

Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, OCTOBER 8, 2024

TIME: 9:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

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LACERS Website Address/link:

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

Chair: Michael R. Wilkinson

Committee Members: Thuy Huynh
Sung Won Sohn

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

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

Notice to Paid Representatives

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

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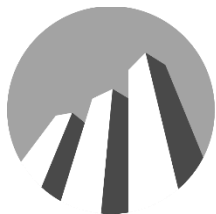
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For additional information, please contact: Board of Administration Office at (213) 855-9348 and/or email at lacers.board@lacers.org.

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

- II. [APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 13, 2024 AND POSSIBLE COMMITTEE ACTION](#)
- III. [BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION](#)
- IV. [LACERS 2023 ANTHEM BLUE CROSS MEDICAL, BLUE VIEW VISION, AND DELTA DENTAL PPO YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION](#)
- V. [CARELONRX PHARMACY UPDATE](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VIII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

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TIME: 9:00 A.M.

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President: Annie Chao
Vice President: Janna Sidley

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
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MINUTES OF THE REGULAR MEETING
BENEFITS ADMINISTRATION COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

August 13, 2024

9:15 a.m.

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

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 JULY 9, 2024 AND POSSIBLE COMMITTEE ACTION – Committee Member Sohn moved approval, adopted by the following vote: Ayes, Committee Member Sohn and Chair Wilkinson -2; Nays, None.

III

2025 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION – Karen Freire, Chief Benefits Analyst, Bordan Darm, Lead Consultant with Keenan Associates, James Kawashima, Senior Benefits Analyst II, and Vi Duong, Senior Benefits Analyst I, presented and discussed this item with the Committee for 30 minutes. Committee member Sohn moved approval, adopted by the following vote: Ayes, Committee Member Sohn and Chair Wilkinson -2; Nays, None.

IV

2025 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION – James Kawashima, Senior Benefits Analyst II and Vi Duong, Senior Benefits Analyst I, presented and discussed this item with the Committee for 5 minutes. Committee member Sohn moved

approval, adopted by the following vote: Ayes, Committee Member Sohn, and Chair Wilkinson -2; Nays, None.

V

BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION – Ferralyn Sneed, Chief Benefits Analyst and Carol Rembert, Benefits Analyst, presented and discussed this item with the Committee for 5 minutes. Committee member Sohn moved approval, adopted by the following vote: Ayes, Committee Member Sohn and Chair Wilkinson -2; Nays, None.

VI

OTHER BUSINESS – There was no other business.

VII

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

VIII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 9:54 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary

**REPORT TO BENEFITS ADMINISTRATION COMMITTEE****From: Neil M. Guglielmo, General Manager****MEETING: OCTOBER 8, 2024****ITEM: III****SUBJECT: BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION**ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐**Recommendation**

That the Committee recommends the Board adopt the proposed Board Rules related to Benefits Administration.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for new rules or amendments due to changes in LACERS' plan provisions, case law, or other areas affecting the administration of retirement benefits. Reviews of Board Rules also seek to identify those rules that are no longer applicable or in need of revision.

Board Rules also work in conjunction with authoritative plan documents such as the Los Angeles Administrative Code (LAAC), and City Charter (LACC), as well as State or Federal law, the Internal Revenue Code, and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan documents, legislative guidelines, or regulatory provisions.

Under Section 1106 of the LACC, the Board of Administration is authorized to adopt rules governing the administration of benefits under the LACERS Plan. The proposed rules contained herein and detailed in Attachment 1 address needed changes in the general delegation authority for the General Manager and processes related to benefits administration for Members.

Discussion***DISABILITY LOAN***

The purpose of the loan program for Disability Applicants, pursuant to the LAAC Sections 4.1008 (i), 4.1080.8(i), 4.1008.1(n), 4.1008.2(n), and 4.1080.8.1(n), is to provide financial assistance for Members going through the application process. However, there have been occasions when Members, by action or their own admission, misused the program by (1) applying for a disability retirement, (2) applying for

and obtaining a loan, (3) withdrawing from the disability retirement application process, and (4) repaying the loan. Such actions are contrary to the intended purpose of the disability loan program and constitute a misuse of City resources. The proposed Board Rule DL-7 would authorize LACERS management to deny a loan application if the Member has demonstrated a pattern of behavior similar to the circumstances described above or demonstrates through other conduct that a loan is being sought for purposes other than receiving financial assistance during the disability application process.

