



Spotlight on retirement

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION • SEPTEMBER 2013 • VOL. 24, NO. 3

How Healthcare Reform Will Affect Your LACERA-administered Health Plan

The healthcare reform law, officially called the Patient Protection and Affordable Care Act of 2010 (ACA for short), is here to stay. Several of its key provisions, including the requirement for most Americans to have health insurance, take effect January 1, 2014.

As we get closer to 2014, you will hear more and more about healthcare reform, particularly about state and federal insurance exchanges. Beginning October 1st, Americans will be able to use exchanges, which are online marketplaces, to buy health insurance. Buyers will be able to choose from an assortment of plan types and carriers. It's likely you'll see

extensive media coverage regarding the exchanges, as well as ads for various exchanges on television, online, and in your mailbox. The ads (mostly from health insurance companies) will focus on encouraging you to elect healthcare coverage through an exchange.

Important Things to Know

As coverage of insurance exchanges and ACA intensifies, here are a few tips to help you process the topics:

- **Healthcare reform was intended for people who do not have health insurance.** As long as you're enrolled in a LACERA-administered medical plan (or other plan providing similar

coverage), you meet the requirement to have health insurance.

- **Healthcare reform was also intended for people who are not eligible for Medicare.** If you are over age 65 or Medicare-eligible due to disability, you have access to coverage through LACERA-administered group Medicare Advantage Prescription Drug Plans, such as Kaiser Senior Advantage, SCAN Health Plan, United Healthcare Medicare Advantage,

cont'd on pg. 3



Sorry We're
CLOSED

Upcoming Holidays

LACERA will be closed on:

- Monday, September 2, in observance of Labor Day.
- Monday, October 14, in observance of Columbus Day.
- Monday, November 11, in observance of Veterans Day.
- Thursday - Friday, November 28-29, for Thanksgiving.

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From the
Executive Desk

Gregg Rademacher – CEO, LACERA



Remember When Contribution Rate Increases Affected You?

Actually, they still do – in an indirect way.

As I'm sure you remember, all active LACERA contributory members contribute a percentage of their earnings to the retirement fund (Fund). *Isn't it nice to be retired?*

Most active members saw their contributions increase by a small amount as of July 1st. Why? The simple answer is: to ensure the ongoing health of the Fund, which in turn, ensures your allowance can be paid each month, and when the time comes, your survivor's or beneficiary's continuing benefit can be paid, in accordance with the provisions of your LACERA retirement plan.

That's the simple answer, but it really doesn't tell the full story. So, let's review some basic LACERA funding facts.

Background

The benefits LACERA provides under all plans rely on three sources of funding:

- Investment earnings
- Employer (Los Angeles County) contributions
- Employee contributions (with the exception of Plan E, which receives no employee contributions, and provides a lower scope of benefits)

Each payroll period, all active LACERA members, except those in non-contributory Plan E, contribute a percentage of their earnings to the Fund. Their employer, Los Angeles County, also contributes to the Fund. LACERA deposits all the contributions

and invests them to generate investment earnings.

Historically, approximately 75 cents of each LACERA pension dollar is funded by investment earnings. Employee contributions account for approximately 10 cents of each pension dollar.

"The ongoing health of the Fund... ensures your allowance can be paid..."

Our Fiduciary Duty

It is our fiduciary duty to regularly monitor the ratio of the funding sources to ensure the long-term health and viability of the Fund. When adjustments to that ratio are required, we are obligated to implement them. **These adjustments serve to strengthen the Fund.**

It is our legal duty to:

- Determine the minimum rate Fund investments can reasonably be expected to earn annually when averaged over 30 years.
- Structure Fund contribution rates (both employer and employee) to provide the additional funding needed to pay current recipients' benefits (including yours), as well as the benefits of future recipients.
- Regularly monitor the ratio of funding sources and make adjustments, as needed.

From the Executive Desk cont'd from pg. 2

Interest Rate Affects Contributions

In 2011, acting on a recommendation by our actuary, our Board of Investments voted to lower the interest rate on the Fund from 7.75 percent to 7.50 percent over a three-year period that began July 1, 2012. In keeping with that schedule, on July 1, 2013, the interest rate was lowered from 7.70 percent to 7.60 percent.

