



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



## *Board of Administration Agenda*

**REGULAR MEETING**  
**TUESDAY, JULY 27, 2021**  
**TIME: 10:00 A.M.**  
**MEETING LOCATION:**

In conformity with the Governor's Executive Order N-08-21 (June 11, 2021) and due to the concerns over COVID-19, the LACERS Board of Administration's July 27, 2021, meeting will be conducted via telephone and/or videoconferencing.

**Important Message to the Public**  
**Information to call-in to listen and or participate:**  
Dial: (669) 900-6833 or (346) 248-7799  
Meeting ID# 859 6020 0693

**Instructions for call-in participants:**

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

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

**Disclaimer to Participants**

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

President:	Cynthia M. Ruiz
Vice President:	Sung Won Sohn
Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghokassian
Legal Counsel:	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](http://ethics.lacity.org/lobbying). For assistance, please contact the Ethics Commission at (213) 978-1960 or [ethics.commission@lacity.org](mailto:ethics.commission@lacity.org).

**Request for Services**

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

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

[\*\*CLICK HERE TO ACCESS BOARD REPORTS\*\*](#)

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

AGENDA – THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD

- II. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JUNE 22, 2021 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. ANNUAL ELECTION OF THE BOARD OF ADMINISTRATION OFFICERS
  - A. ANNUAL ELECTION OF BOARD OFFICERS PURSUANT TO CITY CHARTER SECTION 503(a), AND POSSIBLE BOARD ACTION
- V. GENERAL MANAGER VERBAL REPORT
  - A. REPORT ON DEPARTMENT OPERATIONS
  - B. UPCOMING AGENDA ITEMS
  - C. [RECEIPT OF THE CITY'S CONTRIBUTION FOR FISCAL YEAR 2021-22](#)
  - D. RECOGNITION OF SERVICE FOR CARMELITA "LITA" PAYNE
- VI. RECEIVE AND FILE ITEMS
  - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JUNE 2021](#)
  - B. [LEGISLATIVE UPDATE OF JULY 2021](#)
  - C. [COMMISSIONER RUIZ EDUCATION EVALUATION ON HISPANIC HERITAGE FOUNDATION 2021 ANNUAL CONFERENCE; VIRTUAL; JUNE 3, 2021](#)
- VII. COMMITTEE REPORT(S)
  - A. INVESTMENTS COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 13, 2021
  - B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 20, 2021
- VIII. BOARD/DEPARTMENT ADMINISTRATION
  - A. CONSIDERATION OF 2021-22 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION
  - B. CYBERSECURITY PROGRAM PRESENTATION
  - C. [APPROVAL OF TASK ORDER AGREEMENT AWARD TO GRANT THORNTON LLP FOR CYBERSECURITY AND OTHER AUDIT SERVICES AND POSSIBLE BOARD ACTION](#)

IX. CLOSED SESSION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(a) TO CONFER WITH LACERS' CHIEF INFORMATION SECURITY OFFICER AND INFORMATION SYSTEMS MANAGER II REGARDING LACERS' CYBERSECURITY INFRASTRUCTURE; AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2020-21 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**

X. BENEFITS ADMINISTRATION

- A. [2022 LACERS HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION](#)
- B. [2021 OPEN ENROLLMENT CLOSEOUT REPORT](#)

XI. LEGAL/LITIGATION

- A. [APPROVAL OF ONE YEAR EXTENSION TO CONTRACTS WITH ICE MILLER LLP AND REED SMITH LLP FOR OUTSIDE TAX COUNSEL SERVICES AND POSSIBLE BOARD ACTION](#)

XII. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO BROOKFIELD STRATEGIC REAL ESTATE PARTNERS IV-B, L.P. AND POSSIBLE BOARD ACTION**

XIII. OTHER BUSINESS

- XIV. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 10, 2021 at 10:00 a.m. at LACERS, 202 West 1<sup>st</sup> Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XV. ADJOURNMENT

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

In conformity with the Governor's Executive Order N-08-21 (June 11, 2021)  
and due to the concerns over COVID-19, the  
LACERS Board of Administration's  
June 22, 2021, meeting was conducted  
via telephone and/or videoconferencing.

**Agenda of: July 27, 2021**

**Item No: II**

June 22, 2021

10:00 a.m.

---

PRESENT via Videoconferencing:	President:	Cynthia M. Ruiz
	Vice President:	(joined at 10:03 a.m.) Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
ABSENT:	Commissioner:	Sandra Lee
PRESENT at LACERS offices:	Executive Assistant:	Ani Ghoukassian

---

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – **THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF MAY 25, 2021 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and President Ruiz -4; Abstain, Commissioner Elizabeth Lee -1.

Vice President Sohn joined the Regular Meeting at 10:03 a.m.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz wished everyone a happy Summer.

IV

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- MSC Stats
- Retirement Application Portal
- Popular Annual Financial Report (PAFR) 2019
- Cyber liability Insurance
- Side A Fiduciary Liability Insurance
- LACERS Headquarters
- Harbor SIP Update

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- July 20<sup>th</sup> – Off-cycle Benefits Administration Committee Meeting – 2022 Retiree Health Plan Contracts renewal recommendations

V

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MAY 2021 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 8, 2021 – Vice President Sohn stated that JP Morgan made a presentation to the Committee and the Committee approved the Real Estate Strategic Plan for 2021-22.

B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 22, 2021 – Commissioner Serrano stated that the Committee reviewed the current Marketing Cessation Policy and provided staff with revisions and asked that the policy be brought back to Committee.

VII

## BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED LIST OF PRE-APPROVED BOARD EDUCATIONAL SEMINARS FOR FISCAL YEAR 2021-22 AND POSSIBLE BOARD ACTION – President Ruiz requested an update to the UN PRI Conference. Vice President Sohn moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6. Nays, None.

## VIII

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.5 billion as of June 21, 2021. Mr. June discussed the following items:
- Rebalancing of total portfolio conducted in April and May 2021 due to an overweight in U.S. public equities, which preserved approximately \$25 million in capital.
  - Staff is monitoring the transition in interest reference rate LIBOR to the Secured Overnight Financing Rate (SOFR), which should be completed by the end of 2023. Staff will report back to the Board on its impact on the LACERS portfolio at a future meeting.
  - Staff will provide an update to the Wolff Credit Partners III, L.P. notification report to be discussed later in the Board meeting.
  - Upcoming agenda items: Securities Lending Policy Modifications, PRI Action Plan, and Real Estate Notifications

*Item VIII-F taken out of order.*

- F. NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN WOLFF CREDIT PARTNERS III, L.P. – Rod June, Chief Investment Officer, stated that this fund closed on June 18, 2021. The report was received by the Board and filed.
- B. PRESENTATION BY NEPC, LLC REGARDING RISK BUDGETING AND ASSET CLASS REVIEWS AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner with NEPC, presented and discussed this item with the Board for 50 minutes. Commissioner Elizabeth Lee moved approval, seconded by Commission Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

*Item VIII-D taken out of order.*

- D. REAL ESTATE FISCAL YEAR 2021-22 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

- E. CONTINUED DISCUSSION OF SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, presented and discussed this item with the Board for 10 minutes. Commissioner Elizabeth Lee moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

*Item IX-A was taken out of order.*

IX

President Ruiz recessed the Regular Meeting at 11:26 a.m. to convene in closed session.

DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF MARIA E. GUTIERREZ AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 11:30 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Maria E. Gutierrez.

VIII

INVESTMENTS

- C. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING MARCH 31, 2021 – Kevin Novak, Senior Consultant with NEPC, presented and discussed this item with the Board for 15 minutes.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 13, 2021, at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

X

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:49 a.m.

---

Cynthia M. Ruiz  
President

---

Neil M. Guglielmo  
Manager-Secretary

<b>BOARD Meeting: 07/27/2021</b> Item V-C
--

**Date:** July 16, 2021

**To:** Neil M. Guglielmo, General Manager

**From:** Rahoof Oyewole, Chief Accounting Employee *Rahoof Oyewole*  
Fiscal Management Division

**SUBJECT: RECEIPT OF THE CITY'S CONTRIBUTIONS FOR FISCAL YEAR 2021-22**

The purpose of this memorandum is to advise you of the receipt of the employers' contributions to LACERS of \$725,524,035 and the disposition of those funds by the Fiscal Management Division.

The net payment reflects the City's contribution toward LACERS' Members retirement and postemployment healthcare benefits for the Fiscal Year (FY) 2022, a credit adjustment for a true-up of the advance payment of contributions made for the prior fiscal year, and adjustments shifting the cost of Airport Peace Officers' enhanced benefits to the Los Angeles World Airports (LAWA).

The City has paid in full the required contributions for FY 2022 calculated based on the City's final covered payroll of \$1,787,408,108 for Tier 1 and \$568,974,908 for Tier 3, and applying the contribution rates for payment on July 15, 2021, of 32.81% for Tier 1 and 30.16% for Tier 3, as adopted by the Board. The payment also includes the employer share of costs related to the Family Death Benefit Plan (FDBP), the Limited Term Retirement Plan (LTRP) and the Excess Benefit Plan (EBP).

The five City entities contributed to the full required contributions<sup>1</sup>, and the disposition of those funds are as follows:

- On Tuesday, July 6, 2021, the Office of the City Administrative Officer (CAO) disbursed \$601,449,825 to LACERS from the proceeds of Tax Revenue Anticipation Note (TRAN) issuance. Of this amount, \$518,854,586 and \$81,351,825 were wired to LACERS' Benefit Payment and Healthcare Trust (115 Trust) accounts in Northern Trust respectively on Thursday, July 8, 2021, a week earlier than due date. The balance of \$1,243,414 remains with the City Treasury for the administration of the LTRP and EBP.
- On Tuesday, July 13, 2021, the LAWA paid \$87,381,700 to LACERS. Of this amount, \$76,083,287 and \$11,123,015 were wired to LACERS' Benefit Payment and Healthcare Trust accounts in Northern Trust respectively on Thursday, July 15, 2021. The balance of \$175,398 remains with the City Treasury for the administration of LTRP and EBP.

- On Wednesday, July 7, 2021, the Harbor Department paid \$26,995,191 to LACERS. Of this amount, \$23,370,487 and \$3,570,963 were wired to LACERS' Benefit Payment and Healthcare Trust accounts in Northern Trust respectively on Tuesday, July 13, 2021. The balance of \$53,741 remains with the City Treasury for the administration of the LTRP and EBP.
- On Wednesday, July 7, 2021, the Los Angeles Fire and Police Pensions (LAFPP) paid \$4,100,976 to LACERS. Of this amount, \$3,556,036 and \$536,775 were wired out to LACERS' Benefit Payment and Healthcare Trust accounts in Northern Trust respectively on Tuesday, July 13, 2021. The balance of \$8,165 remains with City Treasury for the administration of the LTRP and EBP.
- LACERS' share of the required contribution totals \$5,596,343. Of this amount, \$764,033 was wired out to LACERS' Healthcare Trust account in Northern Trust on Thursday, July 15, 2021. Funds totaling \$186 and \$10,096 were transferred to LTRP account (Fund 900) and the EBP account (Fund 901), respectively. The remaining amount of \$4,822,028 will remain in City Retirement fund (Fund 800) and will be recorded as expenditure incurred and revenue earned in FY 2022. The contribution true-up adjustment of \$382,144 pertaining to the prior fiscal year's contribution will be reflected as an addition to expenditure and revenue for the FY 2021.

Please refer to the attached summary for the details.

RO:JP

Attachment: Summary of City Contributions and Disposition for Fiscal Year 2021-22

<sup>1</sup> LACERS coordinated with respective departments to streamline the City Contribution process in accordance with current banking and process requirements by departments involved as well as the Office of Finance and Office of the Controller. For Fiscal Year 2022, the payment deadline was set on or before Wednesday, July 14, 2021 in order to wire out the contributions to LACERS' custodian bank on or before Thursday, July 15, 2021 and have the funds available for LACERS' Investment on or before Friday, July 16, 2021. However, as noted above, LACERS received City's General Fund portion of \$601.4 million on July 6, 2021, over a full week ahead of the due date, and those funds were available for investments on July 9, 2021.

