LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, OCTOBER 26, 2021

TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Benefits Administration October 26, 2021 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and/or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 161 898 9746

Instructions for call-in participants:
1- Dial in and enter Meeting ID
2- Automatically enter virtual "Waiting Room"
3- Automatically enter Meeting
4- During Public Comment, **press *9** to raise hand
5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Chair:	Michael R. Wilkinson
Committee Members:	Annie Chao Sandra Lee
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counselor:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq*. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for services

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Disclaimer to participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

II. APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 24, 2021 AND POSSIBLE COMMITTEE ACTION

III. AMENDMENT TO THE BENEFITS ADMINISTRATION COMMITTEE CHARTER AND WORK PLAN AND POSSIBLE COMMITTEE ACTION

IV. REVISIONS TO LACERS BOARD RULES AND POSSIBLE COMMITTEE ACTION

V. OPERATIONAL UPDATE

VI. OTHER BUSINESS

VII. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while public health concerns relating to the novel coronavirus continue.

VIII. ADJOURNMENT

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

SPECIAL MEETING

TUESDAY, OCTOBER 26, 2021

TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING

MEETING LOCATION:

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President:	Cynthia M. Ruiz
Vice President:	Sung Won Sohn
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

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II. APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 24, 2021 AND POSSIBLE COMMITTEE ACTION

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VII. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while public health concerns relating to the novel coronavirus continue.

VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
BENEFITS ADMINISTRATION COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In conformity with the Governor's Executive Order N-08-21 (June 11, 2021)
and due to the concerns over COVID-19, the
LACERS Benefits Administration Committee's
August 24, 2021, meeting was conducted
via telephone and/or videoconferencing

August 24, 2021

12:28 p.m.

Agenda of: Oct. 26, 2021

Item No: II

PRESENT via Videoconferencing:	Chair:	Michael R. Wilkinson
	Committee Members:	Annie Chao Sandra Lee
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Miguel Bahamon
PRESENT at LACERS offices:	Executive Assistant:	Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF JULY 20, 2021 AND AUGUST 10, 2021 AND POSSIBLE COMMITTEE ACTION – Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Members Chao, Sandra Lee, and Chair Wilkinson -3; Nays, None.

III

LACERS 2020 ANTHEM AND DELTA YEAR-END ACCOUNTING WITH PREMIUM RESERVE FUNDING POLICY AND POSSIBLE COMMITTEE ACTION – Alex Rabrenovich, Chief Benefits Analyst, and Bordan Darm, with Keenan & Associates discussed this item with the Committee for 15 minutes. After discussion, Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Members Chao, Sandra Lee, and Chair Wilkinson -3; Nays, None.

IV

BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION – Ferralyn Sneed, Senior Benefits Analyst II, discussed this item with the Committee for 20 minutes. After discussion, Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Members Chao, Sandra Lee, and Chair Wilkinson -3; Nays, None.

V

OPERATIONAL UPDATE – Dale Wong-Nguyen, Assistant General Manager, provided the following update:

- Retirement Stats
- Disability Re-exam Project
- Medicare – IRMAAs
- Open Enrollment Preparations
- Upcoming Committee Items: BAC Charter and Workplan Review

VI

OTHER BUSINESS –There was no other business.

VII

NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time, and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while responding to public health concerns relating to the novel coronavirus continue.

VIII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 1:13 p.m.

_____
Michael R. Wilkinson
Chair

_____
Neil M. Guglielmo
Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: OCTOBER 26, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: III**

SUBJECT: **AMENDMENT TO THE BENEFITS ADMINISTRATION COMMITTEE CHARTER AND WORK PLAN AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend Board approval of the revisions to the Benefits Administration Committee charter and work plan.

Executive Summary

The Benefits Administration Committee charter and work plan are reviewed every three years to ensure it remains appropriate. The last review of the Benefits Administration Committee charter and work plan was on August 14, 2018.

Discussion

Staff reviewed the charter and work plan and made some suggested revisions for the Committee's consideration. The revisions capture some formatting and grammatical changes, add regular responsibilities that were not included in the current version, and reflect changes in the work plan since the previous review, among others. These revisions are tracked in the attached copy of the charter.

Strategic Plan Impact Statement

The Committee's action on this item aligns with LACERS Strategic Plan Goal to deliver accurate and timely Member Benefits and to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Estella Priebe, Senior Benefits Analyst I

NMG/DWN:ep

Attachment: 1. Duties and Responsibilities Section – Redline Version

3.7 Benefits Administration Committee Charter

Adopted: March 26, 2013; Revised ~~August 28, 2018~~November 9, 2021

A. PURPOSE/ROLE

The purpose of the Benefits Committee (Committee) is to provide assistance to the Board in fulfilling its oversight of the pension and retiree health care programs and related services.

II. AUTHORITY

The Committee is authorized to~~:~~

~~S~~seek any information it requires from LACERS staff, consultants, or external parties as long as requests for staff time are not extraordinary and the expense for consultants or external parties, if any, has been approved by the Board in advance.

III. COMPOSITION OF COMMITTEE

The Committee shall consist of three LACERS Board Members. All members shall be appointed by the LACERS Board President. The LACERS Board President shall appoint a Committee Chair.

The Committee Chair is responsible for setting the agendas for each Committee Meeting. The Chair shall take as an agenda item any matter referred by the LACERS Board. The Chair shall also take as an agenda item any matter submitted by two or more members of the Committee. Additionally, the Chair may consider agenda items recommended by staff.

IV. FREQUENCY OF MEETINGS

The Committee shall meet no less than four times during the calendar year, or more often as needed. Meetings will be conducted in accordance with open meeting and other applicable laws. Through the General Manager, the Retirement Services Division and the Health Benefits ~~Administration~~ and ~~Communications~~ Wellness Division managers shall support the Committee's activities and ensure appropriate staff time and other resources, such as actuaries and consultants, are available to assist it. The managers shall schedule meetings, prepare meeting agendas and other materials after conferring with the Committee Chair, review minutes and draft reports, perform research, and render other types of assistance as reasonably requested by the Committee.

V. DUTIES AND RESPONSIBILITIES

The Committee's responsibilities are to:

- Recommend to the Board ~~draft~~ rules, policies and procedures for Member benefits and departmental administration in accordance with relevant laws and the LACERS mission statement
- Approve and recommend processes to monitor implementation of rules and policies within the Board's purview

- Propose adjustments to operations that the Committee deems appropriate for the sound administration of Member benefits and the Department as a whole

- Review and make necessary recommendations to the Board on RFPs and contract awards

- Evaluate insurance providers, consultants and other benefits contractors and make recommendations to the Board regarding the establishment or modification of services, and associated fees, provided to the Board, staff, and Members~~, and the associated fees~~

- Review and recommend to the Board medical and dental subsidies and Medical Premium Reimbursement Program reimbursement limits

- Review and recommend to the Board annual medical, dental, and vision plan premium costs and any related plan design changes

- Review information on services and progress of programs

- Monitor progress of benefits-related goals in the strategic plan

- Address other issues as directed by the Board

VI. CHARTER REVIEW

The Committee and the Board will review this Charter at least every three years to ensure it remains appropriate. The Committee will recommend any changes to the Board for review and approval. The Board may adjust the Charter at any time.

