

## ***Benefits Administration Committee Agenda***

### **REGULAR MEETING**

**TUESDAY, AUGUST 12, 2025**

**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 YouTube streaming at the following link: [LACERS Livestream](#).

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Presiding Officer: Sung Won Sohn

Committee Member: Thuy Huynh

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

Legal Counselor: City Attorney's Office  
Public Pensions General  
Counsel Division

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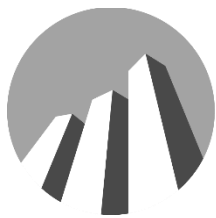
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- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. [APPROVAL OF MINUTES FOR THE MEETING OF JUNE 24, 2025 AND POSSIBLE COMMITTEE ACTION](#)
- III. [LACERS 2024 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION](#)
- IV. [2026 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION](#)
- V. [2026 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION](#)
- 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.
- VIII. ADJOURNMENT



## ***Board of Administration Agenda***

### **SPECIAL MEETING**

**TUESDAY, AUGUST 12, 2025**

**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: Janna Sidley

Commissioners: Thuy T. Huynh  
Thomas Moutes  
Gaylord "Rusty" Roten  
Sung Won Sohn

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office  
Public Pensions General  
Counsel Division

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- IV. 2026 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION
- V. 2026 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION
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- VIII. ADJOURNMENT

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

June 24, 2025

9:07 a.m.

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PRESENT:	Chair:	Michael R. Wilkinson
	Committee Member:	Sung Won Sohn
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Todd Bouey
ABSENT:	Committee Member:	Thuy Huynh

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*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 – 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 FEBRUARY 25, 2025 AND POSSIBLE COMMITTEE ACTION – Committee Member Sohn moved approval, and adopted by the following vote: Ayes, Committee Members Sohn, and Chair Wilkinson -2; Nays, None.

III

HEALTH MANAGEMENT DATA REPORT – Karen Freire, Chief Benefits Analyst, Kristal Baldwin, Benefits Analyst, and Vanessa Torres, MPH, Health & Wellness Manager, with Keenan Associates, presented and discussed this item with the Committee for 29 minutes.

IV

HEALTH PLAN FINANCIAL DASHBOARDS – Tenah Johnson-Taylor, Senior Benefits Analyst I, and Bordan Darm, Lead Consultant with Keenan Associates, presented and discussed this item with the Committee for 21 minutes.

V

VERBAL UPDATE ON 2026 HEALTH PLAN CONTRACT RENEWALS – Bordan Darm, Lead Consultant with Keenan Associates, presented and discussed this item with the Committee for two minutes.

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 10:02 a.m.

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Michael R. Wilkinson  
Chair

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Todd Bouey  
Manager-Secretary



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**From: Todd Bouey, Interim General Manager**

**MEETING: AUGUST 12, 2025**

**ITEM: III**

**SUBJECT: LACERS 2024 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION**

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

**Recommendation**

That the Committee forward a recommendation to the Board to:

1. Select Anthem renewal option 1 to reduce the rate increase to 9.0%, with a 3% retro-funding arrangement and a minimum \$1,700,000 Claims Stabilization Fund (CSF) balance for 2026;
2. Provide \$523,428 from the 115 Trust to the CSF for a balance of \$1,700,000;
3. Approve the 2024 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan;
4. Approve the 2024 Year-End Accounting for the self-funded Anthem Blue View Vision (Blue View Vision) plan; and,
5. Approve the 2024 Year-End Accounting for the self-funded Delta Dental PPO plan.

**Executive Summary**

LACERS requires its health plans that are dividend-eligible, participating experience-rated, or self-funded<sup>1</sup> to provide year-end accounting (YEA) reports to reconcile the actual annual costs with the premium amount paid by LACERS and its Members. The YEA indicates a surplus or deficit from total premium payments, claims costs, and administrative expenses for a Plan Year. The YEA results for the Plan Year 2024 are:

- Anthem Medical Plans' adjusted deficits amounted to \$629,999. This amount will be subtracted from the earned interest amount of \$71,985 and the Claim Stabilization Fund (CSF).
- The Anthem Blue View Vision's budgeted premium exceeded total cost, thus creating a surplus position of \$218,890.
- The self-funded Delta Dental PPO plan ended 2024 with a premium surplus of \$335,966.

<sup>1</sup> In participating experience-rated plans, dividends or rate credits are paid at the end of each policy year equal to the excess of premiums collected over claims incurred and administrative and other charges made according to the insurer's formulas, where the premium charged is based on the projection of future claims from past experience. A self-funded plan is one in which the employer assumes the risk for providing health care benefits and is responsible for paying claims.

For future reporting, LACERS has asked the carriers to include in their report any refund of premiums paid or credit for a plan year required by the Affordable Care Act (ACA) Medical Loss Ratio (MLR), Contract Performance Guarantees, Medicare Part D Pharmacy Credit, and others. The ACA MLR sets a minimum requirement of 85% of premiums collected to be spent on healthcare services or activities to enhance healthcare quality. If the plan spends less than 85%, then the difference is refunded to the plan sponsor, i.e., LACERS. This will assist LACERS with future reconciliation of accounts regarding funds owed to LACERS.

**Discussion**

*Anthem Blue Cross Medical Plans*

LACERS has experience-rated participating contracts with Anthem for its under-65 and Medicare Part B-only Commercial HMO plan, under-65 and Medicare Part B-only Commercial PPO plan, and Anthem Life & Health Medicare (Medicare Supplement) plan (which was brought back in Plan Year 2024 and is part of this YEA report).

LACERS’ Health and Welfare Consultant, Keenan & Associates (Keenan), reviewed Anthem’s YEA for 2024 (Attachment 1). All YEA takes place at least six months after the end of the plan year, December 31, 2024. Highlights of Keenan’s findings (rounded to the nearest dollar) include:

Total Premium Paid	\$42,132,827
Claims/Expenses	(\$42,762,825)
Deficit	(\$629,999)
Interest	\$71,985
Decrease to CSF	(\$558,013)
<b>2024 Year-End CSF Balance</b>	<b>\$ 1,176,572</b>

Any deficits that may be found in the YEA are funded by LACERS’ Claims Stabilization Fund (CSF)<sup>2</sup> held by Anthem. Anthem determines the required funding level at the beginning of each plan year, and the recommended amount is added to the YEA report. For 2025, Anthem required the CSF balance to be increased from \$1,176,572 to \$1,700,000, a difference of \$523,428. This difference will be provided by LACERS’ 115 Trust reserves.

Anthem provided three options to pay the 2026 preliminary premium renewal increase of 12.17% and the CSF funding level increase. All three options require a transfer of funds from the LACERS 115 Trust to meet the minimum requirement and a retro-funding arrangement for a lower premium rate increase. In a retro-funding arrangement, LACERS will need to fund any accumulated deficits where premiums

<sup>2</sup> The CSF is held in an interest-earning account based on the 12-month Effective Federal Funds Rate (EFFR) Index. The EFFR Index is a benchmark interest rate at which commercial banks borrow and lend their excess reserves to each other overnight in the federal funds market.

collected are not sufficient to cover the claims and expenses. The retro-funding arrangement deficit would be invoiced with the 2026 Anthem Year-End Accounting.

:

- Option 1 – Reduce the rate increase to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1,700,000 CSF balance for 2026
- Option 2 - Reduce the rate increase to 7.0% plus a 5% Retro-funding arrangement plus a minimum \$1,700,000 CSF balance for 2026
- Option 3 - Reduce the rate increase to 5.0% plus a 5% Retro-funding arrangement plus a minimum \$2,700,000 CSF balance for 2026

A 9% or \$154.02 increase to the 2026 Anthem PPO monthly one-party premium will have a greater impact on the 1,204 Members enrolled in Anthem PPO compared to a 7% (\$119.80) increase or a 5% (\$85.57) increase. As the monthly amount deducted from the Member's retirement allowance is based on the Member's years of Service Credit and the number of dependents covered, the impact on Members varies based on their situation. Approximately 78% of the Members enrolled in the Anthem PPO plan currently have no premium deduction, so a premium increase is unlikely to affect them. Members who are covering a dependent or in the dual care plan (at least one person is enrolled in Medicare A&B, and at least one person does not have Medicare or Part B only) will see a monthly deduction increase.

Anthem PPO Monthly Deduction	# of Members	% of Members
\$0 - \$499	960	79.7%
\$500 - \$999	49	4.0%
\$1,000 - \$1,499	121	10.1%
\$1,500 - \$1,999	62	5.2%
\$2,000 or more	12	1.0%

Option 1 is recommended as it does not increase the CSF and requires a lower retro-funding arrangement. Any increase to the CSF requires transferring funds from the LACERS 115 Trust reserve. The amount in the CSF held by Anthem will earn interest based on the ERRF Index instead of the higher returns from LACERS fund investments. The higher rate increase of 9% will have an impact on the Member's premium for 2026, but it is in line with the 8.8% three-year average premium increase. The lower retro-funding arrangement helps preserve the 115 Trust reserve in case the claims are higher than the premiums in 2026. Option 1 provides for a balance between a lower premium amount for Members and reducing the extra use of the 115 Trust reserve, without increasing the CSF amount.

### *Blue View Vision*

Blue View Vision became self-funded effective January 1, 2022. The Blue View Vision premiums are paid to LACERS from the 401(h) account, and together with the Members' premium deductions, are deposited into the 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims cost, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, when premiums

are not sufficient to cover all claims cost, the deficit must be resolved by LACERS and paid from the 115 Trust Fund.

LACERS pays Blue View Vision an administration fee to process the claims, and LACERS is invoiced for the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Blue View Vision plan for 2024 (Attachment 2). The budgeted premium exceeded the total cost, creating a surplus position of \$218,890.

Total Premiums Paid	\$910,852
Claims/Expenses	<u>\$691,962</u>
<b>2024 Year-End Balance</b>	<b>\$218,890</b>

Blue View Vision premium surpluses are held in LACERS' 115 Trust Fund account, which complies with the premium reserve funding policy of maintaining a minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

#### *Delta Dental PPO*

Delta Dental PPO has been self-funded since Plan Year 2019. The Delta Dental PPO premiums are paid to LACERS from the 401(h) account, and together with the Members' premium deductions, are deposited into the 115 Trust Fund account. LACERS is responsible for paying all related provider claims and administration fees from the 115 Trust Fund account. When premiums exceed claims costs, LACERS retains the surplus premium dollars in the 115 Trust Fund account; however, when premiums are not sufficient to cover all claims costs, the deficit must be resolved by LACERS and paid from the 115 Trust Fund account.

LACERS pays Delta Dental PPO an administration fee to process the claims, and they invoice LACERS for the claims cost each month.

On an annual basis, Keenan reviews the claims and conducts a year-end accounting. Keenan performed a year-end accounting of the self-funded Delta Dental PPO plan for 2024 (Attachment 3). The budgeted premium exceeded the total cost, creating a surplus position of \$335,966:

Total Premiums Paid	\$12,148,516
Claims/Expenses	<u>\$11,812,550</u>
<b>2024 Year-End Balance</b>	<b>\$ 335,966</b>

Delta Dental PPO premium surpluses are held in LACERS' 115 Trust Fund account and comply with the premium reserve funding policy to maintain a minimum balance of 15% of the experience-rated refunding or self-funded health plan's projected premium cost for the coming year.

