performance or delivery of its services, at no cost or expense to LACERA, within three (3) business days after request by LACERA’s Project Director, but such opportunity to correct errors or omissions will not affect LACERA’s right to terminate this Agreement for default set forth in Section 8.C.

C. Resolution of Conflicting Provisions. This Agreement, and the term “Agreement” as used herein, includes exhibits, which are incorporated herein as a part of this Agreement. In the event of any conflict or inconsistency between this Agreement, the exhibits incorporated herein and any amendments thereto, said conflict or inconsistency shall be resolved by giving precedence in the following order:

- (1) Each amendment in descending order by date of execution
- (2) Agreement
- (3) Exhibits

3. Project Responsibility - Auditor.

A. Auditor's Project Manager. (Name and title) shall act as Auditor's Project Manager. Auditor's Project Manager shall:

(1) be a full time employee of Auditor having full authority to act for Auditor on all matters relating to the daily operation of this Agreement;

(2) be reasonably available during LACERA's normal working hours for telephone contact and in-person meetings with LACERA personnel designated to discuss Auditor's performance; and

(3) attend all meetings of the LACERA Board of Retirement and Insurance, Benefits, and Legislative Committee.

B. Alternate Project Manager. Auditor shall inform LACERA in writing of the person appointed, if any, as its alternate Project Manager, which appointment shall be subject to LACERA's approval. The alternate Project Manager shall act in the Project Manager's absence or unavailability and shall assume the same responsibilities as the Project Manager.

C. Auditor's Designated Agents.

have been designated by Auditor to perform the services described in the Statement of Work attached to this Agreement. Auditor shall not remove said individual(s) or Auditor's Project Manager from the work without the prior written consent of LACERA's Project Director, provided however, such restriction shall not apply to instances of employment termination, serious illness, death, or other cause beyond Auditor's reasonable control.

D. Change in Auditor's Designated Agents. Upon request by LACERA's Project Director, Auditor shall replace any of Auditor's Agents assigned to perform services under this Agreement, who are in LACERA's opinion, unable to effectively carry out the responsibilities of this Agreement.

E. Conduct on LACERA's Premises. Auditor's Agents shall comply with all applicable rules and regulations of LACERA's premises while on LACERA's premises, including security requirements.

4. Project Responsibility - LACERA.

A. LACERA's Project Director. LACERA's Project Director shall be Cassandra Smith, Director, Retiree Healthcare Division, who shall be responsible for:

(1) providing overall management and coordination of this Agreement, acting as liaison for LACERA;

(2) insuring that the provisions and objectives of this Agreement are met;

(3) providing overall direction to Auditor in all matters relating to policy information, information requirements, and procedural requirements.

B. Delegation by LACERA's Project Director. LACERA's Project Director may delegate all or some of her authority from time to time.

C. Limit on Authority. LACERA's Project Director is not authorized to make any changes in the terms and conditions of this Agreement and is not authorized to obligate LACERA in any way whatsoever, beyond those duties and responsibilities delegated to the LACERA Project Director in this Agreement.

D. List of Authorized Persons. Upon execution of this Agreement, LACERA's Director, Retiree Healthcare, shall provide Auditor with a list of authorized LACERA personnel ("Authorized Persons") who will be permitted to contact Auditor. The list of Authorized Persons and any changes to such list shall be made in writing to Auditor and signed by LACERA's Chief Executive Officer or his or her delegate.

E. No Personal Liability. In no event shall LACERA's Project Director or any Authorized Person have any personal liability to Auditor for any action taken or not taken by such individual while acting or purporting to act as LACERA's Project Director or as an Authorized Person.

5. Independent Contractor Status. In performing under this Agreement, Auditor is at all times acting in the capacity of an independent contractor. This Agreement is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association as between LACERA and Auditor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever. Nothing in this Agreement shall cause LACERA to be responsible for any action, omission, or inaction of Auditor. Auditor shall be solely liable and responsible for providing all compensation and

benefits to, or on behalf of, all persons furnishing services to LACERA pursuant to this Agreement. LACERA shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of Auditor. For all purposes, Auditor understands and agrees that all persons furnishing services to LACERA pursuant to this Agreement are, for purposes of workers' compensation liability deemed employees solely of Auditor and not employees of LACERA.

6. Compensation and Payment.

A. Compensation to Auditor. Auditor shall be compensated for services rendered under this Agreement in the manner described in this Section 6.A.

(1) For services performed in accordance with the Statement of Work attached as Exhibit "A", Auditor shall be compensated as described in Exhibit "C", Fee Schedule, attached to and made a part of this Agreement; and

(2) LACERA may from time to time request that Auditor perform work not included in the Statement of Work. Auditor shall not commence such work until a full estimate of the cost has been submitted by Auditor and approved by LACERA in writing. Auditor shall be paid for such work on a project by project basis, under a separate fee arrangement prepared by Auditor and approved in writing by LACERA prior to the commencement of such work. The hourly rates for such work will fall within the ranges shown on Exhibit B, with the actual hourly rate to be negotiated by the parties in good faith based upon the experience and expertise of Auditor's personnel performing such work.

(3) LACERA, and not any third party, will compensate Auditor for its services rendered under this Agreement. Auditor will not accept any compensation of any type whatsoever, including without limitation any fee, commission, percentage, give and other consideration, from any third party for performing the services and delivering the deliverables contemplated by this Agreement, including audits of carriers.

B. Expenses. Auditor's expenses are included in the compensation described in Exhibit C and therefore, Auditor shall not be entitled to any separate reimbursement for any expenses incurred by it in discharging its duties under this Agreement, unless specifically provided otherwise in the Statement of Work.

C. Invoices and Payment. Auditor shall be paid in arrears for services rendered. Auditor shall submit invoices for services rendered not earlier than the tenth day of the second full calendar month following the period for which payment is requested. (For example, Auditor shall deliver an invoice not earlier than August 10 for services rendered through the period ending June 30.) The invoice shall include a summary of the services rendered in such detail as may be reasonably required by LACERA. Subject to the provisions of Section 8, LACERA shall pay undisputed invoices within twenty days of receipt. The payments provided for in this Section 6.C. constitute the entire compensation to which Auditor is entitled for performing the services described in the Statement of Work, and Auditor shall not be entitled to additional compensation in the event that the cost to Auditor of providing such services exceeds the compensation payable under this Section 6.C. Invoices shall be mailed to:

Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 300
Pasadena, CA 91101-4199
Attention: Cassandra Smith, Director
Retiree Healthcare Division

D. Non-Compensable Services. Auditor agrees that should work be performed outside the scope of the Statement of Work described in Exhibit A hereto, without the prior written consent of LACERA in accordance with Section 18.A (Changes and Amendments), such work shall be deemed to be a gratuitous effort on the part of Auditor, and Auditor shall have no claim against LACERA for such work, and LACERA shall have no obligation to pay for such work.

E. Compensation Payable upon Termination by LACERA. If LACERA terminates this Agreement for convenience as permitted by Section 8.B., Auditor shall be paid for work performed prior to the Effective Termination Date in the manner set forth in Section 8.H.(3).

7. Liability for Auditor's Failure to Perform. Unless otherwise specified in Exhibit "A" (Statement of Work), Auditor acknowledges that it shall be liable to LACERA for any actual loss incurred by LACERA as a result of Auditor's failure to perform under the terms of this Agreement.

8. Term and Termination.

A. General Term. Subject to the termination provisions set forth in Sections 8.B. through 8.E., the term of this Agreement shall commence

as of October 1, 2016 and continue until 11:59:59 PM Los Angeles time on November 1, 2017.

(1) At its option, LACERA may extend the term of this Agreement for two additional RDS Plan Years audit (to audit Plan Years 2017-2018 and 2018-2019), by providing written notice to AUDITOR on or before August 1, 2018 (the "Extension Notice"). LACERA and AUDITOR agree that if LACERA gives the Extension Notice, the parties will negotiate in good faith to reach agreement – without being obligated to reach agreement - on AUDITOR's compensation during the Extended Term. If the parties are unable to sign a written amendment agreeing upon compensation during the Extended Term by November 1, 2018, then LACERA will be deemed to have rescinded the Extension Notice. The Agreement may be terminated during any extension of the original term in accordance with Sections 8.B through 8.E.

B. Termination by LACERA for Convenience.

(1) LACERA may terminate this Agreement in its entirety (or any portion of Auditor's work described in the Statement of Work) without cause at any time by delivering to Auditor a written Notice of Termination for Convenience specifying the extent to which Auditor's services are terminated and the Effective Termination Date. The Effective Termination Date shall be no earlier than ten (10) calendar days after such Notice of Termination for Convenience is delivered to Auditor. In no event shall LACERA's termination of this Agreement under this Section 8.B be deemed a waiver of LACERA's right to make a claim against Auditor for damages resulting from any default by Auditor which occurred prior to the Effective Termination Date.

C. Termination by LACERA for Default. LACERA may immediately terminate this Agreement (or any portion of Auditor's work described in the Statement of Work) by delivering to Auditor a written Notice of Termination for Default which specifies the Effective Termination Date, under any of the following circumstances:

(1) With notice and opportunity to cure if:

(a) Auditor fails to perform any portion of the work specified in the Statement of Work within the time specified or any extension thereof approved by LACERA; or

(b) Auditor fails to perform any other provision of this Agreement, or so fails to make progress as to endanger performance of this

Agreement in accordance with its terms; and, as determined by LACERA in its sole and reasonable discretion, in either (a) or (b) Auditor fails to cure such default within three (3) business days (or such longer period as LACERA may authorize in writing) after receipt of written notice from LACERA specifying such default;

(2) Upon notice but without opportunity to cure if:

(a) Auditor repeatedly fails to perform according to this Agreement following notice and failure to cure pursuant to Section 8.C.(1);

(b) Auditor (i) materially breaches any of the warranties, representations and covenants made in Section 10 (Auditor's Representations, Warranties and Covenants); (ii) breaches its obligations under Section 16 (Ethical Wall, Conflicts Management, Disqualification); (iii) fails to maintain the insurance it is required to maintain under Section 9 (Indemnification and Insurance; or (iv) fails to comply with Section 11 (Governmental Provisions);

(c) Auditor is subject to criminal indictment or conviction, or is found civilly or criminally liable by a trial court, jury or administrative body in connection with any matter involving breach of trust, breach of fiduciary duty, fraud, theft, or moral turpitude; or

(d) Auditor attempts or purports to assign this Agreement, or any portion hereof, or any of its rights or obligations hereunder, in violation of Section 18.J (Assignment, Delegation and Subcontracts).

D. Termination by LACERA for Insolvency. LACERA may immediately terminate this Agreement (or any portion of the services to be rendered by Auditor) by delivering to Auditor a written Notice of Termination for Default which specifies the Effective Termination Date, under any one of the following circumstances:

(1) Auditor has become insolvent, meaning that it has ceased to pay its debts in the ordinary course of business or cannot pay its debts as they become due, whether it has committed an act of bankruptcy or not, and whether or not it is insolvent within the meaning of the United States Bankruptcy Code (11 U.S. Code § 101 et seq.);

(2) Auditor has filed a voluntary petition under any bankruptcy, reorganization or insolvency law and relief from the automatic stay is obtained by LACERA;

(3) Auditor has applied for or consented to appointment of a trustee or receiver to take possession of all or substantially all its assets;

(4) Auditor has consented to, or filed an answer admitting the jurisdiction of the court and the material allegations of, an involuntary petition filed under any bankruptcy, reorganization or insolvency law; or

(5) An involuntary proceeding of bankruptcy, reorganization or insolvency has been commenced against Auditor and not dismissed within thirty (30) days after commencement.

E. Termination by LACERA for Non-Appropriation of Funds. Notwithstanding anything contained in this Agreement to the contrary, services rendered by Auditor in a fiscal year are payable by LACERA only from the funds appropriated for such services as a separate line item entry in LACERA's approved budget for such fiscal year. In the event this Agreement extends into succeeding fiscal years beyond the fiscal year of the Agreement Date and LACERA does not appropriate funds for Auditor's services under this Agreement as a specific line item entry in the approved budget for any succeeding fiscal year, this Agreement shall terminate automatically in accordance with the provisions of Section 8.B (Termination by LACERA for Convenience), as of the end of the then current fiscal year. LACERA shall make a good faith effort to notify Auditor in writing of such non-appropriation as soon as practicable.

F. Force Majeure. Auditor shall not be terminated for default, pursuant to Sections 8.C. or 8.D., if Auditor's failure to perform under this Agreement arises solely from causes of Force Majeure.

G. Rights, Remedies and Responsibilities upon Termination. If this Agreement is terminated, all of the terms and conditions of this Agreement shall continue to apply through the Effective Termination Date. The following provisions shall also apply to any termination of this Agreement.

(1) Post-Termination Responsibilities. If LACERA terminates this Agreement, and unless otherwise expressly directed by LACERA, Auditor shall: (i) take all necessary steps to stop providing services under this Agreement on the Effective Termination Date, or sooner, as provided in the Notice of Termination; and (ii) continue to perform those services, if any, which have not been terminated.

(2) Recovery of Reasonable Damages Upon Default. If LACERA terminates this Agreement in whole or in part for default pursuant to

Sections 8.C or 8.D, LACERA shall be entitled to recover from Auditor all reasonable damages resulting from such default. By way of example and not limitation, LACERA may procure, upon such terms and in such manner as LACERA may deem appropriate, services similar to those terminated, and Auditor shall be liable to LACERA for any excess cost of such similar services.

(3) Payment When Terminated for Other than Default. If LACERA or Auditor terminates this Agreement for any reason other than Auditor's default, LACERA shall pay Auditor for the actual cost of the work performed through the Effective Termination Date but for which Auditor has not been compensated; in no event, however, will Auditor be entitled to receive more than the amount otherwise payable through the Effective Termination Date under Section 6.C, with the maximum monthly fee payable for the month in which the Effective Termination Date occurs being prorated based upon a 30 day month. Auditor shall submit to LACERA, in the form and with the certifications as may be prescribed by LACERA, its termination claim and invoice. Such claim and invoice shall be submitted promptly, but not later than ninety (90) days from the Effective Termination Date. If Auditor fails to submit its termination claim and invoice within the time allowed, LACERA may determine on the basis of information reasonably available to LACERA, the amount, if any, due to Auditor in respect of such termination and such determination shall be final. After such determination is made, LACERA shall pay the amount so determined. No payment will be made by LACERA under this Section 8.H.(3) if Auditor is in breach of any of its obligations under Section 8.H.(6).

(4) Payment Withheld for Default. LACERA shall not authorize and shall withhold payment for services rendered if LACERA terminates this Agreement for default pursuant to Sections 8.C or 8.D above. In the event the damages caused by such default are less than the withheld payment for services, the amount withheld in excess of the damages shall be paid to Auditor.

(5) Excusable Default. If, after LACERA issues a Notice of Termination for Default pursuant to Sections 8.C or 8.D, it is determined for any reason that Auditor was not in default, or that such default was excusable, then the rights and obligations of the parties shall be the same as if LACERA had issued a Notice of Termination for Convenience pursuant to Section 8.B.

(6) Good Faith Transfer. Upon any termination of this Agreement by LACERA, and to the extent directed by LACERA, Auditor shall cooperate with LACERA in good faith to effect a smooth and orderly transfer of such services and all applicable records to a successor designated by LACERA. Upon termination of this Agreement, Auditor shall retain all Work Records

according to the record retention provisions set forth in Section 12, or if required by LACERA, promptly deliver the Work Records or Work Product to LACERA or to such other party designated by LACERA.

(7) Cumulative Nature of Rights and Remedies. The rights and remedies provided by this Section 8 are not exclusive, but cumulative and in addition to any other rights and remedies provided by law, in equity or under any other provisions of this Agreement. The running of any grace period for cure of a default pursuant to Sections 8.C or 8.D shall not limit LACERA's right to terminate this Agreement for convenience at any time, pursuant to Section 8.B.

9. Indemnification and Insurance.

A. Auditor agrees to indemnify, defend, save, and hold harmless LACERA, its trustees, officers, and employees ("Covered Person") from and against any and all liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, expenses (including defense costs and attorneys' fees) and claims for damages of any nature whatsoever. This requirement includes loss of funds, bodily injury, death, personal injury, or property damage [including any workers' compensation suits, liability or expense arising from or connected with work performed by or on behalf of Auditor by any person pursuant to this Agreement, or any damage to Auditor's property], which arise from, are connected with, or relate to Auditor's operations, or its services hereunder, whether based on contract, tort or any other legal or equitable theory, including but not limited to:

(1) any bad faith, negligence, willful misconduct, improper or unethical practice by Auditor or its Agents;

(2) any breach of any representation or warranty made by Auditor in this Agreement;

(3) the violation of any covenant, agreement or obligation of Auditor contained in this Agreement or any other instrument contemplated by this Agreement, including, infringement of intellectual property rights, breach of trust, breach of confidentiality, or violation of any Legal Requirement; and

(4) any misrepresentation contained in any statement or certificate furnished by or on behalf of Auditor pursuant to this Agreement.

B. Covered Persons shall give Auditor prompt notice of any claim that Covered Persons are entitled to indemnification pursuant to this Section, and Auditor shall control the defense or settlement thereof; provided, no such settlement or compromise shall be entered into unless, as part of such settlement or compromise, the third party executes a full and complete release of Covered Persons without recourse to Covered Persons for any amount, claim or other obligation whatsoever respecting such claim. Auditor shall have no right to settle or compromise any such claim without the consent

B. Insurance

(1) General Insurance Requirements. Without limiting Auditor's obligations under Section 9.A. hereof and during the term of this Agreement, Auditor will provide and maintain, and will require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance will be primary and not contributing with any other insurance or self-insurance program maintained by LACERA, and such coverage shall be provided and maintained at Auditor's own expense.

(2) Evidence of Insurance: Prior to commencing services under this Agreement and annually thereafter, Auditor shall cause certificate(s) or other evidence of coverage satisfactory to LACERA to be delivered to:

Cassandra Smith
Director, Retiree Healthcare
LACERA
300 N. Lake Avenue, Suite 300
Pasadena, CA 91101-4199

Such certificates or other evidence shall:

- (a) Specifically identify this Agreement.
- (b) Clearly evidence all coverage required in this Agreement.

(c) Contain the express condition that LACERA is to be given written notice by mail at least forty-five (45) days in advance of cancellation for all policies.

(d) Include copies of the additional insured endorsement to the commercial general liability policy, adding LACERA, its trustees, officers and employees as insureds for all activities arising from this Agreement.

(3) Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to LACERA with an A.M. Best rating of not less than A-, X, unless otherwise approved by LACERA.

(4) Failure to Maintain Coverage Failure by Auditor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to LACERA, shall constitute a material breach of the contract upon which LACERA may immediately terminate or suspend this Agreement. LACERA, at its sole option, may obtain damages from Auditor resulting from said breach.

(5) Compensation for LACERA Costs: In the event that Auditor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to LACERA, Auditor shall pay full compensation for all costs incurred by LACERA.

(6) Cooperation Regarding Insurance. LACERA may elect to procure, at its own expense, insurance against loss or damage it may sustain in connection with Auditor's performance under this Agreement. Auditor will promptly cooperate with any reasonable request for information regarding Auditor which is required to obtain such insurance.

(7) Effect of Policy Limits. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Auditor for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude LACERA from taking such other actions as are available to it under any other provisions of this Agreement or otherwise at law or in equity.

(8) Survival of Obligations. Auditor's obligations under this Section 9.B. shall survive expiration or termination of this Agreement.

(a) General Commercial Liability. Auditor shall provide and maintain a Commercial General Liability insurance policy, which names LACERA as additional insured. Such policy shall cover legal liability for bodily injury and property damage arising out of Auditor's business operations and services that Auditor provides pursuant to this Agreement. Such policy shall

include, without limitation, endorsements for Property Damage, Premises-Operations, Products/Completed Operations, Contractual, Independent Contractors, and Personal/Advertising Injury with a limit of at least Three Million Dollars (\$3,000,000) per occurrence and an annual aggregate of at least Six Million Dollars (\$6,000,000). If such insurance is written on a Claims Made Form, such insurance shall be endorsed providing an extended reporting period of not less than five (5) years following termination or expiration of this Agreement.

(b) Auto Liability. Auditor shall provide and maintain a comprehensive auto liability insurance policy endorsed for all “owned”, “non-owned”, and “hired” vehicles, or coverage for any “auto”, with a combined single limit of not less than One Million Dollars (\$1,000,000) per accident.

(c) Workers' Compensation. Auditor shall bear sole responsibility and liability for furnishing Workers' Compensation benefits to Auditor's employees for injuries arising from or connected with any services provided to LACERA under this Agreement. Auditor shall provide and maintain a program of Workers' Compensation, in an amount and form to meet all applicable statutory requirements. In all cases, workers compensation insurance also shall include Employer's Liability Insurance with limits of not less than One Million Dollars (\$1,000,000), each accident, and One Million Dollars (\$1,000,000), disease, covering all of Auditor's employees.

(d) Crime Insurance.

(1) Auditor shall provide and maintain throughout the term of this Agreement a fidelity or financial institution bond policy with at least the following insuring agreements:

(a) Employee Dishonesty Coverage, Five Million Dollars per occurrence.

(b) Cyber Liability Insurance. Without limiting any of the obligations or liabilities of Auditor, Auditor shall carry and maintain, at its own expense including any applicable deductibles or retention, Cyber Liability insurance with limits of not less than \$2,000,000 for each occurrence and an annual aggregate of \$5,000,000 covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security.

The policy coverage shall include, but not be limited to:

(i). Privacy Liability Coverage. This coverage shall include LACERA and its members for breaches of their private information in the case of a data breach.

(ii). Notification Costs. This coverage shall cover the costs of notifying third parties and LACERA members potentially affected by a data breach.

(iii). Crisis Management. This coverage shall include the costs of managing the public relations outfall from most data breach scenarios.

(iv). Credit/Identity Monitoring. This coverage shall include coverage for affected members for at least 24 months or the minimum legally required period, whichever is longer.

(v). Theft and Fraud Coverage. This coverage shall include the costs of theft or destruction of the LACERA's data and theft of funds.

(vi). Network and Business Interruption. This coverage shall include any expense due to an intentional interruption of the LACERA's computer systems.

(vii). Data Loss and Restoration. This coverage shall include the costs of diagnosing and repairing the cause of the loss and restoring all data.

(2) Such policy shall provide protection to LACERA against loss by reason of fraud or dishonesty on the part of Auditor, and shall be in an amount meeting the bonding requirements of Section 412(a) of the Employee Retirement Income Security Act, as amended from time to time, if such amounts are from time to time greater than those specified in this paragraph 9.B.e.

(e) Professional Liability. Auditor shall provide and maintain insurance covering liability arising from any error, omission, negligent or wrongful act of the Auditor, its officers, employees or Agents, with limits of at least Ten Million Dollars (\$10,000,000) per claim and an annual aggregate of at least Twenty Million Dollars (\$20,000,000). The coverage also shall provide an extended one-year reporting period commencing upon termination or cancellation of this Agreement.

10. Auditor's Representations, Warranties and Covenants. Auditor makes the following representations, warranties, covenants and agreements set forth in this Section 10 with the understanding that LACERA has relied upon them in determining to enter into this Agreement, and that they constitute a material inducement to LACERA to enter into this Agreement and continue the Agreement in full force and effect. The representations, warranties, covenants and agreements contained in this Section 10 shall survive the expiration or termination of this Agreement.