Benefits Administration Committee Work Plan

Approved by the Board: ~~August 28, 2018~~November 9, 2021

August	~~September~~October	November	~~March~~February	April	June/July
Consider and approve recommendation to the Board regarding health plan, health related RFP's, health plan premium rates, health plan subsidies, and medical plan premium reimbursement amounts (A)	~~Consider and approve~~Review the wellness program plan for the coming year (~~A~~I)	Evaluate whether additional benefits service providers are required (A) Monitor progress of benefits-related goals in the strategic plan (I)	~~Review Health Plan Financial Dashboards (I)~~ Review wellness program annual report of previous year (I)	Review information on services and programs (I) Selection of health plan RFP finalists (A) Review Health Plan Financial and Wellness Dashboards (I)	Selection of health plans from RFP (A) Initial review of health plan renewals (I) Review and possible recommendation to the Board for the Anthem Blue Cross, Delta Dental PPO, and vision plan Year-End Accounting ~~(I) or~~ (A)

					~~Review of wellness dashboards~~

(A) = Action
(I) = Information

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: OCTOBER 26, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **REVISIONS TO LACERS BOARD RULES AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend Board approval of the revised Board Rules, which consist of corrections, clarifications, and additional rules related to Health Benefits Administration, Enhanced Benefits, and Disability Retirements.

Executive Summary

Staff reviews Board Rules to ensure that they represent current practices and evaluate the need for change or additional rules to strengthen policies and processes. Staff is presenting revisions to the Board Rules to correct typographical errors, clarify intent and meaning of certain rules, and to add new rules to address recurring issues related to the administration of benefits. These revisions are reflected in the Health Benefits Administration, Enhanced Benefits, and Disability Retirement sections.

Discussion

Upon review of the LACERS Board Rules, staff has identified needed typographical corrections and minor clarifications to existing rules, and new language or rules to reinforce existing practices, policies, and procedures.

All of the revisions are included in Attachment 1, with the most significant changes/additions discussed below.

Health Benefits Administration

Requirement to Maintain Enrollment in Medicare Part D

LACERS Senior Plans for Primary Subscribers (Members or Survivors) and covered dependents who are age 65 or older integrate Medicare Part D for prescription drug coverage. Anyone enrolled in a LACERS senior plan must be enrolled in Medicare Part D. Should they lose their Part D coverage, they would not be eligible for prescription drug coverage or continued enrollment in the LACERS plan.

Therefore, staff recommends adding the following language referring to the Medicare Part D requirement as part of the rules for Primary Subscribers and health plan dependents:

HBA 2(e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B or Part D enrollment may re-enroll themselves and their dependents in the same LACERS medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

HBA 2(f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B or Part D coverage may be re-enrolled in the primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

Re-enrollment of Dependents

Occasionally, Members will add a dependent during Open Enrollment, and then a few months after the coverage takes effect and the dependent has received services, the dependent is removed until the next Open Enrollment period. This type of activity has the potential to increase future premium costs. Staff recommends adding the following language to HBA 4 to limit the frequency of health plan dependents being terminated and re-enrolled:

HBA 4 Health plan dependents whose coverage has been voluntarily terminated may not be re-enrolled in a LACERS health plan until an Open Enrollment period at least one year after the date of termination, unless the dependent subsequently experiences an involuntary loss of coverage from a non-LACERS plan.

Goal of the Medical Premium Reimbursement Program (MPRP)

The Medical Premium Reimbursement Program is designed to allow Members who cannot access a LACERS medical HMO plan to enroll in a non-LACERS medical plan and receive reimbursement of premium costs, up to their subsidy limit. New Board Rule language is proposed to define the goal of the Medical Premium Reimbursement Program and aid staff in the administration and decision-making related to this program. Further, it will ensure that Members are receiving reimbursements associated with costs of obtaining non-LACERS medical plan coverage that is similar to what is offered by LACERS to its Members and beneficiaries. Staff recommends that the following language be added to HBA5:

HBA 5 The Medical Premium Reimbursement Program (MPRP) is available to all Eligible Primary Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127. The goal of the MPRP is to allow Eligible Primary Subscribers to enroll in non-LACERS plans that provide similar benefits as LACERS plans and receive reimbursement of plan and other required premium costs up to their subsidy amount.

MPRP Reimbursement for Medicare Part A Premiums

A new subsection of HBA 5 is being proposed to address Members who are not eligible to receive Medicare Part A at no cost, are not able to enroll in a LACERS HMO plan, and choose to participate in the MPRP. They may need to purchase insurance on the open market and although LACERS offers comprehensive coverage for Members with only Medicare Part B, such plans do not exist on the open market. Members need to enroll in and pay for Medicare Part A to cover hospitalization. The cost is substantial, while the medical plan premium may be minimal. For example, we have a Member that pays for Part A (current premium is $475), whereas the insurance plan he enrolled in is only $39. Because he and other Members in a similar situation are required to pay the Medicare Part A premium to enroll in a plan, it is recommended that it be considered a premium payment that is reimbursable through the MPRP. The MPRP provides reimbursement for separate Part D premiums. Staff recommends the following language be added to the Board Rules as HBA 5(b):

HBA 5(b) Eligible Primary Subscribers who are enrolled in Medicare Part B but are not eligible for Medicare Part A premium-free and must pay Medicare Part A premiums in order to enroll in a medical plan that provides benefits similar to LACERS medical plans shall receive reimbursement of basic Medicare Part A premium costs, including hospitalization. The basic Medicare Part A reimbursement amount, when added to the primary medical plan premium, shall not exceed the amount of subsidy available to the Eligible Primary Subscriber.

Reference to Medicare Part A basic premium reimbursement was added to subsections (c) and (d).

Start of Medicare Part B Premium Reimbursements

A new subsection of HBA 9 is being proposed to define when Medicare Part B premium reimbursements will be issued relative to LACERS receiving proof of Medicare Parts A and B enrollment. Sometimes, Members may not provide proof of enrollment in Medicare Parts A and B timely, but request to be reimbursed retroactively, even though they were not enrolled in our Medicare Parts A and B plans. The Medicare Part B premium reimbursement benefit is provided to Members with Medicare Parts A and B because when they enroll in a Medicare Parts A and B plan, the premium cost is significantly reduced. If a Member is enrolled in Medicare effective in July 2021, but does not submit proof to LACERS until September 2021, the soonest their coverage in a LACERS Medicare Parts A and B plan would be effective would be October 2021. The Centers for Medicare and Medicaid Services does allow retro-enrollments into Medicare plans, so LACERS practice is to reimburse Medicare Part B premiums to eligible retired Members after proof of Medicare enrollment is received. To codify this practice, staff recommends the following language be added to the Board Rules as HBA 9(b):

HBA 9(b) An Eligible Primary Subscriber, who is also a retired Member, will qualify for a Medicare Part B basic premium reimbursement the month following the receipt of acceptable proof of enrollment in Medicare Parts A and B. Acceptable proof will be a copy of the Member's Medicare card or if re-enrolling in Medicare after a lapse in coverage, a copy of an Entitlement Letter from the Centers for Medicare and Medicaid Services. The first

reimbursement payment will be made the month following the date acceptable proof was received.