Prepared By: Maria Macias, Benefits Analyst, Health, Wellness and Buyback Division

TB/DWN/KF/JK/MLD/mm

Attachments: 1. Keenan Report - 2024 Anthem Year-End Accounting  
2. Keenan Report - 2024 Blue View Vision Year-End Accounting  
3. Keenan Report - 2024 Delta Dental Year-End Accounting



# Los Angeles City Employees' Retirement System 2024 Anthem Year-End Accounting August 12, 2025

Respectfully Submitted by:  
Bordan Darm, Lead Consultant  
Jillian Turner, Technical Consultant / Underwriter

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# Executive Summary

- The 2024 plan year produced a Year-End Accounting (YEA) deficit of \$629,999
- Anthem's Claim Stabilization Reserve (CSR) is now funded at \$1,176,572 as of 12/31/2024
  - from \$1,734,584 on December 31, 2023
  - a decrease of **(\$558,013)**
    - \$71,985 from interest based on the 12-month Effective Federal Funds Rate (EFFR )Index
    - Minus **(\$629,999)** from 2024 YEA deficit
- The 12/31/2024 CSR balance is \$1,176,572; the funding requirement is \$523,428
  - LACERS entered a 3% retro-funding arrangement with Anthem for the 2025 plan year (renewal option 2). The renewal was reduced from 11% to 8% rate adjustment. Under this option LACERS may receive an invoice with the 2025 year-end accounting for the full deficit position (up to 3.0%). Amounts above the 3.0% would be taken from the CSR.
- LACERS has been provided three renewal options tied to CSR funding:
  - **Option 1** - Reduce rate action to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1.7M CSR balance for 2026 policy year
  - **Option 2** - Reduce rate action to 7.0% plus a 5% Retro-funding arrangement plus a minimum \$1.7M CSR balance for 2026 policy year
  - **Option 3** - Reduce rate action to 5.0% plus a 5% Retro-funding arrangement plus a minimum \$2.7M CSR balance for 2026 policy year

# 2024 Anthem Accounting Summary

- The YEA provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position.
- The Claims Stabilization Fund (CSF) is set and held by Anthem and funded by LACERS. It is used to fund any deficit of a given policy period.
- With the 2019 YEA, the Premium Stabilization Reserve (PSR) held by Anthem was discontinued and all surplus funds have been returned to LACERS.
  - The purpose of the Premium Stabilization Reserve (PSR) fund was to build reserves from the surplus of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF.
  - LACERS determined interest on the PSR would be better managed by LACERS.

Policy Year	2018	2019	2020	2021	2022	2023	2024
<b>YEA</b>	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641	(\$38,346)	(\$629,999)
<b>Surplus/(Deficit)</b>	surplus	surplus	surplus	surplus	surplus	deficit	deficit
<b>% of Premium</b>	2.00%	4.23%	4.13%	3.70%	9.07%	-0.10%	-1.50%
<b>Ending CSF</b>	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000	\$1,734,584	\$1,176,572
<b>\$ Adjustment*</b>	\$154,309	\$46,749	\$63,562	\$160,072	\$24,194	\$34,584	(\$558,013)
<b>% Adjustment*</b>	12.30%	3.22%	4.19%	9.55%	1.42%	1.99%	-47.43%
<b>PSR w/YEA</b>	\$11,956,924	\$0	\$0	\$0	\$0	\$0	\$0
<b>\$ Adjustment</b>	(\$4,497,714)	(\$11,956,924)	\$0	\$0	\$0	\$0	\$0

\* From Previous Year

# 2024 Claims Stabilization Fund (CSF)

CSF Accounting	2018	2019	2020	2021	2022	2023	2024
1/1 CSF Balance	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$3,947,165	\$1,700,000	\$1,734,585
Interest Earned	\$34,507	\$33,382	\$11,184	\$4,540	\$133,232	\$72,930	\$71,985
Interest Yield	2.76%	2.38%	0.77%	0.30%	3.38%	4.29%	4.15%
YEA Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus Transfer*	\$119,802	\$13,367	\$52,378	\$155,532	\$0	(\$38,346)	(\$629,999)
12/31 CSF Balance	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$4,080,398	\$1,734,584	\$1,176,572

\*Previous to 2020 known as PSR Fund Transfer

- The January 1, 2024, beginning balance was \$1,734,585.
- The \$71,985 Interest Yield is based on 12-month EFFR Index
- 2024 interest yield was at 4.15%.

## Annual Accounting

Case No. C22357

January 1, 2024 through December 31, 2024

# 2024 Anthem Financial Accounting Summary By Plan

	<u>HMO</u>	<u>PPO</u>	<u>Medicare Supplement</u>	<u>Medicare D</u>	<u>Total</u>
Income Reported	\$18,024,172	\$23,727,207	\$381,580	(\$132)	\$42,132,827
CMS Revenue (Medicare D)	\$0	\$0	\$0	\$0	\$0
Total Income Received	\$18,024,172	\$23,727,207	\$381,580	(\$132)	\$42,132,827
Paid Claims	\$12,244,997	\$23,552,569	\$385,572	\$0	\$36,183,138
+ Ending Reserve	\$1,177,856	\$2,227,297	\$66,118	\$0	\$3,471,271
- Beginning Reserve	(\$858,175)	(\$1,902,406)	\$0	\$380	(\$2,760,201)
+ Large Claim Charge	\$1,107,206	\$2,098,640	\$0	\$0	\$3,205,846
- Large Claim Credit	(\$2,224,265)	(\$3,181,073)	\$0	\$0	(\$5,405,338)
Incurred Claims	\$11,447,618	\$22,795,027	\$451,690	\$380	\$34,694,715
Retention	\$604,860	\$837,081	\$64,190	\$0	\$1,506,131
HMC Programs	\$4,440	\$5,639	\$658	\$0	\$10,737
Silver Sneakers Program	\$99,778	\$108,280	\$13,189	\$0	\$221,247
Premium Tax	\$0	\$182,812	\$0	\$0	\$182,812
ACA Insurer Fee	\$0	\$0	\$0	\$0	\$0
Capitation Expenses	\$6,137,676	\$0	\$0	\$0	\$6,137,676
Consortium Fees	\$0	\$7,888	\$0	\$0	\$7,888
SB510 Settlement Claims	\$0	\$0	\$0	\$0	\$0
Part D Credit Final Settlement ReOpening - 2019	\$0	\$0	\$0	\$1,618	\$1,618
Total Expense	\$18,294,373	\$23,936,728	\$529,727	\$1,998	\$42,762,825
Expense Ratio	101.50%	100.88%	138.82%	0.00%	101.50%
Accumulated Surplus/(Deficit) at December 31, 2024	(\$270,201)	(\$209,521)	(\$148,147)	(\$2,130)	(\$629,999)
Amount Allocated to Claims Stabilization Fund	\$0	\$0	\$0	\$0	\$0
Ending Surplus/(Deficit)	(\$270,201)	(\$209,521)	(\$148,147)	(\$2,130)	(\$629,999)

31-Jul-2025

# 2024 Anthem Claim Stabilization Fund Accounting Summary

## *LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM*

### *Claims Stabilization Fund*

*Case No. C22357*

*January 1, 2024 through December 31, 2024*

Claims Stabilization Fund as of January 1, 2024	\$1,734,585
Interest Earned based on average of the 12-month EFFR	\$71,985
Amount of Deficit Deducted from the Stabilization Fund	(\$629,999)
Claims Stabilization Fund at December 31, 2024	\$1,176,572

*Note: Required Minimum Fund Level as of January 1, 2025 is \$3,033,564. 2026.*

*\*Per renewal released in July 2024, minimum CSR requirement will be \$1.7M*

# 2024 Anthem Accounting Summary - Accounting History

	2018	2019	2020	2021	2022	2023	2024
Annual Amount							
Total Income	\$55,132,694	\$55,927,235	\$54,664,982	\$65,618,714	\$36,755,305	\$39,027,692	\$42,132,827
Total Expenses	\$54,018,030	\$53,561,096	\$52,409,635	\$63,191,822	\$33,420,663	\$39,066,037	\$42,762,825
Surplus / (Deficit)	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641	(\$38,346)	(\$629,999)
Expense Ratio	97.98%	95.77%	95.87%	96.30%	90.93%	100.10%	101.50%
Contracts	4,930	4,920	5,149	5,505	2,088	2,032	2,130
Per Retiree Per Month Amount							
Total Income	\$931.93	\$947.34	\$884.79	\$993.33	\$1,466.81	\$1,600.35	\$1,648.07
Total Expenses	\$913.08	\$907.26	\$848.29	\$956.60	\$1,333.73	\$1,601.92	\$1,672.71
Surplus / (Deficit)	\$18.84	\$40.08	\$36.50	\$36.74	\$133.08	(\$1.57)	(\$24.64)

# 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 year end accounting process. Their cooperation and guidance have been extremely valuable.

## Questions and Answers



BAC Meeting: 8/12/25

Item: III

Attachment: 2

# Los Angeles City Employees' Retirement System 2024 Vision Year End Accounting August 12, 2025

**Respectfully Submitted by:**

Bordan Darm, Lead Consultant

Jillian Turner, Technical Consultant / Underwriter

# Executive Summary

- LACERS self-funded its vision plan effective January 1, 2022
- Through 12/31/2023, LACERS had a surplus position of \$444,974
- Through 12/31/2024, LACERS is now at a surplus position of \$663,864
- For the 2024 Plan Year:
  - Average Monthly Enrollment was 7,260
  - Budgeted Premium was \$910,852
  - Administration was \$58,397
  - Paid Claims were \$633,564
  - The Loss Ratio for the year was 76.0%, which created an additional surplus of \$218,890
- The Year-End accountings were prepared by Keenan based on information provided by Anthem Blue View Vision. LACERS' auditing team may have more accurate numbers based on fluctuations in enrollment or other debits and credits

# 2024 Anthem Vision Accounting Summary

Date	Paid Amount	Administration	Total Expenses	Subscribers	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-23	\$53,789	\$4,735	\$58,524	7,067	\$73,883	\$15,359	79.2%
Feb-23	\$31,881	\$4,742	\$36,623	7,077	\$73,997	\$37,374	49.5%
Mar-23	\$53,549	\$4,745	\$58,294	7,082	\$74,036	\$15,743	78.7%
Apr-23	\$49,327	\$4,748	\$54,075	7,086	\$74,092	\$20,017	73.0%
May-23	\$58,415	\$4,758	\$63,172	7,101	\$74,245	\$11,073	85.1%
Jun-23	\$44,405	\$4,757	\$49,162	7,100	\$74,232	\$25,070	66.2%
Jul-23	\$59,734	\$4,760	\$64,494	7,105	\$74,286	\$9,792	86.8%
Aug-23	\$47,432	\$4,770	\$52,202	7,119	\$74,441	\$22,239	70.1%
Sep-23	\$49,850	\$4,779	\$54,629	7,133	\$74,570	\$19,941	73.3%
Oct-23	\$63,623	\$4,780	\$68,403	7,134	\$74,594	\$6,191	91.7%
Nov-23	\$38,218	\$4,776	\$42,995	7,129	\$74,530	\$31,535	57.7%
Dec-23	\$62,947	\$4,774	\$67,721	7,126	\$74,513	\$6,792	90.9%
Jan-24	\$65,018	\$4,815	\$69,833	7,187	\$75,136	\$5,303	92.9%
Feb-24	\$36,906	\$4,826	\$41,732	7,203	\$75,313	\$33,581	55.4%
Mar-24	\$42,442	\$4,838	\$47,280	7,222	\$75,508	\$28,227	62.6%
Apr-24	\$57,718	\$4,843	\$62,561	7,223	\$75,517	\$12,956	82.8%
May-24	\$50,864	\$4,847	\$55,711	7,229	\$75,590	\$19,879	73.7%
Jun-24	\$49,278	\$4,865	\$54,143	7,256	\$75,866	\$21,723	71.4%
Jul-24	\$52,394	\$4,883	\$57,277	7,283	\$76,156	\$18,879	75.2%
Aug-24	\$39,739	\$4,888	\$44,627	7,291	\$76,237	\$31,610	58.5%
Sep-24	\$67,757	\$4,888	\$72,645	7,291	\$76,237	\$3,592	95.3%
Oct-24	\$52,740	\$4,897	\$57,637	7,304	\$76,358	\$18,721	75.5%
Nov-24	\$53,614	\$4,902	\$58,516	7,311	\$76,440	\$17,925	76.6%
Dec-24	\$65,094	\$4,905	\$69,999	7,316	\$76,494	\$6,495	91.5%
<b>2022 Plan Year</b>	<b>\$596,944</b>	<b>\$56,049</b>	<b>\$652,993</b>	<b>6,971</b>	<b>\$876,842</b>	<b>\$223,849</b>	<b>74.5%</b>
<b>2023 Plan Year</b>	<b>\$613,170</b>	<b>\$57,124</b>	<b>\$670,293</b>	<b>7,105</b>	<b>\$891,418</b>	<b>\$221,125</b>	<b>75.2%</b>
<b>2024 Plan Year</b>	<b>\$633,564</b>	<b>\$58,397</b>	<b>\$691,961</b>	<b>7,260</b>	<b>\$910,852</b>	<b>\$218,890</b>	<b>76.0%</b>

# 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 year-end accounting process. Their cooperation and guidance have been extremely valuable.

