

Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, AUGUST 8, 2023

TIME: 9:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

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LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Chair: Michael R. Wilkinson

Committee Members: Annie Chao
Thuy Huynh

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.

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- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. [APPROVAL OF MINUTES FOR THE MEETING OF JULY 25, 2023 AND POSSIBLE COMMITTEE ACTION](#)
- III. [2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE COMMITTEE ACTION](#)
- IV. [2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION](#)
- 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.
- VII. ADJOURNMENT



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, AUGUST 8, 2023

TIME: 9:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

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President: Annie Chao
Vice President: Sung Won Sohn

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Janna Sidley
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
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- III. 2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE COMMITTEE ACTION
- IV. 2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION
- V. OTHER BUSINESS
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- VII. ADJOURNMENT

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

July 25, 2023

9:19 a.m.

PRESENT:	Chair:	Michael R. Wilkinson
	Committee Members:	Annie Chao (arrived at 9:25 a.m.) Thuy Huynh
	Commissioner:	Gaylord "Rusty" Roten
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo

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

Commissioner Roten joined the Benefits Administration Committee meeting at 9:25 a.m., and this was a Special Meeting of the Board of Administration. Any votes were 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 – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF JUNE 27, 2023 AND POSSIBLE COMMITTEE ACTION – Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Members Chao, Huynh and Chair Wilkinson -3; Nays, None.

Committee Member Huynh arrived at the meeting at 9:25 a.m.

III

BOARD RULES RELATED TO MEMBER BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION – Maricel Martin, Senior Benefits Analyst, and Susann Hernandez, Benefits Analyst, presented and discussed this item with the Committee. Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Members Chao, Huynh and Chair Wilkinson -3; Nays, None.

Commissioner Roten joined the meeting at 9:34 a.m.

IV

PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE COMMITTEE ACTION – Ferralyn Sneed, Chief Benefits Analyst, presented this item to the Committee. Committee Member Huynh moved approval, adopted by the following vote: Ayes, Committee Members Chao, Huynh and Chair Wilkinson -3; Nays, None.

V

PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE COMMITTEE ACTION – Carol Rembert, Benefits Analyst, presented this item to the Committee. Committee Member Chao moved approval, adopted by the following vote: Ayes, Committee Members Chao, Huynh and Chair Wilkinson -3; Nays, None.

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.

VIII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 9:41 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary



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

MEETING: AUGUST 8, 2023
ITEM: III

SUBJECT: 2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to:

1. Approve the proposed 2024 premium rates for LACERS medical plans, allowing for minor premium adjustments;
2. Buy down 2.4% of the 14.4% Kaiser Permanente HMO rate increase, using the LACERS Health Care 115 Trust Fund;
3. Delegate the authority to the General Manager to modify the premium rates per month, based on updates of information received after this report, within the parameters established in the Request for Proposal and the Los Angeles Administrative Code; and,
4. Support a change to the Los Angeles Administrative Code (LAAC) § 4.1111(b) to remove the requirement to seek City Council approval above the rate increase limitation due to the delays this process will have on the annual Open Enrollment process.

Executive Summary

The total proposed medical premium costs received from the 2023 Medical Plans Request for Proposal (RFP) released in March was \$123.5 million and negotiated down to \$120.7 million, a reduction of \$2.8 million, or 2.3%. The overall 2024 medical premium costs increase by approximately \$5.2 million, or 4.5%, from \$115.5 million in 2023 to \$120.7 million.

The proposed 2024 carrier rate changes for LACERS medical plans are as follows:

- Anthem Blue Cross HMO: 8.9%
- Anthem Blue Cross PPO: 8.9%
- Anthem Blue Cross Medicare Preferred (PPO) Plan: -14.3%
- Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement): new plan for 2024
- Kaiser Permanente HMO: 14.4%
 - Kaiser Permanente HMO nationwide rates – to be determined per state. The rates will be published upon final negotiations
- Kaiser Permanente Senior Advantage HMO: 9.7%

- SCAN Health Plan Medicare Advantage HMO: -16.7%
- UnitedHealthcare Medicare Advantage HMO: -28.5%

Kaiser's proposed rate adjustment to its HMO two-party (non-Medicare) plan is 14.4%. This premium is tied to the retired Member subsidy, which pursuant to the LAAC, determines the increase of the subsidy amount for the following plan year. The LAAC limits the authority for the Board to increase the subsidy for certain Members up to the Assumed Actuarial Trend Rate (AATR) increase. The 2024 limit is at 12.2%; however, for ease of administration, staff recommends using 12%, to buy down the Kaiser two-party non-Medicare premium which is equivalent to \$917,090, to ensure that it's below the limit. The Board's proposed action will result in a lower premium increase impact on the Members and avoidance of delays to the 2024 Open Enrollment process that the City Council process would impose.

Discussion

On July 11, 2023, the Board approved contracting with the current medical insurance carriers. For the 2024 plan year, the Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement) will be offered in addition to the 2023 existing medical plans. The total proposed medical premium costs received from the Medical Plans RFP was \$123.5 million. After negotiations by LACERS' Health and Welfare Consultant, AP Keenan (Keenan), the 2024 medical premium cost was reduced to \$120.7 million, an increase of approximately \$5.2 million or 4.5% from the 2023 medical premium cost. A breakdown of premium cost changes by carrier is included in the attached Keenan report.

Board Authority

Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to contract for suitable health plans, and administer the health and welfare program for former City of Los Angeles employees and their dependents. In addition, the Board has the authority pursuant to LAAC § 4.1112(b) to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser two-party premium. However, if the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate (also known as Assumed Actuarial Trend Rate) for the same period, the increase must be approved by City Council.

Pursuant to LAAC § 4.1111, Retiree non-Medicare Vested and Discretionary Subsidies are tied to the dollar increase of the Kaiser two-party non-Medicare premium. The dollar amount of the 14.4% premium increase from 2023 is \$270.66.

The Vested subsidy is governed and set by LAAC § 4.1111(c). This applies to Retirees who retired on or after July 1, 2011, and who paid the additional 4% retirement contribution on or after July 1, 2011. The additional 4% contribution was added under LAAC § 4.1003(c), Additional Contributions, to provide a vested right to future medical subsidy increases to retired LACERS Members who contributed before retirement. Members who did not contribute are either capped at the July 1, 2011 subsidy or are subject to the Board's discretionary authority within the LAAC limit. There are approximately 7,000 Vested subsidy Retirees. This subsidy is required to increase by the full dollar amount of Kaiser's HMO two-party non-Medicare premium. The 2024 Vested subsidy would be \$2,232.86 based on the 14.4% increase of Kaiser's premium.

The Discretionary subsidy is governed by LAAC § 4.1111(b), which applies to Retirees who retired on or before June 30, 2011, before the additional 4% retirement contribution was enacted under LAAC § 4.1003(c). There are approximately 7,000 Discretionary Members. The Board has the authority/discretion to increase the Retiree non-Medicare maximum medical plan premium subsidy as long as any increase does not exceed the dollar increase of the Kaiser HMO non-Medicare two-party premium and the average percentage increase for the first year of the increase and the preceding two (2) years (a total of three years) does not exceed the average assumed actuarial medical trend rates for the same period.

An analysis determined that the 2024 Kaiser premium increase of 14.4% exceeds the AATR Discretionary subsidy limitation of 12.2%. The Board has the authority to increase the Discretionary subsidy up to the AATR. Because the Kaiser premium increase is greater than the limitation set in the LAAC, any additional increase beyond the Discretionary subsidy limit requires approval by City Council. Consideration by City Council of the Discretionary subsidy and may result in an increase, decrease, or maintenance of the 2023 subsidy amount.

The Board has two options regarding the Kaiser HMO premium:

1. Approve the 14.4% premium increase, which would require transmittal to City Council for approval. This would delay the 2024 Open Enrollment period and processes and subsequently require additional Member outreach and additional costs. City Council may approve the increase, maintain the current 2023 Discretionary subsidy, or decrease the subsidy. This would impact approximately 7,000 Discretionary Members having additional and/or increased premium deduction costs; or,
2. Approve the use of the 115 Trust Fund, to buy down the Kaiser premium increase up to the 2024 increase from 14.4% to 12%, the amount of \$917,090. This option would not cause a delay to the 2024 Open Enrollment period and processes. By buying down the 2024 Kaiser HMO plan rate, not only will Members experience less impact from the premium increase, but there will also be no additional delays to the 2024 Open Enrollment, Open Enrollment effective date, Member outreach, and publication timeline. The 2.4% reduction for 2024 will then be added back to the 2025 Kaiser HMO (non-Medicare) rate

The 115 Trust Fund was approved in 2018, giving the Board the flexibility to invest premium surpluses to provide for premium smoothing in the future in the best interest of the Members and LACERS. As of the June 30, 2022, audited financial statements, the 115 Trust Fund has a total of \$360.9 million and is sufficient to fund the buy-down.