Enhanced Benefits and Disability Retirement

Corrections to Intent of Previously Approved Board Rules

On August 24, 2021, the report on Board Rules Related to Member and Benefits Administration was presented to the BAC. Among the proposed rules were Board Rule DR 16 and EB-DR 15. Both rules should have stipulated that active payroll forms of compensation would cease upon approval by the Board of the applicant's disability retirement benefit. However, the omission of the word "not" in DR 16 and EB-DR 15 implied the cessation of compensation was limited to IOD, which was not the intent. Previously, since Members were required to be off active payroll prior to applying for disability retirement, the need to highlight the cessation of other forms of active payroll compensation was unnecessary. The corrected rule for civilian applicants, Board Rule DR 16, and for sworn, EB-DR 15, is detailed below.

DR 16: If an eligible Member (1) who meets the eligibility requirements to apply for a disability retirement, (2) applies while receiving Injury-On-Duty (IOD) compensation and (3) is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation, including but ***not*** limited to IOD, shall terminate. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

EB-DR 15: If an Enhanced Benefit eligible Member, who meets the eligibility requirements to apply for a disability retirement, applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation, including but ***not*** limited to IOD, shall terminate. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

Strategic Plan Impact Statement

The adoption of these Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

This report was prepared by**:** Ferralyn Sneed, Acting Chief Benefits Analyst, Retirement Services Division, and Alex Rabrenovich, Chief Benefits Analyst, Health Benefits Administration and Wellness Division.

NMG:DW:FS:AR

Attachments: 1. Revised Board Rules – Tracked Changes
2. Revised Board Rules – Clean Copy

3. August 24, 2021 BAC Report

BAC Meeting: 10/26/2021
Item IV
Attachment 1

REVISED LACERS BOARD RULES – TRACKED CHANGES

October 26, 2021

HEALTH BENEFITS ADMINISTRATION (HBA):

HBA 1: An "Eligible Primary Subscriber," as used throughout these rules, shall mean anyone receiving a monthly benefit payment who is eligible to enroll themselves and/or ~~enroll a~~ dependent~~(~~s~~)~~ pursuant to Administrative Code eligibility requirements and health insurance carrier subscriber/dependent eligibility requirements.
(Adopted: June 14, 2016)

HBA 2: The following rules shall apply to enrolling "Eligible Primary Subscribers" and dependents~~, as follows~~:

(a) An Eligible Primary Subscriber shall be eligible to enroll in a LACERS medical/dental plan if he or she is receiving a monthly retirement allowance from LACERS (LAAC 4.1100) and ~~otherwise~~ meets eligibility requirements as stated in carrier contracts, administrative policy, and all applicable State or federal laws.

(b) Upon the death of a Retired Member, a dependent who is an Eligible Surviving Spouse/Domestic Partner ~~can eligible to~~ become~~s~~ an Eligible Primary Subscriber ~~may~~ and may elect to continue their health plan coverage in the same plan(s).

(c) ~~When~~ If an Eligible Primary Subscriber~~s~~ become~~s~~ ineligible for enrollment or coverage, ~~they their and their dependents'~~ coverage, including for any dependents, shall ~~be~~ terminate~~d~~.

(d) At age 65 (or sooner if eligible for Medicare insurance), an Eligible Primary Subscriber~~s~~ and ~~their~~ any Medicare eligible dependent~~s~~ must enroll in Medicare Part B and, if eligible to receive it at no cost, Medicare Part A. They must maintain their Medicare enrollment to be enrolled in a LACERS Medicare plan. ~~(LAAC 4.1103.2)~~ (LAAC 4.1111(f))

(e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B or Part D enrollment may re-enroll themselves and their dependents in ~~their~~the same LACERS medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

Commented [RA1]: Adding Part D because if not enrolled, then Members/dependents are not eligible for the plan.

(f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B or Part D coverage may be re-enrolled in the

Commented [RA2]: Adding Part D here because similar to Part B, if Members/dependents re-establish their Part D enrollment, their enrollment criteria for the plan is complete and they can re-enroll.

primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

~~(e)~~(g) All Eligible Primary Subscribers and their dependents must comply with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.

The General Manager ~~and/~~or his/her designee(s) ~~are authrorized authorized to~~may waive compliance with any of these rules when it is determined good cause exists.
(Resolution: 120110-B; Adopted: January 10, 2012; added "(h), (i)" above)
(Revised: June 14, 2016)

HBA 3: Eligible Dependents shall include all of the following:

a) Spouse
b) Domestic partner (the partnership must be registered with LACERS or the State)
c) Dependent child who is:
- Under age 26, except when an adult child is eligible to enroll in an employee-sponsored plan.
- Unable to engage in gainful employment because of a mental or physical disability (disability must have occurred before age 26).

Note: A "dependent child" includes:
- One born to an ~~Eligible~~ Eligible Primary Subscriber.
- One legally adopted by an Eligible Primary Subscriber.
- A step-child living with an Eligible Primary Subscriber in a parent-child relationship.
- A child of whom an Eligible Primary Subscriber has legal custody or is the legal ~~guardian, and~~guardian and provides the principal financial support.
- An Eligible Primary Subscriber's domestic partner's child.

d) Grandchildren under age 26, if they are those of an Eligible Primary Subscriber or an Eligible Primary Subscriber's spouse/domestic partner when they are also the legal guardian or have legal custody; or if an Eligible Primary Subscriber's grandchild is the child of an Eligible Primary Subscriber's dependent child as defined in c) above.

Eligibility verifications shall be required to verify any dependent is eligible to enroll in a LACERS health plan, and Eligible Primary Subscribers and their dependents shall be required to provide LACERS with all supporting documents.
(Revised: June 14, 2016)

HBA 4: Enrollment Periods shall be permitted as follows:

BAC Meeting: 10/26/2021
Item IV
Attachment 1

An Eligible Primary Subscriber may enroll in a LACERS-sponsored medical/dental plan or the Medical Premium Reimbursement Program as follows:

- Within 60 days of the date an Eligible Primary Subscriber's name is placed onto the Retirement Roll
- During the annual LACERS Open Enrollment period.
- Within 60 days of turning age 55.
- Within 60 days of turning age 65.
- Within 30 days of relocating out of or into a LACERS plan authorized zip code service area.
- Within 30 days of involuntary termination of a non-LACERS medical plan (proof required).
- Within 30 days of re-establishing his/her Medicare Part B/Part D after a lapse in Medicare Part B/Part D enrollment (proof required).