## Questions and Answers



BAC Meeting: 8/12/25  
Item: III  
Attachment: 3

# Los Angeles City Employees' Retirement System 2024 Delta Dental Year End Accounting August 12, 2025

Respectfully Submitted by:  
Bordan Darm, Lead Consultant  
Jillian Turner, Technical Consultant / Underwriter

# Executive Summary

- LACERS self-funded its dental plan effective January 1, 2019
- Through 12/31/2023, LACERS had a surplus position of \$3,185,928
- Through 12/31/2024, LACERS is now at a surplus position of \$3,521,894
- For the 2024 Plan Year:
  - Average Monthly Enrollment was 14,366
  - Budgeted Premium was \$12,148,516
  - Administration was \$879,127
  - Paid Claims were \$10,933,423
  - The Loss Ratio for the year was 97.2%, which created an additional surplus of \$335,966
- The Year-End accountings were prepared by Keenan based on information provided by Delta Dental. LACERS' auditing team may have more accurate numbers based on fluctuations in enrollment or other debits and credits.

# 2024 Delta Dental Accounting Summary

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-23	3,323	\$745,582	\$72,185	\$817,767	14,161	\$1,004,385	\$186,618	81.4%
Feb-23	4,410	\$969,407	\$72,221	\$1,041,628	14,164	\$1,004,573	-\$37,055	103.7%
Mar-23	5,108	\$1,171,507	\$72,359	\$1,243,866	14,171	\$1,004,600	-\$239,266	123.8%
Apr-23	3,963	\$888,418	\$72,104	\$960,522	14,150	\$1,003,038	\$42,516	95.8%
May-23	3,934	\$824,968	\$72,114	\$897,082	14,138	\$1,001,450	\$104,368	89.6%
Jun-23	4,836	\$1,047,390	\$72,058	\$1,119,447	14,130	\$1,000,392	-\$119,055	111.9%
Jul-23	3,400	\$737,598	\$72,027	\$809,626	14,130	\$999,658	\$190,032	81.0%
Aug-23	4,998	\$1,014,120	\$72,206	\$1,086,326	14,167	\$1,001,988	-\$84,338	108.4%
Sep-23	3,662	\$750,572	\$72,384	\$822,956	14,185	\$1,002,477	\$179,521	82.1%
Oct-23	4,016	\$792,776	\$72,420	\$865,196	14,191	\$1,002,106	\$136,910	86.3%
Nov-23	4,692	\$923,962	\$72,379	\$996,341	14,187	\$1,001,218	\$4,877	99.5%
Dec-23	3,945	\$776,058	\$72,216	\$848,274	14,165	\$998,922	\$150,648	84.9%
Jan-24	3,686	\$828,459	\$72,833	\$901,292	14,289	\$1,009,299	\$108,007	89.3%
Feb-24	4,980	\$1,179,720	\$73,001	\$1,252,721	14,315	\$1,011,077	-\$241,644	123.9%
Mar-24	4,375	\$954,169	\$73,022	\$1,027,191	14,317	\$1,010,642	-\$16,549	101.6%
Apr-24	4,125	\$938,520	\$73,103	\$1,011,624	14,339	\$1,011,828	\$204	100.0%
May-24	5,060	\$1,081,869	\$73,098	\$1,154,968	14,334	\$1,010,653	-\$144,315	114.3%
Jun-24	4,060	\$889,967	\$73,216	\$963,182	14,363	\$1,012,313	\$49,131	95.1%
Jul-24	3,776	\$775,628	\$73,420	\$849,048	14,386	\$1,013,490	\$164,442	83.8%
Aug-24	4,908	\$1,002,371	\$73,425	\$1,075,795	14,400	\$1,014,071	-\$61,724	106.1%
Sep-24	3,707	\$758,349	\$73,450	\$831,799	14,397	\$1,013,551	\$181,752	82.1%
Oct-24	4,854	\$975,961	\$73,496	\$1,049,457	14,420	\$1,014,818	-\$34,639	103.4%
Nov-24	3,669	\$711,133	\$73,506	\$784,639	14,419	\$1,013,907	\$229,268	77.4%
Dec-24	3,966	\$837,277	\$73,557	\$910,834	14,410	\$1,012,869	\$102,035	89.9%
<b>2021 Plan Year</b>	<b>43,617</b>	<b>\$8,904,931</b>	<b>\$826,904</b>	<b>\$9,731,835</b>	<b>13,518</b>	<b>\$11,540,244</b>	<b>\$1,808,410</b>	<b>84.3%</b>
<b>2022 Plan Year</b>	<b>47,980</b>	<b>\$10,176,822</b>	<b>\$855,039</b>	<b>\$11,031,862</b>	<b>13,970</b>	<b>\$11,893,603</b>	<b>\$861,741</b>	<b>92.8%</b>
<b>2023 Plan Year</b>	<b>50,287</b>	<b>\$10,642,358</b>	<b>\$866,673</b>	<b>\$11,509,031</b>	<b>14,162</b>	<b>\$12,024,809</b>	<b>\$515,778</b>	<b>95.7%</b>
<b>2024 Plan Year</b>	<b>51,166</b>	<b>\$10,933,423</b>	<b>\$879,127</b>	<b>\$11,812,550</b>	<b>14,366</b>	<b>\$12,148,516</b>	<b>\$335,966</b>	<b>97.2%</b>

# 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 year-end accounting process. Their cooperation and guidance have been extremely valuable.

## Questions and Answers



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**From: Todd Bouey, Interim General Manager**

**MEETING: AUGUST 12, 2025**

**ITEM: IV**

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**SUBJECT: 2026 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION**

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

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**Recommendation**

That the Committee forward a recommendation to the Board to:

1. Approve the 9% Anthem Blue Cross PPO premium increase, with a 3% retro-funding arrangement;
2. Approve the proposed 2026 contract premium renewals for LACERS medical, dental, and vision plans, allowing for minor premium adjustments;
3. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier premium changes and to utilize the 115 Trust to smooth the UHC Member premium increase; and,
4. Authorize the General Manager to make premium adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

**Executive Summary**

Recommendations for the health plan contract renewals have resulted in overall 2026 health plan (medical, dental, and vision) premium costs increasing by approximately \$12.5 million, or 7.35%, from \$170.7 million in 2025 to \$183.2 million.

The proposed 2026 carrier premium changes for LACERS medical, dental, and vision plans are as follows, with the one-party increase listed; the other coverage level increases are in Attachment 1:

- Anthem Blue Cross HMO: 9.00%, \$122.85
- Anthem Blue Cross PPO: 9.00%, \$154.02
- Anthem Blue Cross Life and Health Medicare Plan (Medicare Supplement): 9.00%, \$51.52
- Anthem Blue Cross Medicare Preferred (PPO) Plan 10.61%, \$41.34
- Kaiser Permanente HMO: 3.99%, \$44.63
- Kaiser Permanente Senior Advantage HMO: 7.69%, \$18.86
- SCAN Health Plan Medicare Advantage HMO: 2.81%, \$5.90
- UnitedHealthcare Medicare Advantage HMO: 39.08%, \$88.34
- Delta Dental HMO: 0.00%

- Delta Dental PPO: 2.67%, \$1.36
- Anthem Blue View Vision: 0.00%

## **Discussion**

As part of the annual process, LACERS' Health and Welfare Consultant, Keenan & Associates (Keenan), released a Request for Renewal, requesting premium renewal data from LACERS' medical plan carriers: Kaiser Permanente (Kaiser), Anthem Blue Cross (Anthem), UnitedHealthcare (UHC) and Senior Care Action Network (SCAN).

### *2026 Medical Plan Renewal Summary*

For the Kaiser HMO, Anthem HMO, Anthem PPO, Anthem Medicare Supplement, Anthem Medicare Preferred (PPO), UHC, and SCAN programs, no changes to benefits were requested for 2026. The Over-the-Counter benefit was requested to be added to the Kaiser Senior Advantage plan. However, Kaiser is in the process of changing vendors so that the benefit is not available until 2027. The 2026 preliminary medical premiums were estimated to increase by \$14.6 million or 9.31%, from \$156.8 million to \$171.4 million. After negotiations with Keenan, the 2026 medical premium cost was reduced to \$169.0 million, an increase of approximately \$12.2 million or 7.80% from the 2025 medical premium cost. A breakdown of premium cost changes by carrier from 2025 to 2026 is included in the attached Keenan report.

### *UHC Plan Renewal Increase*

UHC proposed an average plan increase of 39.08% (\$88.34) per enrollee (Member and/or dependent); 42.67% (\$125.00) for California, 32.22% (\$80.00) for Nevada, and 16.76% (\$60.00) for Arizona. This is the second year that UHC has had the highest proposed renewal increase for the LACERS Medicare Advantage HMO plans. For 2025, UHC had an average plan increase of 45.91%; 47.81% (\$94.80) for California, 48.78% (\$81.40) for Nevada, and 30.06% (\$82.73) for Arizona.

UHC rates increased significantly, mainly due to LACERS' UHC membership dropping below 1,000 enrollees, resulting in UHC underwriting premiums based on community-rated experience (all UHC clients) versus experience-rated (LACERS membership only). In addition, UHC does not qualify for financial incentives offered by the Centers for Medicare and Medicaid Services (CMS) for Medicare Advantage plans that reduce the cost burden and expand benefits for Medicare Advantage beneficiaries. Both Kaiser and SCAN qualify for financial incentives based on CMS' quality of care factors, helping to keep their increases lower.

Additional analysis is being conducted by LACERS to determine the possibility of smoothing the premiums again using the 115 Trust funds. For 2025, the General Manager, with the Board's authorization, smoothed the 2025 premium increase by splitting the increase equally between the Members and LACERS, utilizing the 115 Trust. Due to the tight renewal timeline (UHC proposed premiums received July 18, 2025) that impacts Open Enrollment and annual actuarial valuation, it is recommended that the General Manager be authorized to further negotiate and approve the final UHC carrier premium changes and to utilize the 115 Trust to smooth the UHC Member premium increase. If the premium increase is not split equally as in 2025, then the Members' average premium would

increase 62.04%, \$123.96 (39.08%, \$88.34 plus the 2025 buydown of 22.96%, \$35.62). The buydown represents 50% of the 2025 premium increase that LACERS paid from the 115 Trust. The buydown is then included in the following year's Members' premiums. The UHC-CA one-party premium increase would be \$152.27, as it had the largest increase for both 2025 and 2026. A detailed breakdown by state and coverage level is in Attachment 2.

### *Anthem PPO Premium Increase*

Anthem initially proposed a 12.17% (\$208.27) increase for the PPO plan in 2026. Keenan negotiated with Anthem to provide a lower premium at either a 9% (\$154.02) increase, a 7% (\$119.80) increase, or a 5% (\$85.57) increase (e.g., see page 7 of Attachment 1). At the 12.17% increase, LACERS would not be held responsible for covering any premium deficits on Anthem's side. However, Members will have a higher monthly premium cost and monthly deduction, depending on their eligible subsidy amount and the number of dependents covered on the plan. At the 9% increase, LACERS would be responsible for the deficit should the claims' amount exceed the total premiums paid and the Members will have a lower premium increase. Additionally, any balance owed to Anthem will come from the Claims Stabilization Fund after the completion of the 2026 Year-End Accounting. The other two options also lower the Members' premiums but leave LACERS with a greater deficit risk. Therefore, the 9% increase is recommended as this will lower premiums for Members enrolled in the Anthem PPO plan, and reduce LACERS' deficit risk.

### *Delta Dental Renewal*

The Delta Dental PPO has been self-funded by LACERS beginning on January 1, 2019. A review of the premiums and claims shows the projected dental plan costs will be greater than current premiums, and the underwriting determined that a premium adjustment of 2.67% (\$1.36) with a 2.50% margin, or a 0.34% (\$0.17) without a margin, should cover the projected costs. The 2025 renewal projected that the premiums and claims would be greater than current premiums by 4.91%. The Board adopted the recommendation to not increase the 2025 premiums and to use the reserves in the 115 Trust to cover any deficit. It is recommended that the premiums increase 2.67%, i.e., one party from \$51.16 to \$52.52, for 2026 to increase the reserve level. The premium has not increased since 2019.

The 2025 DeltaCare USA (HMO) premium is guaranteed through 2027 and will not change for 2026. Overall, the 2026 dental plan costs are estimated to increase by \$326,730, or 2.51% to \$13.3 million.