In view of the complexity and the delay of submitting for City Council's approval whenever the Kaiser HMO two-party non-Medicare premium/rate dollar increase exceeds the Discretionary subsidy threshold, staff recommends a future action for a permanent change to the LAAC § 4.1111(b). The last time City Council approved an increase to the Discretionary subsidy was in 2014 when the Kaiser premium increase was greater than the limit for the 2015 Discretionary subsidy. Although the City Council approved the increase in the 2015 Discretionary subsidy, the 2015 Open Enrollment period was delayed by a month and the subsequent processing of Open Enrollment selections was not finished until January 2015, rather than the normal December 2014.

Where other plan premium costs decrease, Keenan will present proposed renewal options, including maintaining current premium amounts to allow surplus premium dollars to be placed in the premium

reserve of the 115 Trust to be used for future health plan management purposes. Staff supports that the savings be shared between Members and LACERS (Option 2) in Keenan's presentation, slides 16-17 "2024 Proposed Renewal Action".

Occasionally, premiums are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor premium adjustments, within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Staff and Keenan will be present to discuss the 2024 medical premium rates and answer the Committee's questions.

Strategic Plan Impact Statement

The health plan contract renewal process assures that LACERS health plan premium changes support the Strategic Plan Goal to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

NMG/DWN/KF/al

Attachment: Keenan Report – 2024 Health Plan Renewal Final Report



BAC Meeting: 8/8/23
Item: III
ATTACHMENT

Los Angeles City Employees' Retirement System

2024 Health Plan Renewal, Final Report

August 8, 2023

Respectfully Submitted by:

Ju Anderson, Senior Vice President | Bordan Darm, Senior Consultant
Erin Robinson, Service Consultant | James Takamatsu, Vice President and Actuary

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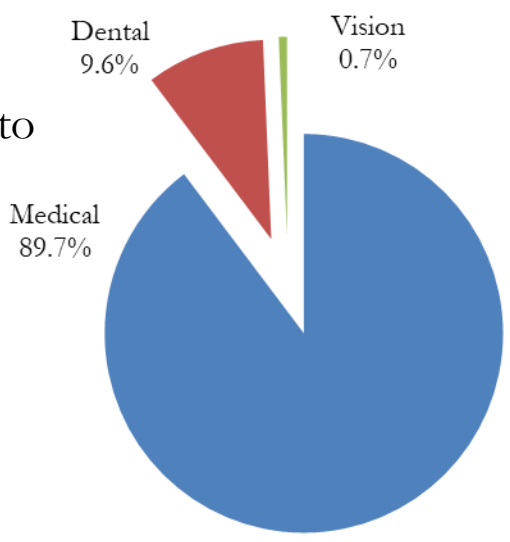
Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2024 final health plan renewals
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), UnitedHealthcare (UHC), and SCAN have provided medical plan renewals
- LACERS will be offering an additional plan for 2024: the Anthem Life & Health Medicare Plan (Medicare Supplement)
- Delta Dental's DHMO will be in the third year of a three-year rate guarantee for 2024
- The Delta Dental PPO plan has been self-funded since January 1, 2019. The PPO administration fee remains unchanged for 2024
- Anthem Blue View Vision has been self-funded since 2022. The vision administration fee remains unchanged for 2024
- No new benefits are being proposed for 2024
- Data was provided by the carriers for plan designs, rates, and enrollment



Executive Summary

- The 2024 final renewal for the LACERS Health and Welfare Program requires an increase in cost of \$5,187,738 or 4.0%, from \$129,311,382 to \$134,499,120.
- Marketing and renewal negotiated savings amounted to \$2,874,313
- The 2024 LACERS final renewal premium adjustments are as follows:
 - Medical premiums: **\$5,187,738** or 4.5%,
 - Dental premiums: **\$0** or **0.0%**, and
 - Vision premiums: **\$0** or **0.0%**
- Out of LACERS’ total premium: Medical represents 89.7%, Dental **9.6%**, and Vision **0.7%**



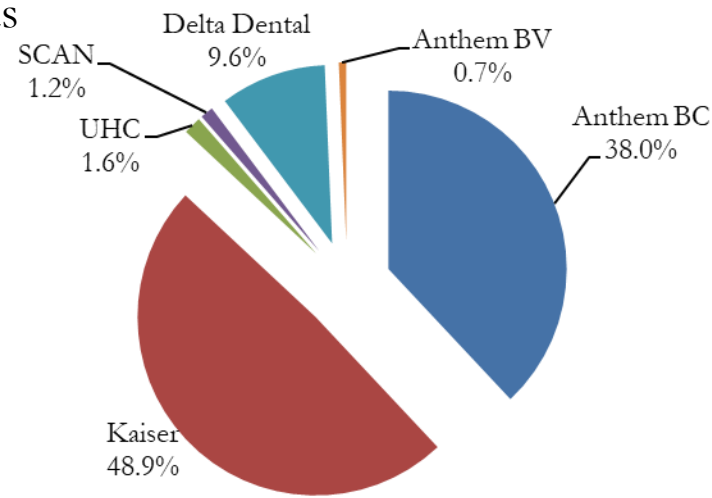
Overall Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medical	14,855	\$115,473,295	\$120,661,033	\$5,187,738	4.5%	\$2,874,313
Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%	\$0
Vision	7,097	\$893,269	\$893,269	\$0	0.0%	\$0
GRAND TOTAL		\$129,311,382	\$134,499,120	\$5,187,738	4.0%	\$2,874,313

Overall Marketing	Current Enrollment	2023 Premium	2024 Renewal - Marketing		
			Premium	\$ Change	% Change
Medical	14,855	\$115,473,295	\$123,535,346	\$8,062,051	7.0%
Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%
Vision	7,097	\$893,269	\$893,269	\$0	0.0%
GRAND TOTAL		\$129,311,382	\$137,373,433	\$8,062,051	6.2%

Executive Summary

The 2024 LACERS final renewal cost change by carrier is as follows:

- Anthem: **-\$1,079,172** or **-2.1%**
- Kaiser: **\$7,442,394** or **12.8%**
- UHC: **-\$862,351** or **-28.5%**
- SCAN: **-\$313,133** or **-16.7%**
- Delta Dental: **\$0** or **0.0%**
- Anthem Blue View: **\$0** or **0.0%**



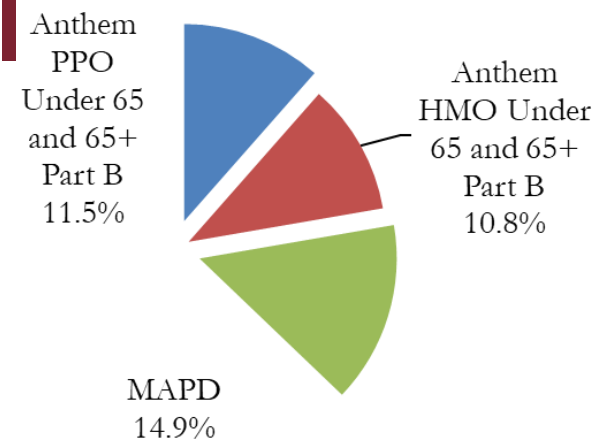
Kaiser and Anthem comprise 86.9% of the total cost

Carrier	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Anthem	5,687	\$52,217,394	\$51,138,222	(\$1,079,172)	-2.1%	\$198,712
Kaiser	8,102	\$58,354,838	\$65,797,232	\$7,442,394	12.8%	\$1,340,781
UnitedHealthcare	638	\$3,023,009	\$2,160,659	(\$862,351)	-28.5%	\$1,074,000
SCAN	428	\$1,878,053	\$1,564,920	(\$313,133)	-16.7%	\$260,820
Delta Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%	\$0
Anthem Blue View	7,097	\$893,269	\$893,269	\$0	0.0%	\$0
GRAND TOTAL		\$129,311,382	\$134,499,120	\$5,187,738	4.0%	\$2,874,313