New dependents must be added to an Eligible Primary Subscriber's medical and/or dental plan within 30 days of becoming eligible for enrollment; if this requirement is not met, the next opportunity to enroll the dependent shall be at the annual Open Enrollment period.

Health plan dependents whose coverage has been voluntarily terminated may not be re-enrolled in a LACERS health plan until an Open Enrollment period at least one year after the date of termination, unless the dependent subsequently experiences an involuntary loss of coverage from a non-LACERS plan.

The General Manager and/or his/her designees are authorized to waive compliance with this rule when it is determined good cause exists. *(Resolution 120110-B; Adopted: January 10, 2012; modified first and last bullet points above) (Revised: June 14, 2016)*

HBA 5: The Medical Premium Reimbursement Program (MPRP) is available to all Eligible Primary ~~Subscribers who~~Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127~~, and as follows:~~. The goal of the MPRP ~~program~~ is to allow Eligible Primary Subscribers to enroll in non-LACERS plans that provide similar benefits as LACERS plans and receive reimbursement of plan and other required premium costs up to their subsidy amount.

(a) Dental coverage is exempt from the MPRP~~this program~~.

(b) Eligible Primary Subscribers who are enrolled in Medicare Part B but are not eligible for Medicare Part A premium-free and must pay Medicare Part A premiums in order to enroll in a medical plan that provides benefits similar to

Commented [RA3]: Staff has encountered Members who enroll a dependent in a plan during Open Enrollment, but after a few months of coverage, disenroll the dependent, only to re-enroll them the next Open Enrollment. This is done to reduce their out-of-pocket costs, but can have impacts on future premiums resulting from adverse selection. This rule would prevent this from happening as frequently.

Commented [RA4]: This language is being added to define the goal of the program, which isn't clear in other documents.

Commented [RA5]: This is being added for Members who aren't eligible to receive Medicare Part A at no cost and aren't able to enroll in one of our HMO plans, and choose to participate in the MPRP. They may need to purchase insurance on the open market and although LACERS offers comprehensive coverage for Members with only Medicare Part B, no such plans exist on the open market. Members need to enroll in and pay for Medicare Part A to cover hospitalization. The cost is substantial, while the medical plan premium may be minimal. For example, we have a Member that has to pay for Part A (current premium is $475), whereas the insurance plan he enrolled in is only $39. Because he is required to pay the Medicare Part A premium to enroll in a plan, we consider that a premium payment that is reimbursable through the MPRP. We already provide MPRP reimbursement for separate Part D premiums.

LACERS medical plans ~~, including hospitalization,~~ shall receive reimbursement of basic Medicare Part A premium costs, including hospitalization. The basic Medicare Part A reimbursement amount, when added to the primary medical plan premium, shall not exceed the amount of subsidy available to the Eligible Primary Subscriber.

(c) Eligible Primary Subscribers ~~who are eligible~~ may receive reimbursement for their supplemental Medicare Part D basic or standard premium in order to maintain creditable coverage. Reimbursement for the supplemental Medicare Part D basic or standard premium, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and basic Medicare Part A premium,~~,~~ will not exceed the maximum subsidy available to that Eligible Primary Subscriber.

Commented [RA6]: Added Part A because of the new language in section (b)

~~(a)~~(d) Eligible Primary Subscribers may receive reimbursement for separate vision plan ~~insurance~~coverage if their existing medical plan does not provide vision coverage, or the vision services provided are not comparable~~equivalent~~ to ~~LACERS~~ vision benefits provided by LACERS plans. Reimbursement for separate vision plan ~~insurance~~coverage, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan premium, and basic Medicare Part A and Medicare Part D premiums, will not exceed the maximum subsidy available to the~~at~~ Eligible Primary Subscriber.

Commented [RA7]: Added Part A because of the new language in section (b)

~~(b)~~(e) Eligible Primary ~~Subscribers who~~Subscribers who are enrolled in one of the following types of plan, besides plans defined in LAAC Sections 4.1112(a) and 4.1127(a), and are paying all or a portion of the premium, will be eligible for participation in the MPRP:

1) a plan sponsored by an ~~-~~employer;~~-~~
2) a plan sponsored by a retirement system other than LACERS;~~-~~
3) a partially subsidized health plan.

~~(c)~~(f) Retired M~~m~~embers who qualify for MPRP, ~~and~~ are enrolled in Medicare Parts A and B, ~~who~~ and receive health coverage ~~premium-free~~at no cost~~,~~ will be eligible for Medicare Part B basic premium reimbursement.

~~(d) Eligible Primary Subscibers may receive reimbursement for separate vision plan insurance if their existing medical plan does not provide vision coverage, or the vision services provided are not equivalent to LACERS vision benefits. Reimbursement for separate vision plan insurance, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and Medicare Part D, will not exceed the maximum subsidy available to that Eligible Primary Subscriber.~~

(f) Any Eligible Primary Subscriber who receives a payment as a refund or rebate of any portion of his/her health plan premium for which the Eligible

Primary Subscriber has been reimbursed by LACERS under the MPRP shall report the payment to LACERS and provide supporting documentation. LACERS will determine if any portion of the payment is due to LACERS. Should an Eligible Primary Subscriber refuse to reimburse LACERS the payment, the amount due to LACERS shall be included in the Eligible Primary Subscriber's taxable income as reported to the IRS and the State of California.

(g) Effective September 1, 2013, all ~~-~~Eligible Primary Subscribers participating in the MPRP shall attest the following on each claim form submitted:

- The Eligible Primary Subscriber ~~will shall~~must inform LACERS if he/she receives a rebate or refund of any portion of his/her health plan premium for which LACERS has reimbursed the Eligible Primary Subscriber under the MPRP and provide supporting documentation for such a payment.
- The ~~member~~ Eligible Primary Subscriber agrees to reimburse LACERS in an~~-~~ amount of the payment received less any portion the Eligible Primary Subscriber paid for his/her MPRP-eligible medical plan coverage that was not reimbursed by LACERS.
- The Eligible Primary Subscriber agrees to repay LACERS its portion of any medical plan premium ~~payment through~~payment ~~through~~by personal check, withholding from future MPRP payments, or deduction from the Eligible Primary Subscriber's Retirement or Continuance Allowance.

(*Resolution 130514-G; Adopted May 14, 2013; added Items g, h, i, j) Revised: June 14, 2016, by Resolution: 99999)*

(h) A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to ~~recive~~receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan.
(Added August 27, 2019)

HBA 6: The handling of insufficient funds for premium deductions shall be as follows:

(a) Effective November 1, 2003, an Eligible Primary Subscriber may submit to LACERS the contribution shortage between their monthly deduction and the monthly premium owed for the next Plan Year effective January 1. The total contribution shortage for the 12-month period beginning January 1 of the following year, is due to LACERS no later than November 30. ~~-~~LACERS shall send a notice of the contribution shortage amount to the Eligible Primary Subscriber at his or her last known address prior to October 10 (Dates are subject to change depending on when the Board adopts the next plan year's health plan premium rates).