A. Authorization.

(1) Auditor is duly organized, validly existing, and in good standing under the laws of the state of its organization and is qualified to do business in California, and has full corporate power and authority to carry on its business as it has been and is conducted.

(2) The execution and delivery of this Agreement and the provision and delivery of services contemplated by this Agreement are within the power of the Auditor and have been duly authorized by all necessary corporate and other action. Auditor has duly authorized, executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreements and obligations of Auditor, enforceable against Auditor in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity.

(3) Auditor is not subject to or obligated under any law, rule or regulation of any governmental authority, or any order, injunction or decree, or any agreement, that would be breached or violated by Auditor's execution, delivery or performance of this Agreement.

(4) Auditor has completed, obtained, and performed all registrations, filings, approvals, licenses, authorizations, consents, or examinations required by any government or governmental authority for entry into this Agreement and performance of its acts contemplated by this Agreement, and Auditor shall maintain such proper authorizations while this Agreement is in force.

B. Contingent Fees. Neither Auditor nor any of its affiliates has paid or agreed to pay any fee or commission, percentage, brokerage, or contingent fee, consulting fees, or similar fees, to any entity or person in connection with the negotiation or execution of the Agreement by LACERA, except for bona fide employees of Auditor. In the event of any breach or violation

of this warranty, LACERA shall have the right to immediately terminate this Agreement and, in LACERA's sole discretion, to deduct from Auditor's compensation under this Agreement, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

C. Gratuities. Neither Auditor nor any of its affiliates, agents or representatives has offered or given any gratuities in the form of gifts, entertainment or otherwise to any officer, fiduciary, or employee of LACERA or the County with a view toward securing this Agreement or securing any favorable determination made concerning the award of this Agreement. Auditor covenants that no such gratuities will be offered or given to any such person with a view toward securing any favorable determination concerning the performance, continuation, and/or amendment of this Agreement. If it is found that such gratuities have been offered or given by Auditor, LACERA may terminate this Agreement upon one (1) calendar day's written notice; *provided, however*, that the facts upon which LACERA bases such findings shall be at issue and may be reviewed in any competent court sitting in the County. In the event of such termination, LACERA shall be entitled to pursue the same remedies against Auditor as it could pursue in the event of default by Auditor.

D. Conflicts of Interest With Persons Related to LACERA. Auditor does not and shall not knowingly employ in any capacity: (1) any LACERA or County employee or fiduciary who either could influence the award of this Agreement or any competing agreement, or who does or will have any direct or indirect financial interest in this Agreement ("Interested Person") and (2) any spouse or economic dependent of any Interested Person.

E. Recruiting. During the term of this Agreement and for one (1) calendar year thereafter, Auditor shall not intentionally induce or persuade any employee of or independent Auditor to LACERA to join Auditor.

F. Intellectual Property. No program, process, composition, writing, equipment, appliance or device, or any trademark, service mark, logo, idea, or any other work or invention of any nature or any other tangible or intangible assets whatsoever developed, provided or used by Auditor in connection with its performance under this Agreement, infringes or will infringe on any patent, copyright, or trademark of any other person or entity, or is or will be a trade secret of any other person or entity, or is or will constitute the wrongful use or appropriation of the proprietary rights of any other person or entity. If any claim of infringement of any intellectual property right is made against LACERA, Auditor shall indemnify, defend and hold harmless all LACERA Covered Persons as provided in Section 9 above. In addition, following notice of any such Claim, Auditor may, at its expense, either procure for LACERA the right to continue to

use the allegedly infringing work, or replace or modify such work to make it non-infringing but functionally equivalent.

G. Auditor's Agents. The Agents of Auditor who will be responsible for performing under this Agreement are individuals experienced in the performance of the various functions contemplated by this Agreement and have not been convicted of any crime or found liable in a civil or administrative proceeding or pleaded no contest, or agreed to any consent decree with respect to any matter involving infringement of intellectual property rights, breach of fiduciary duty, bad faith, willful misconduct, improper or unethical practice, fraud or violation of any Legal Requirement.

H. Employment Eligibility Verification. Auditor fully complies with all Federal statutes and regulations regarding employment eligibility of aliens and others and all its employees performing services under this Agreement are eligible for employment in the United States. Auditor has secured and retained all required documents verifying employment eligibility of its personnel, and shall secure and retain verification of employment eligibility from any new personnel in accordance with the applicable provisions of law as they currently exist and as they may be hereafter amended. Auditor shall indemnify, defend and hold harmless all LACERA Covered Persons from and against any alleged employer sanctions and other liability which may be assessed against Auditor or LACERA in connection with any alleged violation of any Federal statutes or regulations pertaining to the eligibility for employment of any employees of Auditor performing work under this Agreement.

I. Licensed Personnel. Auditor and all persons performing services on behalf of Auditor under this Agreement presently hold, and at all times during this Agreement shall hold and maintain in good standing, such licenses, if any, as may be required by the State of California for persons and entities to perform the types of services Auditor agrees to perform under this Agreement.

J. Nondiscrimination. All persons employed by Auditor, its affiliates, subsidiaries, or holding companies are and will be treated equally without regard to race, religion, ancestry, national origin, sex, age, condition of physical handicap, marital status or political affiliation, and in compliance with all applicable Federal and State anti-discrimination laws and regulations.

K. Certification Concerning Financial Contacts and Solicitations. Auditor shall immediately advise LACERA if any member of the LACERA Boards or key staff of the Boards (as such Board members and key staff are identified in writing by the Chief Executive Officer from time to time), or

any elected or appointed official of Los Angeles County, or any person claiming to represent or have influence with either Board or with any member of the Boards contacts Auditor with respect to a financial transaction or solicitation which is not solely on behalf of LACERA's business with Auditor, and shall deliver to LACERA on or before January 31st of each year, or more frequently if requested, the certification and information required by Exhibit C attached hereto.

L. Annual Certification and Notice of Changes. Auditor shall certify in writing no later than January 31 of each year that each of the representations, warranties and covenants made in this Section are true as of December 31 of the prior year, or shall state in writing the facts that render such representations, warranties and covenants no longer true. Auditor shall notify LACERA in writing within three (3) business days of any of the following changes: (i) Auditor becomes aware that any of its representations, warranties and covenants set forth herein cease to be materially true at any time during the term of this Agreement; (ii) there is a change in Auditor's personnel assigned to perform services under this Agreement; (iii) there is any change in ownership or control of Auditor of more than five percent of the issued and outstanding shares of Auditor; or (iv) Auditor becomes aware of any other material change in its business organization, including without limitation the filing for bankruptcy relief.

M. Investigations and Complaints. To the extent permitted by applicable law, Auditor shall promptly advise LACERA in writing of any civil or criminal investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting Auditor's ability to perform its duties under this Agreement or involving any personnel employed by Auditor who has performed any service with respect to LACERA's account in the twenty-four (24) preceding months, which is commenced by any federal, state, local or other regulatory agency. Except as otherwise required by law, LACERA shall maintain the confidentiality of all such information until the investigating entity makes the information public.

N. Auditor's Agents. The Agents of Auditor who will be responsible for performing under this Agreement are individuals experienced in the performance of the various functions contemplated by this Agreement and have not been convicted of any felony, found liable in a civil or administrative proceeding, pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, or bankruptcy law violations.

O. SOC-2 Report. The Auditor shall have an annual audit performed by an independent audit firm. The audits shall include the Auditor's and any subcontractor's handling of Member Data and shall address all areas

relating to information technology security and operational processes to provide such security. The audits shall be performed in accordance with the guidance set forth in *Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2)*, as published by the American Institute of Certified Public Accountants (AICPA) and as updated from time to time, or according to the most current audit guidance promulgated by the AICPA or similarly recognized professional organization, as agreed to in writing by LACERA. The audit shall assess the security of information technology security and operational process to provide such security as follows:

(1) The type of audit to be performed in accordance with the Guidance is a SOC 2 Type 2 Audit (referred to as the “SOC 2 Audit” or “SOC 2 Report”). The initial SOC 2 Audit shall be scheduled and completed within six months of executing the agreement. All subsequent SOC 2 Audits that are arranged after this first audit shall be performed and submitted annually.

(2) The SOC 2 Audit shall report in writing on the Auditor’s and any subcontractor’s system(s) and the suitability of the design and operating effectiveness of controls of the information functions and/or processes to meet the requirements of the Agreement, including the security requirements.

(3) The scope of the SOC 2 Report shall include work performed by any subcontractors that provide essential support to the Auditor for the information functions or processes for the services offered to LACERA under the Agreement. The Auditor shall ensure the audit includes all subcontractors operating in the performance of the Contract.

(4) All SOC 2 Audits, including those of the Auditor and any subcontractors, shall be performed at no additional expense to LACERA.

(5) The Auditor and all relevant subcontractors shall promptly provide a complete copy of the final SOC 2 Report(s) to the Contract Monitor upon completion of each SOC 2 Audit engagement.

(6) The Auditor shall provide to LACERA, within 30 calendar days of the issuance of each SOC 2 Report, a documented corrective action plan that addresses each audit finding or exception contained in a SOC 2 Report. The corrective action plan shall identify in detail the required remedial action by the Auditor or subcontractor(s) along with the implementation date(s) for each remedial action.

(7) If the Auditor or any subcontractor fails to obtain an annual SOC 2 Report, LACERA shall have the right to retain an independent audit firm to perform an audit engagement of a SOC 2 Report. The audit will include the information functions and processes utilized or provided by the Auditor and any relevant subcontractor under the Contract. The Auditor and any subcontractor agree to allow the independent audit firm to access its facilities for purposes of conducting this audit engagement. They will provide the necessary support and cooperation to the independent audit firm that is required to perform the audit engagement of the SOC 2 Report. LACERA will invoice the Auditor for the expense of the SOC 2 Report(s), or deduct the cost from future payments to the Auditor.

11. Governmental Provisions.

A. Compliance with Legal Requirements. In performing under this Agreement, Auditor and LACERA agree to comply with all Legal Requirements, and all provisions required thereby to be included in this Agreement are hereby incorporated by reference.

B. Assurance of Compliance with Civil Rights Laws. Auditor shall comply with all applicable Federal and State statutes to the end that no person shall, on the grounds of race, religion, ancestry, national origin, sex, age, condition of physical handicap, marital status or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity supported by this Agreement.

C. Nondiscrimination in Employment. Auditor shall take all necessary action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to race, religion, ancestry, national origin, sex, age, condition of physical handicap, marital status, or political affiliation. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

D. Compliance with Wage and Hour Laws. Auditor shall indemnify, defend and hold harmless LACERA and Covered Persons from any and all liability including but not limited to, wages overtime pay, liquidated damages, penalties, court costs, and reasonable attorneys' fees arising under any wage and hour law including, but not limited to, the Federal Fair Labor Standards Act

for services performed by Auditor's employees for which LACERA may be found jointly or solely liable.

12. Records and Audits.

A. Record Keeping.

(1) Auditor shall maintain accurate and complete records related to the performance of Auditor or its Agents under this Agreement, including but not limited to any pertinent transaction, activity, dates and time spent providing services under this Agreement, invoices billed to LACERA, proprietary data, financial records, word documents, employment records and any other records created by Auditor or its Agents in connection with this Agreement (collectively, the "Work Records"). In performing this Agreement, Auditor shall fully document all work efforts including the development of any materials prepared for LACERA in connection with each task. Such documentation shall include, but not be limited to, the source of data, and schedules, narratives, and other Work Product supporting the conclusions reached and resultant recommendations. Auditor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement.

(2) Auditor shall keep and maintain such Work Records for no less than six (6) years following the termination of this Agreement. After the minimum retention period has expired, Consultant will give LACERA at least sixty (60) days notice of its intent to dispose of the Work Records and LACERA will have the right to take possession of such records prior to disposal. Auditor will cooperate with LACERA with respect to the change of possession of the Work Records. All such material shall be maintained by Auditor at Auditor's Los Angeles office at Auditor's expense and made available to LACERA during the term of this Agreement and any extension thereof.

B. Record Review and Audit. Auditor agrees that LACERA, or any duly authorized representative of LACERA, including any successor Auditor designated by LACERA, will have access to and the right to examine, audit, excerpt, copy or transcribe any Work Records at any time during the term of this Agreement, or at any time for up to seven (7) years after the termination of this Agreement. LACERA agrees that any such review and audit will be conducted in a manner to minimize interference with Auditor's normal business activities. Upon reasonable advance notice to Auditor (which in no event shall be more than three business days), Auditor will make the Work Records available for review and audit during normal business hours. Auditor will make the persons

responsible for creating and maintaining the Work Records available to LACERA during such review and audit for the purpose of responding to LACERA's reasonable inquiries. LACERA will pay all costs associated with such audit, other than any costs incurred by Auditor to make personnel available as required by the preceding sentence; however, if the audit reveals that Auditor has materially violated any of the provisions of this Agreement, Auditor will pay all costs associated with such audit

C. Audit Settlement. If such audit finds that LACERA's dollar liability for such work is less than payment made by LACERA, then the difference will be either repaid by Auditor to LACERA by cash payment upon demand or, at the option of LACERA, deducted from any amounts otherwise due to Auditor from LACERA. If such audit finds that LACERA's dollar liability for such work is more than the payments made by LACERA, then the difference will be paid to Auditor by LACERA; however, the total payments shall not exceed the maximum amount payable by LACERA under Section 6 for work performed through the period covered by the audit.

13. Confidentiality; Proprietary Rights

A. LACERA's Confidential and Proprietary Materials.

(1) LACERA's Proprietary Rights. All materials, documents, data, reports, and other information developed by Auditor for LACERA under this Agreement become the sole property of LACERA when developed and are deemed to be "Work Product". Upon the expiration or termination of this Agreement, Auditor will promptly deliver to LACERA the Work Product, including all finished or unfinished materials, documents, data, reports and other information prepared by Auditor under this Agreement; however, Auditor may retain possession of all working papers so prepared by Auditor, and LACERA shall have the right during and subsequent to the term of this Agreement to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein. Both parties hereto acknowledge that Auditor retains the right to use its experience, expertise and knowledge on similar projects for other clients, so long as Auditor protects LACERA's interests in all of its confidential records and property.

(2) Member Records. Auditor acknowledges that when performing under this Agreement, Auditor may be exposed to Member Records and that such Member Records are considered confidential and protected from public disclosure by law. Auditor will maintain the confidentiality of all Member Records according to all applicable federal, state, county and local laws, regulations, ordinances and directives relating to confidentiality, including

California Government Code section 31532 and the Health Insurance Portability and Accountability Act of 1996, enacted by the U.S. Congress as Public Law 104-191, as amended (“HIPAA”), and the regulations promulgated with respect thereto. If LACERA determines that Auditor is a “business associate” as defined in Section 160.103 of the Final Privacy issued by the Department of Health and Human Services (“HHS”) in accordance with HIPAA, Auditor agrees to enter into a “business associate contract” with LACERA or its Agents and representatives.

(3) LACERA's Asset Policies, Procedures and Strategies.

Auditor will protect the security of and keep confidential all materials, data, and other information received by Auditor regarding LACERA’s assets and its policies, procedures and strategies for the evaluation, acquisition, development, management and disposition of same.

(4) Protection of Confidential and Proprietary Rights.

(a) Auditor shall protect the security of and keep confidential all material, data and information received or produced under this Agreement. Further, Auditor shall use whatever security measures are necessary to protect all such material, data and information from loss or damage by any cause, including, but not limited to, fire and theft.

(b) Auditor shall not disclose to any party any information identifying, characterizing or relating to any risk, threat, vulnerability, weakness or problem regarding data security in LACERA's computer systems, or to any safeguard, countermeasure, contingency plan, policy or procedure for data security contemplated or implemented by LACERA, without LACERA's prior written consent.

(5) Duty to Inform Agents. Auditor will inform all of its Agents of the confidentiality provisions of this Agreement.

B. Data Breach Verification:

(1) Auditor shall provide an annual written, signed attestation that no data breach, hacking, or incidental divulging of Member Records has occurred and that no Member Record has been compromised. The attestation shall verify that adequate internal policies and procedures exist to prevent data theft and unauthorized access.

(2) Auditor shall provide an annual system penetration test in support the attestation made in item A above. Auditor shall provide the results of penetration tests to LACERA.

(3) Auditor shall comply with California Civil Code § 1798.29(e) and California Civ. Code § 1798.82(f). In the event of a security breach of more than 500 records, the Auditor shall electronically submit a single sample copy of that security breach notification, excluding any personally identifiable information, to the Attorney General.

(4) Auditor shall notify any California resident whose unencrypted personal information, as defined, was acquired, or reasonably believed to have been acquired, by an unauthorized person as required by California Civil Code §1798.29(a) and California Civ. Code §1798.82(a).

C. Auditor's Proprietary Materials.

(1) Absent Auditor's written consent authorizing disclosure, LACERA will use reasonable means to protect and maintain the confidentiality of any of Auditor's materials which Auditor considers to be proprietary, so long as:

(a) Auditor clearly and prominently marks all such material "confidential" or "proprietary"; and

(b) Public disclosure of such material is not required by law, including the California Public Records Act (Cal. Government Code Section 6250 et seq., the "Act"), or by order of any tribunal having jurisdiction

(2) If an action is commenced against LACERA under the Act or otherwise that challenges LACERA's refusal to disclose Auditor's proprietary material, Auditor will defend LACERA in the action, and will pay any judgment for damages or attorneys' fees that may be entered as a result of LACERA's refusal to disclose Auditor's confidential material.

(3) LACERA's obligations under Section 13.C.(1) do not apply to:

(a) any confidential information that LACERA can demonstrate has become public information through no breach of this Agreement by LACERA; and

(b) the Work Product.

(4) Auditor acknowledges that its work may be included in materials presented or discussed at meetings of LACERA's Board of Retirement and Insurance, Benefits and Legislative Committee which are open to the public in accordance with the Ralph M. Brown Act (California Government Code Section 54950 et seq.), and that such materials are not exempt from disclosure under the California Public Records Act.

C. Delivery of Work Product. If so directed by LACERA after termination or expiration of this Agreement, Auditor will deliver the Work Product to LACERA or to such third party as designated by LACERA, at LACERA's expense.

14. Seminars and Training Programs. In the event Auditor conducts seminars, training sessions or similar events which are generally made available to Auditor's clients, LACERA shall be invited to attend upon comparable terms and conditions as such other clients. If Auditor offers to pay the cost of such events and/or the travel or lodging expenses incurred by its clients in connection with attending such events and if LACERA is willing to accept reimbursement, Auditor shall reimburse LACERA for such expenses on a comparable basis as Auditor reimburses the expenses of its other clients.

15. Publicity.

A. Non-Disclosure of Details. Auditor shall not disclose any details in connection with this Agreement to any person or entity except as may be otherwise provided in this Section 15 or required by law.

B. Publicizing the Relationship. In recognizing Auditor's need to identify its services and related clients to sustain itself, LACERA shall not inhibit Auditor from publishing its role under this Agreement within the following conditions:

(1) Auditor shall develop all publicity material in a professional manner;

(2) Auditor shall not publish or disseminate commercial advertisements, press releases, or feature articles using the name of LACERA without the prior consent of LACERA's Project Director. LACERA shall not unreasonably withhold consent, and approval by LACERA may be assumed in the event no adverse comments are received in writing within two weeks after submission of written request for consent.

C. Auditor's Proposals and Sales Materials. Auditor may, without the prior written consent of LACERA, indicate in its proposals and sales materials that it has been awarded this Agreement with Los Angeles County Employees Retirement Association, provided that the requirements of this Section 15 shall apply.

16. Ethical Wall, Conflicts Management, and Disqualification.

A. Auditor's Obligations. [Note – this section is intended to protect LACERA against conflicts of interest Auditor may have. The contract language will depend on the circumstances of the Auditor.]

B. Material Inducement to LACERA. Auditor acknowledges that its agreement to establish _____ as required in this Section 16 constitutes a material inducement to LACERA to enter into this Agreement and the breach by Auditor of its obligations under this Section 16 constitutes a material breach upon which LACERA may immediately terminate or suspend this Agreement (or any services to be provided by Auditor) for default, pursuant to Section 8.C.(2) above.

17. Surviving Provisions. The parties agree that the provisions and obligations with respect to Section 8 (Term and Termination), Section 9 (Indemnification and Insurance), Section 10 (Auditor's Representations, Warranties and Covenants), Section 12 (Records and Audits), Section 13 (Confidentiality), Section 15 (Publicity) and Section 16 (Ethical Wall, Conflicts Management, and Disqualification) and other provisions which by their nature are intended to survive expiration or termination of the Agreement will survive any expiration or termination of this Agreement.

18. General Provisions.

A. Changes and Amendments.

(1) This Agreement may be amended or modified only by a written instrument executed by both parties hereto and making specific reference to this Agreement and the intent of the parties that it be modified or amended by such writing.

(2) The parties shall meet and confer in good faith on any modification of this Agreement that may become necessary to make its provisions consistent with any investment policy of LACERA, or any federal, state, county or local statute, rule, regulation or ordinance which governs any aspect of this Agreement.

B. Notices. All notices, requests, demands or other communications required or desired to be given hereunder or under any law now or hereafter in effect shall be in writing, addressed as provided below. Such notices, if properly addressed, shall be deemed received (i) on the day delivered, if hand delivered to the recipient; (ii) on the business day transmitted, if transmitted by facsimile to the number shown below (but on the next business day after transmittal if transmitted on a non-business day or after 5:00 p.m. recipient's time); (iii) one business day after delivery to a reputable overnight courier, with delivery charges for next business day delivery paid by or charged to the sending party; or (iv) five calendar days after deposit in the U.S. Mail, first class registered or certified mail, postage prepaid:

To LACERA:

Cassandra Smith, Director
Retiree Healthcare Division
LACERA
300 N. Lake Ave., Ste. 300
Pasadena, CA 91101-2601
Fax No. (626) 564-6799
Email: csmith@lacera.com

To Auditor:

Health Care Auditor

Either party may notify the other of its change in address in the manner provided above. Notwithstanding the prescribed method of delivery set forth above, actual receipt of written notice by the natural person designated above shall constitute notice given in accordance with this Agreement on the date received, unless deemed earlier given pursuant to the foregoing paragraph.

Notwithstanding this Section 18.B, Auditor's invoices shall be addressed as provided in Section 6.C.

C. Compliance with LACERA Communication Policy. Auditor agrees to comply with the following communication policy adopted by the Board:

All formal notices required to be given to LACERA by a service provider pursuant to the service provider's contract with LACERA shall be addressed and delivered in accordance with the terms and conditions of the contract.

A service provider, or person or entity related to a service provider, shall provide to LACERA's Director, Retiree Healthcare a copy of all written communications to LACERA (other than purely personal or social correspondence, routine announcements, generally-distributed newsletters, and the like) related to LACERA's business. If the communication relates to an actual or potential contract dispute, a copy shall also be provided to LACERA's Chief Counsel.