**LACERS**  
**SUMMARY OF CITY CONTRIBUTIONS AND DISPOSITIONS**  
**For the Fiscal Year 2021-22**

Description	General Fund (CAO)	Airport (LAWA)	Harbor	LAFPP	LACERS *	Total
<b>Retirement Plan:</b>						
FY 22 Actuarial Contributions	\$ 547,033,936	\$ 77,489,680	\$ 23,915,666	\$ 3,635,910	\$ 4,528,809	\$ 656,604,001
Adjustment: Enhanced Benefits	(2,996,773)	3,177,766	(135,467)	(20,634)	(24,892)	-
FDBP Contributions	59,210	8,352	2,559	389	490	71,000
<b>Total</b>	<b>\$ 544,096,373</b>	<b>\$ 80,675,798</b>	<b>\$ 23,782,758</b>	<b>\$ 3,615,665</b>	<b>\$ 4,504,407</b>	<b>\$ 656,675,001</b>
LTRP & EBP Contributions	1,243,414	175,398	53,741	8,165	10,282	1,491,000
FY 21 True-Up	(25,241,787)	(4,592,511)	(412,271)	(59,629)	317,621	(29,988,577)
<b>Retirement Contributions Due</b>	<b>\$ 520,098,000</b>	<b>\$ 76,258,685</b>	<b>\$ 23,424,228</b>	<b>\$ 3,564,201</b>	<b>\$ 4,832,310</b>	<b>\$ 628,177,424</b>
<b>Healthcare Plan:</b>						
FY 22 Actuarial Contributions	\$ 84,695,691	\$ 11,890,719	\$ 3,613,021	\$ 548,492	\$ 699,510	\$ 101,447,433
Adjustment: Enhanced Benefits	-	-	-	-	-	-
<b>Total</b>	<b>\$ 84,695,691</b>	<b>\$ 11,890,719</b>	<b>\$ 3,613,021</b>	<b>\$ 548,492</b>	<b>\$ 699,510</b>	<b>\$ 101,447,433</b>
FY 21 True-Up	(3,343,866)	(767,704)	(42,058)	(11,717)	64,523	(4,100,822)
<b>Healthcare Contributions Due</b>	<b>\$ 81,351,825</b>	<b>\$ 11,123,015</b>	<b>\$ 3,570,963</b>	<b>\$ 536,775</b>	<b>\$ 764,033</b>	<b>\$ 97,346,611</b>
<b>Total Contributions Received</b>	<b>\$ 601,449,825</b>	<b>\$ 87,381,700</b>	<b>\$ 26,995,191</b>	<b>\$ 4,100,976</b>	<b>\$ 5,596,343</b>	<b>\$ 725,524,035</b>
Date Received	07/06/21	07/13/21	07/07/21	07/07/21	N/A *	
<b>Disposition of Funds:</b>						
Wired to NT Acct 93688 (Benefit Payment)	518,854,586	76,083,287	23,370,487	3,556,036	N/A *	621,864,396
Wired to NT Acct 4483228 (Healthcare Trust)	81,351,825	11,123,015	3,570,963	536,775	764,033	97,346,611
Date Wired	07/08/21	07/15/21	07/13/21	07/13/21	07/15/21	
Transfer to Limited Term Retirement Plan	22,517	3,176	973	148	186	27,000
Transfer to Excess Benefit Plan	1,220,897	172,222	52,768	8,017	10,096	1,464,000
Retained in LACERS Fund 800	-	-	-	-	4,822,028	4,822,028
<b>Total Fund Disposed</b>	<b>\$ 601,449,825</b>	<b>\$ 87,381,700</b>	<b>\$ 26,995,191</b>	<b>\$ 4,100,976</b>	<b>\$ 5,596,343</b>	<b>\$ 725,524,035</b>

\* LACERS only requires to wire out of \$764,033 Healthcare Plan contributions to LACERS' Healthcare Trust (115 Trust) account with Northern Trust (NT) and interfund transfer of \$10,282 to LTRP and EBP funds. 115 Trust account with NT was opened in December 2018 to avoid comingling of 115 funds with any other funds as required. \$4,822,028 will be recognized and recorded as both expenditure and revenue of Retirement Plan through City's Journal Voucher.

Agenda of: JULY 27, 2021

Item No: VI-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES  
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS  
(FOR THE MONTH OF JUNE 2021)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

**BOARD MEMBER:**

President Cynthia M. Ruiz

<b>DATE(S) OF EVENT</b>	<b>SEMINAR / CONFERENCE TITLE</b>	<b>EVENT SPONSOR (ORGANIZATION)</b>	<b>LOCATION (CITY, STATE)</b>
June 3, 2021	<b>Hispanic Heritage Foundation 2021 Annual Conference</b>	Hispanic Heritage Foundation	Virtual

Agenda of: JULY 27, 2021

Item No: VI-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES  
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS  
(FOR THE MONTH OF JUNE 2021)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

**BOARD MEMBER:**

Commissioner Elizabeth Lee

<b>DATE(S) OF EVENT</b>	<b>SEMINAR / CONFERENCE TITLE</b>	<b>EVENT SPONSOR (ORGANIZATION)</b>	<b>LOCATION (CITY, STATE)</b>
June 15-17, 2021	<b>P&amp;I – Private Markets Virtual Series</b>	Pensions & Investments	Virtual



**REPORT TO BOARD OF ADMINISTRATION**

**From: Neil M. Guglielmo, General Manager**

*Neil M. Guglielmo*

**MEETING: July 27, 2021**

**ITEM: VI – B**

**SUBJECT: LEGISLATIVE UPDATE OF JULY 2021**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this report.

**Executive Summary**

This report provides an update on legislation that may be of interest to the Board, including State bill proposals addressing virtual meeting procedures relative to the Brown Act and Executive Order N-29-20 in response to the COVID-19 pandemic. Federal bills of interest include strengthening retirement savings, reforming retirement provisions and amendments to Social Security provisions.

The updated Legislative Watch List is attached. Notably, one Federal bill was passed and signed by the President into law. The current Watch List includes three State, eight Federal, and seven City Council proposals.

At the Board meeting on June 8, 2021, the Board directed staff to communicate to the Mayor and the City Council of the Board's position and recommendation in support of H.R. 82, Social Security Fairness Act of 2021, and any other bills that would rectify inequities resulting from the Windfall Elimination and Government Pension Offset provisions. On June 16, 2021, a City Council resolution was submitted and is pending committee review. At this time, it is not recommended for the Board to take a position on any other specific proposed legislation.

**Discussion**

**BILLS PASSED INTO LAW**

The following bill passed into law and will be removed from the future Legislative Watch List. Staff will work with respective consultants and legal counsel toward operational and legal compliance, as necessary.

## ***H.R. 1319 – American Rescue Plan Act of 2021***

H.R.1319, the “American Rescue Plan Act of 2021” (ARP, or the Act) was signed into law on March 11, 2021. The Act provides \$1.9 trillion in additional relief to respond to the COVID-19 pandemic. The Act includes provisions on aid to state and local governments and hard-hit industries and communities, tax changes affecting individuals and businesses, funding of COVID-19 vaccination and testing activities, and other provisions.

Impact on LACERS: No Impact. Public Pensions General Counsel (PPGC) provided analysis stating while Sections 9701 through 9708 of the Act are designated as Pension provisions, they do not impact LACERS. These Pension provisions apply to Employee Retirement Income Security Act of 1974 (ERISA) pension plans only, which are private pension plans not created by a government entity. As LACERS is not an ERISA plan, these provisions do not affect LACERS.

## **BILLS AND/OR CITY PROPOSALS ADDED TO THE WATCHLIST**

The following are recently identified State bills of interest.

### ***A.B. 703 – Open Meetings: Local Agencies: Teleconferences (Permanently Allows Virtual Meeting Option Using Executive Order Rules)***

This bill would codify the Governor’s Executive Order N-29-20’s virtual meeting rules. It permanently amends the Government Code to remove the existing Brown Act requirements limiting virtual meetings and requiring public attendance at specific physical locations.

This bill would generally allow virtual meetings to operate under regular meeting procedures (for public notice, public comment, and public ability to observe the meeting). When local governments post the agenda or other notices, they would also post instructions for joining virtually. The bill would remove the current requirements that each teleconference location be identified and accessible to the public, curing problems of public access to, for example, a board member’s home. It would also remove the requirement that at least a quorum of the members of the board participate from within the boundaries of the City of Los Angeles. Finally, the bill would renew requirements that legislative bodies make a procedure for handling and swiftly resolving Americans with Disabilities Act requests for virtual meetings.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor.

### ***A.B. 339 – Local Government: Open and Public Meetings (Mandatory Virtual Meetings with Closed Captions and Translation)***

This bill would require city councils and county boards of supervisors to continue to provide virtual access for the public, even if all board members attend in-person. This bill would mandate virtual public access by calling in by phone and by internet and require that local governments provide closed captioning (on-screen text for those who cannot hear audio) for virtual participants. The instructions for virtual participation would have to be posted with the agenda.

This bill would also require covered public agencies to provide live translation services during all meetings and a translation of all agendas and meeting instructions into all languages spoken by five percent or more of the jurisdiction's population.

Impact on LACERS: This bill only applies to the city council or board of supervisors for local agencies with a certain size population -- and would not apply to City commissions like LACERS. Public Pensions General Counsel and LACERS will continue to monitor.

***A.B. 361 – Open Meetings: Local Agencies: Teleconferences (Virtual Meetings Only for Declared Local Emergencies)***

This bill would allow virtual meetings with streamlined procedures only if the purpose of the meeting is to declare a local emergency or if the meeting occurs during a period of a declared local emergency. This means most teleconferencing after the pandemic would likely need to occur under existing Brown Act rules.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor.

The following are recently identified Federal bills of interest.

***H.R. 2954 – Securing a Strong Retirement Act of 2021 (informally the "Secure Act 2.0")***

This bill seeks to increase retirement savings and simplify and clarify retirement plan rules. Relevant to LACERS, it would increase the required minimum distribution age from 72 to 73 starting on Jan. 1, 2022; to 74 starting on Jan. 1, 2029; and to 75 starting on Jan. 1, 2032. It also removes the threat of plan disqualification where a plan is unable to secure repayment for certain inadvertent overpayments to a member.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor.

***S. 1770 – Retirement Security and Savings Act of 2021***

This bill would amend the Internal Revenue Code of 1986 to reform certain retirement provisions. Relevant to LACERS, it would increase the required minimum distribution age from 72 to 75 on Jan. 1, 2032. S. 1770 also features the same qualification changes as H.R. 2954 regarding failure to obtain repayment for certain inadvertent overpayments.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor.

The following are recently identified City proposals of interest.

***C.F. 21-0295 – Los Angeles City Employees' Retirement Systems (LACERS)/ Los Angeles Fire and Police Pensions (LAFPP) / Personnel Department / City Labor Partners / Health Savings Accounts (HSA)***

On April 14, 2021, the City Council adopted the Personnel and Animal Welfare committee motion requesting the City Administrative Officer (CAO) with the assistance of the Los Angeles City Employees'

Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners report back on the cost of Health Savings Accounts (HSA) insurance products, which would create reduced premiums to enable long term health care for members in retirement.

Status: City Administrative Officer report is pending.

***C.F. 21-0002-S135 – H.R. 82 (Davis) / Social Security Fairness Act of 2021 / Social Security Windfall Elimination Provision / Government Pension Offset Provisions / Surviving Spouse***

City Council resolution with the concurrence of the Mayor relative to LACERS' request for City support of the Congressional Bill, HR 82, the Social Security Fairness Act of 2021 (pending), and any similar legislation which would rectify inequities resulting from the Social Security Windfall Elimination and Government Pension Offset Provisions.

Status: Resolution referred to Rules, Elections, and Intergovernmental Relations Committee.

***C.F. 21-0600-S35 – Budget Recommendation / Personnel Department / Targeted Local Hire Programs / Yearly Goal***

On May 20, 2021, City Council adopted budget recommendation instruction to the Personnel Department, with the assistance of the City Administrative Officer and Labor Partners, to report to the Personnel, Audits, and Animal Welfare Committee on the steps necessary to achieve a goal of 750 hires a year through the Targeted Local Hire Programs. (Pursuant to adoption of the Mayor's 2021-22 Budget on May 20, 2021).

Status: City Administrative Officer report is pending.