(b) If an Eligible Primary Subscriber fails to make full payment by November 30 (regardless of whether a notice of contribution shortage is received by the Eligible Primary Subscriber), the Eligible Primary Subscriber shall not have coverage effective January 1 of the next Plan Year.

(c) Cancellation of an Eligible Primary Subscriber's coverage pursuant to this rule shall not affect LACERS right to collect any and all contribution shortages for coverage already provided and seek recoveries for premiums required for such coverage from the beneficiary or an ~~-~~estate of a beneficiary.

(Revised: June 14, 2016)

HBA 7: The following are participant requirements for providing timely notices to LACERS and/or for dealing with the recovery of benefits paid when the participant was ineligible:

- If an event occurs which makes a person ineligible for continued enrollment or coverage in the health plan(s) offered or sponsored by LACERS, an Eligible Primary Subscriber or their representative shall notify LACERS of the event as soon as is reasonable.
- All such notices shall be in writing and shall be sent to LACERS.
- LACERS shall be entitled to seek recovery of the costs for any benefits that were provided to any participants after an event that terminated the ~~participant's~~participant's ~~-~~enrollment or that otherwise made that participant ineligible for continued enrollment in or coverage by the health plans administered~~-~~ by LACERS.
- In seeking to recover the cost of benefits under this rule, LACERS ~~staff shall have~~has the right to~~of~~ offset those costs against any other benefits payable, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the Eligible Primary Subscriber and/or participant whose enrollment was terminated.

(Revised: June 14, 2016)

HBA 8: Eligible Primary Subscribers shall be responsible for:

~~(a)~~ Providing current and accurate personal information required for maintaining coverage and eligibility.

~~(b)~~(a)

~~(c)~~ Paying the premium contributions in the amount or amounts required above the amount of any subsidy paid by LACERS for the applicable health benefit plan.

~~(d)~~(b)

~~(e)~~ Paying the premium contributions at the times and in the manner prescribed by LACERS.

~~(f)~~

~~Complying with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.~~

~~(g)~~(c)
(e) Enrolling in all parts of Medicare for which they are eligible if enrolled in a LACERS health plan.
(Revised: June 14, 2016)

HBA 9: Medicare Part B Basic Premium Reimbursement

(a) ~~A retired Member identified as a~~An Eligible Primary Subscriber's ~~dependent~~ who meets the definition of an Eligible Retiree as provided in LAAC Section 4.1113(b) and maintains enrollment in all parts of Medicare required for enrollment in a LACERS Medicare plan (Parts A, B, and D), shall be eligible for Medicare Part B basic premium reimbursement. ~~and shall be subject to and responsible for complying with these Board Rules, Administrative Policies and Procedures, and carrier contract provisions~~. ~~This shall not apply if the retired Member is receiving a Medicare Part B premium reimbursement as a primary subscriber in a LACERS or other plan.~~ *(Revised: June 14, 2016; Resolution: 180508-C; Adopted: May 8, 2018)*

Commented [RA8]: Cleaned up the language to make it clearer.

~~(a)~~(b) An Eligible Primary Subscriber, who is also a retired Member, will qualify for a Medicare Part B basic premium reimbursement the month following the receipt of acceptable proof of enrollment in Medicare Parts A and B. Acceptable proof will be a copy of the Member's Medicare card or if re-enrolling in Medicare after a lapse in coverage, a copy of an Entitlement Letter from the Centers for Medicare and Medicaid Services. The first reimbursement payment will be made the month following the date acceptable proof was received.

Commented [RA9]: This is an issue that comes up regularly with our Members. They may not provide proof of enrollment in Medicare Parts A and B timely, but then they want to be reimbursed retroactively, even though they weren't enrolled in our Medicare Parts A and B plans. We want to formalize the policy through a Board rule to enforce this practice.

HBA 10: The determinations of the total annual premium costs for discretionary benefit changes shall be as follows:

In order to determine if a benefit change meets the one-half of one percent total annual premium cost threshold described in LAAC Section 4.1106, staff will use the following to measure the cost impacts related to discretionary health plan benefit changes:

- For a mid-year benefit change, staff shall utilize the enrollment and premium cost data associated with the health plan premium renewal report adopted by the Board for the plan year in which the discretionary benefit change is being recommended;

- For a new plan year benefit change, staff shall utilize the enrollment and premium cost data associated with the proposed final premiums that will be

recommended to the Board for the upcoming new plan year in which the discretionary health plan benefit change is being recommended.

1. The "total annual premium cost" shall refer to the estimated annual premium cost of the Health and Welfare Program administered by the LACERS Board.

(Resolution: 110913-C; Adopted: September 13, 2011) (Revised: June 14, 2016)

DISABILITY RETIREMENT (DR)

DR 16: If an eligible Member~~,~~ (1) who meets the eligibility requirements to apply for a disability retirement, (2) applies while receiving Injury-On-Duty (IOD) compensation and (3) is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation, including but ***not*** limited to IOD, shall terminate~~, including but ***not*** limited to IOD~~. Recovery and/or adjustment of A~~a~~ny IOD overpayment will be the responsibility of the Member and the employing department.

Commented [RA10]: the omission of the word "not" in DR 16 and EB-DR 15 implied the cessation of compensation was limited to IOD, which was not the intent. Previously, since members were required to be off active payroll prior to applying for disability retirement, the need to highlight the cessation of other forms of active payroll compensation was unnecessary.

~~**4.2 BOARD RULES - ENHANCED BENEFITS**~~

ENHANCED BENEFITS (EB) – DISABILITY RETIREMENT (DR)

EB-DR 15: If an Enhanced Benefit eligible Member, who meets the eligibility requirements to apply for a disability retirement, applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation, including but ***not*** limited to IOD, shall terminate, ~~including but ***not*** limited to IOD~~. Recovery and/or adjustment of any~~Any~~ IOD overpayment will be the responsibility of the Member and the employing department.

Commented [RA11]: the omission of the word "not" in DR 16 and EB-DR 15 implied the cessation of compensation was limited to IOD, which was not the intent. Previously, since members were required to be off active payroll prior to applying for disability retirement, the need to highlight the cessation of other forms of active payroll compensation was unnecessary.