The addresses for LACERA's Director, Retiree Healthcare and Chief Counsel are:

Cassandra Smith, Director
Retiree Healthcare Division
LACERA
300 N. Lake Ave., Ste. 300
Pasadena, CA 91101

Steven Rice
Chief Counsel
LACERA
300 N. Lake Ave., Ste. 620
Pasadena, CA 91101

D. Dispute Resolution; Attorneys' Fees. In any proceeding which arises out of this Agreement (whether in contract, tort or any other legal or equitable theory or combination of theories), the party not prevailing shall pay to the prevailing party all reasonable costs and expenses incurred therein by the prevailing party including without limitation, reasonable attorneys fees, together with all reasonable costs and expenses incurred by the prevailing party, including without limitation, court costs, expert witness fees and costs, travel time and associated costs, copy costs, deposition costs, exhibit costs, costs on appeal, fees and costs associated with execution upon any judgment or order, special transcript costs, and the appointment of a Special Master or discovery referee, to resolve the dispute and enforce the final judgment or decision. These expenses shall be in addition to any other relief to which the prevailing party may be entitled and shall be included in and as part of the judgment or decision rendered in such proceeding.

E. Section Headings; Interpretation. Caption and section headings used in this Agreement are for convenience and reference only and shall not affect in any way the meaning, construction or interpretation of this Agreement. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning, and not strictly for or against any party hereto. Section and exhibit references are references to sections of and exhibits to this Agreement, unless otherwise noted. Any rule of

construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement.

F. Entire Agreement. This Agreement, including all exhibits and attachments hereto contains the complete, entire and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings and communications between the parties, relating to the subject matter of this Agreement. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

G. Severability. If any provision of this Agreement is held by any court to be void, illegal, invalid, or unenforceable, in whole or in part, the remaining terms and provisions of this Agreement will be valid and enforceable to the fullest extent permitted by law, unless a party shows by a preponderance of the evidence that the invalidated provision was an essential economic term of the agreement or that an essential purpose of this Agreement would be defeated by the loss of the void, illegal, invalid, or unenforceable provision.

H. Waiver. No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. The waiver of any breach of any provision of this Agreement by either party does not constitute a waiver of any preceding or subsequent breach of such provision or of any other provision of this Agreement. The failure or delay of either party to exercise any right given to the party under this Agreement does not constitute a waiver of such right, nor does any partial exercise of any right given hereunder preclude further exercise of such right.

I. Governing Law and Venue. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to principles of conflicts of laws. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement or the transactions it contemplates (whether in contract, tort, equity, or otherwise), shall bring the legal action or proceeding in either the United States District Court sitting in the County of Los Angeles, California or in any court of the State of California sitting in the County of Los Angeles, California. Each party to this Agreement consents to the exclusive jurisdiction of any United States District Court sitting in the County of Los Angeles, California and any court of the State of California sitting in the County of Los Angeles, California, and their appellate courts for the purpose of all legal

actions and proceeding arising out of or relating to this Agreement or the services it contemplates.

J. Assignment, Delegation and Subcontracts. Auditor may not assign any of its rights or delegate or subcontract any of its duties hereunder without LACERA's prior written consent, which consent may be granted or withheld in LACERA's sole discretion. Any attempted assignment or delegation in violation of this provision is void and entitles LACERA to terminate this Agreement. Despite LACERA's consent, no assignment releases Auditor of any of its obligations or alters any of its primary obligations to be performed under this Agreement. Payments to any assignee under this Agreement shall be subject to set-off, recoupment, or other reduction for any claim that LACERA may have against Auditor. If Auditor is a partnership, this Agreement inures to the benefit of the surviving or remaining partners of such partnership.

K. Execution in Counterparts. The parties may execute this Agreement in any number of duplicate originals, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The parties may execute this Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitutes only one agreement. Any party delivering an executed counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart of this Agreement, but the failure to do so does not affect the validity, enforceability or binding effect of this Agreement.

L. Notice of Delays. Except as otherwise provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Agreement, that party shall, within five (5) days, give notice thereof, including all relevant information with respect thereto, to the other party.

M. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance.

N. Joint and Several Liability. If Auditor consists of more than one person or entity, the liability of each such person or entity signing this Agreement as Auditor shall be joint and several.

O. Word Usage. Unless the context clearly requires otherwise, (i) the plural and singular number shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) "or" is not exclusive; (iv) "includes" and "including" are not limiting; and (v) "hereof," "herein," and other variants of "here" refer to this Agreement as a whole; and (vi) "default" and "breach" are used interchangeably.

P. Recitals Incorporated. The Recitals set forth following the preamble are incorporated by reference herein and made a part of this Agreement.

[Signatures follow on the next page.]

IN WITNESS WHEREOF, the Los Angeles County Employees Retirement Association has caused this Agreement to be subscribed on its behalf by its duly authorized officer, and _____ has caused this Agreement to be subscribed on their behalf by their duly authorized officer(s), as of the day, month, and year first written above.

LACERA:

Auditor:

Los Angeles County Employees
Retirement Association

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

LACERA Legal Office

By: _____
Name: _____
Title: _____

EXHIBIT A
TO AGREEMENT FOR
MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES
STATEMENT OF WORK

The Auditor will be responsible for providing the following services:

Selected vendor will perform an audit of LACERA's Medicare Part D Retiree Drug Subsidy (RDS) program administration and subsidy submission process to provide assurance that this process is efficient, effective and functioning as intended. Additionally, vendor will review LACERA's Plan participants to ensure all qualifying covered retirees have been identified, as well as review the 2014-2015 Medicare Part D RDS claims submitted for completeness, accuracy and compliance with the Centers for Medicare and Medicaid Services (CMS) rules and regulations. (Please see Phase 1 – Process Review, below.)

The decision to reopen a subsidy application will be largely dependent upon the results of the 2014-2015 (RDS) claims review. At LACERA's discretion, selected vendor may be engaged to re-open the 2014-2015 subsidy application and to ensure all necessary data/information is resubmitted to the Medicare RDS Program. (Please see Phase 1 – 2014-2015 Audit/Review, below.)

If sufficient errors/issues are identified in the audit of the 2014-2015 submissions, and a recommendation to reopen RDS applications for 2014-2015 is made and accepted by LACERA, LACERA may also choose to begin Phase 2 through Phase 5. (Please see Phase 2 through Phase 5, on the following pages.)

Phase 1

2014-2015 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2014-2015 Audit Review

- A. Audit 2014-2015 RDS applications for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2014-2015 RDS submission and provide recommendations for/against reopening of RDS submission.

2014-2015 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

Phase 2

2015-2016 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2015-2016 Audit Review

- A. Audit 2015-2016 RDS applications for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2015-2016 RDS submission and provide recommendations for/against reopening of RDS submission.

2015-2016 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

Phase 3

2016-2017 Process Review

- A. Review LACERA RDS submission process to assure process is efficient and effective and functioning as intended
- B. Report results and recommendations for LACERA RDS submission process improvements.

2016-2017 Audit Review

- A. Audit 2016-2017 RDS applications for all insurance plan carriers for completeness, accuracy and compliance using the attached MINIMUM AUDIT CRITERIA
- B. Report audit findings to LACERA, with all errors/exceptions found in the 2016-2017 RDS submission and provide recommendations for/against reopening of RDS submission.

2016-2017 Resubmission

If decision to reopen RDS applications is made by LACERA

- A. Reopen on LACERA's behalf
- B. Provide all required submission data to/for RDS resubmission
- C. Assure all supporting data/documentation is provided to LACERA for future audit reference.

EXHIBIT B – MINIMUM AUDIT CRITERIA

LACERA expects the audit to include the below listed areas. The audit provider is expected to enhance the testing criteria, where appropriate.

- D. **MEMBER ELIGIBILITY** -The purpose of this testing is to determine whether all qualifying covered retirees/survivors and dependents were included on the LACERA Covered Retiree List and whether all reported costs were incurred by qualified covered retirees and dependents. All participants will be examined to determine the following.
1. Was the participant included on the LACERA Covered Retiree List?
 2. Should the participant be included on the LACERA Covered Retiree List?
 - a. Was the participant a LACERA retiree/survivor or dependent enrolled in the Plan at the time services were rendered?
 - b. Was the participant a Medicare Part D eligible individual?
 - c. Was the participant enrolled in a Medicare Plan D plan?
 - d. Does the individual have coverage from his/her employer (not LACERA or LA County) based on current employment status?
 - e. Is the individual the spouse/dependent of a LACERA retiree who has coverage from his/her employer (not LACERA or LA County) based on current employment status?
 - f. Was the participant at least age 65 at the time services were rendered?
- E. **PRESCRIPTION DRUG ELIGIBILITY** - The purpose of this testing is to determine whether the prescription drug costs incurred by all participants were eligible under the Medicare Part D program. Reported costs shall be examined to determine the following.
1. Is the prescription drug eligible under Medicare Part D?
- F. **COST REPORTING** - The purpose of this testing is to determine whether the claims cost amounts submitted by carriers/vendors were accurate and in compliance with the CMS guidelines and requirements. Reported costs shall be examined to determine the following.
1. Does aggregate cost data reported to the RDS center reconcile with the back-up detail file prepared by the carrier/vendor for each Benefit Option?
 2. Was cost data submitted for claims incurred during the submission period?
 3. Was the “Threshold Reduction” correctly reported for each member?
 4. Was the “Limit Reduction” correctly reported for each member?
 5. Was the “Gross Eligible” correctly calculated and reported?
 6. Was the “Estimated Cost Adjustment” correctly calculated and reported?
 7. Was the “Allowable Retiree Cost” correctly calculated and reported?
 8. Was the “Subsidy Amount” correctly calculated and reported?
 9. Were the Gross Retiree Costs reduced by 0.3%, per Option 6 of CMS’ Part B vs. D guidance.

**EXHIBIT C
TO AGREEMENT FOR
MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES**

FEE SCHEDULE(S)

		Cigna	Kaiser	Anthem Blue Cross			
				Prudent Buyer	Plan I	Plan II	Plan III
Phase 1	2014-2015 LACERA Process Review	\$	\$	\$	\$	\$	\$
	2014-2015 Audit/Review	\$	\$	\$	\$	\$	\$
	2014-2015 Resubmission	\$	\$	\$	\$	\$	\$
Phase 2	2015-2016 LACERA Process Review	\$	\$	\$	\$	\$	\$
	2015-2016 Audit/Review	\$	\$	\$	\$	\$	\$
	2015-2016 Resubmission	\$	\$	\$	\$	\$	\$
Phase 3	2016-2017 LACERA Process Review	\$	\$	\$	\$	\$	\$
	2016-2017 Audit/Review	\$	\$	\$	\$	\$	\$
	2016-2017 Resubmission	\$	\$	\$	\$	\$	\$

**EXHIBIT D
TO AGREEMENT FOR
MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES**

**CERTIFICATION REGARDING FINANCIAL CONTACTS AND
SOLICITATIONS**

_____ (“Auditor”) acknowledges that the Los Angeles County Employees Retirement Association (LACERA) is responsible for the administration of the retirement trust fund for the employees of Los Angeles County, California. The members of LACERA’s Board of Retirement and the Board of Investments (hereinafter referred to as the “Boards”) are the sole and exclusive trustees and fiduciaries of this statutory trust.

Auditor agrees to assist the Boards in discharging their mutual fiduciary obligations and to affirmatively assist in identifying potential conflicts of interests. Auditor hereby acknowledges that the Boards are directing Auditor to file an annual certification regarding contacts that may represent potential conflicts of interest and further agrees to furnish the annual certification.

In the event any person described below (a “Designated Person”) contacts Auditor with respect to a financial transaction or solicitation which is not solely on behalf of LACERA’s business with Auditor, Auditor shall promptly report by telephone and in writing such contact to the Chairman of the Boards and the Chief Executive Officer. For purposes of reporting contacts, a “solicitation” includes, as an example and without limitation, a request for contribution to any campaign for any elected seat on either Board, or for a seat on the Board of Supervisors of Los Angeles County, made by or on behalf of a Designated Person. A Designated Person is:

- Any member of either Board;
- Any candidate for an elected seat on either Board;
- Any member of the Board of Supervisors of Los Angeles County;
- Any candidate for a seat on the Board of Supervisors of Los Angeles County;
- Any of the LACERA Executive Staff designated on Attachment No. 1 hereto; and
- Any person claiming to represent or to have influence with any person described above.

LACERA has the right from time to time to amend Attachment No. 1 to this Certification Regarding Financial Contacts and Solicitations by written notice to Auditor.

Auditor further agrees to furnish an annual certification, attested to by a responsible officer of Auditor. The certification shall describe each contact

reportable under the foregoing paragraph, listing the date(s) of such contact, the person making the contact and the subject matter of the contact. The certification shall state that except as specifically described in the certification, Auditor has not been contacted by or on behalf of a Designated Person with respect to a financial transaction or solicitation which is not solely on behalf of LACERA's business with Auditor. Such certification shall be filed annually by January 31 of each year for the preceding calendar year.

ATTACHMENT NO. 1

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION DESIGNATED PERSONS LIST

Revised March 16, 2016
(Page 1 of 2)

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (LACERA) DESIGNATED PERSONS LIST

LOS ANGELES COUNTY BOARD OF SUPERVISORS

Hilda L. Solis, Supervisor, 1st District
Mark Ridley-Thomas, Supervisor, 2nd District
Sheila Kuehl, Supervisor, 3rd District
Don Knabe, Supervisor, 4th District
Michael D. Antonovich, Supervisor, 5th District

BOARD OF RETIREMENT

1 Joseph Kelly, Secretary County Treasurer & Tax Collector
2 Yves Chery
3 Vivian H. Gray, Vice Chair
4 Anthony Bravo
5 Marvin Adams
6 Les Robbins
7 Shawn Kehoe, Chair
8 William de la Garza, Secretary
9 Ronald A. Okum
10 William Pryor, Alternate Safety Member
11 David L. Muir, Alternate Retired Member

Contact Person

Bonnie Nolley, Secretary
300 North Lake Avenue, Suite 820
Pasadena, CA 91101

BOARD OF INVESTMENTS

1 Joseph Kelly, County Treasurer & Tax Collector
2 David Green, Chair
3 Herman B. Santos
4 Shawn Kehoe, Vice Chair
5 Steve Valenzuela
6 Kenneth M. Simril
7 Michael S. Schneider
8 Diane Sandoval
9 Valerie R. Villarreal

Contact Person

Linda Ghazarian, Secretary
300 North Lake Avenue, Suite 820
Pasadena, CA 91101

EXECUTIVE STAFF

Gregg Rademacher
Chief Executive Officer

John Popowich
Assistant Executive Officer

Robert R. Hill
Assistant Executive Officer

INVESTMENTS

Vache Mahseredjian
Interim Chief Investment Officer

John D. McClelland
Principal Investment Officer - Real Estate

James Rice
Senior Investment Officer - Hedge Funds

Vache Mahseredjian
Principal Investment Officer - Fixed Income & Commodities

Ted Wright
Principal Investment Officer - Equities

Christopher J. Wagner
Principal Investment Officer - Private Equity

Amit Aggarwal
Investment Officer - Real Estate

Trina Sanders
Investment Officer - Real Estate

Robert Z. Santos
Investment Officer - Fixed Income & Commodities

Dale Johnson
Investment Officer - Equities

David Simpson
Investment Officer - Private Equity

Chad Timko
Senior Investment Analyst, Hedge Funds

David Chu
Investment Officer, Private Equity

Ron Senkandwa
Senior Investment Analyst, Equities

Esmeralda del Bosque
Senior Investment Analyst, Fixed Income & Commodities

Shelly Tilaye
Senior Investment Analyst, Private Equity

Elin Szymanowski
Senior Investment Analyst, Private Equities

Inga Tadevosyan
Investment Analyst, Real Estate

Sergik Tahmazyan
Investment Analyst, Fixed Income & Commodities

Michael Romero
Investment Analyst, Real Estate

Mel Tsao
Investment Analyst, Equities

LEGAL

Steven Rice
Chief Counsel

Fern M. Billings
Senior Staff Counsel

Johanna M. Fontenot
Senior Staff Counsel

Michael D. Herrera
Senior Staff Counsel

Christine Roseland
Senior Staff Counsel

John R. Harrington
Staff Counsel

Jill Rawal
Staff Counsel

Margo McCabe
Legal Analyst

RETIREE HEALTHCARE

Cassandra Smith, Director
Retiree Healthcare

Leilani Ignacio
Assistant Division Manager

Jan Bautista
Senior Secretary

INTERNAL AUDIT AND ACCOUNTING

Richard Bendall
Chief Audit Executive

Beulah S. Auten, CPA
Chief Financial Officer

David Redman
Senior Internal Auditor

Theodore R. Granger, CPA
Assistant Financial Officer

***Bold type denotes department head**

**AGREEMENT
FOR
MEDICARE PART D RETIREE DRUG SUBSIDY AUDIT SERVICES**

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EXHIBIT A - STATEMENT OF WORK

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EXHIBIT D - CERTIFICATION REGARDING FINANCIAL CONTACTS AND SOLICITATIONS

ATTACHMENT NO. 1 - DESIGNATED PERSONS LIST 2016

March 24, 2016

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 6, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Assembly Bill 2257 – Online Posting of Meeting Agendas**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Watch” position on Assembly Bill 2257, which relates to the online posting of meeting agendas.

DISCUSSION

The Ralph M. Brown Act requires that the legislative body of a local agency post the agenda of a regular meeting at least 72 hours before the meeting. For special meetings, the agenda must be posted at least 24 hours before the meeting. The agenda must be posted in a location that is freely accessible to members. If the agency has a website, the agenda must be posted on the website.

This bill would require that the posting of an agenda on a website must have a prominent, direct link to the agenda from the homepage. The link must be on the homepage and not in a contextual menu. The agenda must be searchable by commonly used Internet search applications, platform independent, available free of charge, and redistributable.

LACERA already meets the standard prescribed by this provision in the bill with respect to the online posting of its meeting agendas. The links to the agendas of upcoming meetings are in the “What’s New” section on the homepage of lacera.com. The agenda is created in Portable Document Format (PDF) and is searchable by Internet search engines. The PDF format can be read by applications that are platform independent and is redistributable.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a “Watch” position on Assembly Bill 2257, which relates to the online posting of meeting agendas.

Reviewed and Approved:

A handwritten signature in blue ink that reads "Steven P. Rice". The signature is written in a cursive style.

Steven P. Rice, Chief Counsel

Attachments

2016. Leg.AB 2257.IBL.032416

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 2257**

AUTHOR: Maienschein [R]

INTRODUCED: February 18, 2016

SPONSOR: Grassroots Lab

SUMMARY: The Ralph M. Brown Act requires that the legislative body of a local agency post the agenda of a regular meeting at least 72 hours before the meeting. For special meetings, the agenda must be posted at least 24 hours before the meeting.

The agenda must be posted in a location that is freely accessible to members. If the agency has a website, the agenda must be posted on the website.

This bill would require that the posting of an agenda on a website must have a prominent, direct link to the agenda from the homepage. The link must be on the homepage and not in a contextual menu. The agenda must be searchable by commonly used Internet search applications, platform independent, available free of charge, and redistributable.

ANALYSIS: LACERA already meets the standard prescribed by this provision in the bill with respect to the online posting of its meeting agendas. The links to the agendas of upcoming meetings are in the “What’s New” section on the homepage of lacera.com.

The agenda is searchable by Internet search engines, and the file is created in Portable Document Format (PDF). The Adobe Acrobat Reader for PDF files is available on commonly used operating systems and thus platform independent. The PDF file for the agenda is available free of charge and can be redistributed.

**STAFF
RECOMMENDATION:** Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: March 24, 2016

ASSEMBLY BILL

No. 2257

Introduced by Assembly Member Maienschein

February 18, 2016

An act to amend Section 54954.2 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2257, as introduced, Maienschein. Local agency meetings: agenda: online posting.

The Ralph M. Brown Act enables the legislative body of a local agency to call both regular and special meetings. The act requires the legislative body of a local agency to post, at least 72 hours before the meeting, an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, in a location that is freely accessible to members of the public and to provide a notice containing similar information with respect to a special meeting at least 24 hours prior to the special meeting. The act requires that the agenda or notice be freely accessible to members of the public and be posted on the local agency's Internet Web site, if the local agency has one.

This bill would require an online posting of an agenda by a local agency to have a prominent direct link to the current agenda itself. The bill would require the link to be on the local agency's Internet Web site homepage, not in a contextual menu on the homepage, and would require the agenda to be posted in compliance with a specified section of law.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory

enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 54954.2 of the Government Code is
2 amended to read:
3 54954.2. (a) (1) At least 72 hours before a regular meeting,
4 the legislative body of the local agency, or its designee, shall post
5 an agenda containing a brief general description of each item of
6 business to be transacted or discussed at the meeting, including
7 items to be discussed in closed session. A brief general description
8 of an item generally need not exceed 20 words. The agenda shall
9 specify the time and location of the regular meeting and shall be
10 posted in a location that is freely accessible to members of the
11 public and on the local agency’s Internet Web site, if the local
12 agency has one. *An online posting of an agenda shall have a*
13 *prominent, direct link to the current agenda itself from the local*
14 *agency’s homepage. The link shall be included on the local*
15 *agency’s homepage, not in a contextual menu on the homepage,*
16 *and the agenda shall be posted in accordance with the*
17 *requirements of subdivisions (a), (b), and (c) of Section 6253.10,*
18 *if applicable.* If requested, the agenda shall be made available in
19 appropriate alternative formats to persons with a disability, as
20 required by Section 202 of the Americans with Disabilities Act of
21 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations
22 adopted in implementation thereof. The agenda shall include
23 information regarding how, to whom, and when a request for
24 disability-related modification or accommodation, including
25 auxiliary aids or services, may be made by a person with a

1 disability who requires a modification or accommodation in order
2 to participate in the public meeting.

3 (2) No action or discussion shall be undertaken on any item not
4 appearing on the posted agenda, except that members of a
5 legislative body or its staff may briefly respond to statements made
6 or questions posed by persons exercising their public testimony
7 rights under Section 54954.3. In addition, on their own initiative
8 or in response to questions posed by the public, a member of a
9 legislative body or its staff may ask a question for clarification,
10 make a brief announcement, or make a brief report on his or her
11 own activities. Furthermore, a member of a legislative body, or
12 the body itself, subject to rules or procedures of the legislative
13 body, may provide a reference to staff or other resources for factual
14 information, request staff to report back to the body at a subsequent
15 meeting concerning any matter, or take action to direct staff to
16 place a matter of business on a future agenda.

17 (b) Notwithstanding subdivision (a), the legislative body may
18 take action on items of business not appearing on the posted agenda
19 under any of the conditions stated below. Prior to discussing any
20 item pursuant to this subdivision, the legislative body shall publicly
21 identify the item.

22 (1) Upon a determination by a majority vote of the legislative
23 body that an emergency situation exists, as defined in Section
24 54956.5.

25 (2) Upon a determination by a two-thirds vote of the members
26 of the legislative body present at the meeting, or, if less than
27 two-thirds of the members are present, a unanimous vote of those
28 members present, that there is a need to take immediate action and
29 that the need for action came to the attention of the local agency
30 subsequent to the agenda being posted as specified in subdivision
31 (a).

32 (3) The item was posted pursuant to subdivision (a) for a prior
33 meeting of the legislative body occurring not more than five
34 calendar days prior to the date action is taken on the item, and at
35 the prior meeting the item was continued to the meeting at which
36 action is being taken.

37 (c) This section is necessary to implement and reasonably within
38 the scope of paragraph (1) of subdivision (b) of Section 3 of Article
39 I of the California Constitution.

1 (d) For purposes of subdivision (a), the requirement that the
2 agenda be posted on the local agency’s Internet Web site, if the
3 local agency has one, shall only apply to a legislative body that
4 meets either of the following standards:

5 (1) A legislative body as that term is defined by subdivision (a)
6 of Section 54952.