SURVIVOR BENEFITS

Payments Upon Death of Member before Retirement

After LACERS is notified of the death of an active Member, a thorough review of the Member's account is conducted. Benefits are then paid in accordance with LAAC Section 4.1010(a)(1) which stipulates payment to survivors be based on the Member's written designation. However, when there is no written designation on file, namely a Designation of Beneficiary For Active Members form, the benefits are paid to the surviving spouse (also known as the "eligible survivor"), children, parents, or the estate, i.e., in order of designated succession. Currently, the LAAC does not specify how to pay the benefits due in the event the surviving spouse dies before making an election of benefit

The benefits payable to a surviving spouse for an active Member's death are the Member's accumulated contributions and a limited pension. However, if the Member was eligible to retire at the time of his/her death, the surviving spouse can elect to forego those two benefits in favor of receiving an optional retirement allowance, which is payable for the surviving spouse's lifetime.¹

While LAAC Section 4.1010(c)(1) provides instructions on how to pay the unused contributions when the surviving spouse of a retired Member dies prior to electing to receive a retirement allowance, an equivalent provision does not exist for the surviving spouse in the case of an active death. Therefore, LACERS staff is recommending a Board rule to provide comparable/corresponding instruction for active death cases/situations. LACERS would pay the Member's accumulated contributions and the limited pension due to the surviving spouse's estate.

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

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Senior Benefits Analyst I, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

NG:FS:IC:SH:cr

Attachment 1: Proposed Board Rules

¹ Los Angeles Administrative Code Sections 4.1010 (a)(1), 4.1010(a)(2), 4.1010(a)(3)

ATTACHMENT 1
SOURCE DOCUMENT – BOARD MANUAL
SECTION 4.0 BENEFITS ADMINISTRATION

(October 8, 2024)

4.1 PROPOSED BOARD RULE CHANGES AND ADDITIONS

DISABILITY LOAN (DL):

DL 7: Pursuant to the Los Angeles Administrative Code (LAAC), the purpose of the loan program is to support members through the application process. If it is determined that the member has misused the loan process, and does not intend to retire on disability, future requested disability loans shall be denied.

SURVIVOR BENEFITS (SB):

SB2: In the event an active Member, who is eligible for retirement, dies without submitting a Designation of Beneficiary Form and the surviving spouse, who is eligible to receive the Member's survivor benefits, dies prior to filing the required benefit election packet or Designation of Beneficiary Form, then LACERS will pay the accumulated contributions and any benefits due to the estate of the surviving spouse.



REPORT TO BENEFITS ADMINISTRATION COMMITTEE MEETING: OCTOBER 8, 2024

From: Neil M. Guglielmo, General Manager

ITEM: IV

Neil M. Guglielmo

SUBJECT: LACERS 2023 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 approve the 2023 Year-End Accounting for the Anthem Blue Cross (Anthem) medical plan, the self-funded Anthem Blue View Vision (Blue View Vision) plan, and the self-funded Delta Dental PPO plan.

Executive Summary

LACERS requires its health plans that are experience-rated, dividend-eligible participating and self-funded¹ contracts to report year-end accounting (YEA) results. The YEA indicates a surplus or deficit from total premium payments, claims costs, and administrative expenses for a Plan Year. The YEA results for Plan Year 2023 are:

- Anthem medical plans' adjusted deficits amounted to \$38,346 and will be subtracted from the earned interest amount of \$72,930.
- The Anthem Blue View Vision's budgeted premium exceeded total cost, thus creating a surplus position of \$225,064.
- The self-funded Delta Dental PPO plan ended 2023 with a premium surplus of \$515,777.

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 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.

¹ 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 of providing health care benefits and is responsible for paying for claims.

Discussion

Anthem Blue Cross Medical Plans

LACERS has experience-rated refunding 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 2021 Anthem Life & Health Medicare (Medicare Supplement) plan. All of which requires reconciliation through YEA. At the end of each plan year, Anthem reviews and compares its actual annual costs with the annual premium² amount paid by LACERS and its Members.

In Plan Year 2022, LACERS discontinued the Anthem Life & Health Medicare (Medicare Supplement) plan and replaced it with the Anthem Medicare Preferred (Medicare Advantage) PPO plan. Therefore, for this year's YEA report the Medicare Supplement plan only shows adjustments. The Anthem Life & Health Medicare (Medicare Supplement) plan was brought back in Plan Year 2024 and would be part of future YEA reports.

The Medicare Advantage plan is not included in the report since it is dependent, in part, on Medicare funding and is not dividend (surplus) eligible; thus, does not require a YEA.

Any deficits that may be found in the YEA are funded by LACERS' Claims Stabilization Fund (CSF)³ held by Anthem. The required funding level is determined by Anthem at the beginning of each plan year and the recommended amount is added to the YEA report. For 2023, Anthem required the CSF balance to be increased from \$1,700,000 to \$1,734,584, a difference of \$34,584. This difference will be pulled from the 2023 interest earned amount of \$72,930 minus the deficit of \$38,346.