REVISED LACERS BOARD RULES – CLEAN COPY

October 26, 2021

HEALTH BENEFITS ADMINISTRATION (HBA):

HBA 1: An "Eligible Primary Subscriber," as used throughout these rules, shall mean anyone receiving a monthly benefit payment who is eligible to enroll themselves and/or dependents pursuant to Administrative Code eligibility requirements and health insurance carrier subscriber/dependent eligibility requirements. (Adopted: June 14, 2016)

HBA 2: The following rules shall apply to enrolling "Eligible Primary Subscribers" and dependents:

(a) An Eligible Primary Subscriber shall be eligible to enroll in a LACERS medical/dental plan if he or she is receiving a monthly retirement allowance from LACERS (LAAC 4.1100) and meets eligibility requirements as stated in carrier contracts, administrative policy, and all applicable State or federal laws.

(b) Upon the death of a Retired Member, a dependent who is an Eligible Surviving Spouse/Domestic Partner becomes an Eligible Primary Subscriber and may elect to continue their health plan coverage in the same plan(s).

(c) If an Eligible Primary Subscriber becomes ineligible for enrollment or coverage, coverage, including for any dependents, shall terminate.

(d) At age 65 (or sooner if eligible for Medicare insurance), an Eligible Primary Subscriber and any Medicare eligible dependent must enroll in Medicare Part B and, if eligible to receive it at no cost, Medicare Part A. They must maintain their Medicare enrollment to be enrolled in a LACERS Medicare plan.) (LAAC 4.1111(f))

(e) Retired Members or Eligible Surviving Spouses/Domestic Partners whose medical coverage has been terminated due to a lapse in Medicare Part B or Part D enrollment may re-enroll themselves and their dependents in the same LACERS medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

(f) Medical plan dependents whose medical coverage is terminated due to a lapse in Medicare Part B or Part D coverage may be re-enrolled in the primary subscriber's (Retired Member's or Eligible Surviving Spouse's/Domestic Partner's) medical plan within 30 days of re-establishing Medicare Part B or Part D enrollment.

(g) All Eligible Primary Subscribers and their dependents must comply with these Board Rules, Administrative Policies and Procedures and carrier contract provisions.

The General Manager or his/her designee(s) may waive compliance with any of these rules when it is determined good cause exists.
(Resolution: 120110-B; Adopted: January 10, 2012; added "(h), (i)" above)
(Revised: June 14, 2016)

HBA 3: Eligible Dependents shall include all of the following:

a) Spouse
b) Domestic partner (the partnership must be registered with LACERS or the State)
c) Dependent child who is:
- Under age 26, except when an adult child is eligible to enroll in an employee-sponsored plan.
- Unable to engage in gainful employment because of a mental or physical disability (disability must have occurred before age 26).

Note: A "dependent child" includes:
- One born to an Eligible Primary Subscriber.
- One legally adopted by an Eligible Primary Subscriber.
- A step-child living with an Eligible Primary Subscriber in a parent-child relationship.
- A child of whom an Eligible Primary Subscriber has legal custody or is the legal guardian and provides the principal financial support.
- An Eligible Primary Subscriber's domestic partner's child.

d) Grandchildren under age 26, if they are those of an Eligible Primary Subscriber or an Eligible Primary Subscriber's spouse/domestic partner when they are also the legal guardian or have legal custody; or if an Eligible Primary Subscriber's grandchild is the child of an Eligible Primary Subscriber's dependent child as defined in c) above.

Eligibility verifications shall be required to verify any dependent is eligible to enroll in a LACERS health plan, and Eligible Primary Subscribers and their dependents shall be required to provide LACERS with all supporting documents.
(Revised: June 14, 2016)

HBA 4: Enrollment Periods shall be permitted as follows:

An Eligible Primary Subscriber may enroll in a LACERS-sponsored medical/dental plan or the Medical Premium Reimbursement Program as follows:

- Within 60 days of the date an Eligible Primary Subscriber's name is placed onto the Retirement Roll
- During the annual LACERS Open Enrollment period.
- Within 60 days of turning age 55.
- Within 60 days of turning age 65.
- Within 30 days of relocating out of or into a LACERS plan authorized zip code service area.
- Within 30 days of involuntary termination of a non-LACERS medical plan (proof required).
- Within 30 days of re-establishing his/her Medicare Part B/Part D after a lapse in Medicare Part B/Part D enrollment (proof required).

New dependents must be added to an Eligible Primary Subscriber's medical and/or dental plan within 30 days of becoming eligible for enrollment; if this requirement is not met, the next opportunity to enroll the dependent shall be at the annual Open Enrollment period.

Health plan dependents whose coverage has been voluntarily terminated may not be re-enrolled in a LACERS health plan until an Open Enrollment period at least one year after the date of termination, unless the dependent subsequently experiences an involuntary loss of coverage from a non-LACERS plan.

The General Manager and/or his/her designees are authorized to waive compliance with this rule when it is determined good cause exists. *(Resolution 120110-B; Adopted: January 10, 2012; modified first and last bullet points above) (Revised: June 14, 2016)*

HBA 5: The Medical Premium Reimbursement Program (MPRP) is available to all Eligible Primary Subscribers who are unable to access a LACERS HMO medical plan as contained in LAAC Sections 4.1112 and 4.1127. The goal of the MPRP is to allow Eligible Primary Subscribers to enroll in non-LACERS plans that provide similar benefits as LACERS plans and receive reimbursement of plan and other required premium costs up to their subsidy amount.

(a) Dental coverage is exempt from the MPRP.

(b) Eligible Primary Subscribers who are enrolled in Medicare Part B but are not eligible for Medicare Part A premium-free and must pay Medicare Part A premiums in order to enroll in a medical plan that provides benefits similar to LACERS medical plans shall receive reimbursement of basic Medicare Part A premium costs, including hospitalization. The basic Medicare Part A reimbursement amount, when added to the primary medical plan premium, shall not exceed the amount of subsidy available to the Eligible Primary Subscriber.

(c) Eligible Primary Subscribers may receive reimbursement for their supplemental Medicare Part D basic or standard premium in order to maintain creditable coverage. Reimbursement for the supplemental Medicare Part D basic or standard premium, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan and basic Medicare Part A premium, will not exceed the maximum subsidy available to that Eligible Primary Subscriber.

(d) Eligible Primary Subscribers may receive reimbursement for separate vision plan coverage if their existing medical plan does not provide vision coverage, or the vision services provided are not comparable to vision benefits provided by LACERS plans. Reimbursement for separate vision plan coverage, when added to the reimbursement for the Eligible Primary Subscriber's primary medical plan premium, and basic Medicare Part A and Medicare Part D premiums, will not exceed the maximum subsidy available to the Eligible Primary Subscriber.

(e) Eligible Primary Subscribers who are enrolled in one of the following types of plan, besides plans defined in LAAC Sections 4.1112(a) and 4.1127(a), and are paying all or a portion of the premium, will be eligible for participation in the MPRP:
1) a plan sponsored by an employer;
2) a plan sponsored by a retirement system other than LACERS;
3) a partially subsidized health plan.

(f) Retired Members who qualify for MPRP, are enrolled in Medicare Parts A and B, and receive health coverage at no cost will be eligible for Medicare Part B basic premium reimbursement.