7 (2) A legislative body as that term is defined by subdivision (b)
8 of Section 54952, if the members of the legislative body are
9 compensated for their appearance, and if one or more of the
10 members of the legislative body are also members of a legislative
11 body as that term is defined by subdivision (a) of Section 54952.

12 SEC. 2. The Legislature finds and declares that Section 1 of
13 this act, which amends Section 54954.2 of the Government Code,
14 furthers, within the meaning of paragraph (7) of subdivision (b)
15 of Section 3 of Article I of the California Constitution, the purposes
16 of that constitutional section as it relates to the right of public
17 access to the meetings of local public bodies or the writings of
18 local public officials and local agencies. Pursuant to paragraph (7)
19 of subdivision (b) of Section 3 of Article I of the California
20 Constitution, the Legislature makes the following findings:

21 It is in the public interest to ensure that members of the public
22 can easily and quickly find and access meeting agendas on the
23 Internet homepage of local agencies.

24 SEC. 3. No reimbursement is required by this act pursuant to
25 Section 6 of Article XIII B of the California Constitution because
26 the only costs that may be incurred by a local agency or school
27 district under this act would result from a legislative mandate that
28 is within the scope of paragraph (7) of subdivision (b) of Section
29 3 of Article I of the California Constitution.

March 21, 2016

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 6, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Assembly Bill 2468 – Alternative PEPRA Formula**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Watch” position on Assembly Bill 2468, which establishes an alternative benefit formula under the California Public Employees’ Pension Reform Act of 2013 for new nonsafety members of the Public Employees’ Retirement System.

DISCUSSION

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

This bill would establish an alternative benefit formula from the one required by PEPRA. The formula may be offered by agencies that contract with the Public Employees’ Retirement System (PERS) to provide retirement benefits for their nonsafety employees who become new members on or after January 1, 2017.

The current PEPRA formula for nonsafety employees is 2.5 percent at age 67. The alternative formula would be 2.5 percent at age 70, which does not exceed the formula currently required by PEPRA. The application of the alternative formula would need to be agreed upon by the agency and the representative employee organization.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a “Watch” position on Assembly Bill 2468, which establishes

an alternative benefit formula under the California Public Employees' Pension Reform Act of 2013 for new nonsafety members of the Public Employees' Retirement System.

Reviewed and Approved:

A handwritten signature in blue ink that reads "Steven P. Rice". The signature is written in a cursive style with a large initial "S".

Steven P. Rice, Chief Counsel

Attachments

2016. Leg.AB 2468.IBL.032116

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 2468**

AUTHOR: Hadley [R]

INTRODUCED: February 19, 2016

SPONSOR: Assemblyman David Hadley

SUMMARY: The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires public retirement systems, among other provisions, to modify their retirement plans to comply with the new retirement formulas established by PEPRA for new employees who become new members on or after January 1, 2013.

This bill would authorize agencies contracting with the Public Employees' Retirement System (PERS) to offer an alternative benefit formula from the one required by PEPRA.

The alternative formula applies to nonsafety employees who become new members on or after January 1, 2017. The application of the formula must be agreed upon by the agency and the representative employee organization through a memorandum of understanding, and the formula must be adopted by the agency through an ordinance.

ANALYSIS: The current retirement formula required by PEPRA for nonsafety members is 2.5 percent at age 67. The bill would provide an alternative retirement formula of 2.5 percent at age 70, which does not exceed the formula required by PEPRA.

The alternative formula applies only to nonsafety employees of agencies that contract with PERS. It does not apply to state employees or employees covered by any other public retirement systems in California.

**STAFF
RECOMMENDATION:** Watch

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: March 21, 2016

ASSEMBLY BILL

No. 2468

Introduced by Assembly Member Hadley

February 19, 2016

An act to amend Section 7522.20 of, and to add Section 21354.6 to, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2468, as introduced, Hadley. Public Employees' Retirement System: contracting agencies: benefit formulas.

The Public Employees' Retirement Law authorizes a public agency to participate in, and make all or part of its employees members of, the Public Employees' Retirement System (PERS) by a contract entered into between its governing body and the board of administration of the system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas for employees first hired on or after January 1, 2013, as specified.

This bill would authorize a public agency that has contracted with the board of administration of PERS to offer an alternative formula from that required by PEPRA, to be applicable to miscellaneous, nonsafety employees hired after January 1, 2017, if specified contingencies are satisfied, including that the agency and representative employee organization have agreed to its application in a valid memorandum of understanding.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7522.20 of the Government Code is
2 amended to read:

3 7522.20. (a) ~~Each~~ Except as provided in subdivision (c) or
4 (d), each retirement system that offers a defined benefit plan for
5 nonsafety members of the system shall use the formula prescribed
6 by this section. The defined benefit plan shall provide a pension
7 at retirement for service equal to the percentage of the member's
8 final compensation set forth opposite the member's age at
9 retirement, taken to the preceding quarter year, in the following
10 table, multiplied by the number of years of service in the system
11 as a nonsafety member. A member may retire for service under
12 this section after five years of service and upon reaching 52 years
13 of age.

14	Age of Retirement	Fraction
15	52	1.000
16	52 1/4	1.025
17	52 1/2	1.050
18	52 3/4	1.075
19	53	1.100
20	53 1/4	1.125
21	53 1/2	1.150
22	53 3/4	1.175
23	54	1.200
24	54 1/4	1.225
25	54 1/2	1.250
26	54 3/4	1.275
27	55	1.300
28	55 1/4	1.325
29	55 1/2	1.350
30	55 3/4	1.375
31	56	1.400
32	56 1/4	1.425
33	56 1/2	1.450
34	56 3/4	1.475
35	57	1.500
36	57 1/4	1.525
37	57 1/2	1.550
38		

1	57 ³ / ₄	1.575
2	58	1.600
3	58 ¹ / ₄	1.625
4	58 ¹ / ₂	1.650
5	58 ³ / ₄	1.675
6	59	1.700
7	59 ¹ / ₄	1.725
8	59 ¹ / ₂	1.750
9	59 ³ / ₄	1.775
10	60	1.800
11	60 ¹ / ₄	1.825
12	60 ¹ / ₂	1.850
13	60 ³ / ₄	1.875
14	61	1.900
15	61 ¹ / ₄	1.925
16	61 ¹ / ₂	1.950
17	61 ³ / ₄	1.975
18	62	2.000
19	62 ¹ / ₄	2.025
20	62 ¹ / ₂	2.050
21	62 ³ / ₄	2.075
22	63	2.100
23	63 ¹ / ₄	2.125
24	63 ¹ / ₂	2.150
25	63 ³ / ₄	2.175
26	64	2.200
27	64 ¹ / ₄	2.225
28	64 ¹ / ₂	2.250
29	64 ³ / ₄	2.275
30	65	2.300
31	65 ¹ / ₄	2.325
32	65 ¹ / ₂	2.350
33	65 ³ / ₄	2.375
34	66	2.400
35	66 ¹ / ₄	2.425
36	66 ¹ / ₂	2.450
37	66 ³ / ₄	2.475
38	67	2.500
39		

1 (b) Pensionable compensation used to calculate the defined
2 benefit shall be limited as described in Section 7522.10.

3 (c) A new member of the State Teachers' Retirement System
4 shall be subject to the formula established pursuant to Section
5 24202.6 of the Education Code.

6 (d) *With respect to new members, a public agency participating*
7 *in the Public Employees' Retirement System pursuant to contract*
8 *may provide the formula established in Section 21354.6 in lieu of*
9 *this section and subject to the requirements of Section 21354.6.*

10 SEC. 2. Section 21354.6 is added to the Government Code, to
11 read:

12 21354.6. Notwithstanding any other law, a contracting agency
13 may make the formula provided in this section applicable to
14 miscellaneous, nonsafety employees hired after January 1, 2017,
15 provided that the agency and representative employee organization
16 have agreed to its application in a valid memorandum of
17 understanding, the contracting agency adopts an ordinance to this
18 effect, and the agency's contract is amended in the manner
19 prescribed for approval of contracts or, in the case of a new
20 contract, by express provision in the contract. The pension at
21 retirement for service provided by this section shall be equal to
22 the percentage of the member's final compensation set forth
23 opposite the member's age at retirement, taken to the preceding
24 quarter year, in the following table, multiplied by the number of
25 years of service in the system as a nonsafety member. A member
26 may retire for service under this section after five years of service
27 and upon reaching 55 years of age.

28

29 Age of Retirement	Fraction
30 55	1.000
31 55 1/4	1.025
32 55 1/2	1.050
33 55 3/4	1.075
34 56	1.100
35 56 1/4	1.125
36 56 1/2	1.150
37 56 3/4	1.175
38 57	1.200
39 57 1/4	1.225
40 57 1/2	1.250

1	57 ³ / ₄	1.275
2	58	1.300
3	58 ¹ / ₄	1.325
4	58 ¹ / ₂	1.350
5	58 ³ / ₄	1.375
6	59	1.400
7	59 ¹ / ₄	1.425
8	59 ¹ / ₂	1.450
9	59 ³ / ₄	1.475
10	60	1.500
11	60 ¹ / ₄	1.525
12	60 ¹ / ₂	1.550
13	60 ³ / ₄	1.575
14	61	1.600
15	61 ¹ / ₄	1.625
16	61 ¹ / ₂	1.650
17	61 ³ / ₄	1.675
18	62	1.700
19	62 ¹ / ₄	1.725
20	62 ¹ / ₂	1.750
21	62 ³ / ₄	1.775
22	63	1.800
23	63 ¹ / ₄	1.825
24	63 ¹ / ₂	1.850
25	63 ³ / ₄	1.875
26	64	1.900
27	64 ¹ / ₄	1.925
28	64 ¹ / ₂	1.950
29	64 ³ / ₄	1.975
30	65	2.000
31	65 ¹ / ₄	2.025
32	65 ¹ / ₂	2.050
33	65 ³ / ₄	2.075
34	66	2.100
35	66 ¹ / ₄	2.125
36	66 ¹ / ₂	2.150
37	66 ³ / ₄	2.175
38	67	2.200
39	67 ¹ / ₄	2.225
40	67 ¹ / ₂	2.250

1	67 ³ / ₄	2.275
2	68	2.300
3	68 ¹ / ₄	2.325
4	68 ¹ / ₂	2.350
5	68 ³ / ₄	2.375
6	69	2.400
7	69 ¹ / ₄	2.425
8	69 ¹ / ₂	2.450
9	69 ³ / ₄	2.475
10	70	2.500
11		

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March 23, 2016

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 6, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Assembly Bill 2853 – Public Records Requests**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Support” position on Assembly Bill 2853, which allows a public agency that posts a public record on its website to refer persons requesting that record to its website.

DISCUSSION

The California Public Records Act (PRA) requires that state and local agencies make their records available for public inspection. Copies of records that are not exempt from disclosure may be provided to the public upon payment of fees covering the cost of duplication.

Within 10 days of receipt of the request, an agency must determine whether the requested records may be disclosed. The agency must then notify the person making the request with the estimated date and time when the records will be available.

This bill would authorize a public agency to fulfill a person’s request for a disclosable public record by referring the person to the agency’s website where the information is posted.

If an agency has already posted public records on its website, it can be time-consuming and costly to create and prepare hardcopies of that information for mailing. Referring people to the website for the information promotes efficiency and reduces the response time for the person to receive the information. This option would provide flexibility and efficiency to the retirement system in complying with the PRA.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a "Support" position on Assembly Bill 2853, which allows a public agency that posts a public record on its website to refer persons requesting that record to its website.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

2016. Leg.AB 2853.IBL.032316

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 2853**

AUTHOR: Gatto [D]
INTRODUCED: February 19, 2016
AMENDED: March 18, 2016
SPONSOR: Assemblyman Mike Gatto
SUMMARY:

The California Public Records Act (PRA) requires that state and local agencies make their records available for public inspection. Copies of records that are not exempt from disclosure may be provided to the public upon payment of fees covering the cost of duplication.

Within 10 days of receipt of the request, an agency must determine whether the requested records may be disclosed and notify the person making the request. The response time may be extended up to an additional 14 days due to unusual circumstances. The notification includes the estimated date and time when the records will be available.

The PRA also requires that public records posted on an agency's website be searchable, platform independent, available free of charge, and redistributable.

This bill would authorize a public agency to fulfill a person's request for a disclosable public record by referring the person to the agency's website where the information is posted.

The bill makes a legislative finding that the state has an interest in ensuring the transparency of public agencies and their efficient use of limited resources. Allowing a public agency that has posted public records on its website to refer people requesting this information to the website would protect this interest.

ANALYSIS: If the requested information is already posted on the public agency's website, referring the person making the request to the location on the website where it is posted may be a more efficient method of response. It would eliminate the time and expense required to create and mail hardcopy duplications, and the requesting party would avoid being charged fees for duplication. The provision would provide flexibility and efficiency to the retirement system in complying with the PRA.

**STAFF
RECOMMENDATION:** Support

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: March 23, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2853

Introduced by Assembly Member Gatto

February 19, 2016

An act to amend Section 6253 of the Government Code, relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 2853, as amended, Gatto. Public records.

The California Public Records Act requires state and local agencies to make their records available for public inspection and to make copies available upon request and payment of a fee unless the records are exempt from disclosure. The act prohibits limitations on access to a public record based upon the purpose for which the record is being requested if the record is otherwise subject to disclosure, authorizes public agencies to adopt requirements for themselves that allow for faster, more efficient, or greater access to records, and requires local agencies that voluntarily post public records on an open data Internet Resource, as defined, to post those public records in an open format that meets specified criteria.

This bill would authorize a public agency that posts a public record on its Internet Web site to refer a person that requests to inspect or obtain a copy of the public record to the public agency's Internet Web site where the public record is posted.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating

the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

To the extent that this bill would authorize additional local agency expenditures in complying with the California Public Records Act, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~The California Public Records Act defines the term “public record,” for purposes of that act, to mean any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.~~

~~This bill would express the intent of the Legislature to subsequently amend this bill to include provisions that would clarify that the term “public record,” for purposes of that act, includes those writings kept on the private cellular phone or other electronic device of an elected official, official, or employee or a public agency if those records relate to the public’s business.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6253 of the Government Code is amended
- 2 to read:
- 3 6253. (a) Public records are open to inspection at all times
- 4 during the office hours of the state or local agency and every person
- 5 has a right to inspect any public record, except as hereafter
- 6 provided. Any reasonably segregable portion of a record shall be
- 7 available for inspection by any person requesting the record after
- 8 deletion of the portions that are exempted by law.
- 9 (b) Except with respect to public records exempt from disclosure
- 10 by express provisions of law, each state or local agency, upon a
- 11 request for a copy of records that reasonably describes an
- 12 identifiable record or records, shall make the records promptly

1 available to any person upon payment of fees covering direct costs
2 of duplication, or a statutory fee if applicable. Upon request, an
3 exact copy shall be provided unless impracticable to do so.

4 (c) Each agency, upon a request for a copy of records, shall,
5 within 10 days from receipt of the request, determine whether the
6 request, in whole or in part, seeks copies of disclosable public
7 records in the possession of the agency and shall promptly notify
8 the person making the request of the determination and the reasons
9 therefor. In unusual circumstances, the time limit prescribed in
10 this section may be extended by written notice by the head of the
11 agency or his or her designee to the person making the request,
12 setting forth the reasons for the extension and the date on which
13 a determination is expected to be dispatched. No notice shall
14 specify a date that would result in an extension for more than 14
15 days. When the agency dispatches the determination, and if the
16 agency determines that the request seeks disclosable public records,
17 the agency shall state the estimated date and time when the records
18 will be made available. As used in this section, “unusual
19 circumstances” means the following, but only to the extent
20 reasonably necessary to the proper processing of the particular
21 request:

22 (1) The need to search for and collect the requested records
23 from field facilities or other establishments that are separate from
24 the office processing the request.

25 (2) The need to search for, collect, and appropriately examine
26 a voluminous amount of separate and distinct records that are
27 demanded in a single request.

28 (3) The need for consultation, which shall be conducted with
29 all practicable speed, with another agency having substantial
30 interest in the determination of the request or among two or more
31 components of the agency having substantial subject matter interest
32 therein.

33 (4) The need to compile data, to write programming language
34 or a computer program, or to construct a computer report to extract
35 data.

36 (d) Nothing in this chapter shall be construed to permit an
37 agency to delay or obstruct the inspection or copying of public
38 records. The notification of denial of any request for records
39 required by Section 6255 shall set forth the names and titles or
40 positions of each person responsible for the denial.

1 (e) Except as otherwise prohibited by law, a state or local agency
2 may adopt requirements for itself that allow for faster, more
3 efficient, or greater access to records than prescribed by the
4 minimum standards set forth in this chapter.

5 (f) *Notwithstanding subdivisions (a) through (e), inclusive, if a*
6 *person requests a public record under this act that the public*
7 *agency has posted on the public agency’s Internet Web site, the*
8 *public agency may comply with the requirements of this act by*
9 *referring that person to public agency’s Internet Web site where*
10 *the information is posted.*

11 *SEC. 2. The Legislature finds and declares that Section 1 of*
12 *this act, which amends Section 6253 of the Government Code,*
13 *imposes a limitation on the public’s right of access to the meetings*
14 *of public bodies or the writings of public officials and agencies*
15 *within the meaning of Section 3 of Article I of the California*
16 *Constitution. Pursuant to that constitutional provision, the*
17 *Legislature makes the following findings to demonstrate the interest*
18 *protected by this limitation and the need for protecting that*
19 *interest:*

20 *The state has a very strong interest in ensuring both the*
21 *transparency of, and efficient use of limited resources by, public*
22 *agencies. In order to protect this interest, it is necessary to allow*
23 *public agencies that have already increased the public’s access*
24 *to public records by posting public records on the public agencies’*
25 *Internet Web sites to refer requests for posted public records to*
26 *these Internet Web sites.*

27 *SEC. 3. No reimbursement is required by this act pursuant to*
28 *Section 6 of Article XIII B of the California Constitution because*
29 *the only costs that may be incurred by a local agency or school*
30 *district under this act would result from a legislative mandate that*
31 *is within the scope of paragraph (7) of subdivision (b) of Section*
32 *3 of Article I of the California Constitution.*

33 ~~SECTION 1. It is the intent of the Legislature to subsequently~~
34 ~~amend this bill to include provisions that would clarify that the~~
35 ~~term “public record,” for purposes of the California Public Records~~
36 ~~Act, includes those writings kept on the private cellular phone or~~
37 ~~other electronic device of an elected official, official, or employee~~
38 ~~or a public agency if those records relate to the public’s business.~~

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ASSEMBLY BILL

No. 2853

Introduced by Assembly Member Gatto

February 19, 2016

An act relating to public records.

LEGISLATIVE COUNSEL'S DIGEST

AB 2853, as introduced, Gatto. Public records.

The California Public Records Act defines the term “public record,” for purposes of that act, to mean any writing containing information relating to the conduct of the public’s business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

This bill would express the intent of the Legislature to subsequently amend this bill to include provisions that would clarify that the term “public record,” for purposes of that act, includes those writings kept on the private cellular phone or other electronic device of an elected official, official, or employee or a public agency if those records relate to the public’s business.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to subsequently
- 2 amend this bill to include provisions that would clarify that the
- 3 term “public record,” for purposes of the California Public Records
- 4 Act, includes those writings kept on the private cellular phone or

- 1 other electronic device of an elected official, official, or employee
- 2 or a public agency if those records relate to the public's business.

O

March 28, 2016

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 6, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **U.S. House Bill HR 4822 – Public Employee Pension Transparency Act**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt an “Oppose” position on HR 4822, which would enact the Public Employee Pension Transparency Act.

DISCUSSION

HR 4822, known as the Public Employee Pension Transparency Act, was introduced on March 21, 2016 by U.S. Representative Devin Nunes [R-CA]. Identical bills were introduced in past legislative sessions by Representative Nunes as well as U.S. Senator Richard Burr [R-NC].

The bill provides that the plan sponsor of a state or local government employee pension benefit plan must file an annual report for each plan year beginning on or after January 1, 2017. The report must include a schedule of funding status, a schedule of contributions by the plan sponsor during the plan year, alternative projections of cash flows, a statement of actuarial assumptions, plan participant statistics, a statement of investments returns for the current and preceding 5 years, a statement of the plan sponsor’s expectation in eliminating any unfunded current liability and extent to which it has followed its own funding policy, a statement on the amount of outstanding pension obligation bonds, and a statement of the current cost of the plan year.

A supplementary report is also required if the value of the plan assets is determined by a standard other than fair market value or if the interest rate used to determine the value of liabilities is not based on the U.S. Treasury obligation yield curve.

If a plan sponsor does not comply with the reporting requirements, then no specified federal tax benefits will be allowed for specified bonds issued by a state or political subdivision during the noncompliance period, which begins on the date the state or political subdivision is notified by the Secretary of the Treasury to the date the failure is cured (as determined by the Secretary).

Legislation already exists in California to safeguard the solvency of public retirement systems and funds. Public retirement systems are required to submit annual financial reports and triennial actuarial valuations to the California State Controller. The State Controller establishes an advisory committee that includes enrolled actuaries to assist with the evaluation of each retirement system's funding adequacy, actuarial assumptions, plan participant statistics, and rates of return on total assets. The State Controller compiles and publishes an annual report on the financial condition of all state and local public retirement systems.

The bill would set a precedent for federal intervention into areas that are the financial responsibility of, and have thus been historically regulated by, the states and its political subdivisions. It would mandate duplicative and costly federal reporting and disclosure requirements on state and local governments related to pension costs.

Note that in 2011, LACERA's Board of Retirement and Board of Investments adopted an "Oppose" position on HR 567 and S 347, which were identical versions of the current bill that provided for reporting and disclosure by state and local public employee retirement pension plans for plan years beginning on or after January 1, 2011.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt an "Oppose" position on HR 4822, which would enact the Public Employee Pension Transparency Act.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

**LEGISLATIVE ANALYSIS
U.S HOUSE BILL 4822**

AUTHOR: Rep. Devin Nunes [R-CA]

INTRODUCED: March 21, 2016

SPONSOR: Author

SUMMARY: The bill provides that the plan sponsor of a state or local government employee pension benefit plan must file an annual report for each plan year beginning on or after January 1, 2017. The report must include a schedule of funding status, a schedule of contributions by the plan sponsor during the plan year, alternative projections of cash flows, a statement of actuarial assumptions, plan participant statistics, a statement of investments returns for the current and preceding 5 years, a statement of the plan sponsor's expectation in eliminating any unfunded current liability and extent to which it has followed its own funding policy, a statement on the amount of outstanding pension obligation bonds, and a statement of the current cost of the plan year.

A supplementary report is also required if the value of the plan assets is determined by a standard other than fair market value or if the interest rate used to determine the value of liabilities is not based on the U.S. Treasury obligation yield curve.

If a plan sponsor does not comply with the reporting requirements, then no specified federal tax benefits will be allowed for specified bonds issued by a state or political subdivision during the noncompliance period, which begins on the date the state or political subdivision is notified by the Secretary of the Treasury to the date the failure is cured (as determined by the Secretary).

ANALYSIS: Legislation already exists in California to safeguard the solvency of public retirement systems and funds. Public retirement systems are required to submit annual financial reports and triennial actuarial valuations to the California State Controller. The State Controller establishes an advisory committee that includes enrolled actuaries to assist with the evaluation of each retirement system's funding adequacy, actuarial assumptions, plan participant statistics, and rates of return on total assets. The State Controller compiles and publishes an annual report on the financial condition of all state and local public retirement systems.