Carrier	Current Enrollment	2023 Premium	2024 Renewal - Marketing		
			Premium	\$ Change	% Change
Anthem	5,687	\$52,217,394	\$51,336,934	(\$880,460)	-1.7%
Kaiser	8,102	\$58,354,838	\$67,138,013	\$8,783,175	15.1%
UnitedHealthcare	638	\$3,023,009	\$3,234,659	\$211,649	7.0%
SCAN	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.8%
Delta Dental	17,423	\$12,944,817	\$12,944,817	\$0	0.0%
Anthem Blue View	7,097	\$893,269	\$893,269	\$0	0.0%
GRAND TOTAL		\$129,311,382	\$137,373,433	\$8,062,051	6.2%

Anthem Blue Cross Renewal

- Anthem Blue Cross comprises **37.2%** of LACERS' premium costs
- Anthem proposes the following rate adjustments:
 - PPO Under 65 / 65+ Part B: **\$1,246,233** or **8.9%**
 - HMO Under 65 / 65+ Part B: **\$1,170,563** or **8.9%**
 - MAPD (Medical/Rx): **-\$3,297,255** or **-14.3%**
 - PDP (Rx Only): **-\$198,712** or **-9.9%**
 - An overall change of **-\$1,079,172** or **-2.1%**
- For 2022, LACERS moved from the Medicare Supplement plan to the Passive PPO Medicare Advantage program
- The final renewal includes Anthem concession of \$2,366,558 (from 9.6% to 5.3%)
- Considerations: Anthem will provide \$200,000 for wellness
- Renewal Strategy PPO, HMO, PDP: Carrier rates to equal member rates



Anthem Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B	695	\$14,002,912	\$15,249,145	\$1,246,233	8.9%	\$0
HMO Under 65 and 65+ Part B	694	\$13,152,848	\$14,323,410	\$1,170,563	8.9%	\$0
MAPD (Medical and Rx)	3,754	\$23,047,485	\$19,750,230	(\$3,297,255)	-14.3%	\$0
PDP (Rx Only)	544	\$2,014,149	\$1,815,437	(\$198,712)	-9.9%	\$198,712
Total	5,687	\$52,217,394	\$51,138,222	(\$1,079,172)	-2.1%	\$198,712
Anthem Marketing	Current Enrollment	2023 Premium	2024 Renewal - Marketing			
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B	695	\$14,002,912	\$15,249,145	\$1,246,233	8.9%	
HMO Under 65 and 65+ Part B	694	\$13,152,848	\$14,323,410	\$1,170,563	8.9%	
MAPD (Medical and Rx)	3,754	\$23,047,485	\$19,750,230	(\$3,297,255)	-14.3%	
PDP (Rx Only)	544	\$2,014,149	\$2,014,149	\$0	0.0%	
Total	5,687	\$52,217,394	\$51,336,934	(\$880,460)	-1.7%	

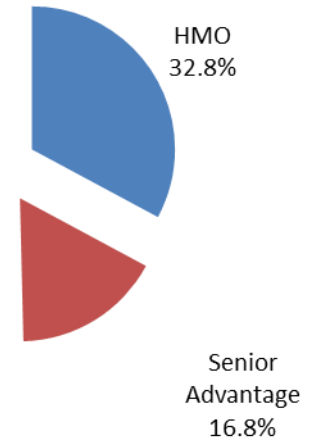
Anthem Blue Cross Renewal (continued)

- For 2022, LACERS moved from the Medicare Supplemental plan to the Passive PPO Medicare Advantage program
- For 2024, LACERS will be offering both the Medicare Supplement and the Passive PPO Medicare Advantage
- For 2022, Anthem also provided Medicare Supplement renewal rates (which were not implemented)
- The chart below shows a comparison of Medicare Supplement rates from 2022 to the proposed Medicare Supplement rates for 2024. The 2024 rates represent a 2.3% increase over 2022.
- No annualized premium is shown since 2024 enrollment into the Medicare Supplement plan is unknown.

Anthem Medicare Supplement Plan - Refunding *		Carrier Rates		
		2022	2024	% Change
Retiree Only				
M	Retiree > 65 with both Parts A & B of Medicare	\$527.99	\$540.02	2.28%
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,055.98	\$1,080.04	2.28%
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,583.97	\$1,620.06	2.28%

Kaiser Permanente Renewal

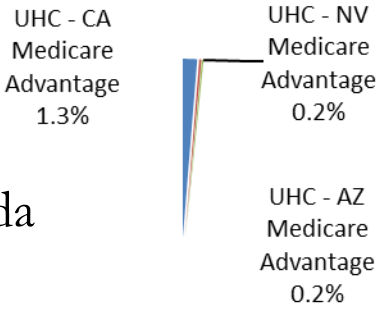
- Kaiser comprises 49.6% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
 - HMO Under 65: **\$5,482,148** or **14.4%**
 - Senior Advantage: **\$1,960,246** or **9.7%**
 - For an overall increase of **\$7,442,394** or **12.8%**
- Other considerations: \$150,000 rate load for the wellness program
- Security Breach Performance Guarantee (PG): Kaiser remains the only carrier without a security breach PG making LACERS whole for time and expense LACERS would be out for a security breach.
- Renewal Strategy: The 14.4% renewal increase to the HMO under 65, could be bought-down to 12.0% should LACERS be interested in using \$917,090 or 2.4% from reserves. With the buy-down, Member rates should equal the 12.0% adjusted renewal.



Kaiser Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
HMO Under 65	2,186	\$38,042,152	\$43,524,300	\$5,482,148	14.4%	\$0
Senior Advantage	5,916	\$20,312,686	\$22,272,932	\$1,960,246	9.7%	\$1,263,027
Total	8,102	\$58,354,838	\$65,797,232	\$7,442,394	12.8%	\$1,263,027

Kaiser Marketing	Current Enrollment	2023 Premium	2024 Renewal - Marketing		
			Premium	\$ Change	% Change
HMO Under 65	2,186	\$38,042,152	\$43,524,300	\$5,482,148	14.4%
Senior Advantage	5,916	\$20,312,686	\$23,535,959	\$3,223,273	15.9%
Total	8,102	\$58,354,838	\$67,060,259	\$8,705,421	14.9%

UnitedHealthcare Renewal



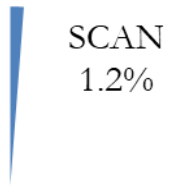
- UnitedHealthcare Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- UHC provides LACERS coverage in California, Arizona, and Nevada
- UHC comprises 1.7% of LACERS' premium costs
- UHC proposed an overall **-\$862,351** or **-28.5%** decrease (CA -28.9% (-\$693,502), NV -33.1% (-\$100,038), AZ -21.5% (-\$68,810))
- Other considerations: Wellness program contribution of \$8,500
- Renewal Strategy:
 - UHC member rates equal carrier rates for 2023.
 - LACERS may want to maintain the member rate at the 2023 level and reserve the \$862,351 difference for 2024, or reduce the member rate to share savings at 50%.

UnitedHealthcare Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
CA Medicare Advantage	512	\$2,400,935	\$1,707,433	(\$693,502)	-28.9%	\$861,600
NV Medicare Advantage	73	\$302,273	\$202,234	(\$100,038)	-33.1%	\$121,200
AZ Medicare Advantage	53	\$319,802	\$250,992	(\$68,810)	-21.5%	\$91,200
Total	638	\$3,023,009	\$2,160,659	(\$862,351)	-28.5%	\$1,074,000

UnitedHealthcare Marketing	Current Enrollment	2023 Premium	2023 Renewal - Preliminary		
			Premium	\$ Change	% Change
CA Medicare Advantage	512	\$2,400,935	\$2,569,033	\$168,098	7.0%
NV Medicare Advantage	73	\$302,273	\$323,434	\$21,162	7.0%
AZ Medicare Advantage	53	\$319,802	\$342,192	\$22,390	7.0%
Total	638	\$3,023,009	\$3,234,659	\$211,649	7.0%

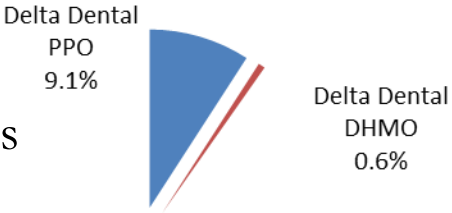
SCAN Renewal

- SCAN Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- SCAN comprises 1.2% of LACERS' premium costs
- SCAN requested the following rate adjustments:
 - Medicare Advantage: **-\$313,133** or **-16.7%** decrease
- Other considerations: Wellness program contribution of \$20,000
- Renewal Strategy:
 - SCAN carrier rates reduced by -3.0% for 2023, while 2023 member rates remained unchanged from 2022 (0.0%).
 - LACERS may want to continue with 2022 member rates for 2024 and reserve the \$313,133 difference, or reduce the member rate to share savings at 50%.