(f) Any Eligible Primary Subscriber who receives a payment as a refund or rebate of any portion of his/her health plan premium for which the Eligible Primary Subscriber has been reimbursed by LACERS under the MPRP shall report the payment to LACERS and provide supporting documentation. LACERS will determine if any portion of the payment is due to LACERS. Should an Eligible Primary Subscriber refuse to reimburse LACERS the payment, the amount due to LACERS shall be included in the Eligible Primary Subscriber's taxable income as reported to the IRS and the State of California.

(g) Effective September 1, 2013, all Eligible Primary Subscribers participating in the MPRP shall attest the following on each claim form submitted:

- The Eligible Primary Subscriber must inform LACERS if he/she receives a rebate or refund of any portion of his/her health plan premium for which

LACERS has reimbursed the Eligible Primary Subscriber under the MPRP and provide supporting documentation for such a payment.

- The Eligible Primary Subscriber agrees to reimburse LACERS in an amount of the payment received less any portion the Eligible Primary Subscriber paid for his/her MPRP-eligible medical plan coverage that was not reimbursed by LACERS.
- The Eligible Primary Subscriber agrees to repay LACERS its portion of any medical plan premium payment by personal check, withholding from future MPRP payments, or deduction from the Eligible Primary Subscriber's Retirement or Continuance Allowance.

(*Resolution 130514-G; Adopted May 14, 2013; added Items g, h, i, j) Revised: June 14, 2016, by Resolution: 99999)*

(h) A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan.
(Added August 27, 2019)

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(a) Effective November 1, 2003, an Eligible Primary Subscriber may submit to LACERS the contribution shortage between their monthly deduction and the monthly premium owed for the next Plan Year effective January 1. The total contribution shortage for the 12-month period beginning January 1 of the following year, is due to LACERS no later than November 30. LACERS shall send a notice of the contribution shortage amount to the Eligible Primary Subscriber at his or her last known address prior to October 10 (Dates are subject to change depending on when the Board adopts the next plan year's health plan premium rates).

(b) If an Eligible Primary Subscriber fails to make full payment by November 30 (regardless of whether a notice of contribution shortage is received by the Eligible Primary Subscriber), the Eligible Primary Subscriber shall not have coverage effective January 1 of the next Plan Year.

(c) Cancellation of an Eligible Primary Subscriber's coverage pursuant to this rule shall not affect LACERS right to collect any and all contribution shortages for coverage already provided and seek recoveries for premiums required for such coverage from the beneficiary or an estate of a beneficiary.
(Revised: June 14, 2016)

HBA 7: The following are participant requirements for providing timely notices to LACERS and/or for dealing with the recovery of benefits paid when the participant was ineligible:

- If an event occurs which makes a person ineligible for continued enrollment or coverage in the health plan(s) offered or sponsored by LACERS, an Eligible Primary Subscriber or their representative shall notify LACERS of the event as soon as is reasonable.

- All such notices shall be in writing and shall be sent to LACERS.

- LACERS shall be entitled to seek recovery of the costs for any benefits that were provided to any participants after an event that terminated the participant's enrollment or that otherwise made that participant ineligible for continued enrollment in or coverage by the health plans administered by LACERS.

- In seeking to recover the cost of benefits under this rule, LACERS has the right to offset those costs against any other benefits payable, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the Eligible Primary Subscriber and/or participant whose enrollment was terminated.

(Revised: June 14, 2016)

HBA 8: Eligible Primary Subscribers shall be responsible for:

(a) Providing current and accurate personal information required for maintaining coverage and eligibility.
(b) Paying the premium contributions in the amount or amounts required above the amount of any subsidy paid by LACERS for the applicable health benefit plan.
(c) Paying the premium contributions at the times and in the manner prescribed by LACERS.
(e) Enrolling in all parts of Medicare for which they are eligible if enrolled in a LACERS health plan.
(Revised: June 14, 2016)

HBA 9: Medicare Part B Basic Premium Reimbursement

(a) An Eligible Primary Subscriber's dependent who meets the definition of an Eligible Retiree as provided in LAAC Section 4.1113(b) and maintains enrollment in all parts of Medicare required for enrollment in a LACERS Medicare plan (Parts A, B, and D), shall be eligible for Medicare Part B basic premium reimbursement.. *(Revised: June 14, 2016; Resolution: 180508-C; Adopted: May 8, 2018)*

(b) An Eligible Primary Subscriber, who is also a retired Member, will qualify for a Medicare Part B basic premium reimbursement the month following the receipt of acceptable proof of enrollment in Medicare Parts A and B.

Acceptable proof will be a copy of the Member's Medicare card or if re-enrolling in Medicare after a lapse in coverage, a copy of an Entitlement Letter from the Centers for Medicare and Medicaid Services. The first reimbursement payment will be made the month following the date acceptable proof was received.

HBA 10: The determinations of the total annual premium costs for discretionary benefit changes shall be as follows:

In order to determine if a benefit change meets the one-half of one percent total annual premium cost threshold described in LAAC Section 4.1106, staff will use the following to measure the cost impacts related to discretionary health plan benefit changes:

- For a mid-year benefit change, staff shall utilize the enrollment and premium cost data associated with the health plan premium renewal report adopted by the Board for the plan year in which the discretionary benefit change is being recommended;

- For a new plan year benefit change, staff shall utilize the enrollment and premium cost data associated with the proposed final premiums that will be recommended to the Board for the upcoming new plan year in which the discretionary health plan benefit change is being recommended.

1. The "total annual premium cost" shall refer to the estimated annual premium cost of the Health and Welfare Program administered by the LACERS Board.

(Resolution: 110913-C; Adopted: September 13, 2011) (Revised: June 14, 2016)

DISABILITY RETIREMENT (DR)

DR 16: If an eligible Member (1) who meets the eligibility requirements to apply for a disability retirement, (2) applies while receiving Injury-On-Duty (IOD) compensation and (3) is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation, including but ***not*** limited to IOD, shall terminate. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

ENHANCED BENEFITS (EB) – DISABILITY RETIREMENT (DR)

EB-DR 15: If an Enhanced Benefit eligible Member, who meets the eligibility requirements to apply for a disability retirement, applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective

date will be the Board approval date. Other forms active employee compensation, including but ***not*** limited to IOD, shall terminate,. Recovery and/or adjustment of any IOD overpayment will be the responsibility of the Member and the employing department.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: AUGUST 24, 2021**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend Board approval of the proposed Board Rules.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for additional rules due to revisions of LACERS' plan provisions, case law, the Internal Revenue Code or other areas affecting administration of retirement benefits. Board Rule reviews also seek to identify rules which are no longer applicable or in need of revision.

Board Rules work in conjunction with the Administrative Code, City Charter, State or Federal Law, the Internal Revenue Code and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan, legislative and regulatory provisions.