LACERS' Health and Welfare Consultant, AP Keenan (Keenan), reviewed Anthem's YEA for 2023 (Attachment 1). All YEA takes place at least six months after the end of the plan year, December 31, 2023. Highlights of Keenan's findings include:

Total Premium Paid	\$39,027,691
Claims/Expenses	(\$39,066,037)
Deficit	(\$38,346)
Interest	\$72,930
Increase to CSF	\$34,584
2023 Year-End CSF Balance	\$ 1,734,584

² Anthem plan premiums are based on projected costs for the next plan year.

³ The CSF is held in an interest-earning account based on the 12-month London Interbank Offered Rate (LIBOR) Index. The LIBOR Index is a benchmark interest rate at which major global banks lend to one another in the international interbank market for short-term loans.

In the 2024 renewal, Anthem requested increasing the minimum CSF to 7.2% or \$2,809,994. The CSF at the end of 2023 is \$1,734,584, resulting in a difference of \$1,075,410. This difference will be made from any surplus realized in the 2024 Anthem YEA. LACERS will not be required to provide additional funding from other sources should the 2024 surplus be inadequate to fund the entire difference. Any CSF funding balance would be incorporated into the 2025 Anthem YEA.

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 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 2023 (Attachment 2). The budgeted premium exceeded the total cost creating a surplus position of \$225,064:

Total Premiums Paid	\$895,358
Claims/Expenses	<u>(\$670,294)</u>
2023 Year-End Balance	\$225,064

Blue View Vision 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.

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 cost, 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 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 2023 (Attachment 3). The budgeted premium exceeded the total cost creating a surplus position of \$515,777:

Total Premiums Paid	\$12,024,809
Claims/Expenses	<u>(\$11,509,032)</u>
2023 Year-End Balance	\$ 515,777

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: Vi Duong, Senior Benefits Analyst I, Health, Wellness and Buyback Division

NMG/DWN/KF/vd

Attachments: 1. Keenan Report - 2023 Anthem Year-End Accounting
2. Keenan Report - 2023 Blue View Vision Year-End Accounting
3. Keenan Report - 2023 Delta Dental Year-End Accounting



BAC Meeting 10/08/24
Item: IV
Attachment: 1

Los Angeles City Employees' Retirement System 2023 Anthem Year-End Accounting October 8, 2024

Respectfully Submitted by:

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

Table of Contents

• Executive Summary	Page 3
• 2023 Anthem Accounting Summary	Page 4
– Claims Stabilization Fund (CSF)	Page 5
– Financial Accounting Summary by Plan	Page 6
– Claims Stabilization Fund Accounting Summary	Page 7
– Accounting History	Page 8
• CSF for 2024	Page 9
• Acknowledgement	Page 10

Executive Summary

- 2023 produced a Year-End Accounting (YEA) deficit of \$38,346
- Anthem's CSF is now funded at \$1,734,584 as of December 31, 2023
 - from \$1,700,000 on December 31, 2022
 - an increase to the CSF of \$34,584
 - \$72,930 from interest (12-month LIBOR Index)
 - Minus \$38,346 from 2023 YEA deficit
- 2023 did not produce any excess funding above the CSF funding.
- LACERS did not accumulate an excess reserve and therefore there is no excess premium being returned to LACERS for 2023.
- The Medicare Supplemental PPO plan may show on the 2023 YEA but only for adjustments prior to 2022.

2023 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 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	2017	2018	2019	2020	2021	2022	2023
YEA	\$4,140,949	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641	(\$38,346)
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus	surplus	deficit
% of Premium	8.20%	2.00%	4.23%	4.13%	3.70%	9.07%	-0.10%
Required CSF	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000	\$1,734,584
\$ Adjustment*	\$121,714	\$154,309	\$46,749	\$63,562	\$160,072	\$24,194	\$34,584
% Adjustment*	10.80%	12.30%	3.22%	4.19%	9.55%	1.42%	1.99%
PSR w/YEA	\$16,334,836	\$11,956,924	\$0	\$0	\$0	\$0	\$0
\$ Adjustment	(\$3,336,794)	(\$4,497,714)	(\$11,956,924)	\$0	\$0	\$0	\$0

2023 Claims Stabilization Fund (CSF)

CSF Accounting	2016	2017	2018	2019	2020	2021	2022	2023
1/1 CSF Balance	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000
Interest Earned	\$15,496	\$20,209	\$34,507	\$33,382	\$11,184	\$4,540	\$133,232	\$72,930
Interest Yield	1.37%	1.79%	2.76%	2.38%	0.77%	0.30%	7.95%	4.29%
YEA Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Surplus Transfer*	(\$15,496)	\$101,505	\$119,802	\$13,367	\$52,378	\$155,532	\$0	(\$38,346)
Required CSF	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172	\$1,515,734	\$1,675,806	\$1,700,000	\$1,734,584

- The January 1, 2023, beginning balance was \$1,700,000
- The \$72,930 Interest Yield is based on 12-month LIBOR Index
- Effective January 1, 2023, Anthem required that the CSF be increased 1.99% or \$34,584
- The balance of the interest earnings was used to offset the deficit of \$38,346

