



Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, MARCH 22, 2022

TIME: 9:30 A.M.

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 March 22, 2022 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# 161 845 4529

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

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

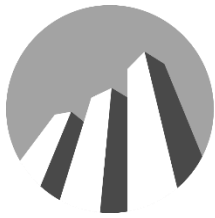
Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at ani.ghoukassian@lacers.org.

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 FEBRUARY 22, 2022 AND POSSIBLE COMMITTEE ACTION](#)
- III. [2023 HEALTH PLAN CONTRACT RENEWAL TIMELINE AND STRATEGY](#)
- IV. OPERATIONAL UPDATE
- V. OTHER BUSINESS
- VI. 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.
- VII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, MARCH 22, 2022

TIME: 9:30 A.M.

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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

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MINUTES OF THE SPECIAL MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

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 and 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 February 22, 2022 meeting will be conducted via telephone and/or videoconferencing.

February 22, 2022

9:01 a.m.

PRESENT via Videoconferencing:	Chair:	Michael R. Wilkinson
	Committee Member:	Annie Chao
	Commissioners:	Elizabeth Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Miguel Bahamon Anya Freedman
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Committee Member:	Sandra Lee

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

Commissioners Elizabeth Lee, Serrano, and Sohn joined the meeting, this is considered a Special Meeting of the Board of Administration. Any votes will be taken by Benefits Administration Committee members only.

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 OCTOBER 26, 2021 AND POSSIBLE COMMITTEE ACTION – Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Member Chao and Chair Wilkinson -2; Nays, None.

Item IV taken out of order.

IV

ANTHEM TRANSITION – VERBAL UPDATE – Neil M. Guglielmo, General Manager, Karen Freire, Chief Benefits Analyst, and Michele Guilford and Kourtney Enriquez, with Anthem, and Erin Robinson with Keenan and Associates presented and discussed this item with the Committee for 35 minutes. Chair Wilkinson requested staff bring this item back to the Committee with any feedback from members on this transition.

III

BENEFITS ADMINISTRATION RESOURCE NEEDS FOR FISCAL YEAR 2022-2023 – Neil M. Guglielmo, General Manager, Dale Wong-Nguyen, Assistant General Manager, Karen Freire, Chief Benefits Analyst, Ferralyn Sneed, Chief Benefits Analyst, Stephanie Smith, Senior Project Coordinator, Edeliza Fang, Senior Benefits Analyst II, and Delia Hernandez, Senior Benefits Analyst II, discussed and presented this item with the Committee for 30 minutes.

Chair Wilkinson recessed the Special Meeting at 10:04 a.m., to reconvene immediately after the adjournment of the Regular Board Meeting.

At 11:07 a.m., Chair Wilkinson reconvened the Special Meeting as a Benefits Administration Committee Meeting, as a quorum of Committee members were present: Chair Wilkinson and Committee Member Chao, Assistant City Attorney Anya Freedman was also present for the reconvened meeting. Staff and Committee Members continued to discuss Item III for 45 minutes. The Committee provided staff with input and direction on proceeding with this request.

V

OTHER BUSINESS –There was no other business.

VI

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.

VII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 11:46 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary



REPORT TO BENEFITS ADMINISTRATION COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: MARCH 22, 2022
ITEM: III

Neil M. Guglielmo

SUBJECT: 2023 HEALTH PLAN CONTRACT RENEWAL TIMELINE AND STRATEGY

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee receive and file this report.

Executive Summary

LACERS provides health plan coverage to its Retired Members and their qualified survivors and dependents through contracts with medical, dental, and vision insurance carriers. Premiums and benefit structure are subject to change every plan year and the program requires active management and strategizing with our health and welfare consultant and carriers to minimize health insurance plan premium increases.

Discussion

LACERS contracts with medical, dental, and vision insurance carriers to provide LACERS-sponsored group health plan coverage to its Retired Members and their qualified survivors and dependents.

Request for Proposals (RFPs) for health plan contracts are conducted when LACERS is considering exploring options for alternative health plan designs. This year a Request for Renewal (RFR) process will be conducted in-lieu of a RFP process because of timing and prioritization of other projects such as the RFP for the health and welfare consultant. The RFR process is comprised of the following steps:

1. Release Requests for Renewal – In March, our health and welfare consultant, Keenan & Associates (Keenan), sends each carrier an RFR, asking the carrier to provide the proposed premium for the following year and to cost additional items that could impact premiums, such as new programs, plan design modifications, or alternative pricing.
2. Evaluate Responses to the RFRs – Keenan will review premium changes and the associated costs, assumptions, and methods used to develop the premiums.
3. Negotiate Premium Rates with Each Carrier – Keenan will request the carriers reconsider certain costs, assumptions, and/or methods, based on their review.
4. Adoption of Final Premiums – The final rates and any recommended plan design changes will be presented to the Benefits Administration Committee and then the full Board for approval.

Premiums and benefit structure are subject to change every plan year. The estimated 2022 total premium cost of LACERS health and welfare program is approximately \$149.9 million. Most of these costs are associated with medical insurance plan premium costs, which in 2022 are estimated to be approximately \$137.1 million. The average premium cost increase for the last three years has been below the Board-adopted medical cost trend rates (-0.5% vs. 6.9%). It is the program's goal to continue this trend into the future.

Being able to minimize health insurance plan premium increases requires active management and strategy. As we look ahead to the 2023 plan year and beyond, staff and Keenan are continuing a health plan strategy directed toward data-based decision-making and targeted plan design modifications that can have long-term impact on utilization and costs. The focus over the next three years will be on the following:

- Using the strategic plan data initiative to identify historical issue and cost drivers that can be managed through plan design
- Value-based benefits that encourage better compliance with medical treatments and decreased costs
- Plan design changes that can have long-term impacts on Member health and costs
- Targeted wellness campaigns to impact utilization, thereby premiums
- Survey the health care environment for new products, programs, and vendors that can make the administration of LACERS health plans more cost-effective
- Require greater transparency and accountability for carrier renewal projections

Although premiums are driven by medical claims, medical claims are often driven by Member behavior. Through LACERS *Well*, LACERS' Retiree wellness program, Members are encouraged to engage in their health care and are incentivized to utilize services in the most cost-efficient manner. At the same time, LACERS will continue to take advantage of any market opportunities that can result in cost-savings to our health and welfare program.

Areas of focus for the 2023 health plan contract renewal process:

- Performance guarantees on security breaches
- Identify means to provide continued and increasing wellness program funding
- Minimize COVID-19 impact on cost projections

The 2023 health plan contract renewal timeline is as follows:

Release RFRs – March 21

RFR Responses Due – April 29

Complete Initial Negotiations – May 17

Preliminary Renewal to the Benefits Administration Committee (BAC) – June 14

Carriers Submit Final Renewals – June 28

Final Renewal to the BAC – July 26

Final Renewal to the Board – August 9

Strategic Plan Impact Statement

The health plan contract renewal process assures that LACERS health plan premium changes support Strategic Plan Goal #3: Improve value and minimize costs of Members' health and wellness benefits.

Prepared By: James Kawashima, Senior Benefits Analyst, Health, Wellness and Buyback Division

NMG/DWN/KF/jk