The bill would set a precedent for federal intervention into areas that are the financial responsibility of, and have thus

been historically regulated by, the states and its political subdivisions. It would mandate duplicative and costly federal reporting and disclosure requirements on state and local governments related to pension costs.

Legislative History

HR 1628 (2013), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA did not adopt a position.

S 779 (2013), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA did not adopt a position.

HR 567 (2011), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA's Board of Retirement adopted an "Oppose" position on April 14, 2011. LACERA's Board of Investments adopted an "Oppose" position on March 9, 2011.

S 347 (2011), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA's Board of Retirement adopted an "Oppose" position on April 14, 2011. LACERA's Board of Investments adopted an "Oppose" position on March 9, 2011.

HR 6484 (2010), also known as the Public Employee Pension Transparency Act, amends the Internal Revenue Code of 1986 to provide for reporting and disclosure by state and local public employee retirement pension plans. LACERA did not adopt a position.

STAFF

RECOMMENDATION: Oppose

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: March 28, 2016

114TH CONGRESS
2D SESSION

H. R. 4822

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2016

Mr. NUNES (for himself, Mr. STEWART, Mr. DUNCAN of South Carolina, Mr. ROSS, Mr. ROKITA, Mr. MARCHANT, and Mr. BUCSHON) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for reporting and disclosure by State and local public employee retirement pension plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Employee Pen-
5 sion Transparency Act”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) Pursuant to clauses 1 and 3 of section 8 of
9 article I of the Constitution of the United States,

1 the Congress has the authority to condition the con-
2 tinuation of certain specified Federal tax benefits
3 upon State or local government employee pension
4 benefit plans on the provision of meaningful disclo-
5 sure under section 4980J of the Internal Revenue
6 Code of 1986, as added by this Act.

7 (2) State and local government employee pen-
8 sion benefit plans have promised pension benefits to
9 approximately 20,000,000 Americans who are active
10 employees of these entities. An additional 7,000,000
11 retirees and their dependents currently receive bene-
12 fits from State or local government employee pen-
13 sion benefit plans. The interests of participants in
14 many of such plans are in the nature of property
15 rights under State law.

16 (3) State and local government employee pen-
17 sion benefit plans are substantially facilitated by the
18 favorable tax treatment of participants and bene-
19 ficiaries, investment earnings, and employee con-
20 tributions with respect to such plans provided by the
21 Federal Government under the Internal Revenue
22 Code of 1986.

23 (4) The investment of State or local govern-
24 ment employee pension benefit plan assets, the dis-
25 tribution of benefits under such plans, and other re-

1 lated financial activities are facilitated through the
2 use of instrumentalities of, and substantially affect,
3 interstate commerce. These activities, which are
4 interstate in nature and have a substantial impact
5 on the national economy, affect capital formation,
6 regional growth and decline, the national markets
7 for insurance, and the markets for securities and the
8 trading of securities of State and local governments.

9 (5) The financial status of State or local gov-
10 ernment employee pension benefit plans also has a
11 direct impact on the national markets for insurance
12 and trading of securities of State and local govern-
13 ments.

14 (6) State or local government employee pension
15 benefit plans additionally have a substantial impact
16 on interstate commerce as a consequence of the
17 interstate movement of participants.

18 (7) State or local government employee pension
19 benefit plans are becoming a large financial burden
20 on certain State and local governments and have al-
21 ready resulted in tax increases and the reduction of
22 services.

23 (8) In fact, a soon to be published study has
24 determined that as of 2014, the present value of the
25 already promised pension liabilities of the 50 States

1 and major municipalities, calculated using the meth-
2 odology prescribed by this bill, is
3 \$7,019,627,000,000 with unfunded liabilities at
4 \$3,412,587,000,000. These amounts are substan-
5 tially higher than those reported by pension funds
6 using the Governmental Accounting Standards
7 Board's (GASB) revised standards (total liabilities
8 of \$4,798,075,000,000 and unfunded liabilities of
9 \$1,191,035,000,000).

10 (9) Some economists and observers have stated
11 that the extent to which State or local government
12 employee pension benefit plans are underfunded is
13 obscured by governmental accounting rules and
14 practices, particularly as they relate to the valuation
15 of plan assets and liabilities. This results in a
16 misstatement of the value of plan assets and an un-
17 derstatement of plan liabilities, a situation that
18 poses a significant threat to the soundness of State
19 and local budgets.

20 (10) There currently is a lack of meaningful
21 disclosure regarding the value of State or local gov-
22 ernment employee pension benefit plan assets and li-
23 abilities. This lack of meaningful disclosure poses a
24 direct and serious threat to the financial stability of
25 such plans and their sponsoring governments, im-

1 pairs the ability of State and local government tax-
2 payers and officials to understand the financial obli-
3 gations of their government, and reduces the likeli-
4 hood that State and local government processes will
5 be effective in assuring the prudent management of
6 their plans. The status quo also constitutes a serious
7 threat to the future economic health of the Nation
8 and places an undue burden upon State and local
9 government taxpayers, who will be called upon to
10 fully fund existing, and future, pension promises.

11 (11) State or local government employee pen-
12 sion benefit plans affect the national public interest
13 and meaningful disclosure of the value of their as-
14 sets and liabilities is necessary and desirable in
15 order to adequately protect plan participants and
16 their beneficiaries and the general public. Meaning-
17 ful disclosure would also further efforts to provide
18 for the general welfare and the free flow of com-
19 merce.

1 **SEC. 3. REPORTING OF INFORMATION WITH RESPECT TO**
2 **STATE OR LOCAL GOVERNMENT EMPLOYEE**
3 **PENSION BENEFIT PLANS TREATED AS A TAX**
4 **EXEMPTION, ETC., REQUIREMENT FOR STATE**
5 **AND LOCAL BONDS.**

6 (a) IN GENERAL.—Subpart B of part IV of sub-
7 chapter B of chapter 1 of the Internal Revenue Code of
8 1986 is amended by adding at the end the following new
9 section:

10 **“SEC. 149A. REPORTING WITH RESPECT TO STATE OR**
11 **LOCAL GOVERNMENT EMPLOYEE PENSION**
12 **BENEFIT PLANS.**

13 “(a) IN GENERAL.—In the case of a failure to satisfy
14 any requirement of subsection (a) or (b) of section 4980J
15 with respect to any plan maintained with respect to em-
16 ployees of one or more States or political subdivisions of
17 one or more States, no specified Federal tax benefit shall
18 be allowed or made with respect to any specified bond
19 issued by any such State or political subdivision (or by
20 any bonding authority acting on behalf, or for the benefit,
21 of such State or political subdivision) during the non-
22 compliance period.

23 “(b) NONCOMPLIANCE PERIOD.—For purposes of
24 this section, the term ‘noncompliance period’ means, with
25 respect to any State or political subdivision in connection
26 with any failure described in subsection (a), the period be-

1 ginning on the date that the Secretary notifies such State
2 or political subdivision of such failure and ending on the
3 date that such failure is cured (as determined by the Sec-
4 retary).

5 “(c) SPECIFIED BOND.—For purposes of this section,
6 the term ‘specified bond’ means—

7 “(1) any State or local bond within the meaning
8 of section 103,

9 “(2) any qualified tax credit bond within the
10 meaning of section 54A, and

11 “(3) any build America bond within the mean-
12 ing of section 54AA.

13 “(d) SPECIFIED FEDERAL TAX BENEFIT.—For pur-
14 poses of this section, the term ‘specified Federal tax ben-
15 efit’ means—

16 “(1) any exemption from gross income allowed
17 under section 103 (relating to interest on State and
18 local bonds),

19 “(2) any credit allowed under section 54A (re-
20 lating to credit to holders of qualified tax credit
21 bonds),

22 “(3) any credit allowed under section 54AA (re-
23 lating to build America bonds), and

1 “(4) any credit or payment allowed or made
2 under section 6431 (relating to credit for qualified
3 bonds allowed to issuer).”.

4 (b) REPORTING REQUIREMENTS.—Chapter 43 of
5 such Code is amended by adding at the end the following
6 new section:

7 **“SEC. 4980J. FAILURE OF STATE OR LOCAL GOVERNMENT**
8 **EMPLOYEE PENSION BENEFIT PLANS TO**
9 **MEET REPORTING REQUIREMENTS.**

10 “(a) ANNUAL REPORT.—For purposes of section
11 149A, the requirements of this subsection are as follows:

12 “(1) IN GENERAL.—The plan sponsor of a
13 State or local government employee pension benefit
14 plan shall file with the Secretary, in such form and
15 manner as shall be prescribed by the Secretary, a re-
16 port for each plan year beginning on or after Janu-
17 ary 1, 2017, setting forth the following information
18 with respect to the plan, as determined by the plan
19 sponsor as of the end of such plan year:

20 “(A) A schedule of funding status, which
21 shall include a statement as to the current li-
22 ability of the plan, the amount of plan assets
23 available to meet that liability, the amount of
24 the net unfunded liability (if any), and the
25 funding percentage of the plan.

1 “(B) A schedule of contributions by the
2 plan sponsor for the plan year, indicating which
3 are or are not taken into account under sub-
4 paragraph (A).

5 “(C) Alternative projections which shall be
6 specified in regulations of the Secretary for
7 each of the next 60 plan years following the
8 plan year of the cash flows associated with the
9 current liability, together with a statement of
10 the assumptions used in connection with such
11 projections. The Secretary shall specify in such
12 regulations the projection assumptions to be
13 used as necessary to achieve comparability
14 across plans.

15 “(D) A statement of the actuarial assump-
16 tions used for the plan year, including the rate
17 of return on investment of plan assets and as-
18 sumptions as to such other matters as the Sec-
19 retary may prescribe by regulation.

20 “(E) A statement of the number of partici-
21 pants who are each of the following—

22 “(i) those who are retired or sepa-
23 rated from service and are receiving bene-
24 fits,

1 “(ii) those who are retired or sepa-
2 rated and are entitled to future benefits,
3 and

4 “(iii) those who are active under the
5 plan.

6 “(F) A statement of the plan’s investment
7 returns, including the rate of return, for the
8 plan year and the 5 preceding plan years.

9 “(G) A statement of the degree to which,
10 and manner in which, the plan sponsor expects
11 to eliminate any unfunded current liability that
12 may exist for the plan year and the extent to
13 which the plan sponsor has followed the plan’s
14 funding policy for each of the preceding 5 plan
15 years. The Secretary shall prescribe by regula-
16 tion the specific criteria to be used for meeting
17 the requirements of this paragraph.

18 “(H) A statement of the amount of pen-
19 sion obligation bonds outstanding.

20 “(I) A statement of the current cost of the
21 plan for the plan year.

22 “(2) TIMING OF REPORT.—The plan sponsor of
23 a State or local government employee pension ben-
24 efit plan shall make the filing required under para-
25 graph (1) for each plan year not later than 210 days

1 after the end of such plan year (or within such time
2 as may be required by regulations prescribed by the
3 Secretary in order to reduce duplicative filing).

4 “(b) ADDITIONAL REPORTING REQUIREMENTS.—
5 For purposes of section 149A, the requirements of this
6 subsection are as follows:

7 “(1) SUPPLEMENTARY REPORTS.—In any case
8 in which, in determining the information filed in the
9 annual report for a plan year under subsection (a)—

10 “(A) the value of plan assets is determined
11 using a standard other than fair market value,
12 or

13 “(B) the interest rate or rates used to de-
14 termine the value of liabilities or as the dis-
15 count value for liabilities are not the interest
16 rates described in paragraph (3), the plan spon-
17 sor shall include in the annual report filed for
18 such plan year pursuant to subsection (a) the
19 supplementary report for such plan year de-
20 scribed in paragraph (2) of this subsection.

21 “(2) USE OF PRESCRIBED VALUATION METHOD
22 AND INTEREST RATES.—A supplementary report for
23 a plan year filed for a plan year pursuant to this
24 subsection shall include the information specified as
25 required in the annual report under subparagraphs

1 (A), (F), (G) and (I) of subsection (a)(1), deter-
2 mined as of the end of such plan year by valuing
3 plan assets at fair market value and by using the in-
4 terest rates described in paragraph (3) to value li-
5 abilities and as the discount value for liabilities.

6 “(3) INTEREST RATES BASED ON U.S. TREAS-
7 URY OBLIGATION YIELD CURVE RATE.—

8 “(A) IN GENERAL.—The interest rates de-
9 scribed in this subsection are, with respect to
10 any day, the rates of interest which shall be de-
11 termined by the Secretary for such day on the
12 basis of the U.S. Treasury obligation yield
13 curve for such day.

14 “(B) U.S. TREASURY OBLIGATION YIELD
15 CURVE.—For purposes of this subsection, the
16 term ‘U.S. Treasury obligation yield curve’
17 means, with respect to any day, a yield curve
18 which shall be prescribed by the Secretary for
19 such day on interest-bearing obligations of the
20 United States.

21 “(c) DEFINITIONS AND SPECIAL RULES.—For pur-
22 poses of this section—

23 “(1) STATE OR LOCAL GOVERNMENT EM-
24 PLOYEE PENSION BENEFIT PLAN.—The terms ‘State
25 or local government employee pension benefit plan’

1 and ‘plan’ mean any plan, fund, or program, other
2 than a defined contribution plan (within the mean-
3 ing of section 414(i)), which was heretofore or is
4 hereafter established or maintained, in whole or in
5 part, by a State, a political subdivision of a State,
6 or any agency or instrumentality of a State or polit-
7 ical subdivision of a State, to the extent that by its
8 express terms or as a result of surrounding cir-
9 cumstances such plan, fund, or program—

10 “(A) provides retirement income to em-
11 ployees, or

12 “(B) results in a deferral of income by em-
13 ployees for periods extending to the termination
14 of covered employment or beyond, regardless of
15 the method of calculating the contributions
16 made to the plan, the method of calculating the
17 benefits under the plan, or the method of dis-
18 tributing benefits from the plan.

19 “(2) FUNDING PERCENTAGE.—The term ‘fund-
20 ing percentage’ for a plan year means the ratio (ex-
21 pressed as a percentage) which—

22 “(A) the value of plan assets as of the end
23 of the plan year bears to

24 “(B) the current liability of the plan for
25 the plan year.

1 “(3) CURRENT LIABILITY.—The term ‘current
2 liability’ of a plan for a plan year means the present
3 value of all benefits accrued or earned under the
4 plan as of the end of the plan year.

5 “(4) PRESENT VALUE.—

6 “(A) IN GENERAL.—The present value of
7 an accrued benefit shall be determined by dis-
8 counting its future cash flows in accordance
9 with subsection (b)(3). The present value of all
10 benefits accrued for a participant shall be cal-
11 culated as the sum of the present value of the
12 accrued benefit for each exit event multiplied by
13 the probability of the associated exit event.

14 “(B) EXIT EVENT.—An ‘exit event’ occurs
15 when the employment of a plan participant ter-
16 minates. For each currently employed plan par-
17 ticipant as of the measurement date, there are
18 one or more potential future exit events. Each
19 exit event is associated with a termination date,
20 a cause of termination (e.g., retirement, death,
21 disability, quit, etc.), a contractual benefit, and
22 a probability that the participant will exit em-
23 ployment via the particular event.

24 “(5) ACCRUED BENEFIT.—

1 “(A) IN GENERAL.—An ‘accrued benefit’ is
2 determined for each exit event as the projected
3 benefit multiplied by service earned as of the
4 measurement date divided by service projected
5 to be earned by the event date. For participants
6 retired or separated from service as of the
7 measurement date, the accrued benefit equals
8 the projected benefit.

9 “(B) PROJECTED BENEFIT.—As of the
10 measurement date, a ‘projected benefit’ (con-
11 sisting of future cash flows) is calculated for
12 each possible exit event using service projected
13 to be earned to the event date and salary as of
14 the measurement date. Such projected benefit
15 shall reflect any cost-of-living adjustments pay-
16 able in the future based on the law in effect as
17 of the measurement date.

18 “(6) MEASUREMENT DATE.—The term ‘meas-
19 urement date’ means the date as of which the value
20 of the pension obligation is determined (sometimes
21 referred to as the ‘valuation date’).

22 “(7) CURRENT COST.—The term ‘current cost’
23 of a plan for a plan year means the present value
24 as of the end of the plan year of all benefits accrued
25 or earned under the plan during the plan year.

1 “(8) PLAN SPONSOR.—The term ‘plan sponsor’
2 means, in connection with a State or local govern-
3 ment employee pension benefit plan, the State, polit-
4 ical subdivision of a State, or agency or instrumen-
5 tality of a State or a political subdivision of a State
6 which establishes or maintains the plan.

7 “(9) PARTICIPANT.—

8 “(A) IN GENERAL.—The term ‘participant’
9 means, in connection with a State or local gov-
10 ernment employee pension benefit plan, an indi-
11 vidual—

12 “(i) who is an employee or former em-
13 ployee of a State, political subdivision of a
14 State, or agency or instrumentality of a
15 State or a political subdivision of a State
16 which is the plan sponsor of such plan, and

17 “(ii) who is or may become eligible to
18 receive a benefit of any type from such
19 plan or whose beneficiaries may be eligible
20 to receive any such benefit.

21 “(B) BENEFICIARY.—The term ‘bene-
22 ficiary’ means a person designated by a partici-
23 pant, or by the terms of the plan, who is or
24 may become entitled to a benefit thereunder.

1 “(10) PLAN YEAR.—The term ‘plan year’
2 means, in connection with a plan, the calendar or
3 fiscal year on which the records of the plan are kept.

4 “(11) STATE.—The term ‘State’ includes any
5 State of the United States, the District of Columbia,
6 the Commonwealth of Puerto Rico, the United
7 States Virgin Islands, American Samoa, Guam, and
8 the Commonwealth of the Northern Mariana Is-
9 lands.

10 “(12) FAIR MARKET VALUE.—The term ‘fair
11 market value’ has the meaning of such term under
12 section 430(g)(3)(A) (without regard to section
13 430(g)(3)(B)).

14 “(d) MODEL REPORTING STATEMENT.—The Sec-
15 retary shall develop model reporting statements for pur-
16 poses of subsections (a) and (b). Plan sponsors of State
17 or local government employee pension plans may elect, in
18 such form and manner as shall be prescribed by the Sec-
19 retary, to utilize the applicable model reporting statement
20 for purposes of complying with requirements of such sub-
21 sections.

22 “(e) TRANSPARENCY OF INFORMATION FILED.—The
23 Secretary shall create and maintain a public Web site,
24 with searchable capabilities, for purposes of posting the
25 information received by the Secretary pursuant to sub-

1 sections (a) and (b). Any such information received by the
 2 Secretary (including any updates to such information re-
 3 ceived by the Secretary) shall be posted on the Web site
 4 not later than 60 days after receipt and shall not be treat-
 5 ed as return information for purposes of this title.”.

6 (c) CLERICAL AMENDMENTS.—

7 (1) The table of sections for subpart B of part
 8 IV of subchapter B of chapter 1 of such Code is
 9 amended by adding at the end the following new
 10 item:

“Sec. 149A. Reporting with respect to State or local government employee pen-
 sion benefit plans.”.

11 (2) The table of sections for chapter 43 of such
 12 Code is amended by adding at the end the following
 13 new item:

“Sec. 4980J. Failure of State or local government employee pension benefit
 plans to meet reporting requirements.”.

14 **SEC. 4. GENERAL PROVISIONS AND RULES OF CONSTRUC-**
 15 **TION.**

16 (a) LIMITATIONS ON FEDERAL RESPONSIBILITIES
 17 RELATING TO PLAN OBLIGATIONS AND LIABILITIES.—

18 The United States shall not be liable for any obligation
 19 related to any current or future shortfall in any State or
 20 local government employee pension plan. Nothing in this
 21 Act (or any amendment made by this Act) or any other
 22 provision of law shall be construed to provide Federal Gov-
 23 ernment funds to diminish or meet any current or future

1 shortfall in, or obligation of, any State or local government
2 employee pension plan. The preceding sentence shall also
3 apply to the Federal Reserve.

4 (b) NO FEDERAL FUNDING STANDARDS.—Nothing
5 in this Act (or any amendment made by this Act) shall
6 be construed to alter existing funding standards for State
7 or local government employee pension plans or to require
8 Federal funding standards for such plans.

9 (c) DEFINITIONS.—Terms used in this section which
10 are also used in section 4980J of the Internal Revenue
11 Code of 1986 shall have the same meaning as when used
12 in such section.

○

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
 RETIREE HEALTHCARE BENEFITS PROGRAM
 STAFF ACTIVITIES REPORT
 MARCH 2016
 FOR INFORMATION ONLY**

**Centers for Medicare and Medicaid Services (CMS) Medicare Part D
 Retiree Drug Subsidy (RDS) Applications Plan Year 7/1/2015 –
 6/30/2016 – Quarterly Subsidy Payments**

In March, CMS approved LACERA's RDS quarterly subsidy payment request for the Cigna HMO, Kaiser, and Local 1014 Applications. The chart below shows the approved subsidy amounts and the date the subsidies were received. The Anthem Blue Cross request is pending and we will provide the status to your Board once the subsidy amount is approved and received.

Plan	Approved Subsidy Amount (2015-2016)	Subsidy Amount Received
Anthem Blue Cross	Pending	Pending
Cigna HMO	\$58,547	\$58,547
Kaiser	104,488	104,488
LACFF Local 1014	\$285,434	\$285,434

**LACERA Retiree Wellness Program called Staying Healthy Together –
Spring 2016 Workshop**



This year marks the 10th anniversary of the half-day Staying Healthy Together Program workshops! We are pleased to announce, in partnership with our carriers and Aon, we are once again hosting this special event for our retirees.

The workshop will be held on Wednesday, April 27th at the Glendale Civic Auditorium in Glendale and the theme is Fitness of the Mind. Cigna is providing the guest speaker for this event. Dr. Blank from Cigna will be making a presentation on Depression after Retirement – Prevention and Coping.

Carrier representatives (Anthem Blue Cross, Cigna, CVS Caremark, Kaiser Permanente, SCAN Health Plan, UnitedHealthcare) will be present. Healthy snacks, prizes, and give-aways will be available to attendees. The invitations will be mailed soon and we will provide copies of the invitation as it becomes available.