2023 Anthem Financial Accounting Summary By Plan

LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Annual Accounting

Case No. C22357

January 1, 2023 through December 31, 2023

	HMO	PPO	Medicare Supplement	Medicare D	Total
Income Reported	\$17,086,108	\$21,941,583	\$0	\$0	\$39,027,692
CMS Revenue (Medicare D)	\$0	\$0	\$0	\$0	\$0
Total Income Received	\$17,086,108	\$21,941,583	\$0	\$0	\$39,027,692
Paid Claims	\$9,615,160	\$21,984,159	\$0	(\$10,553)	\$31,588,766
+ Ending Reserve	\$858,175	\$1,902,406	\$0	(\$380)	\$2,760,201
- Beginning Reserve	(\$746,873)	(\$1,726,514)	(\$205,251)	(\$49,426)	(\$2,728,064)
+ Large Claim Charge	\$883,225	\$1,494,873	\$0	\$0	\$2,378,098
- Large Claim Credit	(\$403,930)	(\$2,470,253)	\$0	\$0	(\$2,874,184)
Incurred Claims	\$10,205,757	\$21,184,671	(\$205,251)	(\$60,359)	\$31,124,818
Retention	\$606,109	\$815,749	\$0	\$0	\$1,421,857
HMC Programs	\$4,582	\$5,661	\$0	\$0	\$10,243
Silver Sneakers Program	\$103,492	\$91,885	\$0	\$0	\$195,377
Premium Tax	\$0	\$139,348	\$0	\$46,449	\$185,797
ACA Insurer Fee	\$0	\$0	\$0	\$0	\$0
Capitation Expenses	\$6,098,611	\$0	\$0	\$0	\$6,098,611
Consortium Fees	\$0	\$8,160	\$0	\$0	\$8,160
SB510 Settlement Claims	\$24,184	\$0	\$0	\$0	\$24,184
Part D Credit Final Settlement ReOpening - 2018	\$0	\$0	\$0	(\$3,010)	(\$3,010)
Part D Coverage Gap Discount True-Up - 2021	\$0	\$0	\$0	\$0	\$0
Part D Credit Final Settlement - 2021	\$0	\$0	\$0	\$0	\$0
Part D Estimated Coverage Gap Discount - 2021	\$0	\$0	\$0	\$0	\$0
Part D Credit Final Settlement ReOpening - 2017	\$0	\$0	\$0	\$0	\$0
Total Expense	\$17,042,735	\$22,245,473	(\$205,251)	(\$16,920)	\$39,066,037
Expense Ratio	99.75%	101.38%	0.00%	0.00%	100.10%
Accumulated Surplus/(Deficit) at December 31, 2023	\$43,373	(\$303,889)	\$205,251	\$16,920	(\$38,346)
Amount Allocated to Claims Stabilization Fund	\$0	\$0	\$0	\$0	\$0
Ending Surplus/(Deficit)	\$43,373	(\$303,889)	\$205,251	\$16,920	(\$38,346)

2023 Anthem Claim Stabilization Fund Accounting Summary



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LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Claims Stabilization Fund

Case No. C22357

January 1, 2023 through December 31, 2023

Claims Stabilization Fund as of January 1, 2023	\$1,700,000
Interest Earned based on average of the 12-month LIBOR Index	\$72,930
Amount of Deficit Deducted from the Stabilization Fund	(\$38,346)
Claims Stabilization Fund at December 31, 2023	\$1,734,584

Note: Required Minimum Fund Level as of January 1, 2024 is \$2,809,994

2023 Anthem Accounting Summary - Accounting History

	2017	2018	2019	2020	2021	2022	2023
Annual Amount							
Total Income	\$51,421,751	\$55,132,694	\$55,927,235	\$54,664,982	\$65,618,714	\$36,755,305	\$39,027,692
Total Expenses	\$47,280,802	\$54,018,030	\$53,561,096	\$52,409,635	\$63,191,822	\$33,420,663	\$39,066,037
Surplus / (Deficit)	\$4,140,949	\$1,114,664	\$2,366,139	\$2,255,347	\$2,426,892	\$3,334,641	(\$38,346)
Expense Ratio	91.95%	97.98%	95.77%	95.87%	96.30%	90.93%	100.10%
Contracts	4,734	4,930	4,920	5,149	5,505	2,088	2,032
Per Retiree Per Month Amount							
Total Income	\$905.19	\$931.93	\$947.34	\$884.79	\$993.33	\$1,466.81	\$1,600.35
Total Expenses	\$832.29	\$913.08	\$907.26	\$848.29	\$956.60	\$1,333.73	\$1,601.92
Surplus / (Deficit)	\$72.89	\$18.84	\$40.08	\$36.50	\$36.74	\$133.08	(\$1.57)

CSF for 2024

- In the Anthem 2024 renewal Anthem requested increasing the minimum Claim Stabilization Fund (CSF) to 7.2% or \$2,809,994
 - The 2023 Year-End Accounting position is \$1,734,584
 - The difference in CSF funding is \$1,075,410
 - The increase in CSF funding will be done from any surplus realized in the 2024 Anthem YEA
 - Should the surplus be inadequate to fund 100% of the increase, the CSF will be partially funded from the surplus
 - LACERS will not be required to provide additional funding from other sources
 - Any CSF funding balance would be incorporated into the 2025 Anthem YEA to be funded out of any surplus balance realized for 2025

CSF for 2024 (cont.)