SCAN Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medicare Advantage	428	\$1,878,053	\$1,564,920	(\$313,133)	-16.7%	\$260,820
SCAN Preliminary Renewal	Current Enrollment	2023 Premium	2024 Renewal - Marketing			
			Premium	\$ Change	% Change	
Medicare Advantage	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.8%	

Delta Dental Renewal



Delta Dental PPO and DHMO is available to all retired Members

- Delta Dental comprises 9.7% of LACERS’ premium costs
- LACERS started self-funding the Delta Dental PPO as of January 1, 2019
- The self-funded PPO requires no rate adjustment for 2024
- Delta Dental DHMO will be in the third year of a three-year rate guarantee and does not require a rate adjustment for 2024.
- Other considerations: Wellness program contribution of \$10,000
- Renewal Strategy: maintain 2023 carrier rate equivalent and 2023 member rate for 2024.

Delta Dental	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO	14,131	\$12,129,271	\$12,129,271	\$0	0.0%	\$0
DHMO	3,292	\$815,546	\$815,546	\$0	0.0%	\$0
Total	17,423	\$12,944,817	\$12,944,817	\$0	0.0%	\$0

Delta Dental Self-Funded Renewal

2024 will be the sixth year of self-funding the PPO dental plan

The 2024 underwriting shows that projected costs are expected to be less than the current premium

- The underwriting for 2024 shows a rate decrease of -4.71% (without margin) and -0.31% with 5.0% margin
- Keenan recommends a rate pass for 2024 and allow the Dental PPO plan to continue building its reserve
- By holding rates for 2024, it is projected that LACERS will add \$562,105 to reserves

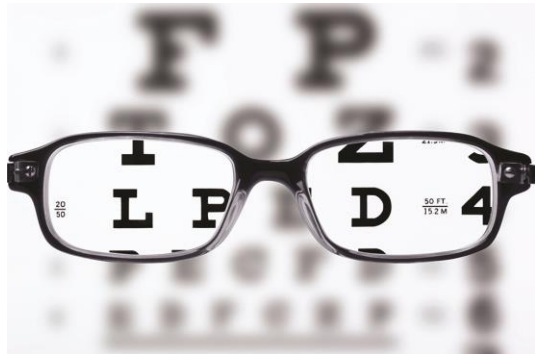
LACERS		
LACERS - Self-Funded Dental Renewal		
Effective January 1, 2024 through December 31, 2024		
Experience Data from April 1, 2022 through Mar 31, 2023		
1	Paid Claims (4/1/2022 - 3/31/2023)	\$9,603,376
2	Beginning Reserve as of 4/1/2022	(727,338)
3	Ending Reserve as of 4/30/2023	8.0% <u>768,270</u>
4	Incurred Claims	\$9,644,308
5	Covered Employees	<u>168,195</u>
6	Incurred Claims/EE/Month	\$57.34
7	Trend Factor	5.0% <u>1.0891</u>
8	Expected Incurred Claims (1/1/2024 - 12/31/2024)	\$62.45
9	Administration	<u>\$5.10</u>
10	Calculated Funding Level Without Margin	\$67.55
11	Current Average Funding Level	<u>\$70.89</u>
12	Calculated Funding Action Without Margin = (10)/(11)	-4.71%
13	Recommended Margin = Margin % x (8)	5.0% <u>\$3.12</u>
14	Calculated Funding Level With Margin = (10)+(13)	\$70.67
15	Current Average Funding Level = (11)	<u>\$70.89</u>
16	Calculated Funding Action With Margin = (14)/(15)	-0.31%

Anthem Blue View Vision Renewal

Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN and UHC

- Anthem Blue View comprises 0.7% of LACERS premium costs
- Anthem Blue View moved to self-funded for 2022
- 2024 will be LACERS Anthem Blue View vision coverage's third year of self-funding
- Keenan recommends holding rates **\$0** or **0.0%** for 2024
- Other considerations: Wellness program contribution is combined with Anthem medical
- Renewal Strategy: maintain 2023 carrier rate equivalent and 2023 member rate for 2024.

Anthem Blue View
0.7%



Anthem Blue View Final Renewal	Current Enrollment	2023 Premium	2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Vision	7,097	\$893,269	\$893,269	\$0	0.0%	\$0

Anthem Blue View Self-funded Renewal

- The 2024 underwriting shows that projected costs are expected to be less than the current premium
- The underwriting for 2024 shows a rate increase of -21.3% (without margin) and -17.7% with 5.0% margin
- Keenan recommends a rate pass for 2024 and allow the Vision plan to continue building its reserve
- By holding rates for 2024 it is projected that LACERS will add \$187,685 to reserves

LACERS		
LACERS - Self-Funded Vision Renewal		
Effective January 1, 2024 through December 31, 2024		
Experience Data from April 1, 2022 through March 31, 2023		
1	Paid Claims (4/1/2022-3/31/2023)	\$589,392
2	Beginning Reserve as of 4/1/2022	(39,448)
3	Ending Reserve as of 3/31/2023	6.0% <u>35,364</u>
4	Incurred Claims	\$585,307
5	Covered Employees	<u>84,100</u>
6	Incurred Claims/EE/Month	\$6.96
7	Trend Factor	5.0% <u>1.0891</u>
8	Expected Incurred Claims (1/1/2024 - 12/31/2024)	\$7.58
9	Administration	<u>\$0.67</u>
10	Calculated Funding Level Without Margin	\$8.25
11	Current Average Funding Level	\$10.48
12	Calculated Funding Action Without Margin = (10)/(11)	-21.3%
13	Recommended Margin = Margin % x (8)	5.0% <u>\$0.38</u>
14	Calculated Funding Level With Margin = (10)+(13)	\$8.63
15	Current Average Funding Level = (11)	<u>\$10.48</u>
16	Calculated Funding Action With Margin = (14)/(15)	-17.7%

LACERS 2024 Renewal Projection

All Coverage MEDICAL	Current Enrollment	2023 Premium	2024 Renewal - Marketing			2024 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	Premium	\$ Change	% Change	
Anthem									
PPO Under 65 and 65+ Part B	695	\$14,002,912	\$15,249,145	\$1,246,233	8.9%	\$15,249,145	\$1,246,233	8.9%	\$0
HMO Under 65 and 65+ Part B	694	\$13,152,848	\$14,323,410	\$1,170,563	8.9%	\$14,323,410	\$1,170,563	8.9%	\$0
MAPD (Medical and Rx)	3,754	\$23,047,485	\$19,750,230	(\$3,297,255)	-14.3%	\$19,750,230	(\$3,297,255)	-14.3%	\$0
PDP (Rx Only)	544	\$2,014,149	\$2,014,149	\$0	0.0%	\$1,815,437	(\$198,712)	-9.9%	\$198,712
Total Anthem	5,687	\$52,217,394	\$51,336,934	(\$880,460)	-1.7%	\$51,138,222	(\$1,079,172)	-2.1%	\$198,712
Kaiser									
HMO Under 65	2,186	\$38,042,152	\$43,524,300	\$5,482,148	14.4%	\$43,524,300	\$5,482,148	14.4%	\$0
Senior Advantage	5,916	\$20,312,686	\$23,535,959	\$3,223,273	15.9%	\$22,272,932	\$1,960,246	9.7%	\$1,263,027
Total Kaiser	8,102	\$58,354,838	\$67,060,259	\$8,705,421	14.9%	\$65,797,232	\$7,442,394	12.8%	\$1,263,027
UnitedHealthcare									
CA Medicare Advantage	512	\$2,400,935	\$2,569,033	\$168,098	7.0%	\$1,707,433	(\$693,502)	-28.9%	\$861,600
NV Medicare Advantage	73	\$302,273	\$323,434	\$21,162	7.0%	\$202,234	(\$100,038)	-33.1%	\$121,200
AZ Medicare Advantage	53	\$319,802	\$342,192	\$22,390	7.0%	\$250,992	(\$68,810)	-21.5%	\$91,200
Total UnitedHealthcare	638	\$3,023,009	\$3,234,659	\$211,649	7.0%	\$2,160,659	(\$862,351)	-28.5%	\$1,074,000
SCAN									
Medicare Advantage	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.79%	\$1,564,920	(\$313,133)	-16.67%	\$260,820
Total SCAN	428	\$1,878,053	\$1,825,740	(\$52,313)	-2.79%	\$1,564,920	(\$313,133)	-16.67%	\$260,820
Medical Total	14,855	\$115,473,295	\$123,457,592	\$7,984,297	6.91%	\$120,661,033	\$5,187,738	4.49%	\$2,796,559
DENTAL									
Delta Dental PPO (self-funded)	14,131	\$12,129,271	\$12,129,271	\$0	0.00%	\$12,129,271	\$0	0.00%	\$0
Delta Dental HMO	3,292	\$815,546	\$815,546	\$0	0.00%	\$815,546	\$0	0.00%	\$0
Dental Total	17,423	\$12,944,817	\$12,944,817	\$0	0.00%	\$12,944,817	\$0	0.00%	\$0
VISION									
Anthem Blue View (self-funded)	7,097	\$893,269	\$893,269	\$0	0.00%	\$893,269	\$0	0.00%	\$0
Vision Total	7,097	\$893,269	\$893,269	\$0	0.00%	\$893,269	\$0	0.00%	\$0
GRAND TOTAL		\$129,311,382	\$137,295,678	\$7,984,297	6.17%	\$134,499,120	\$5,187,738	4.01%	\$2,796,559