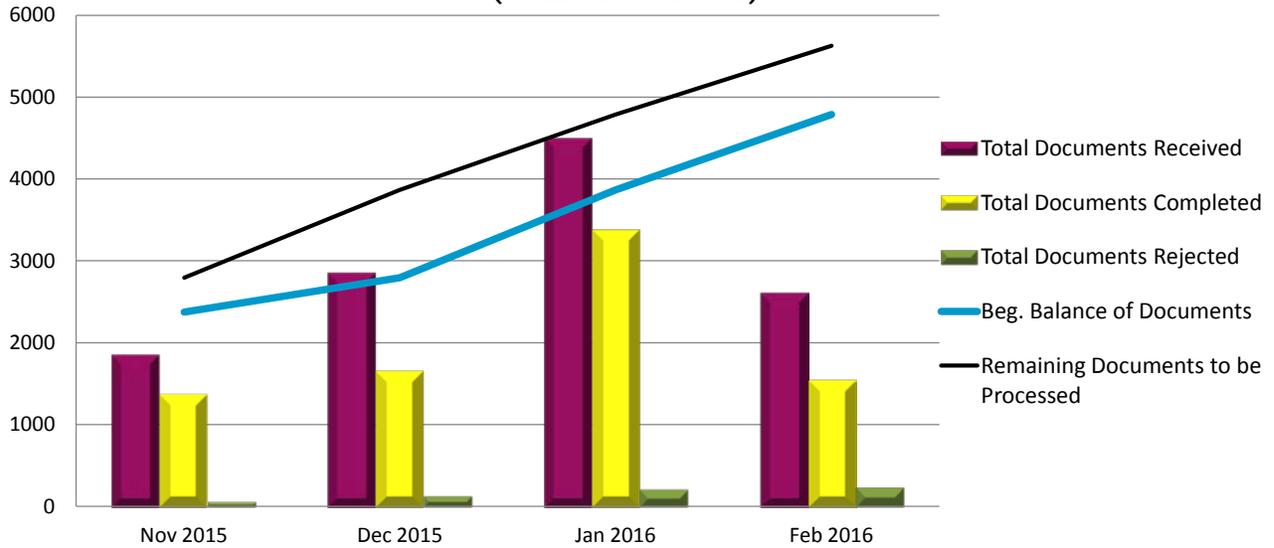
We hope that you can join this fun-filled and educational event for our members. We look forward to seeing you there!

Kudos to Communications, Systems, and Aon for their assistance. A special thank you to Jeannine Smart and her team for creating the 10 year anniversary logo!

**Retiree Healthcare Division
Insurance Status Report
November 1, 2015 - February 29, 2016**

UPDATE: 3.28.2016

**RETIREE HEALTHCARE WORK ITEMS SUMMARY
(ROLLING 4 MONTHS)**



Date	Beg. Balance of Documents	Total Documents Received	Total Documents Completed	Total Documents Rejected	Remaining Documents to be Processed
Nov 2015	2372	1863	1380	61	2794
Dec 2015	2794	2859	1661	127	3865
Jan 2016	3865	4498	3378	197	4788
Feb 2016	4788	2614	1550	224	5628

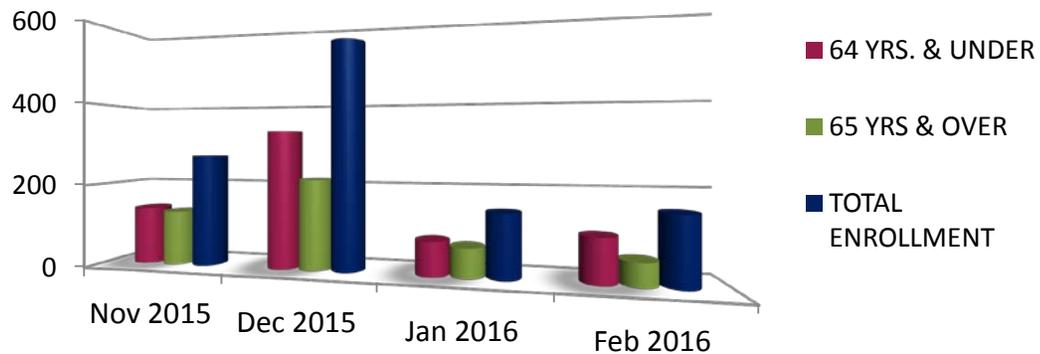
* Please Note: March (3/2016) data is not yet available as data is provided on a full month basis.

* **Next Report will include the following dates: December 1, 2015 through March 31, 2016.

Retirees Monthly Age Breakdown November 1, 2015 - February 29, 2016

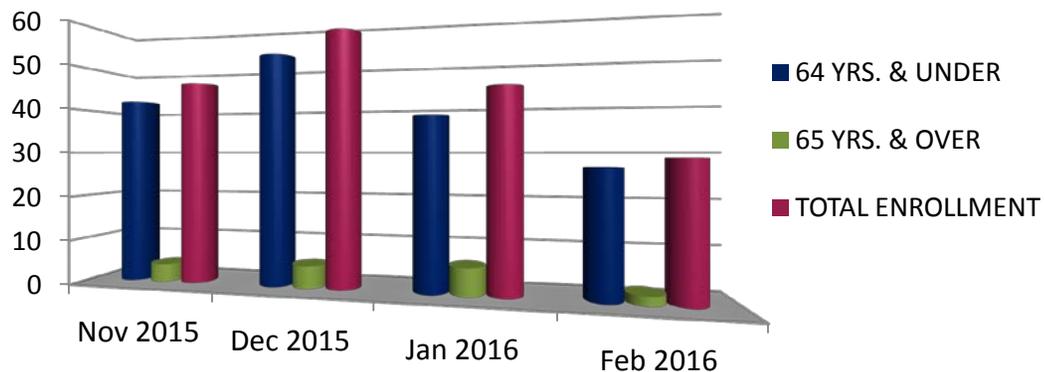
Service Retirement

MONTH	64 YRS. & UNDER	65 YRS & OVER	TOTAL ENROLLMENT
Nov 2015	139	131	270
Dec 2015	331	215	546
Jan 2016	80	68	148
Feb 2016	103	53	156



Disability Retirement

MONTH	64 YRS. & UNDER	65 YRS. & OVER	TOTAL ENROLLMENT
Nov 2015	42	4	46
Dec 2015	52	5	57
Jan 2016	38	6	44
Feb 2016	27	2	29



* Please Note: March's (3/2016) data is not yet available as data is provided on a full month basis.

* *Next Report will include the following dates: December 1, 2015 through March 31, 2016.

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
221	2	(209.80)	0	\$0.00
240	6,150	\$656,981.70	12	\$275.90
241	184	\$20,289.40	1	\$62.90
242	842	\$89,836.30	0	\$0.00
243	3,517	\$743,853.20	6	\$398.70
244	15	\$1,607.30	0	\$0.00
245	40	\$4,419.20	0	\$0.00
246	17	\$1,800.20	0	\$0.00
247	78	\$8,540.60	0	\$0.00
248	10	\$2,114.90	1	\$31.50
249	37	\$8,016.10	0	\$0.00
250	13	\$2,727.40	0	\$0.00
Plan Total:	10,905	\$1,539,976.50	20	\$769.00
CIGNA-HEALTHSPRING PREFERRED with RX				
321	23	\$2,446.50	0	\$0.00
322	8	\$839.20	0	\$0.00
324	15	\$3,163.90	0	\$0.00
327	2	\$209.80	0	\$0.00
329	1	\$209.80	0	\$0.00
Plan Total:	49	\$6,869.20	0	\$0.00
KAISER SR. ADVANTAGE				
401	1	(\$104.90)	0	\$0.00
403	9,397	\$1,002,082.10	6	\$186.90
413	1,673	\$179,179.90	0	\$0.00
418	4,654	\$988,160.10	5	\$115.60
419	245	\$25,029.80	0	\$0.00
426	198	\$21,263.80	0	\$0.00
427	166	\$17,389.50	0	\$0.00
445	2	\$209.80	0	\$0.00
451	26	\$2,744.30	0	\$0.00
457	11	\$2,324.70	0	\$0.00
462	54	\$5,681.50	0	\$0.00
465	17	\$1,800.20	0	\$0.00
466	21	\$4,405.80	0	\$0.00
472	30	\$3,163.90	0	\$0.00
476	5	\$575.20	0	\$0.00
478	12	\$2,517.60	0	\$0.00
482	75	\$8,178.70	1	\$12.20
486	9	\$961.00	0	\$0.00
488	44	\$9,467.80	0	\$0.00
492	1	\$104.90	0	\$0.00
493	1	\$104.90	0	\$0.00
Plan Total:	16,642	\$2,275,240.60	12	\$314.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	260	\$26,986.10	0	\$0.00
613	93	\$19,423.40	0	\$0.00
Plan Total:	353	\$46,409.50	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,458	\$154,538.60	1	\$36.50
702	317	\$34,494.00	0	\$0.00
703	771	\$163,038.90	1	\$10.50
704	63	\$7,000.90	0	\$0.00
705	21	\$4,541.00	0	\$0.00
Plan Total:	2,630	\$363,613.40	2	\$47.00
Grand Total:	30,579	\$4,232,109.20	34	\$1,130.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
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221	2	(209.80)	0	\$0.00
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419	245	\$25,029.80	0	\$0.00
426	198	\$21,263.80	0	\$0.00
427	166	\$17,389.50	0	\$0.00
445	2	\$209.80	0	\$0.00
451	26	\$2,744.30	0	\$0.00
457	11	\$2,324.70	0	\$0.00
462	54	\$5,681.50	0	\$0.00
465	17	\$1,800.20	0	\$0.00
466	21	\$4,405.80	0	\$0.00
472	30	\$3,163.90	0	\$0.00
476	5	\$575.20	0	\$0.00
478	12	\$2,517.60	0	\$0.00
482	75	\$8,178.70	1	\$12.20
486	9	\$961.00	0	\$0.00
488	44	\$9,467.80	0	\$0.00
492	1	\$104.90	0	\$0.00
493	1	\$104.90	0	\$0.00
Plan Total:	16,642	\$2,275,240.60	12	\$314.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	260	\$26,986.10	0	\$0.00
613	93	\$19,423.40	0	\$0.00
Plan Total:	353	\$46,409.50	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,458	\$154,538.60	1	\$36.50
702	317	\$34,494.00	0	\$0.00
703	771	\$163,038.90	1	\$10.50
704	63	\$7,000.90	0	\$0.00
705	21	\$4,541.00	0	\$0.00
Plan Total:	2,630	\$363,613.40	2	\$47.00
LOCAL 1014				
804	159	\$19,558.40	0	\$0.00
805	171	\$19,608.00	0	\$0.00
806	556	\$124,777.20	0	\$0.00
807	36	\$4,636.90	0	\$0.00
808	9	\$1,922.00	0	\$0.00
812	205	\$22,512.10	0	\$0.00
Plan Total:	1,136	\$193,014.60	0	\$0.00
Grand Total:	31,715	\$4,425,123.80	34	\$1,130.70

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Medical Plan							
Anthem Blue Cross Prudent Buyer Plan							
201	769	\$646,621.34	\$109,664.92	\$536,115.56	\$645,780.48	(\$3,362.44)	\$642,418.04
202	428	\$710,346.78	\$80,472.82	\$626,562.32	\$707,035.14	(\$3,311.64)	\$703,723.50
203	112	\$211,182.31	\$48,940.01	\$159,947.33	\$208,887.34	\$0.00	\$208,887.34
204	36	\$38,921.40	\$14,617.05	\$26,466.65	\$41,083.70	\$0.00	\$41,083.70
205	1	\$228.33	\$9.13	\$219.20	\$228.33	\$0.00	\$228.33
SUBTOTAL	1,346	\$1,607,300.16	\$253,703.93	\$1,349,311.06	\$1,603,014.99	(\$6,674.08)	\$1,596,340.91
Anthem Blue Cross I							
211	977	\$1,038,345.83	\$73,842.27	\$966,629.14	\$1,040,471.41	(\$9,565.11)	\$1,030,906.30
212	361	\$693,899.70	\$38,375.25	\$649,773.90	\$688,149.15	\$1,916.85	\$690,066.00
213	49	\$110,801.74	\$15,331.31	\$93,209.17	\$108,540.48	\$0.00	\$108,540.48
214	17	\$23,910.16	\$5,316.49	\$18,593.67	\$23,910.16	\$0.00	\$23,910.16
215	4	\$1,406.04	\$471.02	\$1,638.04	\$2,109.06	\$0.00	\$2,109.06
SUBTOTAL	1,408	\$1,868,363.47	\$133,336.34	\$1,729,843.92	\$1,863,180.26	(\$7,648.26)	\$1,855,532.00
Anthem Blue Cross II							
221	2,111	\$2,252,052.01	\$138,927.30	\$2,119,501.45	\$2,258,428.75	(\$6,862.21)	\$2,251,566.54
222	1,933	\$3,714,855.30	\$103,509.77	\$3,565,321.99	\$3,668,831.76	(\$7,667.40)	\$3,661,164.36
223	525	\$1,191,684.02	\$41,656.56	\$1,121,161.65	\$1,162,818.21	\$0.00	\$1,162,818.21
224	111	\$156,119.28	\$15,808.84	\$143,123.40	\$158,932.24	\$4,219.44	\$163,151.68
225	2	\$703.02	\$175.75	\$527.27	\$703.02	\$0.00	\$703.02
SUBTOTAL	4,682	\$7,315,413.63	\$300,078.22	\$6,949,635.76	\$7,249,713.98	(\$10,310.17)	\$7,239,403.81

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	6,168	\$2,647,222.50	\$433,479.18	\$2,232,193.86	\$2,665,673.04	(\$3,858.33)	\$2,661,814.71
241	183	\$253,925.45	\$32,914.11	\$224,129.94	\$257,044.05	(\$2,745.14)	\$254,298.91
242	848	\$1,173,547.35	\$75,134.34	\$1,071,789.90	\$1,146,924.24	\$15,911.07	\$1,162,835.31
243	3,521	\$3,021,093.18	\$357,662.53	\$2,619,034.93	\$2,976,697.46	(\$5,978.98)	\$2,970,718.48
244	15	\$11,524.95	\$2,550.85	\$8,974.10	\$11,524.95	\$0.00	\$11,524.95
245	40	\$30,733.20	\$3,964.58	\$27,536.95	\$31,501.53	\$0.00	\$31,501.53
246	17	\$29,105.70	\$3,184.50	\$27,633.30	\$30,817.80	\$0.00	\$30,817.80
247	80	\$136,968.00	\$8,594.75	\$128,373.25	\$136,968.00	\$0.00	\$136,968.00
248	10	\$11,935.90	\$1,909.74	\$10,026.16	\$11,935.90	\$0.00	\$11,935.90
249	37	\$44,162.83	\$4,965.33	\$39,197.50	\$44,162.83	\$0.00	\$44,162.83
250	13	\$17,391.01	\$749.15	\$16,641.86	\$17,391.01	\$0.00	\$17,391.01
SUBTOTAL	10,932	\$7,377,610.07	\$925,109.06	\$6,405,531.75	\$7,330,640.81	\$3,328.62	\$7,333,969.43
CIGNA Network Model Plan							
301	380	\$485,864.20	\$101,619.78	\$382,965.83	\$484,585.61	(\$1,278.59)	\$483,307.02
302	181	\$417,950.72	\$79,933.39	\$338,017.33	\$417,950.72	\$0.00	\$417,950.72
303	26	\$70,879.90	\$19,355.75	\$48,798.00	\$68,153.75	\$0.00	\$68,153.75
304	21	\$37,354.68	\$12,544.37	\$24,810.31	\$37,354.68	\$0.00	\$37,354.68
SUBTOTAL	608	\$1,012,049.50	\$213,453.29	\$794,591.47	\$1,008,044.76	(\$1,278.59)	\$1,006,766.17

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
CIGNA Healthspring Pref w/ Rx - Phoenix, AZ							
321	23	\$7,702.70	\$1,647.72	\$6,054.98	\$7,702.70	\$0.00	\$7,702.70
322	8	\$10,918.00	\$982.62	\$9,935.38	\$10,918.00	\$0.00	\$10,918.00
324	15	\$9,972.00	\$1,316.31	\$8,655.69	\$9,972.00	\$0.00	\$9,972.00
327	2	\$3,562.60	\$0.00	\$3,562.60	\$3,562.60	\$0.00	\$3,562.60
329	1	\$1,136.12	\$0.00	\$1,136.12	\$1,136.12	\$0.00	\$1,136.12
SUBTOTAL	49	\$33,291.42	\$3,946.65	\$29,344.77	\$33,291.42	\$0.00	\$33,291.42

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,727	\$1,508,410.40	\$131,464.51	\$1,354,706.19	\$1,486,170.70	\$3,496.14	\$1,489,666.84
403	9,474	\$2,271,408.00	\$253,212.03	\$2,026,896.11	\$2,280,108.14	(\$2,878.86)	\$2,277,229.28
404	484	\$475,424.64	\$16,364.15	\$473,379.38	\$489,743.53	\$0.00	\$489,743.53
405	868	\$774,430.50	\$19,903.74	\$749,109.37	\$769,013.11	\$890.15	\$769,903.26
406	56	\$106,338.54	\$22,103.82	\$31,375.97	\$53,479.79	(\$3,222.38)	\$50,257.41
411	1,796	\$3,138,100.80	\$162,675.21	\$2,923,441.59	\$3,086,116.80	\$1,732.80	\$3,087,849.60
413	1,674	\$1,872,639.50	\$82,297.00	\$1,753,461.70	\$1,835,758.70	\$0.00	\$1,835,758.70
414	149	\$276,321.00	\$6,079.09	\$270,720.35	\$276,799.44	\$1,842.14	\$278,641.58
418	4,648	\$2,209,772.00	\$182,880.11	\$2,028,421.39	\$2,211,301.50	(\$2,812.12)	\$2,208,489.38
419	246	\$301,997.16	\$3,348.09	\$293,823.33	\$297,171.42	(\$1,212.84)	\$295,958.58
420	126	\$245,886.48	\$1,561.20	\$244,325.28	\$245,886.48	\$0.00	\$245,886.48
421	6	\$5,213.40	\$903.67	\$5,178.63	\$6,082.30	\$0.00	\$6,082.30
422	199	\$356,072.15	\$2,104.85	\$327,211.31	\$329,316.16	\$0.00	\$329,316.16
423	23	\$64,352.34	\$5,468.71	\$33,499.78	\$38,968.49	(\$2,475.09)	\$36,493.40
426	198	\$224,950.00	\$3,599.19	\$223,433.96	\$227,033.15	\$0.00	\$227,033.15
427	167	\$317,475.88	\$3,986.89	\$272,881.61	\$276,868.50	(\$3,691.58)	\$273,176.92
428	45	\$83,852.55	\$1,788.86	\$91,380.64	\$93,169.50	\$0.00	\$93,169.50
429	11	\$28,428.73	\$3,554.87	\$24,873.86	\$28,428.73	(\$2,584.43)	\$25,844.30
430	133	\$236,114.90	\$3,089.02	\$256,104.78	\$259,193.80	\$0.00	\$259,193.80
431	13	\$32,452.42	\$3,056.04	\$29,396.38	\$32,452.42	\$0.00	\$32,452.42
432	11	\$35,391.18	\$10,517.32	\$24,873.86	\$35,391.18	\$0.00	\$35,391.18
SUBTOTAL	22,054	\$14,565,032.57	\$919,958.37	\$13,438,495.47	\$14,358,453.84	(\$10,916.07)	\$14,347,537.77

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	6	\$6,357.66	\$1,101.99	\$5,255.67	\$6,357.66	\$0.00	\$6,357.66
451	26	\$8,844.16	\$993.29	\$7,850.87	\$8,844.16	\$0.00	\$8,844.16
453	2	\$4,692.66	\$858.96	\$3,833.70	\$4,692.66	\$0.00	\$4,692.66
454	1	\$3,168.92	\$907.66	\$2,261.26	\$3,168.92	\$0.00	\$3,168.92
457	11	\$7,428.52	\$1,296.61	\$6,131.91	\$7,428.52	\$0.00	\$7,428.52
SUBTOTAL	46	\$30,491.92	\$5,158.51	\$25,333.41	\$30,491.92	\$0.00	\$30,491.92
Kaiser - Georgia							
440	1	\$1,010.58	\$0.00	\$1,010.58	\$1,010.58	\$0.00	\$1,010.58
441	2	\$2,021.16	\$0.00	\$2,021.16	\$2,021.16	\$0.00	\$2,021.16
442	4	\$4,042.32	\$0.00	\$4,042.32	\$4,042.32	\$0.00	\$4,042.32
445	2	\$2,783.56	\$0.00	\$2,783.56	\$2,783.56	\$0.00	\$2,783.56
461	17	\$17,179.86	\$2,445.61	\$13,723.67	\$16,169.28	\$0.00	\$16,169.28
462	55	\$21,241.00	\$3,329.05	\$17,911.95	\$21,241.00	\$0.00	\$21,241.00
463	6	\$12,096.90	\$1,554.22	\$10,542.68	\$12,096.90	\$0.00	\$12,096.90
465	17	\$23,660.26	\$2,226.85	\$21,433.41	\$23,660.26	\$0.00	\$23,660.26
466	21	\$16,115.40	\$859.49	\$15,255.91	\$16,115.40	\$0.00	\$16,115.40
SUBTOTAL	125	\$100,151.04	\$10,415.22	\$88,725.24	\$99,140.46	\$0.00	\$99,140.46

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	7	\$6,773.48	\$1,432.11	\$5,341.37	\$6,773.48	\$0.00	\$6,773.48
472	30	\$10,591.20	\$1,878.17	\$8,713.03	\$10,591.20	\$0.00	\$10,591.20
473	2	\$2,851.82	\$853.77	\$1,998.05	\$2,851.82	\$0.00	\$2,851.82
474	3	\$5,190.84	\$830.53	\$4,360.31	\$5,190.84	\$0.00	\$5,190.84
476	5	\$6,078.40	\$2,285.48	\$3,792.92	\$6,078.40	\$0.00	\$6,078.40
478	12	\$8,412.96	\$532.82	\$7,880.14	\$8,412.96	\$0.00	\$8,412.96
SUBTOTAL	59	\$39,898.70	\$7,812.88	\$32,085.82	\$39,898.70	\$0.00	\$39,898.70
Kaiser - Oregon							
481	8	\$8,666.64	\$1,949.80	\$6,716.84	\$8,666.64	\$0.00	\$8,666.64
482	75	\$33,585.00	\$4,594.43	\$29,886.17	\$34,480.60	\$0.00	\$34,480.60
484	4	\$8,646.64	\$887.78	\$5,597.20	\$6,484.98	\$0.00	\$6,484.98
486	9	\$13,735.17	\$1,098.81	\$12,636.36	\$13,735.17	\$0.00	\$13,735.17
488	44	\$39,186.40	\$5,628.61	\$33,557.79	\$39,186.40	\$0.00	\$39,186.40
489	1	\$976.66	\$0.00	\$976.66	\$976.66	\$0.00	\$976.66
492	1	\$1,584.47	\$316.89	\$1,267.58	\$1,584.47	\$0.00	\$1,584.47
493	1	\$2,604.46	\$343.20	\$2,261.26	\$2,604.46	\$0.00	\$2,604.46
495	2	\$4,556.68	\$722.98	\$3,833.70	\$4,556.68	\$0.00	\$4,556.68
497	1	\$2,054.99	\$138.14	\$1,916.85	\$2,054.99	\$0.00	\$2,054.99
SUBTOTAL	146	\$115,597.11	\$15,680.64	\$98,650.41	\$114,331.05	\$0.00	\$114,331.05
SCAN Health Plan							
611	260	\$89,342.00	\$18,557.22	\$70,102.78	\$88,660.00	(\$341.00)	\$88,319.00
613	93	\$62,961.00	\$12,700.52	\$50,260.48	\$62,961.00	\$0.00	\$62,961.00
SUBTOTAL	353	\$152,303.00	\$31,257.74	\$120,363.26	\$151,621.00	(\$341.00)	\$151,280.00