**Strategic Plan Impact Statement**

The Board's action on this item aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Tammy Jenkins, Management Aide, Administration Division

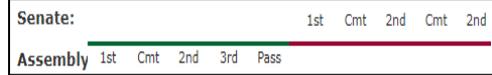
NMG/TB/DW/CK/TJ

Attachment: LACERS Legislative Watch List

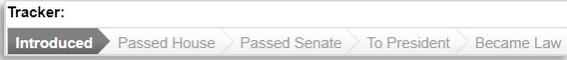
LACERS LEGISLATIVE WATCH LIST  
July 2021

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
<b>STATEWIDE LEGISLATION</b>							
<a href="#">AB 703</a>	Blanca Rubio	<p><b>Permanently Allows Virtual Meeting Option Using Executive Order Rules</b> - This bill would remove the notice requirements particular to teleconferencing and would revise the requirements of the Ralph M. Brown Act to allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda, provided that the public is allowed to observe the meeting and address the legislative body directly both in person and remotely via a call-in option or internet-based service option, and that a quorum of members participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the jurisdiction. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment and that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act, as provided.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pensions General Counsel and LACERS will continue to monitor.</p>	02/16/2021	<u>05/03/21</u> Re-referred to Local Government committee.			
<a href="#">AB 339</a>	Lee and C. Garcia	<p><b>Mandatory Virtual Meetings with Closed Captions and Translation</b> - This bill would, until December 31, 2023, require all open and public meetings of a city council or a county board of supervisors that governs a jurisdiction containing least 250,000 people to include an opportunity for members of the public to attend via a two-way telephonic option or a two-way internet-based service option, as specified, and would require a city council or county board of supervisors that has, as of June 15, 2021, provided video streaming, as defined, of at least one of its meetings to continue to provide that video streaming. The bill would require all open and public meetings to include an in-person public comment opportunity, except in specified circumstances during a declared state or local emergency. The bill would require all meetings to provide the public with an opportunity to comment on proposed legislation in person and remotely via a telephonic or an internet-based service option, as provided.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> This bill only applies to the city council or board of supervisors for local agencies with a certain size population --and would not apply to City commissions like LACERS. Public Pensions General Counsel and LACERS will continue to monitor.</p>	01/28/2021	<u>06/02/21</u> Passed and ordered to the Senate.	<u>07/14/21</u> Re-referred to Appropriations Committee.  <u>07/05/21</u> Re-referred to Judiciary Committee.  <u>06/25/21</u> Re-referred to Governance and Finance Committee.		

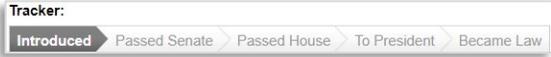
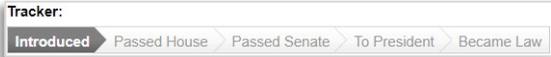
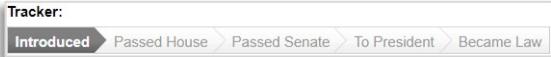
LACERS LEGISLATIVE WATCH LIST  
July 2021

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
<a href="#">AB 361</a>	Robert Rivas	<p><b>Virtual Meetings Only for Declared Local Emergencies</b> - This bill, until January 1, 2024, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act when a legislative body of a local agency holds a meeting during a declared state of emergency, as that term is defined, when state or local health officials have imposed or recommended measures to promote social distancing, during a proclaimed state of emergency held for the purpose of determining, by majority vote, whether meeting in person would present imminent risks to the health or safety of attendees, and during a proclaimed state of emergency when the legislative body has determined that meeting in person would present imminent risks to the health or safety of attendees, as provided.</p> <p><b>Status bar:</b></p>  <p><b>Impact:</b> Public Pensions General Counsel and LACERS will continue to monitor.</p>	02/01/2021	<p><u>05/17/21</u> Passed and ordered to the Senate.</p>	<p><u>07/13/21</u> Passed in Judiciary Committee.</p> <p><u>07/01/21</u> Passed in Governance and Finance Committee.</p> <p><u>05/27/21</u> Referred to Governance and Finance and Judiciary Committees.</p>		
<b>FEDERAL LEGISLATION</b>							
<b>EMPLOYER COMPLIANCE/REPORTING ISSUES</b>							
<a href="#">HR 1319</a>	John A.armuth	<p><b>American Rescue Plan Act of 2021</b> - This bill provides additional relief to address the continued impact of COVID-19 (i.e., coronavirus disease 2019) on the economy, public health, state and local governments, individuals, and businesses. Specifically, the bill provides funding for payments to state, local, tribal, and territorial governments for economic relief; multiemployer pension plans; state, territorial, and tribal capital projects that enable work, education, and health monitoring in response to COVID-19, etc.</p> <p><b>Status bar:</b></p>  <p><b>Impact:</b> No impact on LACERS. 6/2/2021 - PPGC analysis provided. Provisions applies to ERISA plans.</p>	2/24/2021		<p><u>3/06/2021</u> Passed/agreed to in the Senate.</p>	<p><u>2/27/2021</u> Passed/agreed to in the House.</p>	<p><u>3/11/2021</u> President signed and bill became Public Law No: 117-2.</p>

**LACERS LEGISLATIVE WATCH LIST  
July 2021**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
<a href="#">HR 2954</a>	Richard E. Neal	<p><b>Securing a Strong Retirement Act of 2021</b> - To increase retirement savings, simplify and clarify retirement plan rules, and for other purposes.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	5/04/2021			<p><u>05/04/2021</u> Referred to Ways and Means, Financial Services, and Education and Labor Committees.</p>	
<a href="#">S 1770</a>	Benjamin L. Cardin	<p><b>Retirement Security and Savings Act of 2021</b> – To amend the Internal Revenue Code of 1986 to reform retirement provisions, and for other purposes.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	5/20/2021		<p><u>05/20/2021</u> Referred to Finance Committee.</p>		
<b>SOCIAL SECURITY ISSUES</b>							
<a href="#">HR 2337</a>	Richard E. Neal	<p><b>Public Servants Protection and Fairness Act of 2021</b> - To amend Title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision. Related to alternative formula equalizing benefits for certain individuals with noncovered employment, additional monthly payments for certain individuals whose benefit amount is reduced by the windfall elimination provision, improvement in social security account statements for public servants, study on availability of information relating to retirement plans, hold harmless for the social security trust funds.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	4/01/2021			<p><u>04/01/2021</u> Referred to Ways and Means Committee.</p>	

**LACERS LEGISLATIVE WATCH LIST  
July 2021**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
<a href="#">S 1302</a>	Sherrod Brown	<p><b>Social Security Fairness Act of 2021</b> - Amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	4/22/2021		<p><u>04/22/2021</u> Referred to Finance Committee.</p>		
<a href="#">HR 82</a>	Rodney Davis	<p><b>Social Security Fairness Act of 2021</b> - This bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government, eliminates the government pension offset, which in various instances reduces Social Security survivors' benefits for spouses, widows, and widowers who also receive government pensions of their own, and eliminates the windfall elimination provision, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. These changes are effective for benefits payable after December 2021.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	01/04/2021			<p><u>01/04/2021</u> Referred to Ways and Means Committee.</p>	
<a href="#">HR 480</a>	Katie Porter	<p><b>Medicare Economic Security Solutions Act</b> – To amend title XVIII of the Social Security Act to limit the penalty for late enrollment under part B of the Medicare Program to 15 percent and twice the period of no enrollment, and to exclude periods of COBRA, retiree, and VA coverage from such late enrollment penalty.</p> <p><b>Status bar:</b> </p> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	01/25/2021			<p><u>02/02/2021</u> Referred to Health Subcommittee.</p> <p><u>01/25/2021</u> Referred to Ways and Means, Energy and Commerce committees.</p>	

**LACERS LEGISLATIVE WATCH LIST  
July 2021**

**BOARD Meeting: 07/27/21  
Item VI-B  
Attachment**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
<b>MEDICAL/HEALTH ISSUES</b>							
<a href="#">HR 3</a>	Frank Pallone	<p><b>Elijah E. Cummings Lower Drug Costs Act Now</b> - This bill establishes several programs and requirements relating to the prices of prescription drugs; require the Department of Health and Human Services (HHS) to negotiate prices for certain drugs. The bill also makes a series of additional changes to Medicare prescription drug coverage and pricing and requires drug manufacturers to report specified information for certain high-cost drugs, and it provides funds for opioid epidemic initiatives and biomedical research.</p> <p><b>Status bar:</b></p> <div style="border: 1px solid gray; padding: 2px; width: fit-content;"> <small>Tracker:</small>  <span style="background-color: #ccc; padding: 2px;">Introduced</span> <span style="padding: 2px;">Passed House</span> <span style="padding: 2px;">Passed Senate</span> <span style="padding: 2px;">To President</span> <span style="padding: 2px;">Became Law</span> </div> <p><b>Impact:</b> Public Pension General Counsel and LACERS will continue to monitor.</p>	04/22/2021			<p><u>04/27/2021</u> Referred to Oversight and Investigations Subcommittee.</p>	

LACERS LEGISLATIVE WATCH LIST  
July 2021

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
<b>CITY OF LOS ANGELES</b>					
<a href="#">21-0295</a>	Rodriguez	<p><b>Los Angeles City Employees' Retirement System (LACERS) / Los Angeles Fire and police Pensions (LAFPP) / Personnel Department / City Labor Partners / Health Savings Accounts (HSA)</b></p> <p>Motion: Request the City Administrative Officer (CAO) with the assistance of the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners report back on the cost of Health Savings Accounts (HSA) insurance products, which would create reduced premiums to enable long term health care for members in retirement.</p>	03/16/2021	04/14/2021 – Council adopted.	
<a href="#">20-1537</a>	Koretz	<p><b>First Responders / Public Safety Officers / COVID-19 Pandemic / Disability Retirement Benefits / LACERS Public Safety Tier 1 Enhancement Benefits Provision</b></p> <p>Motion: Direct the City Administrative Officer (CAO) report in 60 days in regard to providing disability retirement benefits for the aforementioned 83 public safety officers under the LACERS Public Safety Tier 1 Enhanced Benefits provision for the following groups:</p> <ul style="list-style-type: none"> <li>a. 24 LAPD Officers (General Fund)</li> <li>b. 27 Municipal Police Officers (General Fund)</li> <li>c. 24 Park Rangers (General Fund)</li> <li>d. Eight Port Police Officers (Proprietary Fund)</li> </ul>	11/24/2020	02/10/2021 – Council adopted.	
<a href="#">20-1606</a>	Blumenfield-Bonin – et al.	<p><b>City Healthcare Costs Reduction / Current Employees and Retirees</b></p> <p>Motion: Request City Administrative Officer (CAO) in consultation with the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners, be directed to report to the Executive Employee Relations Committee and appropriate Council Committees with viable options and recommendations to reduce City healthcare costs for current employees and retirees, consistent with existing legal requirements, City commitments and considerations of equity.</p>	12/15/2020	<p>04/28/2021 – LACERS submitted response report to CAO.</p> <p>04/27/2021 – LACERS reported to Board response for submission to CAO.</p> <p>03/03/2021 – Council adopted item.</p> <p>02/22/2021 – Budget and Finance Committee approved items. Report back pending. LACERS will work with the relevant departments and groups to report back.</p>	

**LACERS LEGISLATIVE WATCH LIST**  
**July 2021**

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
<a href="#">19-1577</a>	Blumenfield-Bonin – et al.	<p><b>Los Angeles City Employees' Retirement System (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List</b></p> <p>Motion: Request that the Board of the Los Angeles City Employees' Retirement System (LACERS), with the assistance of the City Administrative Officer (CAO), report in six months with the following:</p> <ol style="list-style-type: none"> <li>a. Recommendations on the feasibility for the LACERS Board to adopt a similar Climate Transition Risk Framework to San Francisco Employees' Retirement System to identify investments in fossil fuel companies that pose an environmental and financial risk.</li> <li>b. Options to create a climate-change watch list that will report the riskiest investments in fossil fuel companies and develop a strategy to engage with the respective companies to reduce their oil and gas reserves and increase their efforts to move towards renewables and address climate change.</li> <li>c. A plan to divest from uncooperative fossil fuel companies and appropriately reinvest capital.</li> <li>d. A watch list to identify other LACERS investments such as in tobacco and firearm companies that contradict the City Council official positions and goal to provide a healthy and secure future for Angelenos.</li> </ol>	12/11/2019	<p>04/29/2021 – LACERS Report document referred to Budget and Finance Committee.</p> <p>04/28/2021 – LACERS Report Document submitted.</p> <p>12/02/2020 – Motion adopted. LACERS and CAO report back is pending.</p>	
<a href="#">20-0943</a>	Cedillo	<p><b>Women and Minority Owned Businesses / City Bid Incentives</b></p> <p>Motion: Relative to amending Council action of September 8, 2020 regarding encouraging and incentivizing women- and minority-owned businesses to bid on City contracts, and steps the City can take to ensure qualified women- and minority-owned businesses are awarded contracts with the City.</p>	7/29/2020	<p>10/27/2020 – Amended motion adopted and final.</p> <p>10/20/2020 – Motion Amended from Council Action on 9/8/20.</p>	
<a href="#">21-0002-S135</a>	Koretz-Blumenfield	<p><b>H.R. 82 (Davis) / Social Security Fairness Act of 2021 / Social Security Windfall Elimination Provision / Government Pension Offset Provisions / Surviving Spouse</b></p> <p>Motion: City Council resolution with the concurrence of the Mayor relative to LACERS request for City support of the Congressional Bill, HR 82, the Social Security Fairness Act of 2021 (pending) and any similar legislation which would rectify inequities resulting from the Social Security Windfall Elimination and Government Pension Offset Provisions.</p>	06/16/2021	06/16/2021 – Referred to the Rules, Elections, and Intergovernmental Relations Committee.	
<a href="#">21-0600-S35</a>	Los Angeles City Council	<p><b>Budget Recommendation / Personnel Department / Targeted Local Hire Programs / Yearly Goal</b></p> <p>Adopted Budget Recommendation: Instruct the Personnel Department, with the assistance of the City Administrative Officer and Labor Partners, to report to the Personnel, Audits, and Animal Welfare Committee on the steps necessary to achieve a goal of 750 hires a year through the Targeted Local Hire Programs. (Pursuant to adoption of the Mayor's 2021-22 Budget on May 20, 2021)</p>	05/20/2021	05/20/2021 – Council document(s) referred to Personnel, Audits, and Animal Welfare Committee.	