2024 Proposed Renewal Action Options

LACERS has maintained a multi-year strategy to smooth Member renewals by holding Member rates when carriers have offered rate decreases. This has enabled LACERS to build reserves to better serve retirees.

2023 Inforce Rate Strategies: Anthem MAPD (PPO) – When the MAPD (PPO) was implemented, rates reduced from the Medicare Supplement plan by 25.28%. LACERS split the savings with retirees. Member rates were reduced by -12.64% and LACERS reserved 12.64% or \$2,496,429.

- **Kaiser** - Carrier rates equal Member rates. No reserve accumulation. **KPSA** – Member rate exceeds Carrier rate by 24.2%.
- **UHC** - Carrier rates equal Member rates. No reserve accumulation.
- **SCAN** – member rates are 3.00% higher than the carrier rates. LACERS reserves \$54,772.

2024 Proposed Rate Strategies and Options: Carrier rate equals member rate for all plans unless outlined below:

- **Anthem MAPD (PPO)** – LACERS Carrier rates reduce by -14.3% allowing members to realize a potential decrease:
 - Option 1: Carrier rate equals Member rate. No reserve accumulation for LACERS.
 - Option 2: Member rate decreases by 2024 Carrier rate decrease LACERS continues to reserve 12.64%
 - Option 3: Member rate remains at 2023 Member rate LACERS reserves 26.9%
- **Kaiser** – Member rate 2.4% less than Carrier rate. Difference will come from LACERS reserve accumulation.
- **KPSA** – Member Rate to remain unchanged. Will cover Carrier rate and contribute 13.3% to LACERS reserve accumulation.
- **UHC** –For 2024, Carrier rates decreased.
 - Option 1: Carrier rate equals Member rate. No Reserve accumulation by LACERS.
 - Option 2: Member rate decreases by 50% of 2024 Carrier rate action. LACERS reserves by the same amount.
 - Option 3: Member rate remains at 2023 Member rate LACERS reserves 100% of the Carrier rate decrease.
- **SCAN** – LACERS Carrier rates reduce by -16.7% allowing members to realize a potential decrease:
 - Option 1: Carrier rate equals Member rate. No Reserve accumulation by LACERS.
 - Option 2: Member rate decreases by 2024 Carrier rate decrease LACERS continues to reserve 3.0%
 - Option 3: Member rate remains at 2023 Member rate LACERS reserves 19.7%

2024 Proposed Renewal Action Options

2024 Renewal Options - Rate Change	2024 Rate Action %		Retained by LACERS	2024 Rate Action \$		Retained by LACERS
	Carrier Rate Δ	Member Rate Δ		Carrier Rate Δ	Member Rate Δ	
Anthem						
Option 1 MAPD	-14.3%	-26.9%	0.0%	\$ (3,297,255)	\$ (6,210,457)	\$ -
Option 2 MAPD	-14.3%	-14.3%	12.6%	\$ (3,297,255)	\$ (3,297,255)	\$ 2,496,429
Option 3 MAPD	-14.3%	0.0%	26.9%	\$ (3,297,255)	\$ -	\$ 6,210,457
Kaiser						
Kaiser HMO	14.4%	12.0%	-2.4%	\$ 5,482,148	\$ 4,565,058	\$ (917,090)
KPSA	9.7%	0.0%	13.3%	\$ 1,960,246	\$ -	\$ 2,962,300
UHC - Medicare HMO						
Option 1						
California	-28.9%	-28.9%	0.0%	\$ (693,502)	\$ (693,502)	\$ -
Nevada	-33.1%	-33.1%	0.0%	\$ (100,038)	\$ (100,038)	\$ -
Arizona	-21.5%	-21.5%	0.0%	\$ (68,810)	\$ (68,810)	\$ -
Option 2						
California	-28.9%	-14.4%	14.4%	\$ (693,502)	\$ (346,751)	\$ 346,751
Nevada	-33.1%	-16.5%	16.5%	\$ (100,038)	\$ (50,019)	\$ 50,019
Arizona	-21.5%	-10.8%	10.8%	\$ (68,810)	\$ (34,405)	\$ 34,405
Option 3						
California	-28.9%	0.0%	28.9%	\$ (693,502)	\$ -	\$ 693,502
Nevada	-33.1%	0.0%	33.1%	\$ (100,038)	\$ -	\$ 100,038
Arizona	-21.5%	0.0%	21.5%	\$ (68,810)	\$ -	\$ 68,810
SCAN - Medicare HMO						
Option 1 SCAN	-16.7%	-19.7%	0.0%	\$ (313,133)	\$ (369,475)	\$ -
Option 2 SCAN	-16.7%	-16.7%	3.0%	\$ (313,133)	\$ (313,133)	\$ 56,342
Option 3 SCAN	-16.7%	0.0%	19.7%	\$ (313,133)	\$ -	\$ 369,475

Recommendations

- Accept the medical renewals as recommended
 - Anthem HMO and PPO 8.9%, Carrier Rate equals Member Rate
 - Anthem MAPD (PPO) -14.3%, implement Option 2 Member rate -14.3%, LACERS reserve \$2,496,429
 - Kaiser HMO 14.4%, Member rate 12.0%, Reserves to provide 2.4% (\$917,090)
 - KPSA 9.7% Member Rate to remain at the 2023 rate
 - UHC CA -28.9%, NV -33.1%, and AZ -21.5%, implement Option 2: 50/50 split between Member rate reduction and LACERS reserve accumulation (\$421,173)
 - SCAN -16.7%, implement Option 2: Member rate -16.7%, LACERS reserve \$56,342
- Dental and Vision renewals were accepted at the July 11, 2023, LACERS Board of Administration meeting with the following action:
 - Dental: Hold the dental PPO rates at 0.0%, Carrier Rate equals Member Rate
Reserve the projected \$562,105 in margin
 - Vision: Hold the vision rates at 0.0%, Carrier Rate equals Member Rate
Reserve the projected \$187,685 in margin

Appendix

Anthem PPO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2023	2024	% Change	2023	2024	% Change	2023	2024
U65 and 65+ Part B PPO - Refunding									
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,455.09	\$1,584.59	8.90%	\$1,455.09	\$1,584.59	8.90%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,910.18	\$3,169.18	8.90%	\$2,910.18	\$3,169.18	8.90%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,455.09	\$1,584.59	8.90%	\$1,455.09	\$1,584.59	8.90%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,455.09	\$1,584.59	8.90%	\$1,455.09	\$1,584.59	8.90%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,419.46	\$3,723.79	8.90%	\$3,419.46	\$3,723.79	8.90%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,964.37	\$2,139.20	8.90%	\$1,964.37	\$2,139.20	8.90%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,964.37	\$2,139.20	8.90%	\$1,964.37	\$2,139.20	8.90%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$509.28	\$554.61	8.90%	\$509.28	\$554.61	8.90%	\$0.00	\$0.00