### *Anthem Blue View Vision Renewal*

The Anthem Blue View Vision has been self-funded by LACERS beginning on January 1, 2022. Based on a review of the premiums and claims, the vision plan is operating at a surplus, and the underwriting determined the plan could withstand a premium decrease of 7.60% (\$0.69) with a 2.5% margin, or a 9.71% (\$0.89) without a margin. It is recommended that the premium not change for 2026 to allow the plan to continue building its reserve. In 2026, Keenan projects that \$89,430 will be added to LACERS'

reserves. Anthem Blue View Vision will contribute a separate \$10,000 to the wellness program from Anthem Medical.

### *Wellness Funding*

The carriers will continue to fund the LACERS wellness program and provide a total of \$298,500. Kaiser's funding of \$150,000, Anthem's funding of \$100,000, Anthem Blue View Vision's funding of \$10,000, SCAN's funding of \$20,000, UHC's funding of \$8,500, and Delta Dental's funding of \$10,000 remain at the same level as in 2025.

### Delegation to the General Manager

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 2026 health plan renewal process and answer the Committee's questions.

Prepared By: Tenah Johnson-Taylor, Senior Benefits Analyst I, Health, Wellness and Buyback Division

TB/DWN/KF/JK/MLD/tj

Attachments: 1. Keenan Report – 2026 Health Plan Renewal Final Report  
2. UHC 2026 Plan Renewal Premium Deduction Comparison



BAC Meeting: 08/12/25  
Item: IV  
Attachment 1

# Los Angeles City Employees' Retirement System

## 2026 Health Plan Renewal Report

### August 12, 2025

Respectfully Submitted by:  
Bordan Darm, Lead Consultant  
Jillian Turner, Technical Consultant / Underwriter

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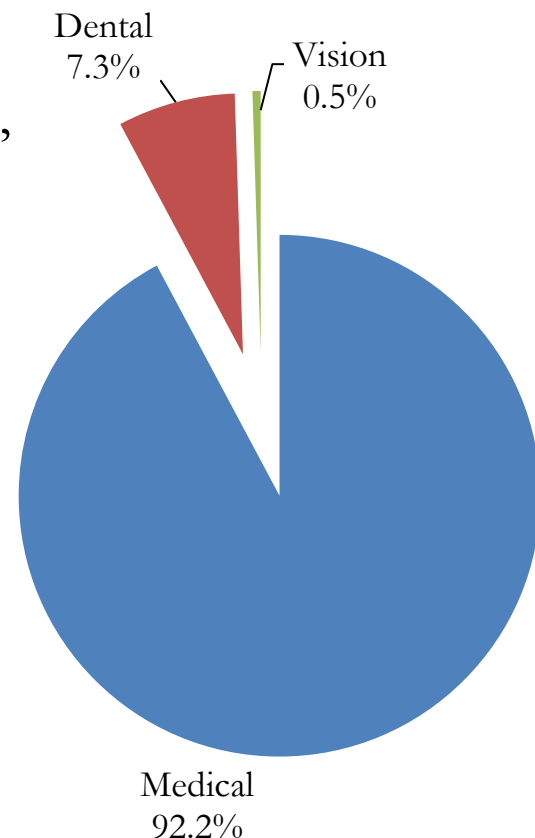
# Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2026 final health plan renewals.
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), SCAN and UnitedHealthcare (UHC) have provided medical plan renewals.
- The Delta DHMO plan rates will remain unchanged for 2026.
- The Delta Dental PPO plan has been self-funded since 2019; the administration fee remains unchanged for 2026.
- Anthem Blue View Vision has been self-funded since 2022; the vision administration fee remains unchanged for 2026.
- Data provided by the carriers included plan designs, rates, and enrollment.
- Please note that 2026 carrier rate renewal percentages are shown rounded to two decimal spaces. Actual 2026 proposed carrier rates may reflect a percentage variance but round to the same two-decimal percentage.



# Executive Summary

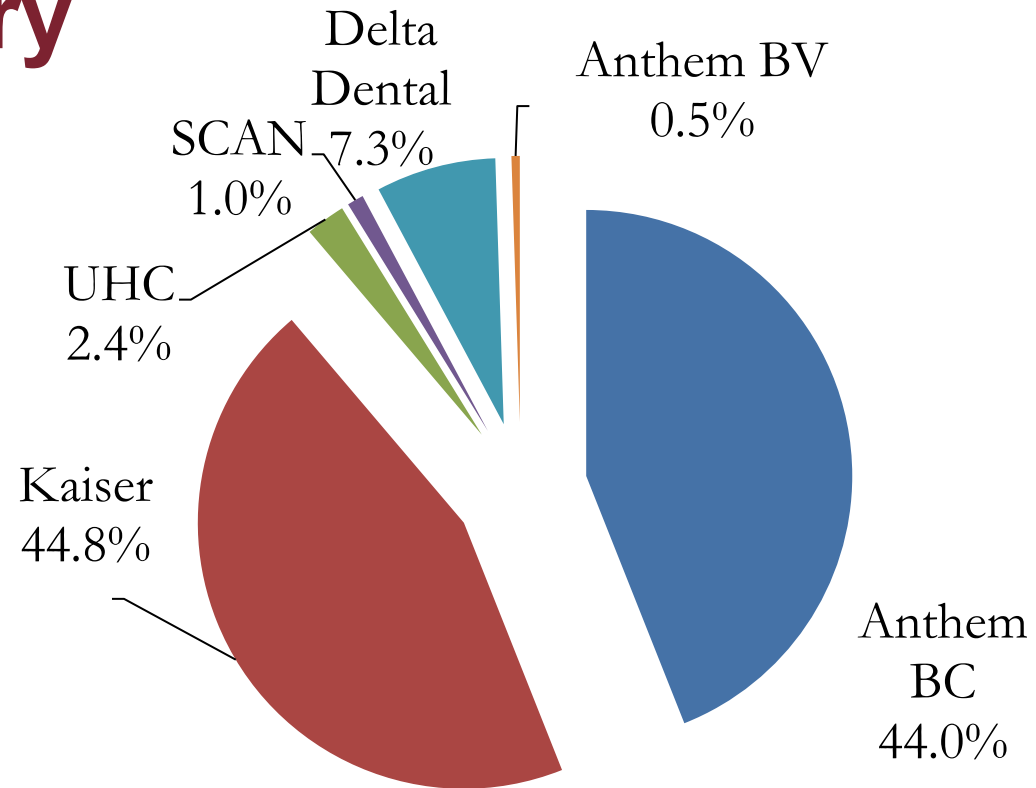
- The 2026 final renewal for the LACERS Health and Welfare Program requires an increase in cost of **\$12,552,181** or **7.35%**, from \$170,737,828 to \$183,290,010.
- The 2026 LACERS final premium adjustments are as follows:
  - Medical premiums: **\$12,225,451** or **7.80%**,
  - Dental premiums: **\$326,730** or **2.51%**, and
  - Vision premiums: **\$0** or **0.00%**
  - Total premium adjustment: **\$12,552,181** or **7.35%**
- The final renewal is \$2,595,964 less than the preliminary renewal.
- Out of LACERS' total premium: Medical represents **92.2%**, Dental **7.3%**, and Vision **0.5%**.



Overall Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
Medical	21,497	\$156,776,365	\$169,001,817	\$12,225,451	7.80%	\$2,436,168
Dental	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0
Vision	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
<b>GRAND TOTAL</b>	<b>46,446</b>	<b>\$170,737,828</b>	<b>\$183,290,010</b>	<b>\$12,552,181</b>	<b>7.35%</b>	<b>\$2,436,168</b>

# Executive Summary

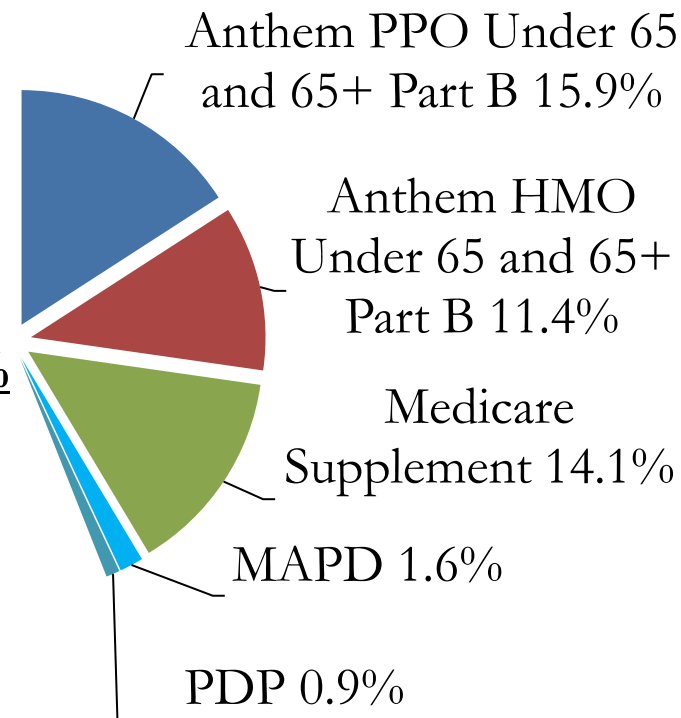
- The 2026 LACERS final renewal cost change by carrier is as follows:
  - Anthem: **\$6,756,278** or **9.15%**
  - Kaiser: **\$4,179,136** or **5.36%**
  - UHC: **\$1,239,840** or **39.08%**
  - SCAN: **\$50,197** or **2.81%**
  - Delta Dental: **\$326,730** or **2.51%**
  - Anthem Blue View: **\$0** or **0.00%**
- Kaiser and Anthem comprise 88.8% of the total cost.



Carrier	Current	2025		2026 Renewal - Final		Negotiated
Final Renewal	Enrollment	Premium	Premium	\$ Change	% Change	Savings
Anthem	8,040	\$73,864,218	\$80,620,496	\$6,756,278	9.15%	\$1,474,683
Kaiser	11,849	\$77,953,161	\$82,132,297	\$4,179,136	5.36%	\$961,485
UnitedHealthcare	899	\$3,172,306	\$4,412,146	\$1,239,840	39.08%	\$0
SCAN	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0
Delta Dental	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0
Anthem Blue View	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
<b>GRAND TOTAL</b>	<b>46,446</b>	<b>\$170,737,828</b>	<b>\$183,290,010</b>	<b>\$12,552,181</b>	<b>7.35%</b>	<b>\$2,436,168</b>

# Anthem Blue Cross Renewal

- Anthem Blue Cross comprises **44.0%** of LACERS' premium costs.
- Anthem proposes the following rate adjustments:
  - PPO Under 65 / 65+ Part B: **\$2,402,362** or **9.00%**
  - HMO Under 65 / 65+ Part B: **\$1,723,635** or **9.00%**
  - Medicare Advantage (MAPD): **\$2,486,849** or **10.61%**
  - PDP (Rx Only): **\$0** or **0.00%**
  - Medicare Supplement Coverage: **\$143,432** or **9.00%**
  - An overall change of **\$6,756,278** or **9.15%**
- Keenan successfully negotiated the Anthem renewal down by \$1,474,683
- Other considerations: \$100,000 wellness rate load



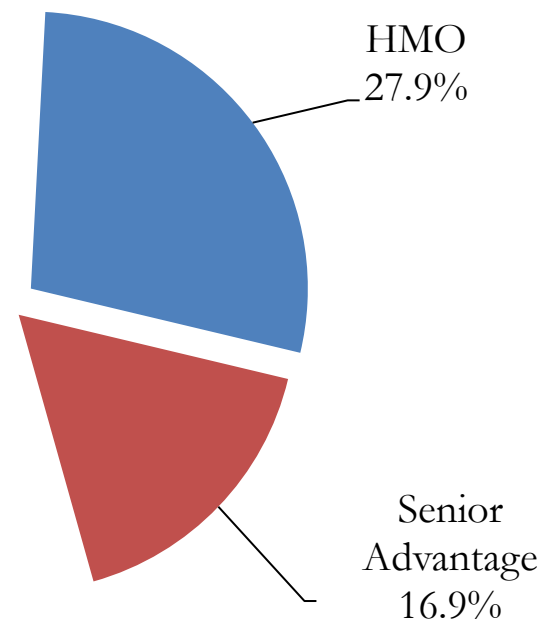
Anthem Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
PPO Under 65 and 65+ Part B	1,129	\$26,693,094	\$29,095,457	\$2,402,362	9.00%	(\$443,125)
HMO Under 65 and 65+ Part B	830	\$19,151,496	\$20,875,131	\$1,723,635	9.00%	\$1,991,879
MAPD (Medical and Rx)	5,013	\$23,439,785	\$25,926,634	\$2,486,849	10.61%	\$0
PDP (Rx Only)	836	\$2,986,225	\$2,986,225	\$0	0.00%	\$0
Medicare Supplement	232	\$1,593,617	\$1,737,049	\$143,432	9.00%	(\$74,071)
<b>Total</b>	<b>8,040</b>	<b>\$73,864,218</b>	<b>\$80,620,496</b>	<b>\$6,756,278</b>	<b>9.15%</b>	<b>\$1,474,683</b>