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)  
TRAVEL/CONFERENCE EVALUATION REPORT**

Name of Attendee: Cynthia Ruiz	
Title of Conference/Seminar: Hispanic Heritage Foundation Conference	
Location: Virtual	No. of Education Hours: 4 hours
Event Sponsor: Hispanic Heritage Foundation Conference	Date(s) Held: 6/3/21

Report for:

- Travel  
 Conference/Seminar Attendance Only

---

I. Nature/Purpose of Travel (if applicable):

II. Significant Information Gained:

III. Benefits to LACERS:

I was a speaker on the Trustee panel and a moderator for the ESG panel.

IV. Additional Comments:

Increasing the visibility of LACERS as a ESG supporter.



**REPORT TO BOARD OF ADMINISTRATION**

**From: Neil M. Guglielmo, General Manager**

*Neil M. Guglielmo*

**MEETING: JULY 27, 2021**

**ITEM: VIII – C**

**SUBJECT: APPROVAL OF A TASK ORDER AGREEMENT AWARD TO GRANT THORNTON LLP FOR CYBERSECURITY AND OTHER AUDIT SERVICES AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board authorize the General Manager to award a task order agreement to Grant Thornton LLP, an on-call professional audit consultant for the City of Los Angeles.

**Executive Summary**

Staff is seeking the Board's authorization to award a task order agreement to Grant Thornton LLP. The project will be for a total amount of \$149,000, which will be budgeted in the next two fiscal years. The first half of the project's amount was part of the Board-approved budget for fiscal year 2021-2022.

**Discussion**

Internal Audit's annual risk assessment, conducted during the last quarter of 2020, identified opportunities for LACERS to improve its internal controls related to Cybersecurity, vendor compliance, and data reliability. The most recent Work Plan for Internal Audit includes projects that will address these control risks.

The planned audit projects were discussed during the Ad Hoc Committee for Cybersecurity last April 27, 2021 and were presented for approval to the Internal Audit Committee Chair last May 19, 2021.

On May 27, 2021, LACERS issued a solicitation order to the City's bench list using the latter's master agreement with on-call professional audit consultants. LACERS received a proposal and evaluated the same.

Based on the evaluation by the review panel, LACERS is recommending Grant Thornton LLP to receive the task order agreement.

## **Strategic Plan Impact Statement**

The Board Governance Goal is to “uphold good governance practices which affirm transparency, accountability and fiduciary duty.” The internal audit-initiated projects will help the Board in meeting this goal by providing the Board and other LACERS stakeholders an independent assurance that the necessary internal controls needed for LACERS’ Cybersecurity, Retirement System’s Vendor Compliance and Data Integrity are adequate and effectively working, as intended.

Prepared by: Maria Melani Rejuso, Departmental Audit Manager (Emergency)

NMG/MR

**REPORT TO BOARD OF ADMINISTRATION**

**From: Benefits Administration Committee**  
Michael R. Wilkinson, Chair  
Sandra Lee  
Annie Chao

**MEETING: JULY 27, 2021**  
**ITEM: X-A**

---

**SUBJECT: 2022 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

**Recommendation**

That the Board approve the following changes to LACERS health plans and plan benefits:

1. Replace the Anthem Blue Cross Life and Health Medicare Supplement plan with the Anthem Blue Cross Medicare Advantage passive PPO plan;
2. Add a meal delivery benefit to the Kaiser Permanente Senior Advantage plan;
3. Add a personal emergency response system and an in-home personal care benefit to the UnitedHealthcare Medicare Advantage plan;
4. Increase the dental plan maximum annual benefit from \$2,000 in-network and \$1,250 out-of-network to \$2,500 in-network and \$1,750 out-of-network;
5. Change the Anthem Blue View fully-insured product to a self-funded arrangement;

and approve the proposed 2022 Member premium rate changes for LACERS medical, dental, and vision plans, allowing for minor premium adjustments, as follows:

- Anthem Blue Cross HMO: -0.05%
- Anthem Blue Cross PPO: 4.58%
- Kaiser Permanente HMO: 5.49%
- Kaiser Permanente Senior Advantage HMO: 0.00%
- SCAN Health Plan Medicare Advantage HMO: 0.00%
- UnitedHealthcare Medicare Advantage HMO: 1.5%
- Delta Dental HMO: 5.01%
- Delta Dental PPO: 0.00%
- Anthem Blue View: 0.00%

## **Executive Summary**

Recommendations for the health plan contract renewals have resulted in overall 2022 health plan premium costs decreasing by \$2.0 million, or 1.3%, and include the addition of a home delivered meal benefit to the Kaiser Permanente Senior Advantage plan and personal emergency response system and in-home personal care benefits to the UnitedHealthcare Medicare Advantage HMO plan, as well as a plan change from the Anthem Blue Cross Medicare Supplement plan to a Medicare Advantage Passive PPO plan. Other recommendations include a \$500 increase in the dental PPO in-network and out-of-network annual maximum benefits and changing the Anthem Blue View vision plan from a fully-insured product to a self-funded arrangement.

## **Discussion**

At its July 20, 2021 meeting, the Committee approved staff's recommendation to forward the proposed 2022 health plan premium rates to the Board for approval.

### *Medical Plans*

with the inclusion of a meal delivery benefit to the Kaiser Permanente Senior Advantage plan and personal emergency response system and in-home personal care benefits to the UnitedHealthcare Medicare Advantage HMO plan. Additionally, the Committee approved staff's recommendation to replace the Anthem Blue Cross Life and Health Medicare Supplement plan with the Anthem Blue Cross Medicare Advantage Passive PPO, which will offer many more services and support programs to retired Members while significantly reducing premium costs.

### *Dental Plans*

In 2022, the Delta Dental HMO plan premium will increase by 5.0%, while the Delta Dental PPO plan premium will remain unchanged and includes an increase the In-network and out-of-network annual maximum benefits by \$500.

### *Vision Plan*

The Anthem Blue View vision plan premium will remain the same, but the recommendation is to change from a fully-Insured product to a self-Insured arrangement to save on future costs.

### *Other*

Keenan has negotiated enhanced performance guarantees in the areas of disease management, clinical outcomes, security breach, and enrollment.

The carriers will provide a total of \$469,000 for Open Enrollment and wellness events and activities.

## **Conclusion**

The Board has the authority to add benefits if the total premium cost of the Health and Welfare Program does not increase by more than 0.5%. The 2022 overall premium cost, including the

recommended benefit changes, is estimated to decrease. Therefore, the Board is within its authority to approve the benefit changes.

The 2022 overall annual premium cost of the health and welfare program, including the benefit changes, is estimated to be \$152.1 million, a decrease of \$2.0 million, or 1.3%, from 2021. Total negotiated savings from the preliminary 2022 renewals is \$8.5 million.

Occasionally, premiums are subject to change slightly after Board approval due to discovered miscalculations. Staff recommends that the Board allow for any minor premium adjustments, with increases not to exceed \$5.00 per plan premium, to be included in the recommendation.

### **Strategic Plan Impact Statement**

Conducting an annual renewal of our health plans allows staff to ensure that our plan premiums and benefits are competitive and appropriate, and support the Strategic Plan Goal to Improve the Value and Minimize Costs of Members' Health and Wellness Program.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, Health Benefits and Wellness Division

NMG/LP:ar

Attachments: 1. July 20, 2021 Benefits Administration Committee report  
2. Proposed Resolution  
3. LACERS Historical Medical Cost Changes Through 2022



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

**MEETING: JULY 20, 2021**  
**ITEM: III**

*Neil M. Guglielmo*

---

**SUBJECT: 2022 LACERS HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

---

**Recommendation**

That the Committee forward a recommendation to the Board to approve the proposed 2022 premium rates for LACERS medical, dental, and vision plans, allowing for minor premium adjustments and inclusive of the following plan and benefit changes:

- (1) Replace the Anthem Blue Cross Life and Health Medicare Supplement plan with the Anthem Blue Cross Medicare Advantage passive PPO plan;
- (2) Add a meal delivery benefit to the Kaiser Permanente Senior Advantage plan;
- (3) Add a personal emergency response system and an in-home personal care benefit to the UnitedHealthcare Medicare Advantage plan;
- (4) Increase the dental plan maximum annual benefit from \$2,000 in-network and \$1,250 out-of-network to \$2,500 in-network and \$1,750 out-of-network; and
- (5) Change the Anthem Blue View fully-insured product to a self-funded arrangement.

**Executive Summary**

Recommendations for the health plan contract renewals have resulted in overall 2022 health plan premium costs decreasing by \$2.0 million, or 1.3%, and include the addition of a home delivered meal benefit to the Kaiser Permanente Senior Advantage plan and emergency response system and in home personal care benefits to the UnitedHealthcare Medicare Advantage HMO plans, as well as an increase in the dental PPO annual maximum benefit.

**Discussion**

As part of an annual process, LACERS' Health and Welfare Consultant, Keenan and Associates (Keenan), released a Request for Renewal, requesting premium rate renewal data from LACERS' health plan carriers: Kaiser Permanente (Kaiser), Anthem Blue Cross (Anthem), UnitedHealthcare (UHC), Senior Care Action Network (SCAN), and Delta Dental (Delta). Data requested included proposed 2022 premium rates, documentation to support the proposed premium rates, performance guarantees, as well as financial commitments toward LACERS' wellness program.

## 2022 Medical Plan Renewal Summary

Maintaining the same health plans and benefit designs, the 2022 medical premiums are estimated to increase by \$2.5 million, or 1.7%, from \$154.1 million to \$156.6 million.

### Medical Plan and Benefit Options

In an effort to enhance our Member's wellbeing and safety, and provide greater independence, each carrier that did not already provide similar benefits were requested to provide the cost of adding the following benefits:

- Transportation: Some seniors may suffer from poor vision, mental capacity, and/or mobility issues, which limit their ability to drive, and some may lack access to transportation services or caregiving. These can become significant obstacles to seniors receiving care or obtaining essentials, such as groceries and prescriptions.
- Meal Delivery: Lack of mobility or mental capacity may limit the ability of certain Members to prepare meals and obtain necessary nutrients to remain healthy or heal from an injury or a medical treatment.
- Medical Alert System: Many seniors live alone, lack support, and/or have mobility issues that put them at risk of significant injury. A medical alert system assists Members when faced with a crisis by putting them in touch with emergency services by using a device on their person (pendant or "watch").
- In-Home Care: Based on a U.S. Health and Human Services report, after age 65, 29 percent of adults develop severe long-term services and support needs and receive paid home care, 5 percent receive residential care, and 28 percent receive at least 90 days of nursing home care, including 13 percent who receive long-term Medicaid-financed nursing home care. As our Members age and face various health risks, they may become unable to adequately care for themselves and may not have adequate support from family or friends. In-home care could provide needed assistance to ensure that our Member's health and safety are carefully monitored and managed, staving off the need for institutional care.

These issues impact many seniors every day and can have significant impact on their wellbeing, and ultimately increase premiums costs. As we have seen during the COVID-19 pandemic, these issues become exaggerated as vulnerable populations are recommended to stay home and have minimal, if any, contact with others.