Anthem HMO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		2023	2024	% Change	2023	2024	% Change	2023	2024
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,160.60	\$1,263.89	8.90%	\$1,160.60	\$1,263.89	8.90%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,321.20	\$2,527.78	8.90%	\$2,321.20	\$2,527.78	8.90%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,160.60	\$1,263.89	8.90%	\$1,160.60	\$1,263.89	8.90%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,160.60	\$1,263.89	8.90%	\$1,160.60	\$1,263.89	8.90%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,017.56	\$3,286.11	8.90%	\$3,017.56	\$3,286.11	8.90%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,856.96	\$2,022.22	8.90%	\$1,856.96	\$2,022.22	8.90%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,856.96	\$2,022.22	8.90%	\$1,856.96	\$2,022.22	8.90%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$696.36	\$758.33	8.90%	\$696.36	\$758.33	8.90%	\$0.00	\$0.00

Anthem Passive PPO Medicare Advantage Rates

Anthem Medicare Advantage Plan		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2023	2024	% Change	2023	2024	% Change	2022	2024
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$830.54	\$711.72	-14.31%	\$971.06	\$852.24	-12.24%	\$140.52	\$140.52
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$415.27	\$355.86	-14.31%	\$485.53	\$426.12	-12.24%	\$70.26	\$70.26
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$830.54	\$711.72	-14.31%	\$971.06	\$852.24	-12.24%	\$140.52	\$140.52
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,245.81	\$1,067.58	-14.31%	\$1,456.59	\$1,278.36	-12.24%	\$210.78	\$210.78

Anthem Medicare Supplement Plan Rates

Comparative of 2022 and 2024

Anthem Medicare Supplement Plan - Refunding *		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2022	2024	% Change	2022	2024	% Change	2022	2024
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
Retiree and One Dependent									
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,055.98	\$1,080.04	2.28%	\$1,111.56	\$1,080.04	-2.84%	\$55.58	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$527.99	\$540.02	2.28%	\$555.78	\$540.02	-2.84%	\$27.79	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,055.98	\$1,080.04	2.28%	\$1,111.56	\$1,080.04	-2.84%	\$55.58	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,583.97	\$1,620.06	2.28%	\$1,667.34	\$1,620.06	-2.84%	\$83.37	\$0.00

KAISER Rates

Kaiser		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2023	2024	% Change	2023	2024	% Change	2023	2024
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$939.09	\$1,074.42	14.41%	\$939.09	\$1,051.78	12.00%	\$0.00	-\$22.64
M	Retiree with Medicare	\$211.30	\$231.60	9.61%	\$262.47	\$262.47	0.00%	\$51.17	\$30.87
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$1,878.18	\$2,148.84	14.41%	\$1,878.18	\$2,103.56	12.00%	\$0.00	-\$45.28
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,150.39	\$1,306.02	13.53%	\$1,150.39	\$1,288.44	12.00%	\$0.00	-\$17.58
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,150.39	\$1,306.02	13.53%	\$1,150.39	\$1,288.44	12.00%	\$0.00	-\$17.58
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$422.60	\$463.20	9.61%	\$524.94	\$524.94	0.00%	\$102.34	\$61.74
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,441.63	\$2,793.48	14.41%	\$2,441.63	\$2,734.63	12.00%	\$0.00	-\$58.85
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,713.84	\$1,950.66	13.82%	\$1,713.84	\$1,919.50	12.00%	\$0.00	-\$31.16
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,713.84	\$1,950.66	13.82%	\$1,713.84	\$1,919.50	12.00%	\$0.00	-\$31.16
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$986.05	\$1,107.84	12.35%	\$1,036.98	\$1,107.84	6.83%	\$50.93	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$633.90	\$694.80	9.61%	\$786.81	\$786.81	0.00%	\$152.91	\$92.01

UHC Rates

UHC		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO MAPD with RX - Option 2		2023	2024	% Change	2023	2024	% Change	2023	2024
California									
M	Retiree with Medicare	\$278.66	\$198.17	-28.88%	\$278.66	\$238.42	-14.44%	\$0.00	\$40.25
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$557.32	\$396.34	-28.88%	\$557.32	\$476.83	-14.44%	\$0.00	\$80.49
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$835.98	\$594.51	-28.88%	\$835.98	\$715.25	-14.44%	\$0.00	\$120.74
Nevada									
M	Retiree with Medicare	\$249.40	\$166.86	-33.10%	\$249.40	\$208.13	-16.55%	\$0.00	\$41.27
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$498.80	\$333.72	-33.10%	\$498.80	\$416.26	-16.55%	\$0.00	\$82.54
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$748.20	\$500.58	-33.10%	\$748.20	\$624.39	-16.55%	\$0.00	\$123.81
Arizona									
M	Retiree with Medicare	\$350.66	\$275.21	-21.52%	\$350.66	\$312.94	-10.76%	\$0.00	\$37.73
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$701.32	\$550.42	-21.52%	\$701.32	\$625.87	-10.76%	\$0.00	\$75.45
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,051.98	\$825.63	-21.52%	\$1,051.98	\$938.81	-10.76%	\$0.00	\$113.18

SCAN Rates

SCAN Option 2		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2023	2024	% Change	2023	2024	% Change	2023	2024
M	Retiree with Medicare	\$252.02	\$210.00	-16.67%	\$259.81	\$217.79	-16.17%	\$7.79	\$7.79
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$504.04	\$420.00	-16.67%	\$519.62	\$435.58	-16.17%	\$15.58	\$15.58
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$756.06	\$630.00	-16.67%	\$779.43	\$653.37	-16.17%	\$23.37	\$23.37

Delta Dental Rates

Delta Dental		Carrier Rates			Member Rates			Amount Retained by LACERS	
Dental		2023	2024	% Change	2023	2024	% Change	2023	2024
Dental Self-funded PPO		Self-Funded Fee & Equivalent Rates							
	Dental ASO Fee PRPM	\$5.10	\$5.10	0.00%					
M	Retiree	\$51.16	\$51.16	0.00%	\$51.16	\$51.16	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$101.45	\$101.45	0.00%	\$101.45	\$101.45	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$146.56	\$146.56	0.00%	\$146.56	\$146.56	0.00%	\$0.00	\$0.00
DHMO		Fully-Insured Rates							
M	Retiree	\$15.10	\$15.10	0.00%	\$15.10	\$15.10	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$28.19	\$28.19	0.00%	\$28.19	\$28.19	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$32.59	\$32.59	0.00%	\$32.59	\$32.59	0.00%	\$0.00	\$0.00

Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount Retained by LACERS	
Vision		2023	2024	% Change	2023	2024	% Change	2023	2024
Vision Self-funded		Self-Funded Fee & Equivalent Rates							
	Vision ASO Fee PRPM	\$0.67	\$0.67	0.00%					
M	Retiree	\$9.14	\$9.14	0.00%	\$9.14	\$9.14	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$13.25	\$13.25	0.00%	\$13.25	\$13.25	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$23.67	\$23.67	0.00%	\$23.67	\$23.67	0.00%	\$0.00	\$0.00

Delta Dental – PPO Plan Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Premium	Surplus / Deficit	Total Cost Loss Ratio
Apr-21	4,412	\$947,377	\$68,187	\$1,015,564	13,386	\$951,510	-\$64,054	106.7%
May-21	3,602	\$732,683	\$69,095	\$801,778	13,549	\$964,892	\$163,114	83.1%
Jun-21	3,449	\$688,654	\$69,615	\$758,269	13,652	\$972,574	\$214,305	78.0%
Jul-21	4,240	\$840,385	\$69,834	\$910,219	13,693	\$975,932	\$65,713	93.3%
Aug-21	3,403	\$676,516	\$70,054	\$746,570	13,723	\$978,277	\$231,707	76.3%
Sep-21	4,321	\$841,246	\$70,105	\$911,351	13,759	\$980,908	\$69,557	92.9%
Oct-21	3,401	\$635,531	\$70,156	\$705,687	13,759	\$980,360	\$274,673	72.0%
Nov-21	3,299	\$621,601	\$70,049	\$691,649	13,751	\$979,217	\$287,568	70.6%
Dec-21	4,165	\$823,717	\$70,089	\$893,806	13,752	\$978,333	\$84,527	91.4%
Jan-22	3,133	\$690,889	\$70,967	\$761,856	13,929	\$991,714	\$229,858	76.8%
Feb-22	3,940	\$931,991	\$71,211	\$1,003,202	13,954	\$992,751	-\$10,451	101.1%
Mar-22	4,921	\$1,109,723	\$71,216	\$1,180,939	13,962	\$992,562	-\$188,377	119.0%
Apr-22	3,858	\$835,246	\$71,206	\$906,453	13,958	\$991,277	\$84,825	91.4%
May-22	4,054	\$903,689	\$71,191	\$974,880	13,957	\$990,336	\$15,457	98.4%
Jun-22	4,637	\$924,011	\$71,252	\$995,264	13,967	\$990,742	-\$4,521	100.5%
Jul-22	3,333	\$702,167	\$71,283	\$773,449	13,972	\$990,762	\$217,313	78.1%
Aug-22	3,657	\$761,069	\$71,318	\$832,387	13,992	\$992,222	\$159,835	83.9%
Sep-22	4,565	\$930,776	\$71,415	\$1,002,191	13,994	\$991,551	-\$10,640	101.1%
Oct-22	3,822	\$742,825	\$71,349	\$814,174	13,991	\$991,132	\$176,958	82.1%
Nov-22	3,733	\$768,306	\$71,369	\$839,675	13,990	\$990,448	\$150,773	84.8%
Dec-22	4,327	\$876,130	\$71,262	\$947,392	13,974	\$988,157	\$40,765	95.9%
Jan-23	3,323	\$745,582	\$72,185	\$817,767	14,156	\$1,004,129	\$186,362	81.4%
Feb-23	4,410	\$969,407	\$72,221	\$1,041,628	14,139	\$1,002,842	-\$38,786	103.9%
Mar-23	5,108	\$1,171,507	\$72,359	\$1,243,866	14,105	\$1,000,077	-\$243,789	124.4%