# Anthem Renewal Options

- Anthem provided three PPO renewal options from the preliminary renewal of **12.17%**:
  - **Option 1** - Reduce rate action to 9.0% plus a 3% Retro-funding arrangement plus a minimum \$1.7M Claim Stabilization Reserve (CSR) balance for 2026 policy year
    - The 12/31/24 CSR balance is \$1,176,572; the funding requirement is \$523,428
  - **Option 2** - Reduce rate action to 7.0% plus a 5% Retro-funding arrangement plus a minimum \$1.7M CSR balance for 2026 policy year
    - The 12/31/24 CSR balance is \$1,176,572; the funding requirement is \$523,428
  - **Option 3** - Reduce rate action to 5.0% plus a 5% Retro-funding arrangement plus a minimum \$2.7M CSR balance for 2026 policy year
    - The 12/31/24 CSR balance is \$1,176,572; the funding requirement is \$1,523,428
- A Retro-funding arrangement means
  1. Anthem will invoice LACERS at a lower rate for 2026 (based on selected option)
  2. After the 2026 plan year, any accumulated deficit position needs to be funded
  3. To cover the deficit, the retro arrangement is applied first
  4. If required, the CSR is applied secondarily to the deficit
  5. The Retro arrangement deficit would be invoiced with the 2026 financial year-end accounting

# Kaiser Permanente Renewal

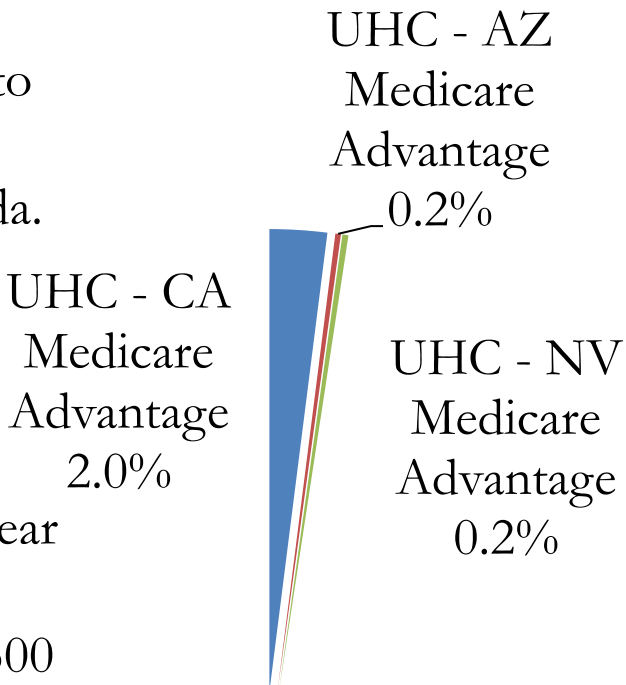
- Kaiser comprises **44.8%** of LACERS' premium costs.
- Kaiser requested the following rate adjustments:
  - HMO Under 65: **\$1,963,690** or **3.99%**
  - Senior Advantage: **\$2,215,446** or **7.69%**
  - For an overall increase of **\$4,179,136** or **5.36%**
  - Keenan successfully negotiated the Kaiser renewal down by \$961,485
- Other considerations:
  - \$150,000 rate load in the Pre-65 rates for the wellness program.
  - OnePass is Kaiser's new fitness program replacing the Active & Fit and Silver & Fit program



Kaiser Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final Premium	\$ Change	% Change	Negotiated Savings
HMO Under 65	2,060	\$49,159,405	\$51,123,095	\$1,963,690	3.99%	\$873,384
Senior Advantage	9,789	\$28,793,756	\$31,009,203	\$2,215,446	7.69%	\$88,101
<b>Total</b>	<b>11,849</b>	<b>\$77,953,161</b>	<b>\$82,132,297</b>	<b>\$4,179,136</b>	<b>5.36%</b>	<b>\$961,485</b>

# UnitedHealthcare Renewal


- UHC comprises **2.4%** of LACERS’ premium costs.
- UnitedHealthcare Medicare Advantage HMO is available to retired Members with Medicare Parts A and B.
- UHC provides coverage in California, Arizona, and Nevada.
- UHC proposes the following rate adjustments:
  - CA – **42.67%** or **\$1,098,000**
  - NV – **32.22%** or **\$86,400**
  - AZ – **16.76%** or **\$55,440**
- The 2026 overall renewal increase of 39.08% comes one year later after a 2025 overall renewal increase of 45.91%
- Other considerations: Wellness program contribution \$8,500



UnitedHealthcare Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
CA Medicare Advantage	732	\$2,573,448	\$3,671,448	\$1,098,000	42.67%	\$0
NV Medicare Advantage	90	\$268,121	\$354,521	\$86,400	32.22%	\$0
AZ Medicare Advantage	77	\$330,737	\$386,177	\$55,440	16.76%	\$0
Total	899	\$3,172,306	\$4,412,146	\$1,239,840	39.08%	\$0

# SCAN Renewal

- SCAN comprises **1.0%** of LACERS' premium costs.
- SCAN Medicare Advantage HMO is available to retired Members with Medicare Parts A and B.
- SCAN requested the following rate adjustments:
  - Medicare Advantage: **\$50,197** or **2.81%** increase
  - This is the first request for a renewal increase since 2017.
- Other considerations: Wellness program contribution of \$20,000

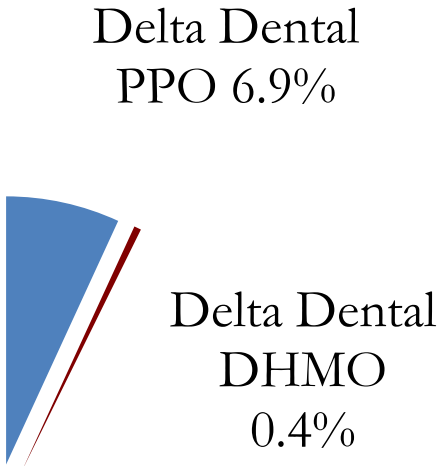


SCAN  
1.0%

SCAN Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Medicare Advantage	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0

# Delta Dental Renewal

- LACERS’ Delta Dental PPO and DHMO are currently in guarantee:
  - PPO fee guarantee is through 2027 with a 5.0% rate cap for 2028 and 2029.
  - DHMO rate guarantee is through 2027 with a 5.0% rate cap for 2028 and 2029.
- Delta Dental PPO and DHMO are available to all retired Members.
- Delta Dental comprises **7.3%** of LACERS’ premium costs.
- LACERS started self-funding the Delta Dental PPO in 2019.
- The self-funded PPO underwriting shows a rate adjustment of 2.67% (with 2.50% margin) and 0.34% (without margin).
- Other considerations: Wellness program contribution of \$10,000



Delta Dental Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO	14,494	\$12,254,272	\$12,581,003	\$326,730	2.67%	\$0
DHMO	3,079	\$782,168	\$782,168	\$0	0.00%	\$0
Total	17,573	\$13,036,440	\$13,363,171	\$326,730	2.51%	\$0

# Delta Dental Self-Funded Renewal

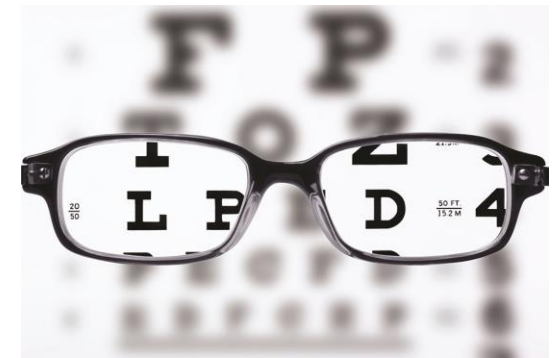
- 2026 will be the eighth year of self-funding the PPO dental plan
- The 2026 underwriting shows that projected costs are expected to be slightly more than the current premium
- The underwriting for 2026 shows a rate increase of:
  - 0.34% (without margin) or,
  - 2.67% with 2.50% margin.
- LACERS may want to consider the 2.67% renewal with margin to increase the reserve level

LACERS		
LACERS - Self-Funded Dental Renewal		
Effective from January 1, 2026 through December 31, 2026		
Experience Data from July 1, 2024 through June 30, 2025		
1	Paid Claims (7/1/2024 - 6/30/2025)	\$10,977,521
2	Covered Subscribers	173,783
3	Paid Claims/EE/Month	\$63.17
4	Trend Factor	2.5% 1.038
5	Expected Paid Claims (1/1/2026 - 12/31/2026)	\$65.55
6	Administration	\$5.10
7	Calculated Funding Level Without Margin	\$70.65
8	Current Average Funding Level	\$70.41
9	Calculated Funding Action Without Margin = (7)/(8) - 1	0.34%
10	Recommended Margin = Margin % x (5)	2.5% \$1.64
11	Calculated Funding Level With Margin = (7)+(10)	\$72.29
12	Current Average Funding Level = (8)	\$70.41
13	Calculated Funding Action With Margin = (11)/(12) - 1	2.67%

# Anthem Blue View Vision Renewal

- LACERS' Vision program is currently in fee guarantee through December 31, 2028
- Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN, and UHC
- Anthem Blue View comprises **0.5%** of LACERS' premium costs
- Anthem Blue View moved to self-funded for 2022
- 2026 will be LACERS Anthem Blue View vision coverage's fifth year of self-funding
- Keenan recommends holding rates **\$0** or **0.0%** for 2026.
- Other considerations: Wellness program contribution of \$10,000 (separate from Anthem medical)

Anthem Blue  
View 0.5%



Anthem Blue View Final Renewal	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Vision	7,376	\$925,022	\$925,022	\$0	0.00%	\$0

# Anthem Blue View Self-funded Renewal

- The 2026 underwriting shows that projected costs are expected to be less than the current premium.
- The Vision administration fee will remain unchanged for 2026.
- Underwriting for 2025 shows a rate decrease of:
  - -9.71% (without margin)
  - -7.60% with 2.5% margin
- Keenan recommends a rate pass for 2026 to allow the Vision plan to continue building its reserve.
- By holding rates for 2026 it is projected that LACERS will add \$89,430 to reserves.