### Anthem Blue Cross – Medicare Advantage Passive PPO plan

In response to the request for additional support benefits, Anthem Blue Cross (Anthem) presented an alternative plan choice to their Life and Health Medicare Supplement plan. The plan offering is a Medicare Advantage Passive PPO plan for Members with Medicare Parts A and B. As a Medicare Advantage plan, it differs from the Medicare Supplement plan by offering more senior support benefits, has no annual deductible, and provides more integrated care.

Below is a listing of all the standard Medicare Advantage benefits and support services versus those provided through the current Medicare Supplement plan, as well as the additional non-standard benefits and support services available through the proposed Anthem Medicare Advantage Passive PPO plan.

<b>Anthem Medicare Advantage Passive PPO vs Anthem Medicare Supplement</b>	<b>Medicare Advantage Standard Benefits</b>	<b>Medicare Supplement Benefits</b>
Routine Vision	Yes	Available -Blue View Vision Plan
Routine Hearing	Yes	Yes
Routine Foot Care	Yes	Yes- Medicare Covered Benefits
My Health Advantage	Yes	Yes
Medicare Community Resource Support	Yes	No
Foreign Travel Coverage - Urgent/Emergency	Yes	Yes
House Calls Program	Yes	No
LiveHealth Online	Yes	Yes
SilverSneakers	Yes	Yes

**Additional Non-Standard Benefits**

- Transportation – 12 non-emergency trips
- Personal Emergency Response System
- Additional Assisted Devices (Durable Medical Equipment)
- Health & Fitness Tracker
- Personal Care
- In-Home Caregiver Relief
- Adult Day Care
- Homemaker Services
- Enhanced Foot Care – 12 visits
- Healthy Meals – 56 delivered meals
- Healthy Pantry
- Fitness Tracker

The proposed Passive PPO would be offered at a \$0 copay for most services and Members would be able to see any Anthem in-network provider and any out-of-network provider that accepts Medicare with no change in benefits. However, these out-of-network providers would not be required to accept the plan, which has the potential to create some disruption. Although accepting the plan would be in a provider's best interest because payment through Anthem would be more efficient as the payment model would change from a two-payer system (Medicare would be first payer and Anthem would be the second payer) to a single payer (Anthem). Additionally, even with the current Medicare Supplement plan, an out-of-network provider could decide not to accept the Anthem plan.

Another difference Members may experience is more prior-authorizations by Anthem related to receiving care. This process ensures that appropriate care is being provided, which helps to manage costs, but could result in Member complaints, at least initially.

Switching from the Medicare Supplement plan to the Passive PPO plan is estimated to reduce premium costs by more than \$4.5 million in 2022. A future consideration would be to make the plan available to those Members with only Medicare Part B. Also worth noting is that Anthem has agreed to match the PPO plan prescription drug formulary to the Passive PPO plan formulary to remedy differences in coverage.

#### Kaiser Permanente Senior Advantage (KPSA) Plan

Kaiser Permanente proposed adding a meal delivery benefit to its KPSA plan at a cost of \$1.75 per Member per month, or \$308,763 for the year. This benefit would be available after a hospital stay and offers 84 home delivered meals (3 meals/day for 4 weeks, 1 time/year).

#### UnitedHealthcare Medicare Advantage (UHC) plan

UnitedHealthcare proposed adding personal emergency response system and in-home personal care (12 hours/month) benefits at a cost of \$25,136.

#### *2022 Dental Plan Renewal Summary*

The Delta Dental PPO is self-funded by LACERS. A review of the premiums and claims shows that the dental plan is operating at a surplus and the underwriting determined that the plan could withstand a premium reduction of over 6.0%. It is recommended that the premium not change for 2022.

DeltaCare USA (HMO) premium costs will increase by 5.0% with a three-year rate guarantee, which was negotiated from a two-year rate guarantee. Overall, the 2022 dental plan costs are estimated to increase by \$39,562, or 0.3%, to \$11,890,090.

#### *Dental Plan Option*

Staff continually hears from its Members that the benefit maximum is not sufficient to meet their needs and that they often need to delay care. The annual maximum benefit for in-network service has been the same for fourteen years and the same for out-of-network service for 20 years, whereas dental care costs have grown over this period. Therefore, staff is recommending an increase in the in/out-of-

network benefit by \$500 each to \$2,500/\$1,750. The underwriting determined that this benefit increase would withstand a premium decrease of more than 1.0% and LACERS would be able to maintain the same premium for 2022.

### *2022 Vision Plan Renewal Summary*

Anthem Blue View vision plan is in the final year of a three-year rate guarantee. Premiums will not increase in 2022 and are estimated to cost \$839,079.

### *Vision Plan Option*

Keenan has analyzed changing from a fully-insured product to a self-funded arrangement and found that doing so would result in an approximate 4.9% cost savings. Going forward, the self-funding arrangement appears to be a cost-saving strategy for LACERS.

### Conclusion

The 2022 annual health plan premium cost initially came in at \$160.6 million. Negotiations conducted by Keenan brought an overall cost decrease of \$4.0 million to \$156.6 million. Compared to 2021, the 2022 annual premium cost will increase by \$2.5 million, or 1.7%.

Changing the Anthem Life and Health Medicare Supplement plan to the Medicare Advantage Passive PPO plan will decrease costs by \$5.7 million.

The addition of meal delivery services to the KPSA plan, and the emergency response system and in-home personal care benefits to the UHC plan increases the annual program cost by \$333,899.

The recommended increase in the Delta Dental PPO annual maximum benefits to \$2,500/\$1,750 for in-network/out-of-network services is not projected to increase claims costs beyond the 2021 premium funding and would allow LACERS to maintain the same premium in 2022.

Moving the Anthem Blue View vision plan to a self-funded arrangement would allow LACERS to maintain the same premium in 2022 because projected claims would reduce costs by nearly 5.0%.

Therefore, staff recommends the following:

- Replace the Anthem Life and Health Medicare Supplement plan with the Anthem Medicare Advantage Passive PPO plan
- Add the meal delivery benefit to the KPSA plan
- Add the personal emergency response system and in-home care (12 hours/month) benefits to the UHC plan
- Increase the Delta Dental PPO plan maximum annual benefit to \$2,500/\$1,750 for in-network/out-of-network services
- Change from a fully insured Anthem Blue View vision plan product to a self-funded arrangement

Current premium amounts will be maintained where plan premium costs are to decrease and surplus premium dollars will be placed in the premium reserve of the 115 Trust to be used for future health plan management purposes.

The overall annual premium cost of the health and welfare program, including the benefit changes, is estimated to be \$152.1 million, a decrease of \$2.0 million, or 1.3%, from 2021. Total negotiated savings from the preliminary 2022 renewals is \$8.5 million.\*

The Board has the authority to add benefits if the total premium cost of the Health and Welfare Program does not increase by more than 0.5%. The 2022 overall premium cost, including the benefit changes, are estimated to decrease. Therefore, the Board is within its authority to approve the benefit changes.

Keenan has negotiated enhanced performance guarantees in the areas of disease management, clinical outcomes, security breach, and enrollment. More details are included in the attached Keenan report.

The carriers will provide a total of \$469,000 for Open Enrollment and wellness events and activities.

Occasionally, premiums are subject to change slightly after Board approval due to discovered miscalculations. Staff recommends that the Board allow for any minor premium adjustments, with increases not to exceed \$5.00 per plan premium, to be included in the recommendation.

Staff and Keenan will be present to discuss the 2022 health plan renewal process and answer the Committee's questions.

\*This paragraph contains corrections that were made to the original report submitted to the Committee for its July 20, 2021 meeting.

### **Strategic Plan Impact Statement**

Conducting an annual renewal of our health plans allows staff to ensure that our plan premiums and benefits are competitive and appropriate, and support the Strategic Plan Goal to Improve the Value and Minimize Costs of Members' Health and Wellness Program.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst, Health Benefits and Wellness Division

NMG/LP:ar

Attachments: 1 – Keenan Report – 2022 Health Plan Renewal Final Report  
2 – Anthem Blue Cross Passive PPO Benefit Descriptions



# Los Angeles City Employees' Retirement System

## 2022 Health Plan Renewal, Final Report

Board Mtg: 07/27/21  
Attachment 1

July 20, 2021

BAC Mtg: 07/20/21  
Attachment 1

Respectfully Submitted by:

Ju Anderson, Vice President | Bordan Darm, Senior Consultant  
Erin Robinson, Service Consultant | Christine Hough, Actuary

# Table of Contents

• Introduction	Page 3
• Executive Summary	Page 4
• Anthem Blue Cross Renewal	Page 6
• Kaiser Permanente Renewal	Page 7
• SCAN Renewal	Page 8
• UnitedHealthcare Renewal	Page 9
• Delta Dental Renewal and Underwriting	Page 10
• Anthem Blue View Vision Renewal and Underwriting	Page 12
• 2022 Projected Renewal	Page 14
• Benefit Changes and Enhancements	Page 16
• Recommendations	Page 20
• 2022 Projected Renewal with Benefit Enhancements	Page 21
• Performance Standards and Guarantees	Page 23
• Appendix	Page 24

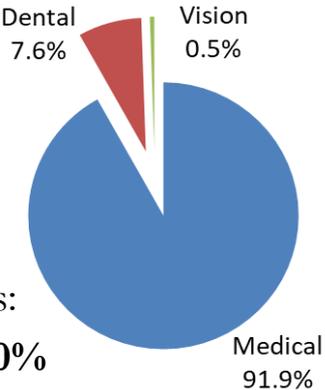
# Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2022 final health plan renewals
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), UnitedHealthcare (UHC), and SCAN have provided medical plan renewals for 2022
  - Anthem has provided a Passive PPO Medicare Advantage plan option as an alternative to the Medicare Supplemental plan.
- Delta Dental's DHMO will be in the third year of a three-year rate guarantee for 2022
- The Delta Dental PPO plan has been self-funded since January 1, 2019. The PPO administration fee remains unchanged for 2022
- Anthem Blue View Vision is in the third year of a three-year rate guarantee for 2022. A self-funded option was also provided
- Data provided by the current carriers for plan designs, rates, and enrollment



# Executive Summary

- The 2022 final renewal for the LACERS Health and Welfare Program without and plan design changes requires an increase in cost of \$2,546,317 or 1.7%, from \$154,054,716 to \$156,601,033
- The 2022 LACERS final renewal premium adjustments are as follows: Medical premiums: **\$2,506,755** or **1.8%**, Dental premiums: **\$39,562** or **0.3%**, and Vision premiums: **\$0** or **0.0%**
- Of LACERS' total premium: Medical represents **91.9%**, Dental **7.6%**, and vision **0.5%**
- The Delta Dental PPO plan has completed its second year of self-funding with the following results:
  - 2020 an accumulated cash position of \$2,759,875 and a 66.7% loss ratio
  - 2019 an accumulated cash position of \$1,685,860, for a two-year total \$4,445,735
  - IBNR reserve liability of \$534,629, for a Net cumulative cash position \$3,911,106
  - No adjustment in dental PPO rates are needed for 2022

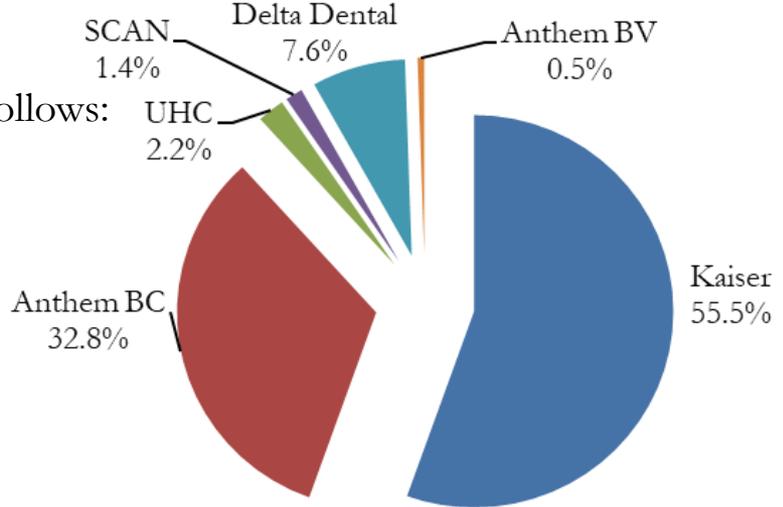


Overall - Final Renewal	Current Enrollment	2021 Premium	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
MEDICAL	26,461	\$141,365,109	\$143,871,864	\$2,506,755	1.8%	\$3,999,589
DENTAL	16,321	\$11,850,528	\$11,890,090	\$39,562	0.3%	\$0
VISION	6,675	\$839,079	\$839,079	\$0	0.0%	\$0
<b>GRAND TOTAL</b>		<b>\$154,054,716</b>	<b>\$156,601,033</b>	<b>\$2,546,317</b>	<b>1.7%</b>	<b>\$3,999,589</b>
Overall - Preliminary Renewal			2022 Renewal - Preliminary			
			Premium	\$ Change	% Change	
MEDICAL			\$147,871,453	\$6,506,344	4.6%	
DENTAL			\$11,890,090	\$39,562	0.3%	
VISION			\$839,079	\$0	0.0%	
<b>GRAND TOTAL</b>			<b>\$160,600,622</b>	<b>\$6,545,907</b>	<b>4.2%</b>	