The Required Minimum Fund Level is the minimum level of funds which must be maintained in the Claims Stabilization Fund. This amount is based on an Actuarial table.

For the 2023 renewal due to the absence of Claims Fluctuation Margin in the renewal projections, Anthem required \$1,734,584 as a minimum CSF requirement balance, which equated to about 4.5% of the premium.

This minimum amount is reviewed and determined during the year end accounting.

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 10/08/24
Item: IV
Attachment: 2

Los Angeles City Employees' Retirement System 2023 Vision Year End Accounting October 8, 2024

Respectfully Submitted by:

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

Executive Summary

- LACERS self-funded its vision plan effective January 1, 2022
- For 2022, budgeted premium exceeded total cost creating a surplus position of \$223,850 with loss ratio of 74.5%
- For 2023, budgeted premium exceeded total cost creating a surplus position of \$225,064 with loss ratio of 74.9%
- The two-year total surplus position amounts to \$448,914 with loss ratio of 74.7%
- The year-end accounting was 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.

2023 Anthem Vision Accounting Summary

2022	Susbscribers	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-22	6,947	\$58,621	\$4,654	\$63,276	\$72,929	\$9,653	86.8%
Feb-22	6,927	\$42,889	\$4,641	\$47,530	\$72,744	\$25,214	65.3%
Mar-22	6,931	\$44,718	\$4,644	\$49,362	\$72,770	\$23,409	67.8%
Apr-22	6,943	\$44,395	\$4,652	\$49,047	\$72,830	\$23,783	67.3%
May-22	6,956	\$48,022	\$4,661	\$52,683	\$72,925	\$20,242	72.2%
Jun-22	6,955	\$44,448	\$4,660	\$49,108	\$72,882	\$23,775	67.4%
Jul-22	6,967	\$47,310	\$4,668	\$51,977	\$72,967	\$20,990	71.2%
Aug-22	7,001	\$53,478	\$4,691	\$58,168	\$73,348	\$15,180	79.3%
Sep-22	7,007	\$57,541	\$4,695	\$62,236	\$73,405	\$11,169	84.8%
Oct-22	6,996	\$59,364	\$4,687	\$64,051	\$73,265	\$9,214	87.4%
Nov-22	7,013	\$49,823	\$4,699	\$54,522	\$73,417	\$18,895	74.3%
Dec-22	7,011	\$46,335	\$4,697	\$51,032	\$73,360	\$22,328	69.6%
Total 2022	83,654	\$596,944	\$56,048	\$652,992	\$876,842	\$223,850	74.5%
2023	Susbscribers	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-23	7,067	\$53,789	\$4,735	\$58,524	\$74,215	\$15,691	78.9%
Feb-23	7,077	\$31,881	\$4,742	\$36,623	\$74,320	\$37,697	49.3%
Mar-23	7,082	\$53,549	\$4,745	\$58,294	\$74,372	\$16,079	78.4%
Apr-23	7,086	\$49,327	\$4,748	\$54,075	\$74,414	\$20,340	72.7%
May-23	7,101	\$58,415	\$4,758	\$63,172	\$74,572	\$11,400	84.7%
Jun-23	7,100	\$44,405	\$4,757	\$49,162	\$74,561	\$25,400	65.9%
Jul-23	7,105	\$59,734	\$4,760	\$64,494	\$74,614	\$10,120	86.4%
Aug-23	7,119	\$47,432	\$4,770	\$52,202	\$74,761	\$22,559	69.8%
Sep-23	7,133	\$49,850	\$4,779	\$54,629	\$74,908	\$20,279	72.9%
Oct-23	7,134	\$63,623	\$4,780	\$68,403	\$74,919	\$6,515	91.3%
Nov-23	7,129	\$38,218	\$4,776	\$42,995	\$74,866	\$31,871	57.4%
Dec-23	7,126	\$62,947	\$4,774	\$67,721	\$74,835	\$7,113	90.5%
Total 2023	85,259	\$613,170	\$57,124	\$670,293	\$895,358	\$225,064	74.9%

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 10/08/24
Item: IV
Attachment: 3

Los Angeles City Employees' Retirement System 2023 Delta Dental Year End Accounting October 8, 2024

Respectfully Submitted by:

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

Executive Summary

- LACERS self-funded its dental plan effective January 1, 2019
- For 2021, budgeted premium exceeded total cost creating a surplus position of \$1,808,410
- For 2022, budgeted premium exceeded total cost creating a surplus position of \$861,743
- In 2023, budgeted premium exceeded total cost creating a surplus position of \$515,777
- The three-year total surplus position amounts to \$3,185,930 with loss ratio of 91.0%
- The year-end accounting was 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.