LACERS		
LACERS - Self-Funded Vision Renewal		
Effective from January 1, 2026 through December 31, 2026		
Experience Data from July 1, 2024 through June 30, 2025		
1	Paid Claims (7/1/2024 - 6/30/2025)	\$722,428
2	Covered Subscribers	88,050
3	Incurred Claims/EE/Month	\$8.20
4	Trend Factor	5.0% 1.0759
5	Expected Paid Claims (1/1/2026 - 12/31/2026)	\$8.83
6	Administration	\$0.61
7	Calculated Funding Level Without Margin	\$9.44
8	Current Average Funding Level	\$10.46
9	<b>Calculated Funding Action Without Margin = (7)/(8) - 1</b>	<b>-9.71%</b>
10	Recommended Margin = Margin % x (5)	2.5% \$0.22
11	Calculated Funding Level With Margin = (7)+(10)	\$9.66
12	Current Average Funding Level = (8)	\$10.46
13	<b>Calculated Funding Action With Margin = (11)/(12) - 1</b>	<b>-7.60%</b>

# LACERS 2026 Renewal Projection

All Coverage MEDICAL	Current Enrollment	2025 Premium	2026 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
<b>Anthem*</b>						
PPO Under 65 and 65+ Part B	1,129	\$26,693,094	\$29,095,457	\$2,402,362	9.00%	(\$443,125)
HMO Under 65 and 65+ Part B	830	\$19,151,496	\$20,875,131	\$1,723,635	9.00%	\$1,991,879
MAPD (Medical and Rx)	5,013	\$23,439,785	\$25,926,634	\$2,486,849	10.61%	\$0
PDP (Rx Only)	836	\$2,986,225	\$2,986,225	\$0	0.00%	\$0
Medicare Supplement	232	\$1,593,617	\$1,737,049	\$143,432	9.00%	(\$74,071)
<b>Total Anthem</b>	<b>8,040</b>	<b>\$73,864,218</b>	<b>\$80,620,496</b>	<b>\$6,756,278</b>	<b>9.15%</b>	<b>\$1,474,683</b>
<b>Kaiser</b>						
HMO Under 65	2,060	\$49,159,405	\$51,123,095	\$1,963,690	3.99%	\$873,384
Senior Advantage	9,789	\$28,793,756	\$31,009,203	\$2,215,446	7.69%	\$88,101
<b>Total Kaiser</b>	<b>11,849</b>	<b>\$77,953,161</b>	<b>\$82,132,297</b>	<b>\$4,179,136</b>	<b>5.36%</b>	<b>\$961,485</b>
<b>UnitedHealthcare</b>						
CA Medicare Advantage	732	\$2,573,448	\$3,671,448	\$1,098,000	42.67%	\$0
NV Medicare Advantage	90	\$268,121	\$354,521	\$86,400	32.22%	\$0
AZ Medicare Advantage	77	\$330,737	\$386,177	\$55,440	16.76%	\$0
<b>Total UnitedHealthcare</b>	<b>899</b>	<b>\$3,172,306</b>	<b>\$4,412,146</b>	<b>\$1,239,840</b>	<b>39.08%</b>	<b>\$0</b>
<b>SCAN</b>						
Medicare Advantage	709	\$1,786,680	\$1,836,877	\$50,197	2.81%	\$0
<b>Total SCAN</b>	<b>709</b>	<b>\$1,786,680</b>	<b>\$1,836,877</b>	<b>\$50,197</b>	<b>2.81%</b>	<b>\$0</b>
<b>Medical Total</b>	<b>21,497</b>	<b>\$156,776,365</b>	<b>\$169,001,817</b>	<b>\$12,225,451</b>	<b>7.80%</b>	<b>\$2,436,168</b>
<b>DENTAL</b>						
Delta Dental PPO (self-funded)	14,494	\$12,254,272	\$12,581,003	\$326,730	2.67%	\$0
Delta Dental HMO	3,079	\$782,168	\$782,168	\$0	0.00%	\$0
<b>Dental Total</b>	<b>17,573</b>	<b>\$13,036,440</b>	<b>\$13,363,171</b>	<b>\$326,730</b>	<b>2.51%</b>	<b>\$0</b>
<b>VISION</b>						
Anthem Blue View (self-funded)	7,376	\$925,022	\$925,022	\$0	0.00%	\$0
<b>Vision Total</b>	<b>7,376</b>	<b>\$925,022</b>	<b>\$925,022</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>
<b>GRAND TOTAL</b>		<b>\$170,737,828</b>	<b>\$183,290,010</b>	<b>\$12,552,181</b>	<b>7.35%</b>	<b>\$2,436,168</b>

\* Anthem 2026 Final Renewal figures assume selection of Option 1 on slide 7.

# 2026 Proposed Renewal Action:

It is recommended LACERS maintain its multi-year strategy to smooth member renewals by holding member rates where possible. This enables LACERS to build reserves to better serve retirees.

## 2026 Proposed Carrier Rate Renewals and Member Rates:

- **Anthem** – Carrier rates: HMO and PPO +9.00% (Option 1), Medicare Supplemental plan +9.00%, Medicare Advantage plan +10.61%, and the PDP (Rx only) +0.00%; for all plans, carrier rates equal member rates.
- **Kaiser** – Carrier rates: 3.99% increase; member rates equal carrier rates.
- **KPSA** – Carrier rates: 7.69% increase; member rates equal carrier rates.
- **UHC** – Still in negotiation; initial carrier rates: +39.08%; member rates equal carrier rates.
- **SCAN** – Carrier rates: 2.81% increase; member rates remain unchanged resulting in LACERS accumulating 1.00% of the carrier rates for reserves.
- **Delta Dental** – Carrier rates and member rates to increase for DPPO only: 2.67%; DHMO carrier rates and member rates remain unchanged.
- **Anthem Blue View Vision** - Carrier rates and member rates to remain unchanged.

# 2026 State and Federal Mandates

Anthem, Kaiser, UHC, and SCAN were asked to provide Federal and State mandates that impact the LACERS renewals.

## California State Mandate

**Treatment for infertility and fertility services California (CA) Senate Bill (SB) 729:** Effective for plans renewing on or after July 1, 2025, SB 729. Mandates coverage of the diagnosis and treatment of infertility and fertility services. Coverage must include up to 3 completed oocyte retrievals with unlimited embryo transfers.

Update: The CA State Budget signed June 30, 2025, includes trailer bill, AB 116 which delays the implementation of SB 729 to January 1, 2026.

## Centers for Medicare & Medicaid Services (CMS) Mandates (Federal)

**CMS Two-Midnight Rule:** is a Medicare guideline that helps determine whether a hospital stay should be billed as an inpatient stay (Medicare Part A) or an outpatient stay (Medicare Part B). It generally suggests that if a physician expects a patient to need hospital care spanning at least two midnights, the stay is likely appropriate for inpatient admission and Part A payment.

- Medical trend as providers see observation stays turn to inpatient stays
- 2026 Renewal Cost impact to LACERS Medicare Advantage Plan: \$16.34 PMPM (Anthem)

# 2026 Federal Mandates

## CMS (Federal) Mandates

**CMS Utilization Management (UM) Rule:** Aims to improve care access and transparency within Medicare Advantage (MA) plans. Specifically, the rule impacts the following areas:

- **Prior Authorization:** should only be used to confirm diagnoses, medical necessity, and the presence of required documentation.
- **Continuity of Care:** plans must provide a minimum 90-day transition period without requiring prior authorization for beneficiaries in care during a qualified change in plans.
- **Utilization Management Committee:** MA plans are required to establish a UM Committee that annually reviews policies. The committee must include an expert in health equity.
- **Health Equity:** Mandates an annual health equity analysis by the UM Committee, examining the impact of prior authorization on enrollees with social risk factors.
- 2026 Renewal Cost impact to LACERS Medicare Advantage Plan: \$15.00 PMPM (Anthem)

**CMS Rx Risk Score Mechanism (change):** an increase in the Rx MAPD risk score normalization factor decreases reimbursement rates for plan sponsors. Specifically, a reduction in non-low-income Rx risk score decreases the CMS direct subsidy for Part D.

- 2026 Renewal Cost impact to LACERS Medicare Advantage Plan: \$10.00 PMPM (Anthem), \$20-\$40 PMPM (UHC)

**GLP-1 Drugs:** CMS limits access to GLP-1 drugs for weight loss. CMS clarifies that anti-obesity medications (AOMs) are covered under Medicare Part D, with expanded FDA-approved indications beyond weight loss such as for reducing cardiovascular risk, and diabetic conditions.

# 2026 Carrier Changes

## **Anthem Medicare Advantage:**

- Continuous Glucose Monitors preferred brands change to Freestyle & Dexcom
- Abbott replacing LifeScan for preferred diabetic testing supplies
- Access2Care will merge under Medicare Transportation Management, Inc. (MTM)

## **UHC Medicare Advantage, 2026 Emergency Response System (PERS) by Lifeline:**

- Effective December 31, 2025, we will be discontinuing the PERS benefit with Lifeline.
- Starting January 1, 2026, retirees will have the option to convert to private pay and continue their services with Lifeline at a discounted rate.
  - Alternatively, retirees may elect to discontinue their services, in which case Lifeline will deactivate their devices during the first week of January 2026.

# Appendix

# Anthem PPO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
U65 and 65+ Part B PPO - Refunding		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>Retiree Only</b>									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,711.36	\$1,865.38	9.00%	\$1,711.36	\$1,865.38	9.00%	\$0.00	\$0.00
<b>Retiree and One Dependent</b>									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$3,422.71	\$3,730.76	9.00%	\$3,422.71	\$3,730.76	9.00%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,711.36	\$1,865.38	9.00%	\$1,711.36	\$1,865.38	9.00%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,711.36	\$1,865.38	9.00%	\$1,711.36	\$1,865.38	9.00%	\$0.00	\$0.00
<b>Retiree and Family (Family = 2 or more dependents)</b>									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$4,021.69	\$4,383.65	9.00%	\$4,021.69	\$4,383.65	9.00%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$2,310.34	\$2,518.27	9.00%	\$2,310.34	\$2,518.27	9.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$2,310.34	\$2,518.27	9.00%	\$2,310.34	\$2,518.27	9.00%	\$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)	\$598.98	\$652.89	9.00%	\$598.98	\$652.89	9.00%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 9.00% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces is: U = 8.9999% (+\$0.00), UU = 9.00002% (+\$0.01), and UUU = 9.0002% (+\$0.01).

# Anthem HMO Rates

Anthem HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,365.00	\$1,487.85	9.00%	\$1,365.00	\$1,487.85	9.00%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,730.00	\$2,975.70	9.00%	\$2,730.00	\$2,975.70	9.00%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,365.00	\$1,487.85	9.00%	\$1,365.00	\$1,487.85	9.00%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,365.00	\$1,487.85	9.00%	\$1,365.00	\$1,487.85	9.00%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$3,549.00	\$3,868.41	9.00%	\$3,549.00	\$3,868.41	9.00%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$2,184.00	\$2,380.56	9.00%	\$2,184.00	\$2,380.56	9.00%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$2,184.00	\$2,380.56	9.00%	\$2,184.00	\$2,380.56	9.00%	\$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)	\$819.00	\$892.71	9.00%	\$819.00	\$892.71	9.00%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 9.00% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces have the same cost impact / rates.

# Anthem Medicare Supplement

Anthem Medicare Supplement Plan - Refunding		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>Retiree Only</b>									
<b>M</b>	Retiree > 65 with both Parts A & B of Medicare	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
<b>Retiree and One Dependent</b>									
<b>UM</b>	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
<b>MU</b>	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,144.84	\$1,247.88	9.00%	\$1,144.84	\$1,247.88	9.00%	\$0.00	\$0.00
<b>Retiree and Family (Family = 2 or more dependents)</b>									
<b>UMU</b>	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
<b>MUU</b>	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$572.42	\$623.94	9.00%	\$572.42	\$623.94	9.00%	\$0.00	\$0.00
<b>MMU</b>	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,144.84	\$1,247.88	9.00%	\$1,144.84	\$1,247.88	9.00%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,717.26	\$1,871.82	9.00%	\$1,717.26	\$1,871.82	9.00%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 9.00% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces only varies for MMM 9.0004% (+\$0.01).

# Anthem Medicare Advantage

Anthem Medicare Advantage Plan		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>Retiree Only</b>									
<b>M</b>	Retiree > 65 with both Parts A & B of Medicare	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
<b>Retiree and One Dependent</b>									
<b>UM</b>	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
<b>MU</b>	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
<b>MM</b>	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$779.30	\$861.98	10.61%	\$852.24	\$861.98	1.14%	\$72.94	\$0.00
<b>Retiree and Family (Family = 2 or more dependents)</b>									
<b>UMU</b>	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
<b>MUU</b>	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$389.65	\$430.99	10.61%	\$426.12	\$430.99	1.14%	\$36.47	\$0.00
<b>MMU</b>	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$779.30	\$861.98	10.61%	\$852.24	\$861.98	1.14%	\$72.94	\$0.00
<b>MMM</b>	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,168.95	\$1,292.97	10.61%	\$1,278.36	\$1,292.97	1.14%	\$109.41	\$0.00

Note: 2026 renewal increase is rounded to 10.61% by Anthem. Actual 2026 renewal increase calculation carried out to four decimal spaces varies for all Medicare Advantage rates (10.6095%) but only impacts the MMM 10.0095% rate by +\$0.01.