The Board Rules proposed herein are the result of staff's recent review of retirement processing procedures. These new proposed rules (Attachment 1) will clarify guidelines related to: (1) Larger Annuity account refunds; (2) the interest charged on late Service Purchase payments; (3) the filing of disability retirement applications while on Injury-on-Duty (IOD) and related limitations; and, (4) disability loan eligibility.

Pursuant to Section 1106 of the Los Angeles City Charter, the Board of Administration is authorized to adopt rules governing the administration of benefits under the LACERS Plan.

Discussion

Larger Annuity Program

LACERS receives applications to establish Larger Annuity Program (LAP) accounts regularly during Active Service and at retirement. Although requests to establish accounts in the period immediately preceding retirement are not uncommon, requests for refunds of LAP deposits soon after establishing

their accounts, and in some cases within the same week or even at the same time as the account is established, is not in keeping with the purpose of the LAP, which is to allow Members to have a post-tax savings plan during Active service with the option of converting those funds into an additional annuity at the time of their retirement. These requests for refunds position LACERS as a pass-through organization creating an undue administrative burden and diversion of staff resources from the four impacted units involved in processing such requests including the Service Processing Section, Fiscal Management, Service Retirement Unit and Member Processing Unit.

To ensure that LAP accounts remain within the purpose of "making additional contributions to provide a larger annuity benefit at the time of retirement" as authorized by the Los Angeles Administrative Code section 4.1021, the City Attorney advised that the appropriate remedy would be for the Board to adopt a rule to prevent future misuse of the LAP. Therefore, staff recommends a rule whereby deposits must be held in the LAP account of an Active Member for at least six (6) months prior to any refund or distribution. If the Member retires prior to this six-month period, their funds may only be used to purchase a larger annuity.

Service Purchase Payments

Since the pandemic, LACERS has been experiencing delays in the receipt of mail delivered by the United States Postal Service (USPS) and by private courier and express mail services such as FedEx, United Parcel Service (UPS), and DHL. Members' service buyback costs have been directly impacted by these delays as interest is charged for late receipt of payments.

Analysis of recent late check incidents showed that if a personal check was received 10 days past the previous month's closing, the interest amount owed totaled 64 cents. However, the staff costs to recover the 64 cents based on 20 minutes of an Accounting Clerk's time, and 10 minutes of a Benefits Specialist's time total approximately $15. The collection of interest on the late payment is not efficient or cost effective. Therefore, staff recommends a rule whereby interest will not be charged unless the amount of interest due exceeds the $15 administrative cost threshold.

Enhanced Benefits – Disability Retirement

A recent review of LACERS' Disability Filing Period under Los Angeles Administrative Code Section 4.1008.1(a) found that there is no prohibition against an Airport Police Officer from applying for a disability retirement while on active payroll. LACERS current practice requires a sworn (Airport Police Officer) Member or deferred Member to be "off" active payroll before applying for disability retirement under Los Angeles Administrative Code (LAAC) Section 4.1008.1 (a) and (p) states that:

(a) *Application for Disability Retirement. Any Airport Peace Officer Member who has graduated from basic training and taken the Oath of Office, applying for a service-connected disability, or who has five (5) or more years of continuous service, applying for a nonservice-connected disability, who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such Member, or any person acting on his or her behalf, or on behalf of the head of the Department of Airports or Fire Department wherein such Member is employed. Any such application may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of such employee or the termination of any duly*

authorized sick leave with payment, provided such incapacity has been continuous from the discontinuance of such service. No application may be filed under this Section 4.1008.1 prior to January 7, 2018.

(p) *Disability Retirements for Airport Peace Officer Former Members. Any Airport Peace Officer Former Member, who became such because of termination of his or her employment for any reason including service retirement, who shall believe that he or she is eligible to be paid a disability retirement allowance pursuant to this Section 4.1008.1, may file his or her written application for the payment of a disability retirement allowance within one (1) year from the date he or she ceased to be an Airport Peace Officer Member, or one (1) year from his or her last day on active payroll. The Board, if it were to determine that the contingencies provided in this Section for the payment thereof had happened or occurred as to the Airport Peace Officer Former Member prior to the date upon which he or she had ceased to be a Member, and if there is no legal bar or defense to the granting to him or her of such retirement or to any judicial action or proceeding which could be brought by him or her with respect thereto, shall grant him or her the retirement allowance in accordance with his or her written application.*

The City Attorney reviewed the impact to the plan of changing the application policy and found that the impact is minimal and mitigatable by a Board Rule that stipulates the active payroll condition under which a LACERS Member can apply. Specifically, a Member will not be allowed to apply for disability retirement until the Member is placed on Injury-On-Duty (IOD). If the Member is approved for a disability retirement while on IOD, the IOD will cease upon benefit set-up and there will be no retroactive benefit payment since the Member was never "off" active payroll. Additionally, because the Member is applying while on active payroll, they will be ineligible to apply for the disability loan. Further, since similar language is in LACERS' plan provisions for civilian Members under LAAC 4.1008(a), staff is recommending that the proposed board rule be applied to include civilian disability retirement applicants.

The proposed rules have been reviewed by the Office of the City Attorney as to form.

Strategic Plan Impact Statement

Strategic Plan Impact Statement:

The adoption of these proposed Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

This report was prepared by: Ferralyn Sneed, Senior Benefits Analyst II, Retirement Services Division and Edeliza Fang, Senior Benefits Analyst II, Administration Services Division

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Attachment: 1) Proposed Board Rules

4.0 BENEFITS AND MEMBER ADMINISTRATION

All other Board Rules apply unless superseded by these rules or the Los Angeles Administrative Code.

4.1 BOARD RULES

DISABILITY RETIREMENT (DR)

DR 15: A Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application following official placement on Injury-On-Duty (IOD) by their employing department.

DR 16: If an eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

DISABILITY LOAN (DL)

DL 7: An eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

LARGER ANNUITY (LA)

LA 22: A Larger Annuity Program account shall be established by an Active Member for at least six (6) months prior to any refund or distribution. In the event that the Member retires prior to this six-month period, their funds may only be used to purchase a larger annuity.

SERVICE PURCHASES (SP)

SP 1: Additional interest is charged on service purchase payments that are received after the 5th of the month following the due date, except when:

1. The recalculated interest amount is less than $15, which is the approximate cost of staff time to generate the calculation and cost letter. This may be reasonably estimated and approved by the Senior Benefits Analyst I overseeing the unit; or,

2. The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. This rule is in

place temporarily until LACERS' relocation to its new headquarters building as it is anticipated that mail services will return to normal operations.

4.2 BOARD RULES - ENHANCED BENEFITS

ENHANCED BENEFITS – DISABILITY RETIREMENT (DR)

EB-DR 14: An Enhanced Benefit eligible Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application after being placed on Injury-On-Duty (IOD) but not before.

EB-DR 15: If an Enhanced Benefit eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

ENHANCED BENEFITS – LOAN PROGRAM (LP)

EB-LP2: An Enhanced Benefit eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.