2023 Delta Dental Accounting Summary

2021	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
2021 Total	43,617	\$8,904,931	\$826,904	\$9,731,835	\$11,540,244	\$1,808,410	84.3%
2022	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-22	3,133	\$690,889	\$70,967	\$761,856	\$991,714	\$229,858	76.8%
Feb-22	3,940	\$931,991	\$71,211	\$1,003,202	\$992,751	-\$10,451	101.1%
Mar-22	4,921	\$1,109,723	\$71,216	\$1,180,939	\$992,562	-\$188,377	119.0%
Apr-22	3,858	\$835,246	\$71,206	\$906,453	\$991,277	\$84,825	91.4%
May-22	4,054	\$903,689	\$71,191	\$974,880	\$990,336	\$15,457	98.4%
Jun-22	4,637	\$924,011	\$71,252	\$995,264	\$990,742	-\$4,521	100.5%
Jul-22	3,333	\$702,167	\$71,283	\$773,449	\$990,762	\$217,313	78.1%
Aug-22	3,657	\$761,069	\$71,318	\$832,387	\$992,222	\$159,835	83.9%
Sep-22	4,565	\$930,776	\$71,415	\$1,002,191	\$991,551	-\$10,640	101.1%
Oct-22	3,822	\$742,825	\$71,349	\$814,174	\$991,132	\$176,958	82.1%
Nov-22	3,733	\$768,306	\$71,369	\$839,675	\$990,448	\$150,773	84.8%
Dec-22	4,327	\$876,130	\$71,262	\$947,392	\$988,106	\$40,714	95.9%
2022 Total	47,980	\$10,176,822	\$855,041	\$11,031,862	\$11,893,605	\$861,743	92.8%
2023	Number of Claims	Paid Amount	Administration	Total Expenses	Premium	Surplus / Deficit	Total Cost Loss Ratio
Jan-23	3,323	\$745,582	\$72,185	\$817,767	\$1,004,385	\$186,618	81.4%
Feb-23	4,410	\$969,407	\$72,221	\$1,041,628	\$1,004,573	-\$37,055	103.7%
Mar-23	5,108	\$1,171,507	\$72,359	\$1,243,866	\$1,004,600	-\$239,266	123.8%
Apr-23	3,963	\$888,418	\$72,104	\$960,522	\$1,003,038	\$42,516	95.8%
May-23	3,934	\$824,968	\$72,114	\$897,082	\$1,001,450	\$104,368	89.6%
Jun-23	4,836	\$1,047,390	\$72,058	\$1,119,447	\$1,000,392	-\$119,055	111.9%
Jul-23	3,400	\$737,598	\$72,027	\$809,626	\$999,658	\$190,033	81.0%
Aug-23	4,998	\$1,014,120	\$72,206	\$1,086,326	\$1,001,988	-\$84,338	108.4%
Sep-23	3,662	\$750,572	\$72,384	\$822,956	\$1,002,477	\$179,521	82.1%
Oct-23	4,016	\$792,776	\$72,420	\$865,196	\$1,002,106	\$136,910	86.3%
Nov-23	4,692	\$923,962	\$72,379	\$996,341	\$1,001,218	\$4,877	99.5%
Dec-23	3,945	\$776,058	\$72,216	\$848,274	\$998,922	\$150,648	84.9%
2023 Total	50,287	\$10,642,358	\$866,674	\$11,509,032	\$12,024,809	\$515,777	95.7%