# Kaiser Rates

Kaiser HMO		Carrier Rates			Member Rates			Amount Retained by	
		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>Retiree Only</b>									
<b>U</b>	Retiree < 65 or > 65 with only Part B of Medicare	\$1,117.28	\$1,161.91	3.99%	\$1,117.28	\$1,161.91	3.99%	\$0.00	\$0.00
<b>M</b>	Retiree with Medicare	\$245.12	\$263.98	7.69%	\$262.47	\$263.98	0.58%	\$17.35	\$0.00
<b>Retiree and One Dependent</b>									
<b>UU</b>	Retiree & Dependent both < 65	\$2,234.56	\$2,323.82	3.99%	\$2,234.56	\$2,323.82	3.99%	\$0.00	\$0.00
<b>UM</b>	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,362.40	\$1,425.89	4.66%	\$1,362.40	\$1,425.89	4.66%	\$0.00	\$0.00
<b>MU</b>	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,362.40	\$1,425.89	4.66%	\$1,362.40	\$1,425.89	4.66%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$490.24	\$527.96	7.69%	\$524.94	\$527.96	0.58%	\$34.70	\$0.00
<b>Retiree and Family (Family = 2 or more dependents)</b>									
<b>UUU</b>	Retiree & Dependents all < 65	\$2,904.92	\$3,020.96	3.99%	\$2,904.92	\$3,020.96	3.99%	\$0.00	\$0.00
<b>UMU</b>	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$2,032.76	\$2,123.03	4.44%	\$2,032.76	\$2,123.03	4.44%	\$0.00	\$0.00
<b>MUU</b>	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$2,032.76	\$2,123.03	4.44%	\$2,032.76	\$2,123.03	4.44%	\$0.00	\$0.00
<b>MMU</b>	Retiree & One Dependent > 65 with both Parts A&B of Medicare & One+ Dependent w/out Medicare	\$1,160.60	\$1,225.10	5.56%	\$1,160.60	\$1,225.10	5.56%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$735.36	\$791.94	7.69%	\$787.41	\$791.94	0.58%	\$52.05	\$0.00

Note: 2026 renewal increase is rounded to 3.99% by Kaiser. Actual 2026 renewal increase calculation carried out to four decimal spaces is: U = 3.9945% (+\$0.05), UU = 3.9945% (+\$0.10), and UUU = 3.9946% (+\$0.13). KPSA M = 7.6942% (+\$0.01).

# UHC Rates

UHC HMO MAPD with RX		Carrier Rates			Member Rates			Amount Retained by LACERS	
		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>California</b>									
<b>M</b>	Retiree with Medicare	\$292.97	\$417.97	42.67%	\$292.97	\$417.97	42.67%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$585.94	\$835.94	42.67%	\$585.94	\$835.94	42.67%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$878.91	\$1,253.91	42.67%	\$878.91	\$1,253.91	42.67%	\$0.00	\$0.00
<b>Nevada</b>									
<b>M</b>	Retiree with Medicare	\$248.26	\$328.26	32.22%	\$248.26	\$328.26	32.22%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$496.52	\$656.52	32.22%	\$496.52	\$656.52	32.22%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$744.78	\$984.78	32.22%	\$744.78	\$984.78	32.22%	\$0.00	\$0.00
<b>Arizona</b>									
<b>M</b>	Retiree with Medicare	\$357.94	\$417.94	16.76%	\$357.94	\$417.94	16.76%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$715.88	\$835.88	16.76%	\$715.88	\$835.88	16.76%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,073.82	\$1,253.82	16.76%	\$1,073.82	\$1,253.82	16.76%	\$0.00	\$0.00

Note: 2026 renewal increase is rounded to 42.67% CA, 32.22% NV, and 16.76% AZ by UHC. Actual 2026 renewal increase calculation carried out to four decimal spaces is: CA M = 42.6665% (+\$0.01), NV M = 32.2243% (-\$0.01), and AZ = M 16.7626% (-\$0.01).

# SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>M</b>	Retiree with Medicare	\$210.00	\$215.90	2.81%	\$217.79	\$217.79	0.00%	\$7.79	\$1.89
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$420.00	\$431.80	2.81%	\$435.58	\$435.58	0.00%	\$15.58	\$3.78
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$630.00	\$647.70	2.81%	\$653.37	\$653.37	0.00%	\$23.37	\$5.67

Note: 2026 renewal increase is rounded to 2.81% by SCAN. Actual 2026 renewal increase calculation carried out to four decimal spaces is: M = 2.8095% (no \$0.00 difference).

# Delta Dental Rates

Delta Dental Dental		Carrier Rates			Member Rates			Amount Retained by	
		2025	2026	% Change	2025	2026	% Change	2025	2026
<b>Dental Self-funded PPO</b>									
	Dental ASO Fee PRPM	\$5.10	\$5.10	0.00%					
<b>M</b>	Retiree	\$51.16	\$52.52	2.67%	\$51.16	\$52.52	2.67%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent	\$101.45	\$104.16	2.67%	\$101.45	\$104.16	2.67%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$146.56	\$150.47	2.67%	\$146.56	\$150.47	2.67%	\$0.00	\$0.00
<b>DHMO</b>									
<b>M</b>	Retiree	\$15.70	\$15.70	0.00%	\$15.70	\$15.70	0.00%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent	\$29.31	\$29.31	0.00%	\$29.31	\$29.31	0.00%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$33.89	\$33.89	0.00%	\$33.89	\$33.89	0.00%	\$0.00	\$0.00

# Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount Retained by LACERS	
Vision		2025	2026	% Change	2025	2026	% Change	2025	2026
Vision Self-funded		Self-Funded Fee & Equivalent Rates							
	Vision ASO Fee PRPM	\$0.61	\$0.61	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 Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jul-23	3,400	\$737,598	\$72,027	\$809,626	14,130	\$999,658	\$190,032	81.0%
Aug-23	4,998	\$1,014,120	\$72,206	\$1,086,326	14,167	\$1,001,988	-\$84,338	108.4%
Sep-23	3,662	\$750,572	\$72,384	\$822,956	14,185	\$1,002,477	\$179,521	82.1%
Oct-23	4,016	\$792,776	\$72,420	\$865,196	14,191	\$1,002,106	\$136,910	86.3%
Nov-23	4,692	\$923,962	\$72,379	\$996,341	14,187	\$1,001,218	\$4,877	99.5%
Dec-23	3,945	\$776,058	\$72,216	\$848,274	14,165	\$998,922	\$150,648	84.9%
Jan-24	3,686	\$828,459	\$72,833	\$901,292	14,289	\$1,009,299	\$108,007	89.3%
Feb-24	4,980	\$1,179,720	\$73,001	\$1,252,721	14,315	\$1,011,077	-\$241,644	123.9%
Mar-24	4,375	\$954,169	\$73,022	\$1,027,191	14,317	\$1,010,642	-\$16,549	101.6%
Apr-24	4,125	\$938,520	\$73,103	\$1,011,624	14,339	\$1,011,828	\$204	100.0%
May-24	5,060	\$1,081,869	\$73,098	\$1,154,968	14,334	\$1,010,653	-\$144,315	114.3%
Jun-24	4,060	\$889,967	\$73,216	\$963,182	14,363	\$1,012,313	\$49,131	95.1%
Jul-24	3,776	\$775,628	\$73,420	\$849,048	14,386	\$1,013,490	\$164,442	83.8%
Aug-24	4,908	\$1,002,371	\$73,425	\$1,075,795	14,400	\$1,014,071	-\$61,724	106.1%
Sep-24	3,707	\$758,349	\$73,450	\$831,799	14,397	\$1,013,551	\$181,752	82.1%
Oct-24	4,854	\$975,961	\$73,496	\$1,049,457	14,420	\$1,014,818	-\$34,639	103.4%
Nov-24	3,669	\$711,133	\$73,506	\$784,639	14,419	\$1,013,907	\$229,268	77.4%
Dec-24	3,966	\$837,277	\$73,557	\$910,834	14,410	\$1,012,869	\$102,035	89.9%
Jan-25	4,175	\$961,897	\$74,144	\$1,036,041	14,548	\$1,024,956	-\$11,085	101.1%
Feb-25	4,235	\$996,750	\$74,108	\$1,070,858	14,551	\$1,024,723	-\$46,135	104.5%
Mar-25	4,326	\$965,974	\$74,174	\$1,040,149	14,563	\$1,025,437	-\$14,711	101.4%
Apr-25	4,182	\$963,704	\$74,404	\$1,038,108	14,556	\$1,024,954	-\$13,153	101.3%
May-25	5,178	\$1,157,698	\$74,363	\$1,232,061	14,572	\$1,026,814	-\$205,248	120.0%
Jun-25	4,077	\$870,779	\$74,399	\$945,178	14,561	\$1,026,688	\$81,510	92.1%
<b>Total</b>	<b>4,252</b>	<b>\$21,845,311</b>	<b>\$1,758,351</b>	<b>\$23,603,664</b>	<b>14,365</b>	<b>\$24,308,458</b>	<b>\$704,795</b>	<b>97.1%</b>

<b>Prior 12</b>	<b>4,250</b>	<b>\$10,867,790</b>	<b>\$871,905</b>	<b>\$11,739,697</b>	<b>14,249</b>	<b>\$12,072,181</b>	<b>\$332,484</b>	<b>97.2%</b>
<b>Current 12</b>	<b>4,281</b>	<b>\$10,977,521</b>	<b>\$886,446</b>	<b>\$11,863,967</b>	<b>14,270</b>	<b>\$12,236,277</b>	<b>\$372,311</b>	<b>97.0%</b>

# Anthem Blue View Vision – Experience

Date	Paid Amount	Administration	Total Expenses	Susbscribers	Estimated Premium	Surplus / Deficit	Total Cost Loss Ratio
Jul-23	\$59,734	\$4,760	\$64,494	7,105	\$74,286	\$9,792	86.8%
Aug-23	\$47,432	\$4,770	\$52,202	7,119	\$74,441	\$22,239	70.1%
Sep-23	\$49,850	\$4,779	\$54,629	7,133	\$74,570	\$19,941	73.3%
Oct-23	\$63,623	\$4,780	\$68,403	7,134	\$74,594	\$6,191	91.7%
Nov-23	\$38,218	\$4,776	\$42,995	7,129	\$74,530	\$31,535	57.7%
Dec-23	\$62,947	\$4,774	\$67,721	7,126	\$74,513	\$6,792	90.9%
Jan-24	\$65,018	\$4,815	\$69,833	7,187	\$75,136	\$5,303	92.9%
Feb-24	\$36,906	\$4,826	\$41,732	7,203	\$75,313	\$33,581	55.4%
Mar-24	\$42,442	\$4,838	\$47,280	7,222	\$75,508	\$28,227	62.6%
Apr-24	\$57,718	\$4,843	\$62,561	7,223	\$75,517	\$12,956	82.8%
May-24	\$50,864	\$4,847	\$55,711	7,229	\$75,590	\$19,879	73.7%
Jun-24	\$49,278	\$4,865	\$54,143	7,256	\$75,866	\$21,723	71.4%
Jul-24	\$52,394	\$4,883	\$57,277	7,283	\$76,156	\$18,879	75.2%
Aug-24	\$39,739	\$4,888	\$44,627	7,291	\$76,237	\$31,610	58.5%
Sep-24	\$67,757	\$4,888	\$72,645	7,291	\$76,237	\$3,592	95.3%
Oct-24	\$52,740	\$4,897	\$57,637	7,304	\$76,358	\$18,721	75.5%
Nov-24	\$53,614	\$4,902	\$58,516	7,311	\$76,440	\$17,925	76.6%
Dec-24	\$65,094	\$4,905	\$69,999	7,316	\$76,494	\$6,495	91.5%
Jan-25	\$53,533	\$4,482	\$58,015	7,348	\$76,834	\$18,819	75.5%
Feb-25	\$65,260	\$4,486	\$69,746	7,354	\$76,883	\$7,137	90.7%
Mar-25	\$72,204	\$4,491	\$76,695	7,363	\$76,988	\$292	99.6%
Apr-25	\$68,651	\$4,498	\$73,149	7,373	\$77,087	\$3,939	94.9%
May-25	\$63,660	\$4,511	\$68,171	7,395	\$77,313	\$9,142	88.2%
Jun-25	\$67,782	\$4,527	\$72,309	7,421	\$77,594	\$5,285	93.2%
<b>Total</b>	<b>\$1,346,459</b>	<b>\$114,032</b>	<b>\$1,460,491</b>	<b>7,255</b>	<b>\$1,820,485</b>	<b>\$359,994</b>	<b>80.2%</b>

<b>Prior 12</b>	<b>\$624,031</b>	<b>\$57,674</b>	<b>\$681,704</b>	<b>7,172</b>	<b>\$899,863</b>	<b>\$218,159</b>	<b>75.8%</b>
<b>Current 12</b>	<b>\$722,428</b>	<b>\$56,359</b>	<b>\$778,787</b>	<b>7,338</b>	<b>\$920,622</b>	<b>\$141,835</b>	<b>84.6%</b>