Note: The number of primary enrollees may change to include retroactive and/or deletions in eligibility

Anthem Blue View Vision – Plan Experience

Date	Paid Amount	Administration	Total Expenses	Susbscribers	Premium	Surplus / Deficit	Total Cost Loss Ratio
Apr-21	\$47,527	\$4,516	\$52,043	6,740	\$70,396	\$18,353	73.9%
May-21	\$55,810	\$4,554	\$60,364	6,797	\$71,479	\$11,114	84.5%
Jun-21	\$49,973	\$4,591	\$54,564	6,852	\$71,714	\$17,150	76.1%
Jul-21	\$56,695	\$4,596	\$61,291	6,860	\$72,218	\$10,926	84.9%
Aug-21	\$69,239	\$4,613	\$73,852	6,885	\$72,381	-\$1,471	102.0%
Sep-21	\$52,626	\$4,626	\$57,253	6,905	\$72,382	\$15,129	79.1%
Oct-21	\$56,940	\$4,629	\$61,569	6,909	\$72,598	\$11,029	84.8%
Nov-21	\$71,050	\$4,626	\$75,676	6,904	\$71,961	-\$3,714	105.2%
Dec-21	\$51,384	\$4,634	\$56,019	6,917	\$72,358	\$16,339	77.4%
Jan-22	\$58,621	\$4,654	\$63,276	6,947	\$72,929	\$9,653	86.8%
Feb-22	\$42,889	\$4,641	\$47,530	6,927	\$72,753	\$25,223	65.3%
Mar-22	\$44,718	\$4,644	\$49,362	6,931	\$72,784	\$23,422	67.8%
Apr-22	\$44,395	\$4,652	\$49,047	6,943	\$72,843	\$23,796	67.3%
May-22	\$48,022	\$4,661	\$52,683	6,956	\$72,947	\$20,264	72.2%
Jun-22	\$44,448	\$4,660	\$49,108	6,955	\$72,905	\$23,797	67.4%
Jul-22	\$47,310	\$4,668	\$51,977	6,967	\$72,989	\$21,012	71.2%
Aug-22	\$53,478	\$4,691	\$58,168	7,001	\$73,370	\$15,202	79.3%
Sep-22	\$57,541	\$4,695	\$62,236	7,007	\$73,427	\$11,191	84.8%
Oct-22	\$59,364	\$4,687	\$64,051	6,996	\$73,287	\$9,236	87.4%
Nov-22	\$49,823	\$4,699	\$54,522	7,013	\$73,449	\$18,926	74.2%
Dec-22	\$46,335	\$4,697	\$51,032	7,011	\$73,392	\$22,360	69.5%
Jan-23	\$53,789	\$4,738	\$58,527	7,072	\$74,147	\$15,620	78.9%
Feb-23	\$31,339	\$4,746	\$36,085	7,084	\$74,263	\$38,178	48.6%
Mar-23	\$53,549	\$4,754	\$58,302	7,095	\$74,365	\$16,062	78.4%

Note: The number of primary subscribers may change to include retroactive and/or deletions in eligibility

Acknowledgement

Keenan & Associates would like to thank Ms. Karen Freire and the LACERS Health Benefits Administration staff for providing the necessary data and engaging in this renewal process. Their cooperation and guidance have been extremely valuable.

Questions and Answers



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

MEETING: AUGUST 8, 2023
ITEM: IV

SUBJECT: 2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to approve the following:

1. A maximum medical plan premium subsidy of \$2,187.58 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$2,187.58 per month, for Tier 1 Discretionary and Vested Retired members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$549.16 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.94 per month, for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to adjust the subsidy/reimbursement amounts per month, based on updates of information received after this report, within the parameters established in the Los Angeles Administrative Code.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions as shown on the following chart.

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired After July 1, 2011, “Vested”	Tier 1 Retired After July 1, 2011, “Capped”	Tier 3
Retiree Medical Subsidy, Under 65 or Medicare Part B Only - LAAC 4.1111(b), 4.1111(c), 4.1126(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Subsidy, Medicare Parts A and B – LAAC 4.1111(e), 4.1126(d)	Ordinance	Ordinance	Ordinance	Ordinance
Retiree MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(b), 4.1127(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(d), 4.1127(d)	Board Resolution	Board Resolution	Ordinance	Board Resolution
Retiree Dental Subsidy – LAAC 4.1114(a), 4.1129(a)	Board Resolution	Board Resolution	Board Resolution	Board Resolution
Survivor Medical Subsidy, Under 65 or Medicare Part B Only – LAAC 4.1115(b)(3), 4.1115(e), 4.1129.1(b)(3)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Subsidy, Medicare Parts A and B – LAAC 4.1115(c), 4.1129.1(c)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance

The 2024 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below. The Board’s authority to increase the dollar amounts of the subsidies and reimbursements is limited, based on different factors, including the amount of increase to certain medical plan premiums and LACERS’ medical plan premium cost trend compared with the assumed actuarial medical trend rate (see calculation of limit on Attachment 2).

Discussion

LACERS administers two tiers of retirement and health benefits. The maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts differ for each tier:

- Tier 1 benefits are available to City employees who were hired prior to February 21, 2016. For Tier 1 retiree medical benefits, there are three categories of Retired Members:
 1. Discretionary – Members retired on or before June 30, 2011;
 2. Vested – Members retired on or after July 1, 2011, and made additional contributions to LACERS; and,
 3. Capped – members retired on or after July 1, 2011, and did not make additional contributions to LACERS.
- Tier 3 retiree health benefits are available to retired City employees who were hired on or after February 21, 2016.

Maximum Medical Plan Premium Subsidies (LAAC 4.1111)

The recommended maximum medical plan premium subsidy amounts are as follows:

- Tier 1 Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only
- Tier 1 Discretionary Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: For Vested Retired Members, increases to the maximum subsidy can be no less than the increase to the Kaiser non-Medicare two-party plan premium. The Board has the option to apply the same subsidy increase to Discretionary Retired Members, pursuant to LAAC Section 4.1111(b).

Recommended Subsidy: For 2024, the Kaiser non-Medicare two-party plan premium will increase 12% by \$225.38, from \$1,878.18 to \$2,103.56, so staff recommends that the maximum subsidy be increased from \$1,962.20 to \$2,187.58 (\$1,962.20 + \$225.38) for both groups.

The Actuarial Assumed Trend Rate (AATR) increase is at 12.2%. For ease of administration, staff recommends the subsidy for 2024 to be increased by 12%, to ensure that it's below the limit.

Medical Premium Reimbursement Program (MPRP) Reimbursements

The MPRP is available to Retired Members and Survivors who live outside of California or within California but outside of a LACERS HMO zip code service area. In order to participate, Members enroll in an individual plan and submit proof of premium payment to LACERS. LACERS reimburses premium costs up to the Member's subsidy amount on a quarterly basis. The recommended maximum MPRP Reimbursement amounts are as follows:

- Tier 1 Discretionary and Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: The maximum MPRP reimbursement amounts are set similar to the medical subsidies, pursuant to LAAC Section 4.1112 and 4.1127.