2023 Delta Dental Enrollment Summary

2021	Total Primary Enrollees	Enrollee Only	Enrollee + Spouse	Enrollee + 1 Child	Enrollee + Children	Family	Total Primary Enrollees	Adult Dependents	Child Dependents	Total Members
Average 2021	13,518	8,546	4,321	206	30	414	13,518	4,735	905	19,158
2022	Total Primary Enrollees	Enrollee Only	Enrollee + Spouse	Enrollee + 1 Child	Enrollee + Children	Family	Total Primary Enrollees	Adult Dependents	Child Dependents	Total Members
Jan-22	13,929	8,789	4,467	216	28	429	13,929	4,896	928	19,753
Feb-22	13,954	8,817	4,466	216	31	424	13,954	4,890	928	19,772
Mar-22	13,962	8,836	4,459	213	30	424	13,962	4,883	926	19,771
Apr-22	13,958	8,849	4,446	214	29	420	13,958	4,866	922	19,746
May-22	13,957	8,863	4,433	215	27	419	13,957	4,852	916	19,725
Jun-22	13,967	8,876	4,431	213	28	419	13,967	4,850	914	19,731
Jul-22	13,972	8,883	4,435	210	27	417	13,972	4,852	908	19,732
Aug-22	13,992	8,897	4,439	209	27	420	13,992	4,859	911	19,762
Sep-22	13,994	8,909	4,437	207	26	415	13,994	4,852	896	19,742
Oct-22	13,991	8,905	4,446	206	26	408	13,991	4,854	886	19,731
Nov-22	13,990	8,913	4,446	201	25	405	13,990	4,851	876	19,717
Dec-22	13,973	8,919	4,432	199	25	398	13,973	4,830	864	19,667
Average 2022	13,970	8,871	4,445	210	27	417	13,970	4,861	906	19,737
2023	Total Primary Enrollees	Enrollee Only	Enrollee + Spouse	Enrollee + 1 Child	Enrollee + Children	Family	Total Primary Enrollees	Adult Dependents	Child Dependents	Total Members
Jan-22	14,161	8,988	4,535	200	26	412	14,161	4,947	886	19,994
Feb-22	14,164	8,993	4,535	195	26	415	14,164	4,950	885	19,999
Mar-22	14,171	9,003	4,536	195	27	410	14,171	4,946	879	19,996
Apr-22	14,150	8,989	4,535	192	27	407	14,150	4,942	867	19,959
May-22	14,138	8,991	4,527	192	27	401	14,138	4,928	859	19,925
Jun-22	14,130	8,995	4,517	191	26	401	14,130	4,918	853	19,901
Jul-22	14,130	9,006	4,514	187	26	397	14,130	4,911	840	19,881
Aug-22	14,167	9,037	4,518	186	25	401	14,167	4,919	842	19,928
Sep-22	14,185	9,060	4,517	186	25	397	14,185	4,914	838	19,937
Oct-22	14,191	9,075	4,517	182	25	392	14,191	4,909	826	19,926
Nov-22	14,187	9,081	4,514	179	25	388	14,187	4,902	818	19,907
Dec-22	14,165	9,076	4,505	178	25	381	14,165	4,886	811	19,862
Average 2023	14,162	9,025	4,523	189	26	400	14,162	4,923	850	19,935

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

CarelonRx Pharmacy Update

Agenda

Introductions

CarelonRx Pharmacy '24 Journey

Review of '24 Challenges

Looking Forward - Member Experience



CarelonRx Pharmacy '24 Journey

The CarelonRx Pharmacy has seen continuous improvements from an overall service perspective. We continue to focus on the member experience through pharmacy quality and efficiency, call center excellence (first call resolution, handle times, etc.), improved digital experience and several continuous improvement initiatives.

Pharmacy Processing

Turnaround times continue to improve month over month from the point of prescription receipt to shipped (carrier pick-up). We have improved from 92% in 4 days in Q1 to 98% in 2 days 9/15/24.

Call Center

Call Center wait times have reduced significantly for both Pharmacy Care Associates and Pharmacists. Both service areas are consistently answering member calls in less than 30 seconds on average.

Member Escalations

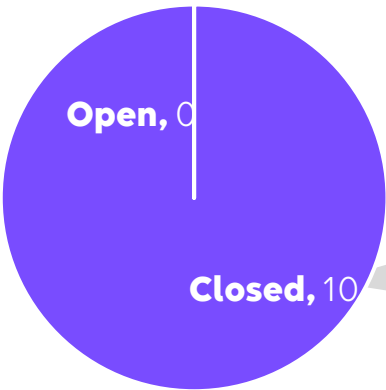
There has been a significant decrease (~70%) in the volume of escalations since Q1. Today, cases are worked within 24 hours and tracked for closure.