# 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

UnitedHealthcare - CA															
RETIREEES		DEDUCTION			DIFFERENCE			SURVIVORS		DEDUCTION			DIFFERENCE		
ServCrdt	1pty count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrdt	1pty count	2025 Mbr prem	2026 with Full prem	2026 with 50/50 prem split	Deduction increase w/Full prem	Deduction Increase w/split prem	
10-14ys	33	68.71	106.78	91.15	38.07	22.44		10-14ys	11	68.71	106.78	91.15	38.07	22.44	
15-19yrs	34	27.48	42.71	36.46	15.23	8.98		15-19yrs	6	27.48	42.71	36.46	15.23	8.98	
20+	125	0	0	0	0	0		20+	74	0	0	0	0	0	
								UnitedHealthcare - CA with Anthem HMO (Dualcare)							
RETIREEES		DEDUCTION			DIFFERENCE			RETIREEES		DEDUCTION			DIFFERENCE		
ServCrdt	2pty Ret & Dep A&B count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrdt	2pty - Ret AB, Dep<65 count	2025 Mbr prem	2026 Full prem	2026 with 50/50 prem split	Deduction increase w/Full prem	Deduction Increase w/split prem	
10-14ys	10	338.52	528.86	450.73	190.34	112.21		16yr	1	1286.84	1490.71	1484.39	203.87	197.55	
15yr	6	280.28	464.79	396.04	184.51	115.76		21yrs*	1	795.64	966.45	966.36	170.81	170.72	
16yrs	2	187.54	420.83	352.01	233.29	164.47		25+*	34	424.67	581.21	581.11	156.54	156.44	
17yrs	5	94.8	324.52	255.7	229.72	160.9									
18 yr	4	27.48	228.21	159.39	200.73	131.91		* At 20+yrs Retiree UHC premium fully subsidized, deduction is for Dependent(s)							
19yrr	5	27.48	131.9	63.07	104.42	35.59									
20+	157	0	0		0	0									
UnitedHealthcare - NV															
RETIREEES		DEDUCTION			DIFFERENCE			SURVIVORS		DEDUCTION			DIFFERENCE		
ServCrdt	1pty count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrdt	1pty count	2025 Mbr prem	2026 Full prem	2026 with 50/50 prem split	Deduction increase w/Full prem	Deduction Increase w/split prem	
10-14ys	6	59.33	84.35	74.35	25.02	15.02		10-14ys	0	59.33	84.35	74.35	25.02	15.02	
15-19yrs	7	23.73	33.74	29.74	10.01	6.01		15-19yrs	2	23.73	33.74	29.74	10.01	6.01	
20+	28	0	0	0	0	0		20+	3	0	0	0	0	0	
UnitedHealthcare - NV															

RETIREEES		DEDUCTION			DIFFERENCE										
ServCrd	2pty Ret & Dep A&B count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem									
10-14ys	0	291.64	416.72	366.72	125.08	75.08									
15yr	1	239.03	366.11	278.08	127.08	39.05									
20+ys	18	0	0	0	0	0									
UnitedHealthcare - AZ															
RETIREEES		DEDUCTION			DIFFERENCE			SURVIVORS		DEDUCTION			DIFFERENCE		
ServCrd	1pty count	2025 Mbr p	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem		ServCrd	1pty count	2025 Mbr prem	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem	
10-14ys	4	86.14	106.77	99.27	20.63	13.13		10-14ys	0	86.14	106.77	99.27	20.63	13.13	
15-19ys	4	34.46	42.71	39.71	8.25	5.25		15-19ys	4	34.46	42.71	39.71	8.25	5.25	
20+	9	0	0	0	0	0		20+	9	0	0	0	0	0	
RETIREEES		DEDUCTION			DIFFERENCE										
ServCrd	2pty Ret & Dep A&B count	2025	2026 Full prem	2026 prem split 50/50	Deduction increase w/Full prem	Deduction Increase w/split prem									
10-14ys	2	425.69	528.82	491.32	103.13	65.63									
15yr	1	357	464.76	431.76	107.76	74.76									
20+ys	3	0	0	0	0	0									

Note: Dualcare is not available in NV and AZ



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO BENEFITS ADMINISTRATION COMMITTEE**

**From: Todd Bouey, Interim General Manager**

*T. Bouey*

**MEETING: AUGUST 12, 2025**

**ITEM: V**

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**SUBJECT: 2026 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION**

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

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**Recommendation**

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

1. A maximum medical plan premium subsidy of \$2,407.84 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 \$2,407.84 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 \$633.08 per month for Tier 1 Discretionary and Vested and Tier 3 Retired Members, with Medicare Parts A and B, enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$42.93 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report.

**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) § 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.

<b>Benefit Type</b>	<b>Tier 1 Retired Before July 1, 2011, “Discretionary”</b>	<b>Tier 1 Retired After July 1, 2011, “Vested”</b>	<b>Tier 1 Retired After July 1, 2011, “Capped”</b>	<b>Tier 3</b>
Retiree Medical Subsidy, Under Age 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 Age 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 Age 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 Age 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 2026 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below.

## **Discussion**

***Retiree Medical Subsidy, Under Age 65 or Medicare Part B Only*** (LAAC § 4.1111(b), 4.1111(c), 4.1126(b))

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

LAAC Authority: The increases in the maximum plan subsidy to Vested Members shall be provided at an amount not less than the increase in the Kaiser two-party non-Medicare Part A and B premium.

Limitations:

- 1) The 2026 Kaiser non-Medicare two-party plan premium increases by \$89.26 or 3.99%, from \$2,234.56 to \$2,323.82.

Recommendation: That the maximum subsidy be increased from \$2,318.58 to \$2,407.84 (\$2,318.58 + \$89.26, or 3.85%).

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

LAAC Authority: The Board has the option to apply the Vested Retired Members subsidy increase to Discretionary Retired Members (LAAC § 4.1111 (b)) so long as any increase does not exceed the dollar increase in the Kaiser non-Medicare two-party plan premium and the three-year average percentage increase does not exceed the average assumed medical trend rates for the same period.

Limitations:

- 1) The 2026 Kaiser non-Medicare two-party plan premium increases by \$89.26 or 3.99%, from \$2,234.56 to \$2,323.82.
- 2) The three-year 2026 Assumed Actuarial Medical Trend Rate (AAMTR) assumption is 7.33% and the maximum increase for 2026 is 4.5%. With the 3.85% subsidy increase, the three-year average is below the actuarial medical trend rate limit.

Recommendation: To be the same as Vested Retired Members above. The maximum subsidy be increased from \$2,318.58 to \$2,407.84 (\$2,318.58 + \$89.26, or 3.85%).

### ***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 § 4.1112(b), 4.1127(b))*

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

Recommended Subsidy: It is recommended that the same maximum subsidy be applied toward MPRP reimbursements at \$2,407.84. This will provide Retired Members and Survivors 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 Retired Members Enrolled in Medicare Parts A and B*

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

Recommended Subsidy: In 2026, the monthly premium for LACERS' highest-cost single-party Medicare Parts A and B medical plan, the Anthem Blue Cross Life & Health Medicare Plan (Medicare Supplement) will be \$633.08. Staff recommend that the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$633.08.

### Overall Member Impact

The chart below shows the average medical subsidy paid by LACERS and the monthly allowance premium deduction amounts paid by Tier 1 Members in 2025 as compared to the 2026 recommendations.

Tier 1 Member Status	2026 Estimated Population	<u>Tier 1 – 2025 Subsidy</u> \$2,318.58		<u>Tier 1 – 2026 Subsidy</u> \$2,407.84	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	4,582	\$1,471.24	\$97.77	\$1,527.88	\$146.10
Non-Medicare Survivor	208	\$846.59	\$158.17	\$880.37	\$184.12
Medicare Retiree	10,661	\$474.07	\$41.16	\$491.36	\$75.99
Medicare Survivor	1,591	\$313.87	\$11.67	\$324.11	\$34.45
<b>Total Subscribers</b>	<b>17,042</b>	<b>\$732.43</b>	<b>\$55.06</b>	<b>\$759.18</b>	<b>\$92.28</b>

### Dental Plan Premium Subsidy (LAAC § 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 2026 is estimated to remain at \$42.93 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be set at \$42.93. The maximum subsidy

for Active Members has not been approved by the City. Therefore, delegating authority to the General Manager is necessary, in case an adjustment is made in the future.

Prepared By: Rainbow Sun, Senior Benefits Analyst I, Health, Wellness, and Buyback Division

TB/DWN/KF/JK/MLD:rs

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, then the increase must be approved by the City Council. City Council may set the increase at any other amount.

For 2026, the Kaiser Permanente HMO (non-Medicare) two-party premium will increase by \$89.26 or 3.99%. The 2026 maximum medical plan premium subsidy increase to \$2,407.84 does not exceed the LAAC limitation, as the three-year average increase of 7.12% is lower than the three-year average assumed actuarial medical trend rate of 7.33%. The table below shows how much the Board may increase the 2026 maximum subsidy before hitting the cap imposed by the three-year average of assumed actuarial medical trend rates.

	Assumed Actuarial Medical Trend Rate*	% Increase	Max. Medical Subsidy Amt. (Cap)
<b>2026</b>	<b>7.50%</b>	<b>4.5%**</b>	<b>\$2,422.92**</b>
2025	7.25%	6.0%	\$2,318.58
2024	7.25%	11.5%	\$2,197.58
3-yr Average	<b>7.33%</b>	<b>7.33%</b>	

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

\*\*For the 2026 plan year, the LACERS Board could approve a subsidy increase of up to 4.5% without requiring City Council approval.

## LACERS HISTORICAL TIER 1 MEDICAL SUBSIDY COSTS

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Attachment 3

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$928.00	\$983.00	\$1,022.00	\$1,120.00	\$1,123.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$45.00	\$55.00	\$39.00	\$98.00	\$3.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	5.1%	5.9%	4.0%	9.6%	0.3%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$915.14	\$982.74	\$1,021.54	\$1,119.58	\$1,122.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$44.58	\$67.60	\$38.80	\$98.04	\$3.16
% Increase - Kaiser 2-Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	5.1%	7.4%	3.9%	9.6%	0.3%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%	5.7%	7.1%	4.5%
% Premium Cost Subsidized	88.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%	91.6%	92.5%	91.8%

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Maximum Monthly Medical Subsidy	\$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	\$2,318.58	\$2,407.84
Dollar Increase - Maximum Subsidy	\$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	\$131.00	\$89.26
% Increase - Maximum Subsidy	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%	6.0%	3.8%
Kaiser 2-Party	\$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	\$2,234.56	\$2,323.82
Dollar Increase - Kaiser 2-Party	\$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	\$131.00	\$89.26
% Increase - Kaiser 2-Party	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%	6.2%	4.0%
Aggregate Medical Premium Increase	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%	6.3%	7.4%
% Premium Cost Subsidized	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%	92.7%	92.6%

- 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.
- In plan year 2024, the Kaiser 2-party under 65 rate increases by 14.4%, which exceeds the 12.2% Assumed Actuarial Medical Trend Rate (AAMTR) 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%.
- In plan year 2025, the Kaiser 2-party under 65 rate increases by 3.99% compounded with addition of the 2.4% by the plan year 2024 buydown. Therefore, the Kaiser 2-party rate increase reflected in 2025 is 6.2%

## LACERS HISTORICAL TIER 3 MEDICAL SUBSIDY COSTS

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Maximum Monthly Medical Subsidy	\$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	\$2,234.56	\$2,323.82
Dollar Increase - Maximum Subsidy		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00	\$89.26
% Increase - Maximum Subsidy		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%	4.0%
Kaiser 2-Party	\$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	\$2,234.56	\$2,323.82
Dollar Increase - Kaiser 2-Party		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70	\$225.38	\$131.00	\$89.26
% Increase - Kaiser 2-Party		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%	12.0%	6.2%	4.0%
Aggregate Medical Premium Increase	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%	4.6%	6.3%	7.4%
% Premium Cost Subsidized	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%	92.4%	92.7%	92.6%

Tier 3 became effective February 21, 2016. Maximum subsidy is Kaiser's premium per Ordinance.

- 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.
- 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%.
- In plan year 2025, the Kaiser 2-party under 65 rate increases by 3.99% compounded with addition of the 2.4% by the plan year 2024 buydown. Therefore, the Kaiser 2-party rate increase reflected in 2025 is 6.2%