Recommended Subsidy: It is recommended that the same maximum be applied toward MPRP reimbursements at \$2,187.58. This will provide Members who are unable to access a LACERS HMO the same amount of subsidy dollars to apply toward non-LACERS medical coverage.

- Tier 1 Discretionary and Vested Retired Members, and Tier 3 Members, Enrolled in Medicare Parts A and B

LAAC Authority: Increase to the maximum reimbursement amount may not to exceed the one-party premium of LACERS' highest cost Medicare plan.

Recommended Subsidy: In 2024, the monthly premium for LACERS' highest-cost single-party Medicare Parts A and B medical plan, the Anthem Medicare Supplement PPO plan, will be \$549.16. Staff recommends the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$549.16.

Overall Member Impact

The chart below shows the average medical subsidy paid by LACERS and monthly allowance premium deduction amounts paid by Tier 1 Members in 2023 as compared to the 2024 recommendations. There are currently no Tier 3 Retired Members who are receiving a medical subsidy.

Tier 1 Member Status	Tier 1 2024 Estimated Population	Tier 1 2023 Subsidy \$1,962.20		Tier 1 2024 Subsidy \$2,187.58	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	5,103	\$1,265.75	\$103.67	\$1,399.48	\$81.88
Non-Medicare Survivor	220	\$793.21	\$183.27	\$847.65	\$180.81
Medicare Retiree	10,240	\$484.74	\$39.29	\$453.95	\$37.42
Medicare Survivor	1,600	\$327.36	\$13.91	\$305.46	\$12.06
All Covered Members	17,163	\$717.95	\$58.99	\$726.59	\$50.13

Dental Plan Premium Subsidy (LAAC Section 4.1114 and 4.1129)

The recommended maximum dental plan premium subsidy amount is as follows:

LAAC Authority: The Retired Member maximum dental plan premium subsidy cannot exceed the maximum dental plan premium subsidy for Active Members.

Recommended Subsidy: The maximum dental plan subsidy for Active Members of LACERS for plan year 2024 is estimated to slightly decrease to \$42.94 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be set at \$42.94. The maximum subsidy for Active Members, has not been approved by the City. Therefore, the

delegated authority to the General Manager is necessary, in case an adjustment is made in the future.

Conclusion

Staff recommends the Committee to forward to the Board the proposed maximum subsidies and reimbursements amounts for 2024 as authorized by the Los Angeles Administrative Code.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Strategic Plan Impact Statement

Timely adoption of the maximum medical and dental subsidy and reimbursement amount ensures sufficient time for staff to apply subsidies and reimbursements correctly and to develop Member communications for Members to make informed health plan decisions which support the Strategic Plan Goal of providing outstanding customer service and to deliver accurate and timely Member benefits.

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- Attachments:
1. Maximum Subsidy and Reimbursement Amounts Established by Ordinance
 2. LACERS Medical Plan Premium Subsidy for Tier 1 Discretionary Retired Members
 3. LACERS Historical Medical Subsidy Costs

Maximum Subsidy and Reimbursement Amounts Established by Ordinance

The Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to set the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts. Other subsidies and reimbursements do not require Board action as they are established by ordinance and codified in the LAAC:

- *Maximum Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 Capped Retired Members and their Survivors*

All medical benefit amounts for these Members and their Survivors are capped at 2011 amounts. The medical subsidy that may be used toward premium costs of covering a dependent is also capped.

- *Maximum Medical Plan Premium Subsidies for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, Enrolled in Medicare Parts A and B*

The maximum subsidy is based on the single-party premium of the LACERS plan in which the Retired Member is enrolled.

- *Maximum Medical Plan Premium Subsidy and MPRP Reimbursement Amount for Tier 3 Retired Members Under Age 65 or Enrolled in Medicare Part B Only*

The maximum subsidy and reimbursement amount is based on the Kaiser two-party non-Medicare plan premium.

- *Survivor Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 and Tier 3 Retired Members*

A Survivor's subsidy amount is based on the Retired Member's years of Service Credit.

- *Survivors Under Age 65 or Enrolled in Medicare Part B Only* – The maximum Survivor subsidy is equal to the single-party premium of the lowest-cost non-Medicare plan. The lowest-cost LACERS non-Medicare plan is the Kaiser Permanente HMO.
- *Survivors Enrolled in Medicare Parts A and B* – The maximum subsidy is set to the single-party premium of the LACERS plan in which the Survivor is enrolled.

LACERS MEDICAL PLAN PREMIUM SUBSIDY FOR TIER 1 DISCRETIONARY RETIRED MEMBERS

The LACERS Board has the authority as established by the Los Angeles Administrative Code (LAAC) Section 4.1112(b) to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser Permanente HMO (non-Medicare) two-party premium. If the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate for the same period, the increase must be approved by City Council. City Council may set the increase at any other amount.

For 2024, if the Board approves to buy down the rate increase to 12%, the Kaiser Permanente HMO (non-Medicare) two-party premium will increase by \$225.38. The 2024 maximum medical plan premium subsidy increase to \$2,187.58 (\$1,962.20 + \$225.38) does not exceed the LAAC limitation as the three-year average increase of 6.9% is lower than the three-year average assumed actuarial medical trend rate of 7.17%. The table below shows by how much the Board may increase the 2023 maximum subsidy before hitting the cap imposed by the three-year average assumed actuarial medical trend rate.

	<u>Assumed Actuarial Trend Rate*</u>	<u>% Increase</u>	<u>Max. Medical Subsidy Amt. (Cap)</u>
2024	7.25%	12.2%	\$2,201.59**
2023	7.50%	4.1%	\$1,962.20
2022	6.75%	5.2%	\$1,884.50
3-yr Average	7.17%	7.17%	

*The assumed actuarial medical trend rates for coming years may be adjusted during each valuation and may alter the information contained in these tables.

**For the 2024 plan year, the LACERS Board could approve a two-party Kaiser non-Medicare HMO premium increase of up to 12.2% without requiring City Council approval for the associated subsidy increase.

LACERS HISTORICAL TIER 1 MEDICAL SUBSIDY COSTS

BAC Meeting: 08/08/23
Item IV
Attachment 3

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$928.00	\$983.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$45.00	\$55.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	5.1%	5.9%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$915.14	\$982.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$44.58	\$67.60
% Increase - Kaiser 2-Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	5.1%	7.4%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%
% Premium Cost Subsidized	88.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Maximum Monthly Medical Subsidy	\$1,022.00	\$1,120.00	\$1,123.00	\$1,190.00	\$1,190.00	\$1,367.00	\$1,464.00	\$1,580.08	\$1,580.08	\$1,736.88	\$1,790.80	\$1,790.80	\$1,790.80	\$1,790.80	\$1,884.50	\$1,962.20	\$2,187.58
Dollar Increase - Maximum Subsidy	\$39.00	\$98.00	\$3.00	\$67.00	\$0.00	\$177.00	\$97.00	\$116.08	\$0.00	\$156.80	\$53.92	\$0.00	\$0.00	\$0.00	\$93.70	\$77.70	\$225.38
% Increase - Maximum Subsidy	4.0%	9.6%	0.3%	6.0%	0.0%	14.9%	7.1%	7.9%	0.0%	9.9%	3.1%	0.0%	0.0%	0.0%	5.2%	4.1%	11.5%
Kaiser 2-Party	\$1,021.54	\$1,119.58	\$1,122.74	\$1,189.22	\$1,187.24	\$1,363.44	\$1,459.66	\$1,575.74	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18	\$2,103.56
Dollar Increase - Kaiser 2-Party	\$38.80	\$98.04	\$3.16	\$66.48	(\$1.98)	\$176.20	\$96.22	\$116.08	(\$79.68)	\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38
% Increase - Kaiser 2-Party	3.9%	9.6%	0.3%	5.9%	-0.2%	14.8%	7.1%	8.0%	-5.1%	10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%
Aggregate Medical Premium Increase	5.7%	7.1%	4.5%	6.2%	0.2%	7.9%	7.4%	4.8%	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%
% Premium Cost Subsidized	91.6%	92.5%	91.8%	91.3%	90.9%	92.7%	92.5%	94.0%	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%

1. Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.

2. In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Trend Rate (AATR) increase. The recommended increase is bought down using the 115 Trust, up to 12%, below the limit. Therefore, the Kaiser 2-party rate and subsidy reflected in 2024 is 12%.