A decrease in the interest rate signifies an expectation of lower investment earnings by the Fund. Therefore, **typically, when the interest rate is lowered, member, as well as employer, contributions are increased and vice-versa.**

As you may recall from your working days, contribution rates are fluid. Our actuaries may recommend rate changes based on system valuations,

shifts in the demographics of the plan participants, and/or interest rate changes set by our Board of Investments.

Actuary Determines How Much Money Is Needed to Pay the Promised Benefits

To determine whether contributions are being accumulated at a rate sufficient to pay future benefits, the law requires LACERA to obtain an actuarial valuation at least once every three years. During the valuation, the actuary examines the Fund's liabilities and applicable assets to compute the Fund's value. The actuary then estimates how much money must be contributed to the Fund each year in order to pay the promised benefits over the long term.

Our actuary, Milliman, Inc., completed a valuation for us on June 30, 2012 and determined adjustments

to employer and employee contributions for Plans A, B, C, D, and Safety A and B were needed to ensure the Fund's long-term viability. The actuary's recommended employee rate adjustments were negotiated with the applicable employee groups and approved by the Board of Supervisors in June. The new rates took effect July 1, 2013.

Your Benefits Are Secure

The bottom line is: **the Fund remains sound and your benefits remain secure.** You and your loved ones can always count on LACERA to produce, protect, and provide the promised benefits.

As a County retiree, you can feel confident the benefits you worked so hard to attain are safe. *Relax, enjoy your retirement... you earned it!*



Healthcare Reform cont'd from pg. 1

Cigna Medicare Select Plus Rx (Arizona only) and Medicare Supplement Plan, Anthem Blue Cross Plan III. If you're enrolled in any of these plans, you're not eligible to enroll through a public exchange.

- If you're enrolled in a LACERA-administered medical plan (or another similar plan), no action is required on your part. **ACA will not affect your LACERA-administered healthcare benefits.**

If You Don't Have Healthcare Coverage

You can enroll for coverage through LACERA or through a state or federal exchange. If you were eligible for LACERA coverage when you retired but declined to enroll, or were previously covered by a LACERA plan and dropped your coverage, you will be eligible for LACERA-administered coverage six months after LACERA receives your enrollment form.

If you are under age 65, you will be able to enroll for medical coverage through a state or federal exchange (not all states will offer an exchange). California has announced it will offer a health benefit exchange, called Covered California. For more information, visit CoveredCA.com or call 888-975-1142.

To find out if your state is establishing a healthcare marketplace, or if the federal healthcare marketplace will be offered instead, visit kff.org/state-health-exchange-profiles/.

Will I Receive Financial Help If I Enroll through An Exchange?

In many cases, the current LACERA-administered Retiree Healthcare Benefits Program will provide retirees more comprehensive and lower-cost coverage than an exchange. As such, it will make sense to remain enrolled in the LACERA plan. However, some LACERA retirees who are not eligible for Medicare will qualify for financial help (subsidy) from the government

to pay for coverage purchased from a state or federal exchange, depending upon their income. Those retirees may find it more financially advantageous to enroll in the state or federal exchange.

To determine the best option for you and your family, investigate state and federal exchange opportunities carefully.

Additional Information

To find out more about LACERA-administered medical coverage, call 800-786-6464 and press 1 to speak with a LACERA Retiree Healthcare Benefits Specialist. Specialists are available weekdays from 7:00 a.m. to 5:30 p.m. You may also email us at healthcare@lacera.com.

We will continue to keep you informed about healthcare reform. Visit lacera.com for the latest information on ACA and how it may affect you.

Using In-Network Providers Saves You Money!

An easy way to avoid paying more for your medical care is to use only in-network providers — that is, doctors, specialists, labs, and other medical facilities that participate in your plan's provider network.

By staying in-network, you'll receive coverage at the higher in-network level, which means you'll pay less — in many cases, a lot less. That's because providers within the network

deliver services at pre-negotiated rates. Using providers and services outside of the network means you'll pay out-of-network rates which can be much higher and cost much more out of your pocket.

When it comes to saving money, you can do more than just choosing in-network providers. Ask your providers for their fees before you receive services, and compare those fees with

other in-network providers. They don't all negotiate the same rates!

We know getting the care you need is not an optional purchase. However, that doesn't mean you still can't be a careful consumer. When you're choosing your providers, be sure to "shop and compare" services from in-network providers first. You'll be amazed at how much you can save!

Do Not Sign Up For Medicare Part D

The following applies to anyone currently enrolled in a LACERA-administered group health plan.