LACERS - Cases

We have 0 open documented cases out of 10

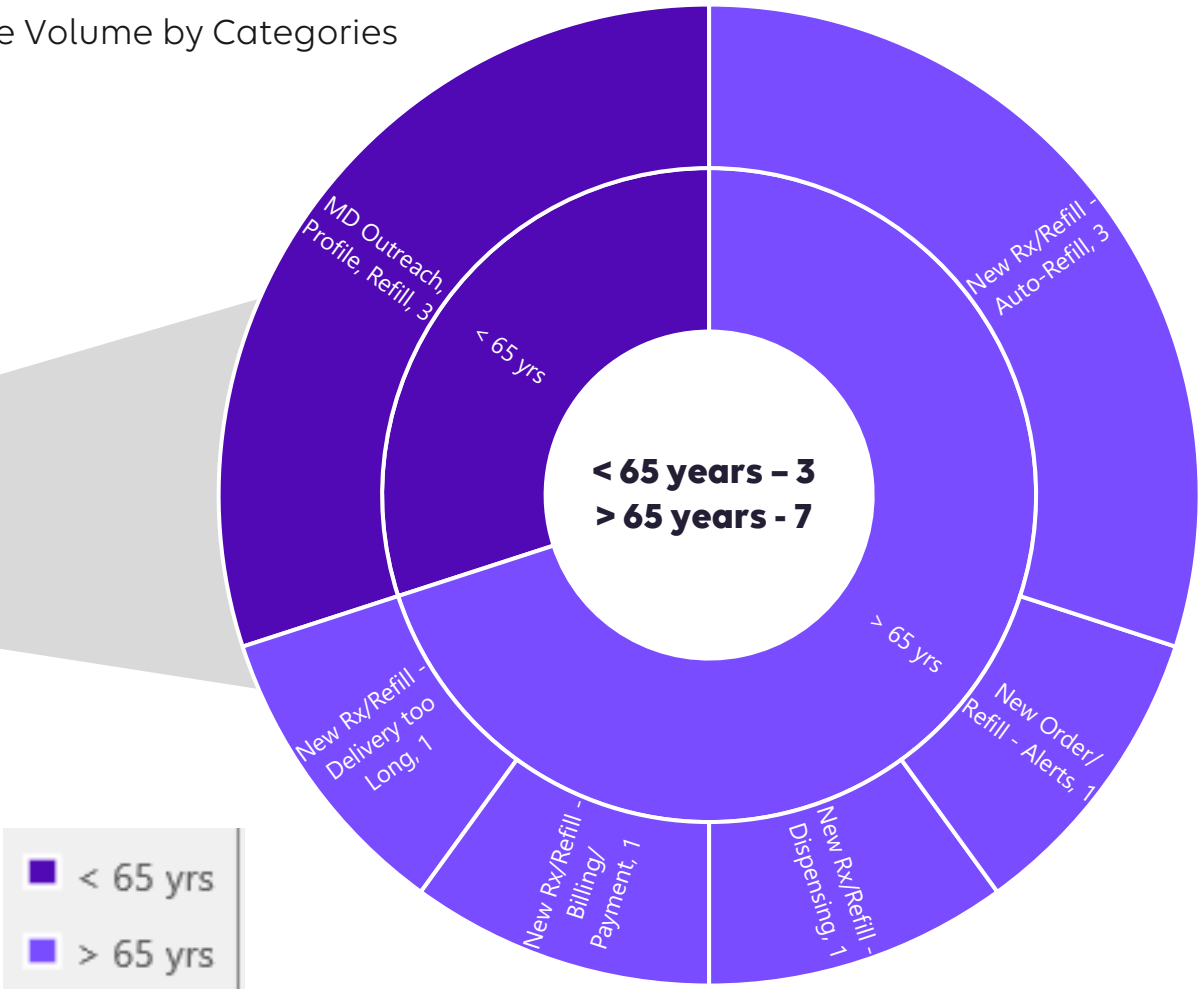
Case Volume by Status



Predominately business-as-usual type issues

- Refill request
- MD Verification
- Payment (method of payment)
- Order Status

Case Volume by Categories



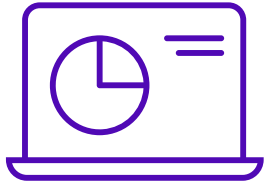
'24 Challenges - Four Main Categories of Issues

Category	Subcategory Examples	Root Cause	Fix/Enhancement Dates
Making Payments	<ul style="list-style-type: none"> Payment processing error messages Payment information system retention Paper check processing 	<ul style="list-style-type: none"> System designed to be a digital first experience with credit card as primary payment. Better member communication needed with initial limitations. 	July 2024
Service Experience	<ul style="list-style-type: none"> Additional upskilling / refresher training requirements Service status gaps 	<ul style="list-style-type: none"> New systems required more intensive and repeat training which led to longer handle times Initial call volume higher than forecast 	May 2024
System Enhancements	<ul style="list-style-type: none"> Prescription status syncing gaps Mismatched refill eligibility date between systems Outbound communication fixes & enhancements Auto refill linkage with duplicate script (August 2024) 	<ul style="list-style-type: none"> Rx status in certain cases not matching between the backend systems used to validate for fulfilling the prescription Backend systems have different logic to calculate the refill too soon Inability to honor multi channel request Missed requirement to link member preference for auto refill to continue on to renewals 	July/Aug 2024
Member Education	<ul style="list-style-type: none"> Rx dosage changes Prior authorization required Provider / script clarification needed Inventory challenges / Out of Stock 	<ul style="list-style-type: none"> Lack of focused member communications on expected experience changes on 1/1 Continued reinforcement with call center agents 	Ongoing

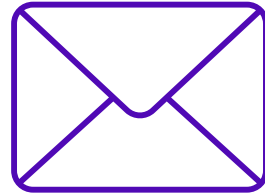


Member Experience Focus Moving Forward

Digital



Communications



Call Center



Member Education