# Executive Summary

The 2022 LACERS final renewal cost change by carrier is as follows:

- Anthem: **-\$330,470** or **-0.6%**
- Kaiser: **\$2,854,202** or **3.4%**
- UHC: **\$50,983** or **1.5%**
- SCAN: **-\$67,960** or **-3.0%**
- Delta Dental: **\$39,562** or **0.3%**
- Anthem Blue View: **\$0** or **0.0%**



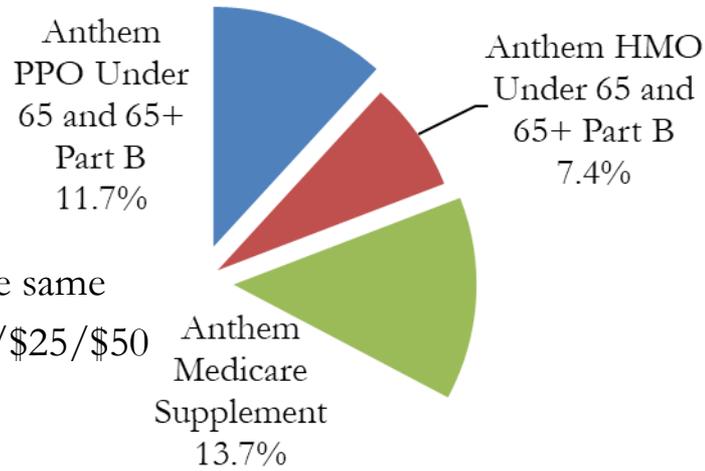
Kaiser and Anthem comprise 88.3% of the total cost

Carrier Final Renewal	Current Enrollment	2021 Premium	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Anthem	5,444	\$51,696,201	\$51,365,731	(\$330,470)	-0.6%	\$2,514,715
Kaiser	19,253	\$84,004,765	\$86,858,967	\$2,854,202	3.4%	\$1,433,895
UnitedHealthcare	1,037	\$3,397,560	\$3,448,543	\$50,983	1.5%	\$50,979
SCAN	727	\$2,266,582	\$2,198,622	(\$67,960)	-3.0%	\$0
Delta Dental	16,321	\$11,850,528	\$11,890,090	\$39,562	0.3%	\$0
Anthem Blue View	6,675	\$839,079	\$839,079	\$0	0.0%	\$0
<b>GRAND TOTAL</b>		\$154,054,716	\$156,601,033	\$2,546,317	1.7%	\$3,999,589
Carrier Preliminary Renewal			2022 Renewal - Preliminary			
			Premium	\$ Change	% Change	
Anthem			\$53,880,446	\$2,184,245	4.2%	
Kaiser			\$88,292,863	\$4,288,098	5.1%	
UnitedHealthcare			\$3,499,522	\$101,961	3.0%	
SCAN			\$2,198,622	(\$67,960)	-3.0%	
Delta Dental			\$11,890,090	\$39,562	0.3%	
Anthem Blue View			\$839,079	\$0	0.0%	
<b>GRAND TOTAL</b>			\$160,600,622	\$6,545,907	4.2%	

1) Anthem and Delta Dental enrollments are retiree counts.  
 2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.

# Anthem Blue Cross Renewal

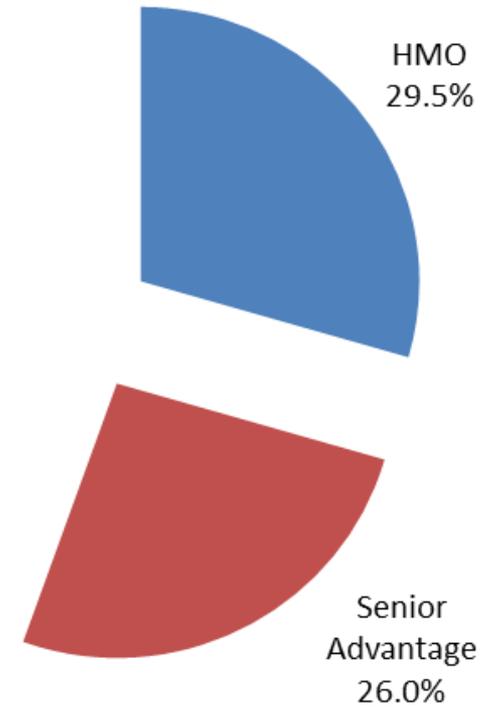
- Anthem Blue Cross comprises 32.8% of LACERS' premium costs
- Anthem proposes the following rate adjustments:
  - PPO Under 65 / 65+ Part B: **\$803,160** or **4.6%**
  - HMO Under 65 / 65+ Part B: **-\$5,800** or **-0.0%**
  - Medicare Supplement: **-\$1,127,829** or **-5.0%**
  - An overall change of **-\$330,470** or **-0.6%**
- For 2022 the 65+ HMO and PPO Part B only Retirees, will have the same prescription drug benefit as the Medicare Supplemental Retirees \$5/\$25/\$50
- Considerations for Anthem's renewal:
  - 2022 wellness program contribution of \$250,000
  - The final renewal includes Anthem concession of \$2,514,715, from an overall increase request of 4.2% to -0.6%



Anthem Final Renewal	Current	2021	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B	1,150	\$17,534,970	\$18,338,130	\$803,160	4.6%	\$1,671,042
HMO Under 65 and 65+ Part B	912	\$11,605,455	\$11,599,655	(\$5,800)	0.0%	\$843,673
Medicare Supplement	3,382	\$22,555,776	\$21,427,946	(\$1,127,829)	-5.0%	\$0
<b>Total</b>	<b>5,444</b>	<b>\$51,696,201</b>	<b>\$51,365,731</b>	<b>(\$330,470)</b>	<b>-0.6%</b>	<b>\$2,514,715</b>
Anthem Preliminary Renewal			2022 Renewal - Preliminary			
			Premium	\$ Change	% Change	
PPO Under 65 and 65+ Part B			\$20,009,172	\$2,474,202	14.1%	
HMO Under 65 and 65+ Part B			\$12,443,328	\$837,873	7.2%	
Medicare Supplement			\$21,427,946	(\$1,127,829)	-5.0%	
<b>Total</b>			<b>\$53,880,446</b>	<b>\$2,184,245</b>	<b>4.2%</b>	

# Kaiser Permanente Renewal

- Kaiser comprises 55.5% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
  - HMO Under 65: **\$3,060,632** or **7.1%**
  - Senior Advantage: **-\$206,430** or **-0.5%**
  - For an overall increase of **\$2,854,202** or **3.4%**
- Keenan requested Kaiser reduce the Under 65 renewal, but Kaiser was unwilling to move from their position.
- Other considerations:
  - \$150,000 rate load for the wellness program
  - \$40,000 for Open Enrollment



Kaiser - Final Renewal	Current	2021	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
HMO Under 65	4,550	\$43,089,257	\$46,149,889	\$3,060,632	7.1%	\$0
Senior Advantage	14,703	\$40,915,508	\$40,709,078	(\$206,430)	-0.5%	\$1,433,895
<b>Total</b>	<b>19,253</b>	<b>\$84,004,765</b>	<b>\$86,858,967</b>	<b>\$2,854,202</b>	<b>3.4%</b>	<b>\$1,433,895</b>
Kaiser - Preliminary Renewal			2022 Renewal - Preliminary			
			Premium	\$ Change	% Change	
HMO Under 65			\$46,149,889	\$3,060,632	7.1%	
Senior Advantage			\$42,142,974	\$1,227,465	3.0%	
<b>Total</b>			<b>\$88,292,863</b>	<b>\$4,288,098</b>	<b>5.1%</b>	

# SCAN Renewal

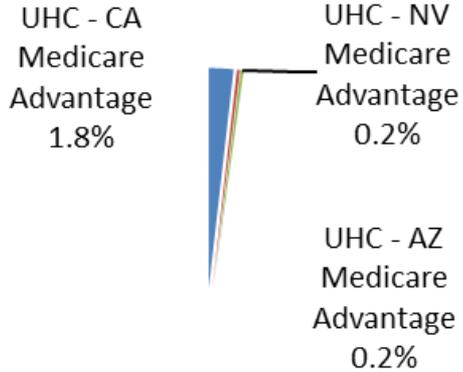
SCAN  
1.4%

- SCAN Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- SCAN comprises 1.4% of LACERS' premium costs
- SCAN requested the following rate adjustments:
  - Medicare Advantage: **-\$67,960** or **-3.0%**
- Other considerations:
  - Wellness program contribution of \$10,500

SCAN Final Renewal	Current	2021	2022 Renewal - Final			Negotiated Savings
	Enrollment	Premium	Premium	\$ Change	% Change	
Medicare Advantage	727	\$2,266,582	\$2,198,622	(\$67,960)	-3.0%	\$0
SCAN Preliminary Renewal			2022 Renewal - Preliminary			
			Premium	\$ Change	% Change	
Medicare Advantage			\$2,198,622	(\$67,960)	-3.0%	

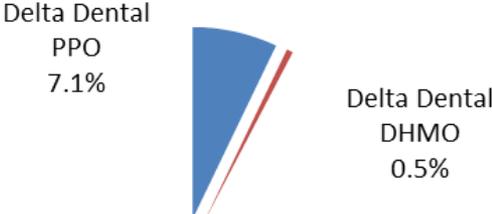
# UnitedHealthcare Renewal

- UnitedHealthcare Medicare Advantage HMO is available to retired Members with Medicare Parts A and B
- UHC provides LACERS coverage in California, Arizona, and Nevada
- UHC comprises 2.2% of LACERS' premium costs
- UHC proposed a **\$50,983** or **1.5%** increase
- Other considerations:
  - Wellness program contribution of \$8,500
- The final renewal includes UHC's concession of \$50,979 representing a change from 3.0% to 1.5%



UnitedHealthcare	Current	2021	2022 Renewal - Final			Negotiated
Final Renewal	Enrollment	Premium	Premium	\$ Change	% Change	Savings
CA Medicare Advantage	842	\$2,733,738	\$2,774,760	\$41,022	1.5%	\$41,022
NV Medicare Advantage	113	\$327,786	\$332,708	\$4,922	1.5%	\$4,909
AZ Medicare Advantage	82	\$336,036	\$341,074	\$5,038	1.5%	\$5,048
<b>Total</b>	<b>1,037</b>	<b>\$3,397,560</b>	<b>\$3,448,543</b>	<b>\$50,983</b>	<b>1.5%</b>	<b>\$50,979</b>
UnitedHealthcare			2022 Renewal - Preliminary			
Preliminary Renewal			Premium	\$ Change	% Change	
CA Medicare Advantage			\$2,815,783	\$82,044	3.0%	
NV Medicare Advantage			\$337,617	\$9,831	3.0%	
AZ Medicare Advantage			\$346,122	\$10,086	3.0%	
<b>Total</b>			<b>\$3,499,522</b>	<b>\$101,961</b>	<b>3.0%</b>	

# Delta Dental Renewal



Delta Dental PPO and DHMO is available to all retired Members

- Delta Dental comprises 7.6% of LACERS’ premium costs
- LACERS started self-funding the Delta Dental PPO as of January 1, 2019
- The self-funded PPO requires no rate adjustment for 2022
- Delta Dental DHMO is requesting a 5.0% increase with a three-year rate guarantee. Delta Dental’s preliminary proposal was 5.0% with a two-rate guarantee
- Other considerations:
  - Wellness program contribution of \$10,000