Companies and organizations sponsoring Medicare prescription drug plans are aggressively conducting massive marketing campaigns seeking to enroll Medicare-eligible beneficiaries into their Medicare prescription drug programs. Ignore these advertisements and solicitations!



Proceed with caution; remember the following important information:

- **Do not sign up** for non-LACERA-administered Medicare Part D plans.
- No action is required on your part.
- You currently have a prescription drug plan through your LACERA-administered medical plan that is as good, if not better than other Medicare Part D plans; you do not need any additional prescription drug insurance.
- Signing up for another Medicare Part D plan may jeopardize your LACERA-administered medical plan, and you may not get it back until later!

- If you wish to keep your LACERA-administered medical coverage, do not enroll in other non-LACERA-administered Medicare Part D plans.

If you have any questions, contact our Retiree Healthcare Division at 800-786-6464 and press 1, or email us at healthcare@lacera.com.

A Word of Caution: Do not give out any personal and financial information such as your Medicare ID number or credit card number to anyone. If you suspect any fraudulent activities, contact Medicare at 800-633-4227 or visit medicare.gov or contact an SAIC Medicare Drug Integrity Contractor (MEDIC) at 877-772-3379.

CONTACT LACERA | FAQs |

1. Q: If I have a question, is there an alternative to waiting in the Call Center queue?

A: Send an email to welcome@lacera.com to have your query addressed within the next business day. If you prefer a one-on-one consultation with a Retirement Benefits Specialist in our Member Service Center, you can schedule an appointment through the **Online Appointment and Workshop Reservation System** on lacera.com to come in when it's convenient for you.

2. Q: Where is LACERA located?

A: We are located at: **300 N. Lake Avenue, Pasadena, CA 91101**. In the lobby of the building, you'll find the Member Service Center, which is open from 7:00 a.m. to 5:00 p.m., Monday through Friday. The Contact Us page on lacera.com gives information about the Metro Gold Line, directions to LACERA from three Los Angeles-area airports, and a map of nearby hotels.

To send mail to LACERA, address the envelope to: **P.O. Box 7060, Pasadena, CA 91109-7060**.

3. Q: What are the Call Center hours?

A: Our Retirement Benefits Specialists are available in the Call Center to assist you from 7:00 a.m. to 5:30 p.m., Monday through Friday, at **800-786-6464**.

3 THINGS

Free Recreation in L.A.

Now that autumn is upon us and thermometers are speaking more reasonably, it's safe to get out again — and there's so much to do and see — for free!

- **Griffith Park** is the nation's largest urban wilderness and a mainstay among area hikers. Trek up to the Griffith

Observatory, or ride horseback, or get in a game of tennis at the Griffith Park Drive Courts....

There are at least two things for everyone here.

- Pasadena Roving Archers offers a **free archery lesson** for first-timers every Saturday from 8:30 a.m.-10:00 a.m. at the PRA Range, located at 415

South Arroyo Boulevard in Pasadena. Call 626-577-7252 for more information.

- Another warm day? Try the **Escondido Canyon Park** trek in Malibu. At the trail's end, a multi-tiered waterfall flows over moss-covered rocks, and the pool beneath it is made for wading.

DOMA and Your Domestic Partnership Status

Dissolving your California registered domestic partnership prior to marriage could jeopardize your domestic partner's eligibility for continuing benefits. Before considering any such action, we advise you speak with a LACERA Retirement Benefits Specialist. Call 800-786-6464 or visit our Member Service Center.

LACERA is awaiting guidance from the IRS on the June 26, 2013 Supreme Court Decision on the Defense of Marriage Act (DOMA). We will update you on lacera.com as more information becomes available.

STAYING HEALTHY TOGETHER

Vol. 7, Issue #3 • September 2013

Fall Staying Healthy Together Workshops to Be Held in November

At press time, we were in the midst of finalizing the arrangements for our November Staying Healthy Together Workshops. The workshops will feature the theme: Healthy Aging through Proper Exercise and Nutrition. The events will include educational health presentations, tools to help you stay healthy, various insurance carrier-hosted booth activities, and raffles for great prizes — not to mention a fun opportunity to socialize and reconnect with your fellow retirees.