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
UHC Medicare Adv.							
701	1,460	\$459,871.68	\$59,628.59	\$401,833.69	\$461,462.28	(\$314.12)	\$461,148.16
702	318	\$404,192.51	\$24,301.49	\$373,033.51	\$397,335.00	\$0.00	\$397,335.00
703	769	\$481,141.28	\$52,439.90	\$426,500.54	\$478,940.44	(\$1,246.48)	\$477,693.96
704	65	\$91,833.95	\$4,662.35	\$85,758.77	\$90,421.12	\$0.00	\$90,421.12
705	21	\$16,478.70	\$973.02	\$15,505.68	\$16,478.70	\$0.00	\$16,478.70
SUBTOTAL	2,633	\$1,453,518.12	\$142,005.35	\$1,302,632.19	\$1,444,637.54	(\$1,560.60)	\$1,443,076.94
United Healthcare							
707	414	\$391,976.00	\$46,697.79	\$341,509.21	\$388,207.00	\$0.00	\$388,207.00
708	340	\$592,110.00	\$24,304.01	\$555,757.24	\$580,061.25	(\$1,721.25)	\$578,340.00
709	218	\$449,011.20	\$31,430.81	\$407,375.59	\$438,806.40	\$0.00	\$438,806.40
SUBTOTAL	972	\$1,433,097.20	\$102,432.61	\$1,304,642.04	\$1,407,074.65	(\$1,721.25)	\$1,405,353.40

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	42	\$41,541.78	\$2,096.87	\$43,401.27	\$45,498.14	\$0.00	\$45,498.14
802	254	\$452,986.14	\$11,699.15	\$441,286.99	\$452,986.14	\$0.00	\$452,986.14
803	203	\$427,049.07	\$13,968.49	\$417,287.96	\$431,256.45	\$0.00	\$431,256.45
804	159	\$157,265.31	\$9,515.00	\$147,750.31	\$157,265.31	(\$20,547.49)	\$136,717.82
805	171	\$304,963.11	\$7,668.65	\$297,294.46	\$304,963.11	(\$19,608.00)	\$285,355.11
806	558	\$995,142.78	\$37,594.21	\$952,742.61	\$990,336.82	(\$124,777.20)	\$865,559.62
807	36	\$75,732.84	\$1,598.80	\$74,134.04	\$75,732.84	(\$4,636.90)	\$71,095.94
808	9	\$18,933.21	\$168.30	\$18,764.91	\$18,933.21	(\$1,922.00)	\$17,011.21
809	23	\$22,749.07	\$2,532.07	\$20,217.00	\$22,749.07	\$0.00	\$22,749.07
810	4	\$7,133.64	\$1,462.39	\$5,671.25	\$7,133.64	\$0.00	\$7,133.64
811	5	\$10,518.45	\$0.00	\$10,518.45	\$10,518.45	\$0.00	\$10,518.45
812	205	\$202,763.45	\$19,128.88	\$185,612.75	\$204,741.63	(\$21,523.01)	\$183,218.62
SUBTOTAL	1,669	\$2,716,778.85	\$107,432.81	\$2,614,682.00	\$2,722,114.81	(\$193,014.60)	\$2,529,100.21
Medical Plan Total	47,082	\$39,820,896.76	\$3,171,781.62	\$36,283,868.57	\$39,455,650.19	(\$230,136.00)	\$39,225,514.19

Medical and Dental Vision Insurance Premiums

April 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<u>Dental/Vision Plan</u>							
CIGNA Indemnity Dental/Vision							
501	22,264	\$1,038,004.70	\$125,560.83	\$918,783.31	\$1,044,344.14	(\$1,631.05)	\$1,042,713.09
502	20,457	\$2,043,583.60	\$166,259.88	\$1,872,252.10	\$2,038,511.98	(\$745.06)	\$2,037,766.92
503	10	\$579.00	\$188.76	\$679.74	\$868.50	\$0.00	\$868.50
SUBTOTAL	42,731	\$3,082,167.30	\$292,009.47	\$2,791,715.15	\$3,083,724.62	(\$2,376.11)	\$3,081,348.51
CIGNA Dental HMO/Vision							
901	3,165	\$133,657.95	\$18,461.98	\$116,040.57	\$134,502.55	(\$253.38)	\$134,249.17
902	2,204	\$197,306.88	\$18,908.52	\$179,821.62	\$198,730.14	(\$446.80)	\$198,283.34
903	4	\$171.20	\$49.65	\$121.55	\$171.20	\$0.00	\$171.20
SUBTOTAL	5,373	\$331,136.03	\$37,420.15	\$295,983.74	\$333,403.89	(\$700.18)	\$332,703.71
Dental/Vision Plan Total	48,104	\$3,413,303.33	\$329,429.62	\$3,087,698.89	\$3,417,128.51	(\$3,076.29)	\$3,414,052.22
GRAND TOTALS	95,186	\$43,234,200.09	\$3,501,211.24	\$39,371,567.46	\$42,872,778.70	(\$233,212.29)	\$42,639,566.41

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Anthem Blue Cross Prudent Buyer Plan</u>		
\$630.26	201	Retiree Only
\$1,239.88	202	Retiree and Spouse/Domestic Partner
\$1,399.26	203	Retiree, Spouse/Domestic Partner and Children
\$810.01	204	Retiree and Children
\$172.06	205	Survivor Children Only Rates
<u>Anthem Blue Cross Plan I</u>		
\$904.25	211	Retiree Only
\$1,630.31	212	Retiree and Spouse/Domestic Partner
\$1,923.10	213	Retiree, Spouse/Domestic Partner and Children
\$1,196.44	214	Retiree and Children
\$299.58	215	Survivor Children Only Rates
<u>Anthem Blue Cross Plan II</u>		
\$904.25	221	Retiree Only
\$1,630.31	222	Retiree and Spouse/Domestic Partner
\$1,923.10	223	Retiree, Spouse/Domestic Partner and Children
\$1,196.44	224	Retiree and Children
\$299.58	225	Survivor Children Only Rates
<u>Anthem Blue Cross Plan III</u>		
\$365.20	240	Retiree Only with Medicare
\$1,167.61	241	Retiree and Spouse/Domestic Partner - One with Medicare (Non-Medicare has Anthem Blue Cross I)
\$1,167.61	242	Retiree and Spouse/Domestic Partner - One with Medicare (Non-Medicare has Anthem Blue Cross II)
\$726.87	243	Retiree and Spouse/Domestic Partner - Both with Medicare
\$653.93	244	Retiree and Children (Retiree has Medicare; Children have Anthem Blue Cross I)
\$653.93	245	Retiree and Children (Retiree has Medicare; Children have Anthem Blue Cross II)
\$1,456.25	246	Retiree, Spouse/Domestic Partner and Children - One with Medicare (Non-Medicare has Anthem Blue Cross I)
\$1,456.25	247	Retiree, Spouse/Domestic Partner and Children - One with Medicare (Non-Medicare has Anthem Blue Cross II)
\$1,015.45	248	Retiree, Spouse/Domestic Partner and Children - Two with Medicare (Children have Anthem Blue Cross I)
\$1,015.45	249	Retiree, Spouse/Domestic Partner and Children - Two with Medicare (Children have Anthem Blue Cross II)
\$1,138.02	250	Member, Spouse/Domestic Partner, Child (3 with Medicare)

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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CIGNA Network Model Plan

\$1,143.49	301	Retiree Only
\$2,064.71	302	Retiree and Spouse/Domestic Partner
\$2,438.35	303	Retiree, Spouse/Domestic Partner and Children
\$1,517.57	304	Retiree and Children
\$378.87	305	Survivor Children Only Rates

CIGNA Medicare Select Plus Rx (Available in the Phoenix, AZ area only)

\$328.00	321	Retiree Only with Medicare
\$1,249.22	322	Retiree and Spouse/Domestic Partner/Domestic Partner - One with Medicare
\$651.00	324	Retiree and Spouse/Domestic Partner -Both with Medicare
\$702.09	325	Retiree and Children
\$1,622.87	327	Retiree, Spouse/Domestic Partner and Children - One with Medicare
\$1,025.09	329	Retiree, Spouse/Domestic Partner and Children - Two with Medicare

Kaiser

\$774.10	401	Retiree Only ("Basic")
N/A	402	Retiree Only ("Supplement")
\$235.64	403	Retiree Only ("Senior Advantage")
\$894.95	404	Retiree Only ("Excess I")
\$795.39	405	Retiree Only - ("Excess II")
\$1,408.39	406	Retiree Only ("Excess III")
\$1,543.20	411	Retiree and Family (All family members are "Basic")
N/A	412	Retiree and Family (One family member is "Supplement"; others are "Basic")
\$1,004.74	413	Retiree and Family (One family member is "Senior Advantage"; others are "Basic")
\$1,664.05	414	Retiree and Family (One family member is "Excess I"; others are "Basic")
N/A	415	Retiree and Family (Two or more family members are "Supplement")
N/A	416	Retiree and Family (One family member is "Senior Advantage"; others are "Supplement")
N/A	417	Retiree and Family (One family member is "Excess I"; others are "Supplement")
\$466.28	418	Retiree and Family (Two or more family members are "Senior Advantage")
\$1,125.59	419	Retiree and Family (One family member is "Excess I"; others are "Senior Advantage")
\$1,784.90	420	Retiree and Family (Two or more family members are "Excess I")
N/A	421	Survivor Children Only Rates
\$1,564.49	422	Retiree and Family (One family member is "Excess II"; others are "Basic")
\$2,177.49	423	Retiree and Family (One family member is "Excess III"; others are "Basic")

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser (continued)</u>		
N/A	424	Retiree and Family (One family member is "Supplement"; others are "Excess II")
N/A	425	Retiree and Family (One family member is "Supplement"; others are "Excess III")
\$1,026.03	426	Retiree and Family (One family member is "Senior Advantage"; others are "Excess II")
\$1,639.03	427	Retiree and Family (One family member is "Senior Advantage"; others are "Excess III")
\$1,685.34	428	Retiree and Family (One family member is "Excess I"; others are "Excess II")
\$2,298.34	429	Retiree and Family One family member is "Excess I"; others are "Excess III")
\$1,585.78	430	Retiree and Family (Two or more family members are "Excess II")
\$2,198.78	431	Retiree and Family (One family member is "Excess II"; others are "Excess III")
\$2,811.78	432	Retiree and Family (Two or more family members are "Excess III")
<u>Kaiser Colorado</u>		
\$793.06	450	Retiree Only ("Basic" under age 65)
\$327.27	451	Retiree Only ("Senior Advantage")
\$1,754.57	453	Retiree and Family (Two family members are "Basic")
\$2,369.25	454	Retiree and Family (Three or more family members are "Basic")
\$1,115.33	455	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic")
\$649.55	457	Retiree and Family (Two family members are "Senior Advantage")
\$1,857.56	458	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,437.60	459	Retiree and Family (Two family members are "Senior Advantage"; one or more are "Basic")
<u>Kaiser Georgia</u>		
\$847.24	440	Retiree Only ("Basic" over age 65 with Medicare Part B only)
\$847.24	441	Retiree Only ("Basic over age 65 with Medicare Part A only)
\$847.24	442	Retiree Only ("Basic over age 65 without Medicare Part A or Medicare Part B)
\$361.11	443	Retiree Only ("Basic" over age 65 - Medicare eligible who is classified as having renal failure)
\$1,203.35	444	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 with Medicare Part B only)
\$1,203.35	445	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 with Medicare Part A only)
\$1,203.35	446	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 without Medicare Part A and B)
\$847.24	461	Retiree Only ("Basic" under age 65)
\$361.11	462	Retiree Only ("Senior Advantage")

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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Kaiser Georgia (continued)

\$1,689.48	463	Retiree and Family (Two family members are "Basic")
\$2,531.72	464	Retiree and Family (Three or more family members are "Basic")
\$1,203.35	465	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
\$717.22	466	Retiree and Family (Two family members are "Senior Advantage")
\$2,045.59	467	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,559.46	468	Retiree and Family (Two family members are "Senior Advantage"; one is "Basic")
\$1,915.57	469	Retiree and Family (Three or more family members are "Senior Advantage"; one is "Basic")
\$2,045.59	470	Retiree and Family (Three or more family members are "Basic"; one is "Senior Advantage")

Kaiser Hawaii

\$795.16	471	Retiree Only ("Basic" under age 65)
\$346.45	472	Retiree Only ("Senior Advantage")
\$1,381.42	473	Retiree Only (Over age 65 without Medicare Part A or Medicare Part B)
\$1,585.31	474	Retiree and Family (Two family members are "Basic")
\$2,375.47	475	Retiree and Family (Three or more family members are "Basic")
\$1,136.61	476	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
\$2,171.58	477	Retiree and Family (One family member is "Basic" under age 65; one is over age 65 without Medicare Part A or Medicare Part B)
\$687.90	478	Retiree and Family (Two family members are "Senior Advantage")
\$1,722.87	479	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B)

Kaiser Oregon

\$806.67	481	Retiree Only ("Basic" under age 65)
\$465.92	482	Retiree Only ("Senior Advantage")
\$1,205.27	483	Retiree Only (Over age 65 without Medicare Part A or Medicare Part B)
\$1,608.34	484	Retiree and Family (Two family members are "Basic")
\$2,410.01	485	Retiree and Family (Three or more family members are "Basic")
\$1,267.59	486	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
N/A	487	Retiree Only (Medicare Cost "Supplement" program)
\$926.84	488	Retiree and Family (Two family members are "Senior Advantage")
\$1,110.84	489	Retiree Only (Over age 65 with Medicare Part A only)
\$1,205.27	490	Retiree Only (Over age 65 with Medicare Part B only)

*Benchmark premiums are bolded.

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser Oregon (continued)</u>		
\$1,571.76	491	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 with Medicare Par A only)
\$1,666.19	492	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B)
\$2,069.26	493	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,728.51	494	Retiree and Family (Two family members are "Senior Advantage"; one is "Basic")
\$2,405.54	495	Retiree and Family (Two family members are over age 65 without Medicare Part A or Medicare Part B)
\$2,216.68	496	Retiree and Family (Two family members are over age 65 with Medicare Part A only)
\$2,216.68	497	Retiree and Family (One family member is "Basic"; one is over age 65 with Medicare Part A only)
\$2,006.94	498	Retiree and Family (One family member is "Basic"; one is over age 65 without Medicare Part A or Medicare Part B)

Kaiser Rate Category Definitions

"Basic" - includes those who are under age 65

Medicare Cost ("Supplement")

-Includes people who have both Part A and Part B of Medicare, who were enrolled in Kaiser's Medicare supplement ("M" coverage) before July 1, 1987, and who chose to stay in that Kaiser arrangement.

-It is not open to new enrollments.

-People who have left it cannot return to it.

"Senior Advantage"

-Includes participants who are age 65 or older and who have assigned both Medicare Part A and Part B to Kaiser.

"Excess I"

-Is for participants who have Medicare Part A only.

"Excess II"

-Is for participants in the Excess Plan who either have Medicare Part B only or are not eligible for Medicare.

"Excess III"

-Is for participants in the Excess Plan who either have Medicare Parts A and B and have not assigned their Medicare benefits to Kaiser or have not provided their Medicare status to LACERA. Premium is above the Anthem Blue Cross I and II Benchmark rate and II Benchmark.

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
<u>SCAN Health Plan</u>		
\$304.00	611	Retiree Only with SCAN
\$603.00	613	Retiree and 1 Dependent - Both with SCAN (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child. Both Retiree and Dependent must have Medicare.)
<u>United Healthcare Medicare Advantage (UHCMA)</u>		
(For both members and dependents who are enrolled in UHCMA, or a family combination of UHCMA/UHC)		
\$293.62	701	Retiree Only with Secure Horizons
\$1,203.81	702	Retiree and 1 Dependent - One with Secure Horizons (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child)
\$582.24	703	Retiree and 1 Dependent - Both with Secure Horizons (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child)
\$1,360.59	704	Retiree and 2 or More Dependents - One with Secure Horizons (Retiree and 2 or More Dependents = Retiree, Spouse/Domestic Partner and 1 or More Children OR Retiree and 2 or More Children)
\$739.02	705	Retiree and 2 or More Dependents - Two with Secure Horizons (Retiree and 2 or More Dependents = Retiree, Spouse/Domestic Partner and 1 or More Children OR Retiree and 2 or More Children)
\$261.24	706	Survivor Children Only Rates
<u>United Healthcare (UHC)</u>		
(For members and dependents under age 65 [no Medicare])		
\$915.18	707	Retiree Only
\$1,671.68	708	Retiree and 1 Dependent
\$1,982.16	709	Retiree and 2 Or More Dependents
<u>Local 1014 Firefighters</u>		
\$914.03	801	Member Under 65
\$1,648.06	802	Member + 1 Under 65
\$1,944.04	803	Member + 2 Under 65
\$914.03	804	Member with Medicare
\$1,648.06	805	Member + 1; 1 Medicare
\$1,648.06	806	Member + 1; 2 Medicare
\$1,944.04	807	Member + 2; 1 Medicare
\$1,944.04	808	Member + 2; 2 Medicare

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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Local 1014 Firefighters (continued)

\$914.03	809	Surviving Spouse Under 65
\$1,648.06	810	Surviving Spouse + 1; Under 65
\$1,944.04	811	Surviving Spouse + 2 Under 65
\$914.03	812	Surviving Spouse with Medicare
\$1,648.06	813	Surviving Spouse + 1; 1 Medicare
\$1,944.04	814	Spouse + 1; 1 Medicare
\$1,648.06	815	Surviving Spouse + 1; 2 Medicare

CIGNA Indemnity - Dental/Vision

\$46.55	501	Retiree Only
\$99.61	502	Retiree and Dependent(s)
\$57.81	503	Survivor Children Only Rates

CIGNA HMO - Dental/Vision

\$39.02	901	Retiree Only
\$81.07	902	Retiree and Dependent(s)
\$39.56	903	Survivor Children Only Rates

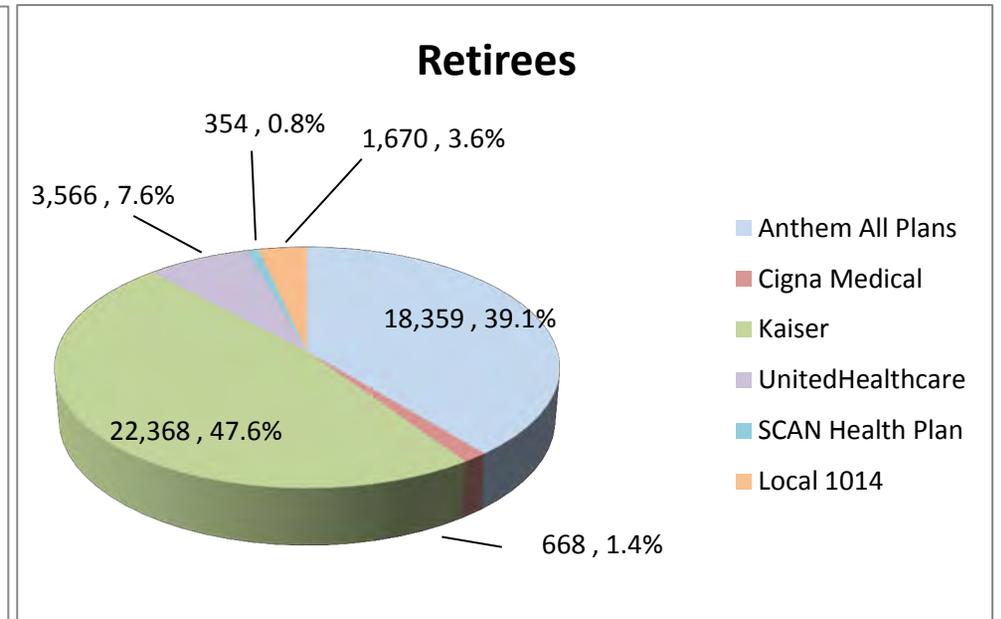
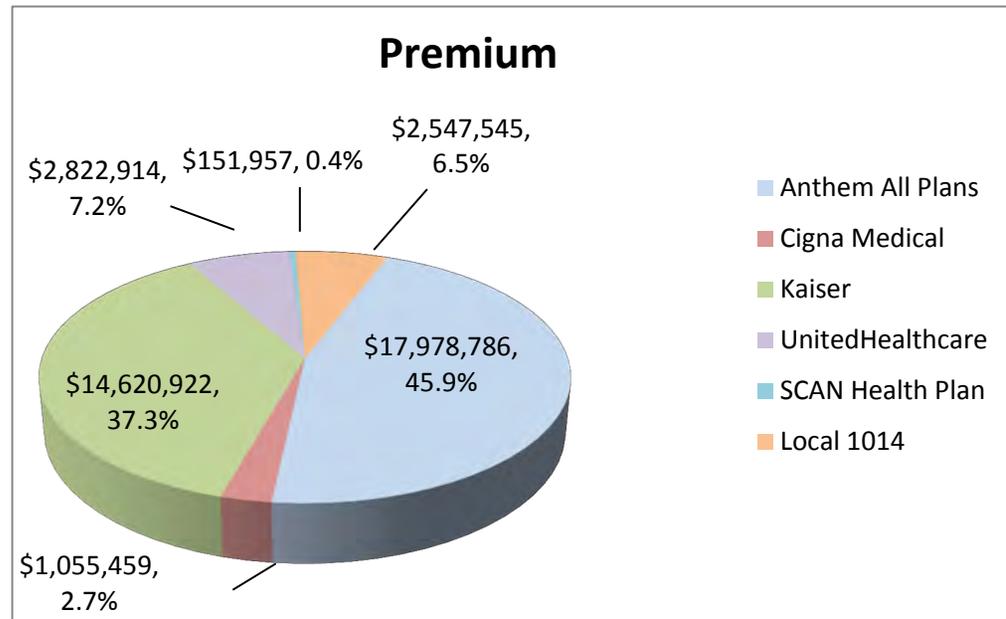
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Premium and Enrollment

February 2016 Coverage Month

Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	\$17,978,786	45.9%	18,359	39.1%
Cigna Medical	\$1,055,459	2.7%	668	1.4%
Kaiser	\$14,620,922	37.3%	22,368	47.6%
UnitedHealthcare	\$2,822,914	7.2%	3,566	7.6%
SCAN Health Plan	\$151,957	0.4%	354	0.8%
Local 1014	\$2,547,545	6.5%	1,670	3.6%
Combined Medical	\$39,177,583	100.0%	46,985	100.0%

Cigna Dental & Vision	\$3,402,333	47,981
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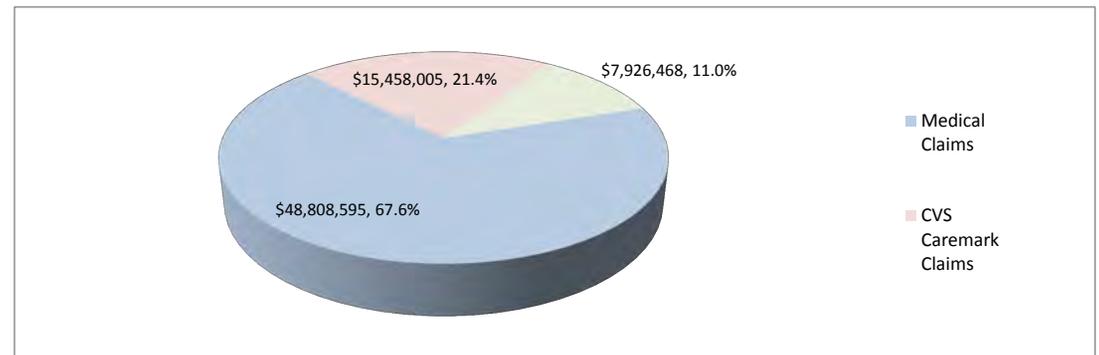
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plans I and II