Delta Dental	Current	2021	2022 Renewal - Final			Negotiated
Final Renewal	Enrollment	Premium	Premium	\$ Change	% Change	Savings
PPO	12,992	\$11,056,985	\$11,056,985	\$0	0.0%	\$0
DHMO	3,329	\$793,543	\$833,105	\$39,562	5.0%	\$0
<b>Total</b>	<b>16,321</b>	<b>\$11,850,528</b>	<b>\$11,890,090</b>	<b>\$39,562</b>	<b>0.3%</b>	<b>\$0</b>
Delta Dental			2022 Renewal - Preliminary			
Preliminary Renewal			Premium	\$ Change	% Change	
PPO			\$11,056,985	\$0	0.0%	
DHMO			\$833,105	\$39,562	5.0%	
<b>Total</b>			<b>\$11,890,090</b>	<b>\$39,562</b>	<b>0.3%</b>	

# Delta Dental Self-Funded Renewal

2022 will be the fourth year of self-funding the PPO dental plan

The 2022 underwriting shows that projected costs are expected to be less than the current premium

- The underwriting for 2022 shows a rate decrease of -6.26% could occur
- Keenan recommends a rate pass for 2022 and allow the Dental PPO plan to continue building its reserve
- By holding the rates it is projected that LACERS will add \$691,150 to reserves

**LACERS**

**Self-Funded Dental Renewal**

**Effective January 1, 2022 through December 31, 2022**

**Experience Data from April 1, 2020 through March 31, 2021**

		<u>4/1/2020 - 3/31/2021</u>
1	Paid Claims (5/1/2019 - 4/30/2020)	\$6,682,867
2	Covid-19 Adjustment for April 2020-June 2020	1,280,895
3	Beginning Reserve	(365,497)
4	Ending Reserve	534,629
5	Incurred Claims	\$8,132,894
6	Covered Employees	151,680
7	Incurred Claims/EE/Month	\$53.62
8	Trend Factor	1.0891
9	Expected Incurred Claims (1/1/2022 - 12/31/2022)	\$58.40
10	Administration	5.10
11	Calculated Funding Level Without Margin	\$63.50
12	Current Average Funding Level	\$70.86
13	<b>Calculated Funding Action Without Margin = (11)/(12)</b>	<b>-10.38%</b>
14	Recommended Margin = Margin % x (8)	\$2.92
15	Calculated Funding Level With Margin = (11)+(14)	\$66.42
16	Current Average Funding Level = (12)	\$70.86
17	<b>Calculated Funding Action With Margin = (15)/(16)</b>	<b>-6.26%</b>

# Anthem Blue View Vision Renewal

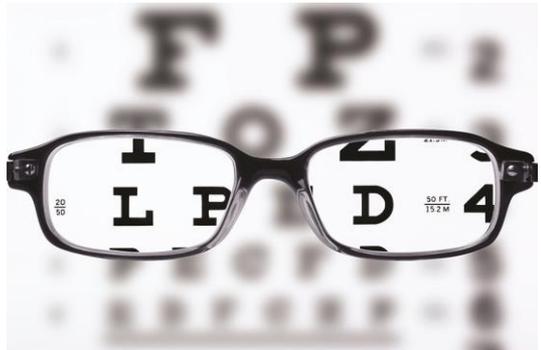
Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN and UHC

- Anthem Blue View comprises 0.5% of LACERS premium costs
- Anthem Blue View will be in the third year of a three-year rate guarantee; 2022: **\$0** or **0.0%**

Other considerations:

–Wellness program contribution is combined with Anthem medical

Anthem Blue View  
0.5%



Anthem Blue View Final Renewal	Current Enrollment	2021 Premium	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
Vision	6,675	\$839,079	\$839,079	\$0	0.0%	\$0
Anthem Blue View Preliminary Renewal			2022 Renewal - Preliminary			
			Premium	\$ Change	% Change	
Vision			\$839,079	\$0	0.0%	

# Anthem Blue View Vision Self-funded Option

## LACERS

### Self-Funded Vision Renewal

Effective January 1, 2022 through December 31, 2022

Experience Data from April 1, 2020 through March 31, 2021

LACERS is interested in self-funding the vision plan

- Based on Keenan’s underwriting a self-funded option would merit a -4.94% rate decrease
- This rate projection includes a COVID adjustment of \$162,575 and a 5.0% margin
- Keenan recommends LACERS hold the rates (0.0%) and reserve the balance

		4/1/2020 - 3/31/2021
1	Paid Claims	\$460,031
2	Covid-19 Adjustment for April 2020-July 2020	162,575
3	Beginning Reserve	(40,886)
4	Ending Reserve	42,356
5	Incurred Claims	\$624,076
6	Covered Employees	77,223
7	Incurred Claims/EE/Month	\$8.08
8	Trend Factor	1.0891
9	Expected Incurred Claims (1/1/2022 - 12/31/2022)	\$8.80
10	Administration	0.67
11	Calculated Funding Level Without Margin	\$9.47
12	Current Average Funding Level	\$10.42
13	<b>Calculated Funding Action Without Margin = (11)/(12)</b>	<b>-9.16%</b>
14	Recommended Margin = Margin % x (8)	\$0.44
15	Calculated Funding Level With Margin = (11)+(14)	\$9.91
16	Current Average Funding Level = (12)	\$10.42
17	<b>Calculated Funding Action With Margin = (15)/(16)</b>	<b>-4.94%</b>

# LACERS 2022 Renewal Projection – No Changes

All Coverage	Current Enrollment	2021 Premium	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
<b>MEDICAL</b>						
<b>Anthem</b>						
PPO Under 65 and 65+ Part B	1,150	\$17,534,970	\$18,338,130	\$803,160	4.58%	\$1,671,042
HMO Under 65 and 65+ Part B	912	\$11,605,455	\$11,599,655	(\$5,800)	-0.05%	\$843,673
Medicare Supplement	3,382	\$22,555,776	\$21,427,946	(\$1,127,829)	-5.00%	\$0
<b>Total Anthem</b>	<b>5,444</b>	<b>\$51,696,201</b>	<b>\$51,365,731</b>	<b>(\$330,470)</b>	<b>-0.64%</b>	<b>\$2,514,715</b>
<b>Kaiser</b>						
HMO Under 65	4,550	\$43,089,257	\$46,149,889	\$3,060,632	7.10%	\$0
Senior Advantage	14,703	\$40,915,508	\$40,709,078	(\$206,430)	-0.50%	\$1,433,895
<b>Total Kaiser</b>	<b>19,253</b>	<b>\$84,004,765</b>	<b>\$86,858,967</b>	<b>\$2,854,202</b>	<b>3.40%</b>	<b>\$1,433,895</b>
<b>UnitedHealthcare</b>						
CA Medicare Advantage	842	\$2,733,738	\$2,774,760	\$41,022	1.50%	\$41,022
NV Medicare Advantage	113	\$327,786	\$332,708	\$4,922	1.50%	\$4,909
AZ Medicare Advantage	82	\$336,036	\$341,074	\$5,038	1.50%	\$5,048
<b>Total UnitedHealthcare</b>	<b>1,037</b>	<b>\$3,397,560</b>	<b>\$3,448,543</b>	<b>\$50,983</b>	<b>1.50%</b>	<b>\$50,979</b>
<b>SCAN</b>						
Medicare Advantage	727	\$2,266,582	\$2,198,622	(\$67,960)	-3.00%	\$0
<b>Total SCAN</b>	<b>727</b>	<b>\$2,266,582</b>	<b>\$2,198,622</b>	<b>(\$67,960)</b>	<b>-3.00%</b>	<b>\$0</b>
<b>Medical Total</b>	<b>26,461</b>	<b>\$141,365,109</b>	<b>\$143,871,864</b>	<b>\$2,506,755</b>	<b>1.77%</b>	<b>\$3,999,589</b>
<b>DENTAL</b>						
<b>Delta Dental PPO (self-funded)</b>	12,992	\$11,056,985	\$11,056,985	\$0	0.00%	\$0
<b>Delta Dental HMO</b>	3,329	\$793,543	\$833,105	\$39,562	5.00%	\$0
<b>Dental Total</b>	<b>16,321</b>	<b>\$11,850,528</b>	<b>\$11,890,090</b>	<b>\$39,562</b>	<b>0.33%</b>	<b>\$0</b>
<b>VISION</b>						
<b>Anthem Blue View</b>	6,675	\$839,079	\$839,079	\$0	0.00%	\$0
<b>Vision Total</b>	<b>6,675</b>	<b>\$839,079</b>	<b>\$839,079</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>
<b>GRAND TOTAL</b>		<b>\$154,054,716</b>	<b>\$156,601,033</b>	<b>\$2,546,317</b>	<b>1.65%</b>	<b>\$3,999,589</b>

- 1) Anthem (including Blue View vision) and Delta Dental enrollments are retiree counts.
- 2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.
- 3) Delta Dental HMO rate is effective for 3 years from 2022 to 2024

# 2022 Projected/Proposed Renewal Action

LACERS has maintained a strategy of holding Member rates when carriers have requested rate decreases. This has enabled LACERS to build reserves to better serve retirees. The following member rate strategies are proposed:

- **Anthem** - pass the 4.58% PPO rate increase to Members, hold Member HMO rates and reserve -0.05% difference, hold Member Medicare Supplemental rates and reserve 5.00% difference
- **Kaiser** – pass the 7.10% rate increase to Members (net impact 5.49% increase members), hold KPSA Member rates and reserve 13.76% difference
- **UHC** – pass the 1.5% increase in Member rates
- **SCAN** – hold the HMO Member rate and reserve 3.0% difference
- **Delta Dental** – hold the PPO Member rates and reserve the \$691,650 difference (total reserve projected to increase to \$5,137,385), pass the 5.0% DHMO rate increase to Members
- **Blue View Vision** – hold Member rates

2022 Renewal Summary - Rate Change Impact	2022 Rate Action %		Retained by LACERS	2022 Rate Action \$		Retained by LACERS
	Carrier Rate Δ	Member Rate Δ		Carrier Rate Δ	Member Rate Δ	
<b>Anthem</b>						
PPO	4.58%	4.58%	0.00%	\$ 803,160	\$ 803,160	\$ -
HMO	-0.05%	-0.05%	0.05%	\$ (5,800)	\$ -	\$ 5,800
<u>Medicare Supplemental Plan</u>	-5.00%	0.00%	5.00%	\$ (1,127,829)	\$ -	\$ 1,127,829
Total Anthem				\$ (330,470)	\$ 803,160	\$ 1,133,630
<b>Kaiser with Meal Delivery Benefit</b>						
Kaiser HMO	7.10%	5.49%	0.00%	\$ 3,060,632	\$ 2,365,687	\$ -
<u>Kaiser Senior Advantage</u>	-0.50%	0.00%	13.76%	\$ (206,430)	\$ -	\$ 5,628,476
Total Kaiser				\$ 2,854,202	\$ 2,365,687	\$ 5,628,476
<b>UHC - HMO</b>						
California	1.50%	1.50%	0.00%	\$ 41,022	\$ 41,022	\$ -
Nevada	1.50%	1.50%	0.00%	\$ 4,922	\$ 4,922	\$ -
<u>Arizona</u>	1.50%	1.50%	0.00%	\$ 5,038	\$ 5,038	\$ -
Total UHC				\$ 50,983	\$ 50,983	\$ -
<b>SCAN - Medicare HMO</b>						
SCAN HMO	-3.00%	0.00%	3.00%	\$ (67,960)	\$ -	\$ 67,960
<b>Delta Dental</b>						
PPO	0.0%	0.0%	0.0%	\$ -	\$ -	\$ 691,650
<u>DHMO</u>	5.0%	5.0%	0.0%	\$ 39,562	\$ 39,562	\$ -
Total Delta Dental				\$ 39,562	\$ 39,562	\$ 691,650
<b>Anthem Blue View</b>						
Vision	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
<b>Grand Total</b>				\$ 2,546,317	\$ 3,259,392	\$ 7,521,716

# Anthem Proposed Change

- Anthem is proposing replacing the Medicare Supplemental Plan with a Passive PPO Medicare Advantage plan
- The plan features enhanced benefits for retirees
- Retirees can see Anthem PPO providers or any provider accepting Medicare patients
- Savings are estimated at \$4,574,628 over the 2022 Medicare Supplemental plan.