Watch your mailbox and lacera.com for news on locations and dates! In the meantime, we encourage you to take advantage of some of the free wellness tools and resources offered by your LACERA-administered healthcare carrier. **Turn to page 7 for additional information.**



STAYING HEALTHY TOGETHER



“Autumn is the mellow season, and what we lose in flowers we more than gain in fruits.”

— Samuel Butler

Q R O C T O B E R E Y
 R E T I R E M E N T A
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- NOVEMBER

Free Wellness Programs Are at Your Fingertips

Did you know the insurance carriers in the LACERA-administered Healthcare Benefits Program offer an array of free wellness and health management resources? The wide assortment of free resources ranges from personalized wellness tools and online learning centers, to fitness, healthy weight, and tobacco cessation programs — to name just a few. Resources vary according to insurance carrier and plan enrollment. **For more information, contact the carriers directly.**

Healthcare Plan	Free Program	Description	Website
Anthem Blue Cross I, II, and III (800-284-1110)	Alere Wellbeing	Combines science, technology, and personal interaction to help people recognize and modify unhealthy behaviors	alere.com
Anthem Blue Cross Prudent Buyer (800-284-1110)	ConditionCare	Resources to manage chronic conditions	anthem.com/ca
Kaiser Permanente members (800-464-4000)	Senior Health	Assorted online health programs and tools	healthy.kaiserpermanente.org
	Get Active	Tools and resources for national and individual walking programs	
Cigna members (800-244-6224)	Health & Wellness Collections	Online tools, podcasts, videos, health and wellness database. Addresses changing healthcare needs related to age.	cigna.com/healthwellness
UnitedHealthcare plan members in California (800-624-8822)	CafeWell	Combines health and fitness challenges and social networks. Provides tools to improve wellness and quality of life. Participants can win “reward” prizes.	cafewell.com/code/unitedCA
UnitedHealthcare Retiree Medicare Advantage Plan (800-457-8506)	Silver Sneakers Fitness Program	Includes access to a network of participating fitness locations, personalized at-home fitness program, online wellness program	silversneakers.com/member
UnitedHealthcare enrollees under age 65 (800-624-8822)	Health & Wellness Tools	Features personalized health improvement tools and programs	uhcwest.com
SCAN members (800-559-3500)	Healthwise	Interactive tools, searchable knowledge base of health information and tips, online learning centers	scanhealthplan.com

Consult a medical professional before beginning any exercise or fitness program. This wellness programming information is presented for informational purposes only. LACERA does not offer medical advice.

Inside My LACERA



Take the survey on My LACERA; we need your input! Your answers to five short questions will be of value in helping us further tailor My LACERA to your needs. We will continue to periodically adjust My LACERA content and features, based on your feedback. **To access the survey, sign in to My LACERA on lacera.com.** Thanks for your help!



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Public Service Announcement

The Civil Grand Jury Needs You!

You have an opportunity to make to a difference! The Los Angeles County Superior Court is seeking qualified citizens interested in serving on the Civil Grand Jury (CGJ). The CGJ is an independent investigative body comprised of 23 citizens. It acts in a “watchdog” capacity to ensure the County, city, and special districts are being governed honestly and efficiently and public monies are being handled appropriately. Based on its investigative findings, the CGJ makes recommendations for improvements that serve the best interests of County residents.

Who Can Serve: Applicants must be U.S. citizens at least age 18 and reside in L.A. County. Additionally, they must have resided in the County for one year immediately prior to selection, possess a working knowledge of the English language, and commit 30-40 hours per week for 12 months to grand jury service. The ideal grand juror works well with others, is a good listener, able to review documents, and help write understandable reports.

Compensation: Jurors receive \$60 per day of service, plus

mileage at the current available rate, and free parking. Jurors using public transportation are reimbursed for that cost.

To Apply: Visit lasuperiorcourt.org/jury/grandjury.htm to download an application form, or read more about the CGJ. Additional information is also available by calling 213-893-1047. The deadline to submit an application is November 25, 2013.

Did You Know

DEFINED BENEFIT PLAN

Includes \$5,000 one-time lump-sum death/burial benefit for retirees.

DEFINED CONTRIBUTION PLAN

Not included.

Editor’s Note: *Spotlight on Retirement* is created by the staff of LACERA. Signed articles represent the opinion of the writers and not necessarily the opinion of LACERA Management, Board of Retirement, or Board of Investments. Consult with professional advisors regarding legal, tax, and/or medical matters; LACERA does not offer legal, tax, or medical advice.

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