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	6,158	\$9,170,958	\$6,045,082	\$1,927,509	\$7,972,591	\$1,294.67	86.9%	\$996,885	\$8,969,477	97.8%
Aug-15	6,149	\$9,187,473	\$6,191,520	\$1,848,592	\$8,040,112	\$1,307.55	87.5%	\$995,372	\$9,035,484	98.3%
Sep-15	6,125	\$9,098,082	\$6,547,496	\$2,046,606	\$8,594,101	\$1,403.12	94.5%	\$991,435	\$9,585,537	105.4%
Oct-15	6,128	\$9,169,945	\$6,330,776	\$2,035,800	\$8,366,576	\$1,365.30	91.2%	\$991,837	\$9,358,413	102.1%
Nov-15	6,115	\$9,119,484	\$5,278,304	\$1,825,634	\$7,103,938	\$1,161.72	77.9%	\$989,661	\$8,093,599	88.8%
Dec-15	6,108	\$9,128,572	\$6,385,606	\$1,865,532	\$8,251,138	\$1,350.87	90.4%	\$988,490	\$9,239,628	101.2%
Jan-16	6,103	\$9,117,643	\$7,139,839	\$1,987,884	\$9,127,723	\$1,495.61	100.1%	\$987,711	\$10,115,434	110.9%
Feb-16	6,087	\$9,068,718	\$4,889,973	\$1,920,447	\$6,810,420	\$1,118.85	75.1%	\$985,077	\$7,795,497	86.0%
Mar-16										
Apr-16										
May-16										
Jun-16										
YTD Plan Year	48,973	\$73,060,876	\$48,808,595	\$15,458,005	\$64,266,600	\$1,312.29	88.0%	\$7,926,468	\$72,193,068	98.8%
8 Month Average	6,122	\$9,132,609	\$6,101,074	\$1,932,251	\$8,033,325	\$1,312.29	88.0%	\$990,809	\$9,024,134	98.8%
12 Month Rollup	73,588	\$104,629,257	\$73,376,584	\$22,986,102	\$96,362,687	\$1,309.49	92.1%	\$10,460,469	\$106,823,156	102.1%

Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

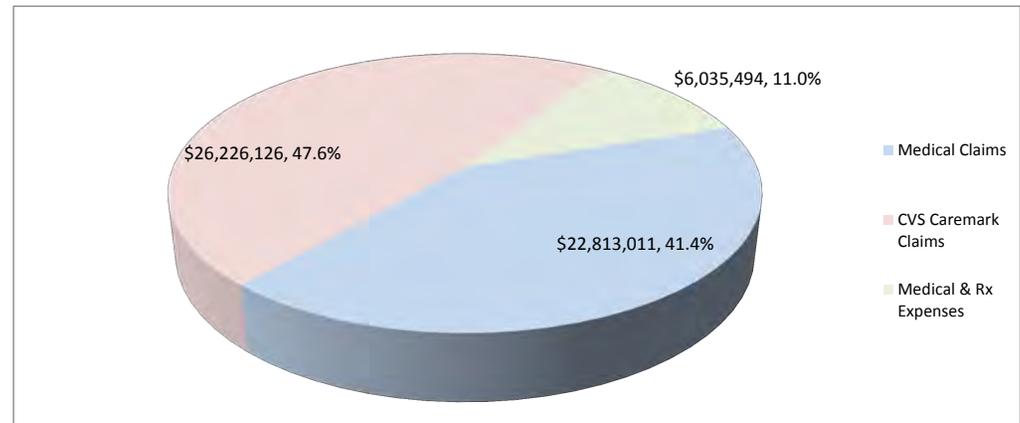
Anthem Plan III

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	10,771	\$7,235,374	\$2,953,865	\$3,470,465	\$6,424,330	\$596.45	88.8%	\$748,366	\$7,172,696	99.1%
Aug-15	10,810	\$7,269,627	\$2,599,013	\$3,209,072	\$5,808,085	\$537.29	79.9%	\$751,076	\$6,559,161	90.2%
Sep-15	10,835	\$7,259,484	\$2,785,764	\$3,236,297	\$6,022,061	\$555.80	83.0%	\$752,813	\$6,774,874	93.3%
Oct-15	10,853	\$7,266,152	\$2,695,565	\$3,181,587	\$5,877,152	\$541.52	80.9%	\$754,063	\$6,631,216	91.3%
Nov-15	10,885	\$7,297,436	\$2,730,333	\$3,159,912	\$5,890,245	\$541.13	80.7%	\$756,287	\$6,646,532	91.1%
Dec-15	10,885	\$7,265,650	\$2,828,255	\$3,287,954	\$6,116,209	\$561.89	84.2%	\$756,287	\$6,872,495	94.6%
Jan-16	10,916	\$7,317,893	\$3,047,641	\$3,306,747	\$6,354,388	\$582.12	86.8%	\$758,441	\$7,112,828	97.2%
Feb-16	10,912	\$7,308,221	\$3,172,574	\$3,374,092	\$6,546,667	\$599.95	89.6%	\$758,163	\$7,304,829	100.0%
Mar-16										
Apr-16										
May-16										
Jun-16										

YTD Plan Year	86,867	\$58,219,835	\$22,813,011	\$26,226,126	\$49,039,137	\$564.53	84.2%	\$6,035,494	\$55,074,631	94.6%
8 Month Average	10,858	\$7,277,479	\$2,851,626	\$3,278,266	\$6,129,892	\$564.53	84.2%	\$754,437	\$6,884,329	94.6%
12 Month Rollup	129,637	\$83,063,596	\$34,504,037	\$38,905,385	\$73,409,422	\$566.27	88.4%	\$8,610,314	\$82,019,737	98.7%

Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin and Premium Taxes
 Enrollment and Premium Reported by LACERA



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

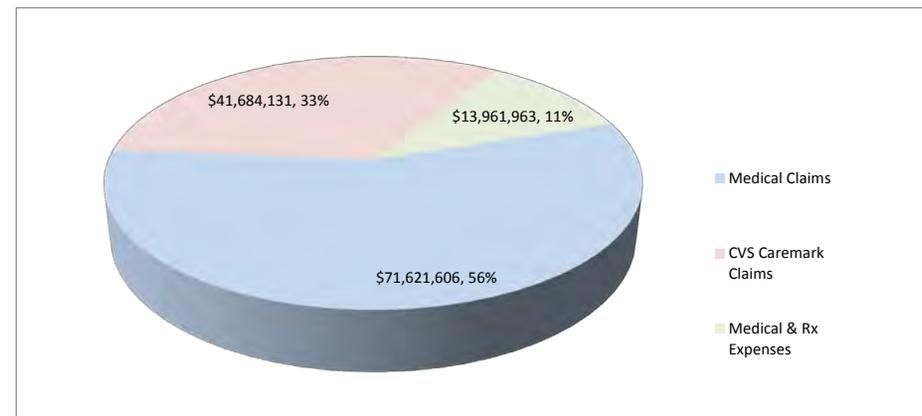
Anthem Plan I, II, and III

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	16,929	\$16,406,332	\$8,998,948	\$5,397,974	\$14,396,922	\$850.43	87.8%	\$1,745,251	\$16,142,173	98.4%
Aug-15	16,959	\$16,457,100	\$8,790,532	\$5,057,665	\$13,848,197	\$816.57	84.1%	\$1,746,448	\$15,594,645	94.8%
Sep-15	16,960	\$16,357,566	\$9,333,260	\$5,282,902	\$14,616,162	\$861.80	89.4%	\$1,744,248	\$16,360,410	100.0%
Oct-15	16,981	\$16,436,097	\$9,026,342	\$5,217,387	\$14,243,729	\$838.80	86.7%	\$1,745,900	\$15,989,629	97.3%
Nov-15	17,000	\$16,416,920	\$8,008,636	\$4,985,547	\$12,994,183	\$764.36	79.2%	\$1,745,948	\$14,740,131	89.8%
Dec-15	16,993	\$16,394,222	\$9,213,861	\$5,153,485	\$14,367,346	\$845.49	87.6%	\$1,744,777	\$16,112,123	98.3%
Jan-16	17,019	\$16,435,536	\$10,187,480	\$5,294,631	\$15,482,111	\$909.70	94.2%	\$1,746,151	\$17,228,262	104.8%
Feb-16	16,999	\$16,376,939	\$8,062,547	\$5,294,540	\$13,357,087	\$785.76	81.6%	\$1,743,239	\$15,100,326	92.2%
Mar-16										
Apr-16										
May-16										
Jun-16										

YTD Plan Year	135,840	\$131,280,711	\$71,621,606	\$41,684,131	\$113,305,737	\$834.11	86.3%	\$13,961,963	\$127,267,699	96.9%
8 Month Average	16,980	\$16,410,089	\$8,952,701	\$5,210,516	\$14,163,217	\$834.11	86.3%	\$1,745,245	\$15,908,462	96.9%
12 Month Rollup	203,225	\$187,692,853	\$107,880,622	\$61,891,487	\$169,772,109	\$835.39	90.5%	\$19,070,784	\$188,842,893	100.6%

Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

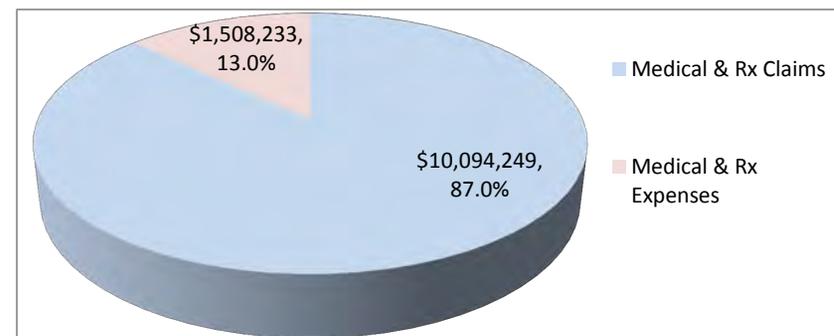
Anthem Prudent Buyer

Plan Year July 1, 2015 – June 30, 2014

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	1,445	\$1,705,018	\$1,467,346	\$1,015.46	86.1%	\$194,659	\$1,662,005	97.5%
Aug-15	1,428	\$1,675,848	\$1,314,525	\$920.54	78.4%	\$192,368	\$1,506,894	89.9%
Sep-15	1,412	\$1,662,945	\$1,192,123	\$844.28	71.7%	\$190,213	\$1,382,336	83.1%
Oct-15	1,403	\$1,650,974	\$1,390,133	\$990.83	84.2%	\$189,001	\$1,579,133	95.6%
Nov-15	1,395	\$1,644,613	\$1,200,740	\$860.75	73.0%	\$187,923	\$1,388,662	84.4%
Dec-15	1,385	\$1,637,330	\$1,365,728	\$986.09	83.4%	\$186,576	\$1,552,304	94.8%
Jan-16	1,368	\$1,621,362	\$1,045,999	\$764.62	64.5%	\$184,286	\$1,230,285	75.9%
Feb-16	1,360	\$1,601,847	\$1,117,655	\$821.81	69.8%	\$183,208	\$1,300,863	81.2%
Mar-16								
Apr-16								
May-16								
Jun-16								

YTD Plan Year	11,196	\$13,199,938	\$10,094,249	\$901.59	76.5%	\$1,508,233	\$11,602,482	87.9%
8 Month Average	1,400	\$1,649,992	\$1,261,781	\$901.59	76.5%	\$188,529	\$1,450,310	87.9%
12 Month Rollup	17,024	\$18,642,337	\$15,200,358	\$892.88	81.5%	\$2,283,702	\$17,484,060	93.8%

Monthly Enrollment and Premium Data as reported by LACERA
 Medical Claims reported by Anthem
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

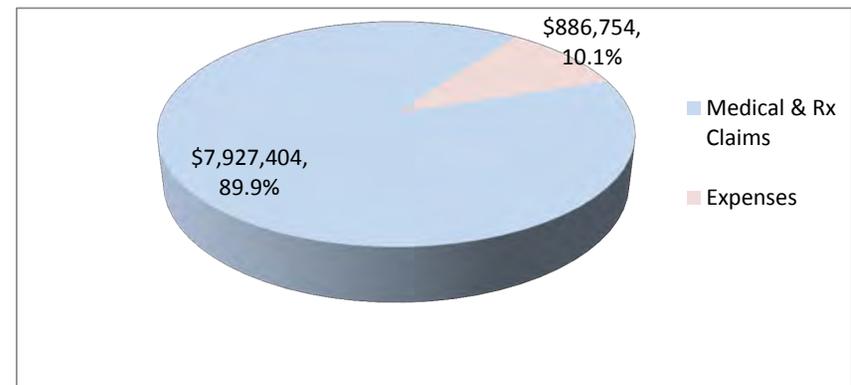
Cigna HMO

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	657	\$1,085,738	\$958,557	\$1,458.99	88.3%	\$115,092	\$1,073,649	98.9%
Aug-15	648	\$1,055,975	\$775,934	\$1,197.43	73.5%	\$111,937	\$887,871	84.1%
Sep-15	639	\$1,046,239	\$910,387	\$1,424.71	87.0%	\$110,905	\$1,021,292	97.6%
Oct-15	637	\$1,051,998	\$997,434	\$1,565.83	94.8%	\$111,515	\$1,108,949	105.4%
Nov-15	633	\$1,044,271	\$1,097,762	\$1,734.22	105.1%	\$110,696	\$1,208,458	115.7%
Dec-15	630	\$1,037,369	\$1,067,015	\$1,693.67	102.9%	\$109,965	\$1,176,980	113.5%
Jan-16	623	\$1,022,580	\$1,123,269	\$1,803.00	109.8%	\$108,397	\$1,231,666	120.4%
Feb-16	618	\$1,021,163	\$997,046	\$1,613.34	97.6%	\$108,247	\$1,105,293	108.2%
Mar-16								
Apr-16								
May-16								
Jun-16								

YTD Plan Year	5,085	\$8,365,334	\$7,927,404	\$1,558.98	94.8%	\$886,754	\$8,814,158	105.4%
8 Month Average	636	\$1,045,667	\$990,926	\$1,558.98	94.8%	\$110,844	\$1,101,770	105.4%
12 Month Rollup	7,782	\$12,658,147	\$11,725,032	\$1,506.69	92.6%	\$1,568,098	\$13,293,130	105.0%

Monthly Enrollment and Premium Data as reported by LACERA
 Medical Claims reported by Cigna
 Expenses: Cigna Admin Costs and Premium Taxes
 Enrollment and Premium Reported by LACERA



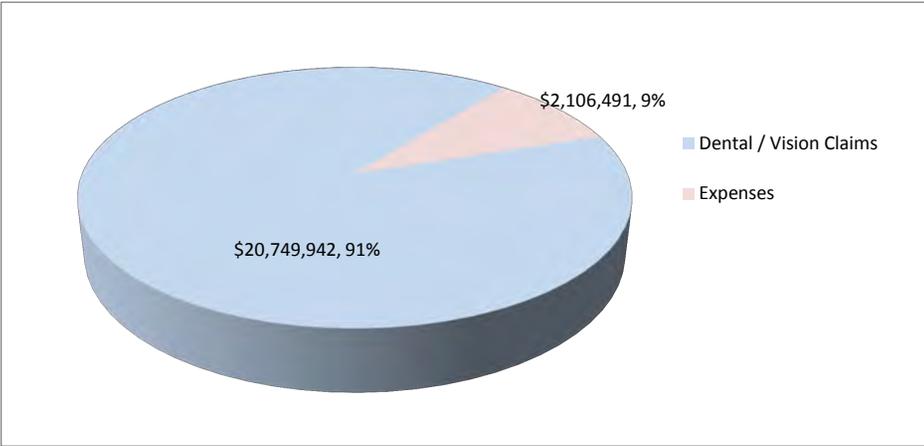
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Cigna Dental PPO and Vision Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Dental / Vision Claims	In-Network Dental Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	42,187	\$3,040,191	\$2,480,364	47.7%	\$58.79	81.6%	\$261,787	\$2,742,151	90.2%
Aug-15	42,303	\$3,049,180	\$2,439,511	56.4%	\$57.67	80.0%	\$262,561	\$2,702,072	88.6%
Sep-15	42,370	\$3,054,892	\$2,341,973	58.5%	\$55.27	76.7%	\$263,053	\$2,605,026	85.3%
Oct-15	42,428	\$3,054,818	\$2,805,842	57.9%	\$66.13	91.8%	\$263,046	\$3,068,888	100.5%
Nov-15	42,492	\$3,060,671	\$2,204,045	58.8%	\$51.87	72.0%	\$263,550	\$2,467,595	80.6%
Dec-15	42,534	\$3,063,692	\$2,514,858	56.2%	\$59.13	82.1%	\$263,810	\$2,778,668	90.7%
Jan-16	42,585	\$3,067,278	\$2,741,522	55.5%	\$64.38	89.4%	\$264,119	\$3,005,641	98.0%
Feb-16	42,629	\$3,072,464	\$3,221,828	52.9%	\$75.58	104.9%	\$264,566	\$3,486,393	113.5%
Mar-16									
Apr-16									
May-16									
Jun-16									

YTD Plan Year	339,528	\$24,463,185	\$20,749,942	55.5%	\$61.11	84.8%	\$2,106,491	\$22,856,433	93.4%
8 Month Average	42,441	\$3,057,898	\$2,593,743	55.8%	\$61.11	84.8%	\$263,311	\$2,857,054	93.4%
12 Month Rollup	507,121	\$36,508,127	\$32,601,051	52.0%	\$64.29	89.3%	\$3,171,070	\$35,772,121	98.0%

Expenses: Cigna Admin Costs and Premium Taxes
Enrollment and Premium Reported by LACERA



February 22, 2016

Retirement

2016 Covered Compensation Tables Released by IRS

The Internal Revenue Service (IRS) recently released Revenue Ruling 2016-05, which provides the compensation tables for calculating certain benefits under qualified pension, profit-sharing, and stock bonus plans for plan year 2016. Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee as the average of the contribution and benefit bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the year in which the employee attains Social Security retirement age. For purposes of determining covered compensation for the 2016 plan year, the taxable wage base is \$118,500.

IRS Revenue Ruling 2016-05 is available [here](#).

IRS Instructs Plan Sponsors to Not Answer Compliance Questions on Forms 5500

On February 17, 2016, the IRS posted instructions on its website regarding compliance questions on Forms 5500. Specifically, that “Since the proposed 2015 IRS compliance questions on the Forms 5500 and 5500-SF, and Schedules H, I, and R were not approved by the Office of Management and Budget when the 2015 Form 5500 and Form 5500-SF were published on December 7, 2015, the IRS has decided that plan sponsors should not complete these questions for the 2015 plan year.

”The IRS statement is available [here](#).

February 29, 2016

Other HR-Related Topics

DOL Issues Proposed Regulations on Paid Sick Leave for Federal Contractors

On February 25, 2016, the Department of Labor (DOL) issued proposed regulations to implement Executive Order 13706, (Establishing Paid Sick Leave for Federal Contractors), signed by President Obama on September 7, 2015. The Order requires certain parties that contract with the federal government to provide their employees with up to seven days of paid sick leave annually, including paid leave allowing for family care. The Executive Order directs the Secretary of Labor to issue regulations by September 30, 2016, to implement the Order’s requirements. The proposed regulations therefore define terms used in the regulatory text, describe the categories of contracts and employees the Order covers and excludes from coverage, set forth requirements and restrictions governing the accrual and use of paid sick leave, and prohibit interference with, or discrimination for, the exercise of rights under the Executive Order.

They also describe the obligations of contracting agencies, the DOL, and contractors under the Executive Order, and they establish the standards and procedures for complaints, investigations, remedies, and administrative enforcement proceedings related to alleged violations of the Order. As required by the Order, and to the extent practicable, the proposed rules incorporate existing definitions, procedures, remedies, and enforcement processes under the Fair Labor Standards Act, the Service Contract Act, the Davis-Bacon Act, the Family and Medical Leave Act, the Violence Against Women Act, and Executive Order 13658 (Establishing a Minimum Wage for Contractors). Comments on the proposed regulations are due March 28, 2016.

The proposed regulations are available [here](#).

Aon Hewitt Publications

Colleges and Universities Have Until 2017 to Revise Noncompliant Student Health Plans

The Internal Revenue Service (IRS) announced in Notice 2016-17 that the Affordable Care Act's prohibition on health reimbursement arrangements and employer payment plans that integrate with individual market policies applies to certain premium reduction arrangements offered by colleges and universities to student employees. The IRS gives institutions of higher learning until 2017 to amend or terminate non-compliant student health plans.

The Aon Hewitt bulletin on Notice 2016-17 is available [here](#).

March 7, 2016

Health Care

IRS Releases Chart of 2016 Health Coverage Information Return Deadlines

On March 3, 2016, the Internal Revenue Service (IRS) released Revised HCTT-2016-27. Recently, the IRS extended the information reporting due dates for insurers, self-insuring employers, other health coverage providers, and applicable large employers. HCTT-2016-27 provides a chart outlining the filing requirements and the extended 2016 deadlines.

IRS Revised HCTT-2016-27 is available [here](#).

CMS Issues Final Regulations on 2017 Notice of Benefit and Payment Parameters

On February 29, 2016, the Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) released final regulations establishing the payment parameters and provisions related to risk adjustment, reinsurance, and risk corridors programs; cost-sharing parameters and cost-sharing reductions; and user fees for federally-facilitated Exchanges. It also provides additional amendments regarding the annual open enrollment period for the individual market for the 2017 and 2018 benefit years; essential health benefits; cost sharing; qualified health plans; Exchange consumer assistance programs; network adequacy; patient safety; the Small Business Health Options Program; stand-alone dental plans; third-party payments to qualified health plans; the definitions of large employer and small employer; fair health insurance premiums; student health insurance coverage; the rate review program; the medical loss ratio program; eligibility and enrollment; exemptions and appeals; and other related topics. The final regulations become effective on May 9, 2016.

The final regulations are temporarily available [here](#).

(The final regulations will be posted in the March 8, 2016, *Federal Register*.)

Retirement

IRS Clarifies Compliance Questions Plan Sponsors Should Not Answer on Forms 5500

On February 29, 2016, the Internal Revenue Service (IRS) clarified which specific questions plan sponsors should skip on Forms 5500 for the 2015 plan year.

The IRS previously announced on February 17, 2016, that since the newly proposed 2015 compliance questions on Forms 5500 and 5500-SF, and Schedules H, I, and R were not approved by the Office of Management and Budget when published, plan sponsors should not complete these questions for the 2015 plan year. Plan sponsors should skip the following questions:

- **Form 5500**--Preparer Information (page 1 bottom)
- **Schedule H**--Lines 4o-p, 6a-d
- **Schedule I**--Lines 4o-p, 6a-d
- **Schedule R**--New Part VII (Lines 20a-c, 21a-b, 22a-d, and 23)
- **Form 5500-SF**--Preparer Information (page 1 bottom), Lines 10j, 14a-d, and New Part IX (Lines 15a-c, 16a-b, 17a-d, 18, 19, and 20)

The IRS statement is available [here](#).

Aon Hewitt Publications

DOL Proposes Sick Leave Rules for Federal Contractors

The Department of Labor (DOL) issued proposed regulations on February 25, 2016, implementing President Obama's Executive Order 13706, mandating paid sick leave for federal contractors, which takes effect in 2017. The attached Aon Hewitt bulletin summarizes the highlights, and discusses the employers, employees, and contracts, covered by the proposed regulations.

The Aon Hewitt bulletin on the proposed regulations is available [here](#)