MEDICAL BENEFIT	Current Plan Medicare Supplemental Current Plan		Proposed Plan Medicare Advantage \$0 Passive PPO Plan
	Retirees	4,079	
Annual Deductible	\$203		\$0
Annual Out-of-Pocket Max	\$3,000		\$0
Provider Visits PCP/Specialist	\$0/0		\$0/0
Inpatient Hospital	0%		\$0
Outpatient Surgery	0%		\$0
Skilled Nursing Facility	\$0		\$0 (1-100 Medicare Benefit Days)
Medicare Covered Chiropractic	\$10		\$0
Emergency Care	\$0		\$0
Hearing Aids	\$2,000 every 36 months (No Deductible)		\$2,000 every 36 months
X-Ray	0%		\$0
Complex Lab or Radiology	0%		\$0
RX BENEFIT	Current Plans Premier Formulary		Proposed Plan Premier Formulary 5/25/50 (3 tier)
	5/25/50 (3 tier)	10/30/50/100 (4-tier)	
Retirees	4,079	527	4,606
Annual Deductible	None	None	None
Copayments			
Select Generics	\$0	\$0	\$0
Generics	\$5	\$10	\$5
Preferred Brands	\$25	\$30	\$25
Non-Preferred Brands (including Specialty Drugs)	\$50	\$50	\$50
Mail Order	\$100	2 X Copayment	\$100
Rates and Savings			
Over 65 Part A&B	\$527.99	N/A	\$415.27
Over 65 Part B Only (Combined HMO and PPO)	N/A	\$1,236.98	\$1,021.44
Annual Cost	\$21,427,946		\$16,853,318
\$ Cost Differential			(\$4,574,628)
% Cost Differential			-21.3%

# Delta Dental PPO Proposed Change

Banded Range	June 1, 2019 - May 31, 2020		June 1, 2020 - May 31, 2021	
	Members	% Users	Members	% Users
<= \$399.99	7,216	58.5%	6,352	53.1%
\$400 to \$799.99	1,921	15.6%	2,039	17.0%
\$800 to \$1,199.99	1,273	10.3%	1,283	10.7%
\$1,200 to \$1,599.99	840	6.8%	938	7.8%
\$1,600 to \$1,999.99	525	4.3%	530	4.4%
<b>&gt;= \$2,000</b>	<b>570</b>	<b>4.6%</b>	<b>821</b>	<b>6.9%</b>
<b>Total</b>	<b>12,345</b>	<b>100.0%</b>	<b>11,963</b>	<b>100.0%</b>

- LACERS may want to consider increasing the annual maximum on the Delta Dental PPO plan from \$2,000 to \$2,500.
- Over the past two years the number of retirees who have exceeded the calendar year maximum has increased from 4.6% to 6.9% (570 to 821 retirees).
- As costs increase in the future, more retirees will see the \$2,000 calendar year maximum insufficient to take care of their dental care.
- The cost impact of increasing the calendar year maximum is 5.0% or \$476,607. Given the 2022 underwriting of a -6.21%, the plan design change could be implemented without a rate impact but would reduce the reserve buildup from \$691,150 to \$214,543.

# Additional Services and Benefits

Keenan requested the carriers provide and/or expand their services and benefits to Medicare-eligible Retirees.

The chart illustrates additional services available to Medicare-Eligible Retirees

- Anthem and SCAN provide these services at no additional load to the rates
- Kaiser requires \$1.75 pmpm for the Home Delivered meal service and many services are offered through a discount program
- UHC requires a rate load for the services listed

LACERS staff will work with the carriers to communicate the benefits available to them.

PROPOSED ADDITIONAL SERVICES AND BENEFITS TO MEDICARE ELIGIBLE RETIREES				
Benefit	Anthem	Kaiser	SCAN	UHC
<b>Emergency Response System (Life Alert)</b> - Members are covered for the installation of a personal emergency response device that alerts emergency medical personnel of provide immediate help.	YES	YES-discount programs	YES	YES \$0.12 pmpm
<b>Enhanced Routine Transportation</b> - Members are eligible to receive unlimited rides per year to or from pre-scheduled medical appointments to contracted providers. Requires 24 hours in advance notification to arrange ride.	YES	NO	YES	YES - Monthly Hourly Allowance pmpm 4 hour - \$0.79 8 hour - \$1.30 12 hour - \$1.90 16 hour - \$2.46
<b>Transportation Escort</b> - Members are eligible to receive an escort to assist in transporting to and from medical appointments.	NO	NO	YES	
<b>Personal Care Coordinator</b> - Carrier staff will provide personal assistance to coordinate the listed services (or other services within the carrier) and assist with referrals to community resources.	YES	YES-through community resources, discounted or referral to a community resource program	YES	
<b>Home Delivered Meals</b> - Carrier's members are covered for home delivery of meals to meet nutritional needs.	YES	YES-if meal rider is purchased - \$1.75 pmpm	YES	
<b>Personal Care</b> - Members are covered for in-home assistance for tasks such as bathing, dressing, eating, getting in and out of bed, moving about/walking, and grooming.	YES	YES-discount programs	YES	
<b>Homemaker Service</b> - Members are eligible to receive assistance with light cleaning, grocery shopping, laundry and meal preparation.	YES	YES-discount programs	YES	
<b>Inpatient Custodial Level Care</b> - Members are covered for up to 5 days for post-acute or respite support in an in-patient facility such as a skilled nursing facility. Member may use this service following a hospital discharge, ER visit, or to provide your caregiver respite.	NO	YES-discount programs	YES	
<b>In-Home Caregiver Relief</b> - Carrier provides alternative caregiver services in member's home when a regular caregiver can't be there.	YES	YES-discount programs	YES	
<b>Adult Day Care/Community based Adult Services (CBAS)</b> - AKA Adult Day Health Care - Carrier covers adult day care services in a center to provide relief for member's regular caregiver while addressing the individual needs of the member for physical, social or intellectual exercise and stimulation.	YES	YES-through community resources, discounted or referral to a community resource program	YES	
<b>Homebound Wellness Checks</b> - Carrier provides wellness checks on homebound members to receive the appropriate care.	NO	YES-discount programs	Provided through	
<b>Incontinence supplies/Hygiene supplies</b> - Carrier covers incontinence and hygiene supplies	NO	YES-when hospitalized	YES	YES - Quarterly Dollar Allowance pmpm \$40 - \$3.07 \$50 - \$3.83 \$60 - \$4.60 \$80 - \$6.13
<b>Bathroom Durable Medical Equipment (DME)</b> - Carrier covers bathroom DME such as shower chairs, shower hoses, grab bars, toilet seat risers and safety frames.	YES	NO	YES	

# Benefit Enhancements – Cost Impact

- The proposed benefit enhancements apply to Medicare eligible retirees:
  - Anthem and SCAN will provide the services outlined in the chart at no additional cost
  - Kaiser has added the \$1.75 pmpm home delivery meal service cost into their proposed rates
  - UHC has provided rate increments for their benefit enhancements

Cost Impact	Enrollment	PMPM Price	Annual Cost	% Rate Impact
<b>Kaiser - Meal Delivery Rider (included in 2022 rate)</b>	14,703	\$1.75	\$308,763	0.76%
<b>UHC</b>				
Emergency Response System (Life Alert)	1,037	\$0.12	\$1,493	0.04%
In-Home Personal Care / CareLinx (Monthly Hourly Allowance)				
4 hours	1,037	\$0.79	\$9,831	0.29%
8 hours	1,037	\$1.30	\$16,177	0.47%
12 hours	1,037	\$1.90	\$23,644	0.69%
16 hours	1,037	\$2.46	\$30,612	0.89%
First Line Essentials (Quarterly Dollar Allowance)				
\$40	1,037	\$3.07	\$38,203	1.11%
\$50	1,037	\$3.83	\$47,661	1.38%
\$60	1,037	\$4.60	\$57,242	1.66%
\$80	1,037	\$6.13	\$76,282	2.21%

# Recommendations

- Accept the medical renewals as recommended including moving the Anthem Supplemental Medicare Plan to a Passive PPO Medicare Advantage Plan with the current 3-tier Premier Formulary
- Accept the Kaiser benefit enhancement of adding the home delivery meal service at a premium increase of \$1.75 per Member per month
- Accept the UHC benefit enhancement for adding the Emergency Response System and the In-Home Personal Care with 12-hour monthly allowance at a premium increase of \$2.02 per Member per month
- Accept the final dental plan renewals:
  - Keep the Dental PPO rates without a rate adjustment
  - Add the \$2,500 Calendar Year Maximum
  - Reserve the projected \$214,543 in rate savings
- Move the vision plan to self-funded and maintain the current rates as premium equivalent rates

# LACERS 2022 Renewal Projection

*with Benefit Enhancements (Grand Total corrected from version presented at BAC)*

All Coverage	Current Enrollment	2021 Premium	2022 Renewal - Final			Negotiated Savings
			Premium	\$ Change	% Change	
<b>MEDICAL</b>						
<b>Anthem</b>						
PPO Under 65 and 65+ Part B	1,150	17,534,970	18,338,130	\$803,160	4.58%	\$1,671,042
HMO Under 65 and 65+ Part B	912	11,605,455	11,599,655	(\$5,800)	-0.05%	\$843,673
Passive PPO Medicare Advantage P	3,382	22,555,776	16,853,318	(\$5,702,457)	-25.28%	\$4,574,628
<b>Total Anthem</b>	<b>5,444</b>	<b>\$51,696,201</b>	<b>\$46,791,103</b>	<b>(\$4,905,098)</b>	<b>-9.49%</b>	<b>\$7,089,343</b>
<b>Kaiser</b>						
HMO Under 65	4,550	43,089,257	46,149,889	\$3,060,632	7.10%	\$0
Senior Advantage	14,703	40,915,508	40,709,078	(\$206,430)	-0.50%	\$1,433,895
<b>Total Kaiser</b>	<b>19,253</b>	<b>\$84,004,765</b>	<b>\$86,858,967</b>	<b>\$2,854,202</b>	<b>3.40%</b>	<b>\$1,433,895</b>
<b>UnitedHealthcare</b>						
CA Medicare Advantage	842	2,733,738	2,794,985	\$61,247	2.24%	\$20,797
NV Medicare Advantage	113	327,786	335,130	\$7,344	2.24%	\$2,487
AZ Medicare Advantage	82	336,036	343,565	\$7,529	2.24%	\$2,557
<b>Total UnitedHealthcare</b>	<b>1,037</b>	<b>\$3,397,560</b>	<b>\$3,473,680</b>	<b>\$76,119</b>	<b>2.24%</b>	<b>\$25,842</b>
<b>SCAN</b>						
Medicare Advantage	727	2,266,582	2,198,622	(\$67,960)	-3.00%	\$0
<b>Total SCAN</b>	<b>727</b>	<b>\$2,266,582</b>	<b>\$2,198,622</b>	<b>(\$67,960)</b>	<b>-3.00%</b>	<b>\$0</b>
<b>Medical Total</b>	<b>26,461</b>	<b>\$141,365,109</b>	<b>\$139,322,373</b>	<b>(\$2,042,736)</b>	<b>-1.45%</b>	<b>\$8,549,080</b>
<b>DENTAL</b>						
<b>Delta Dental PPO (self-funded)</b>						
Delta Dental PPO (self-funded)	12,992	11,056,985	11,056,985	\$0	0.00%	\$0
<b>Delta Dental HMO</b>						
Delta Dental HMO	3,329	793,543	833,105	\$39,562	5.00%	\$0
<b>Dental Total</b>	<b>16,321</b>	<b>\$11,850,528</b>	<b>\$11,890,090</b>	<b>\$39,562</b>	<b>0.33%</b>	<b>\$0</b>
<b>VISION</b>						
<b>Anthem Blue View</b>						
Anthem Blue View	6,675	839,079	839,079	\$0	0.00%	\$0
<b>Vision Total</b>	<b>6,675</b>	<b>\$839,079</b>	<b>\$839,079</b>	<b>\$0</b>	<b>0.00%</b>	<b>\$0</b>
<b>GRAND TOTAL</b>		<b>\$154,054,716</b>	<b>\$152,051,542</b>	<b>(\$2,003,174)</b>	<b>-1.30%</b>	<b>\$8,549,080</b>

- 1) Anthem (including Blue View vision) and Delta Dental enrollments are retiree counts.
- 2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.
- 3) Delta Dental HMO rate is effective for 3 years from 2022 to 2024

# 2022 Projected/Proposed Renewal Action with Benefit Enhancements

Implementing the benefit enhancements and the Anthem Passive PPO Medicare Advantage plan reduced plan costs by \$2,003,174. Member cost increase reduced to \$433,300. LACERS would retain \$8,768,008.

2022 Renewal Summary - Rate Change Impact	2022 Rate Action %		Retained by LACERS	2022 Rate Action \$		Retained by LACERS
	Carrier Rate Δ	Member Rate Δ		Carrier Rate Δ	Member Rate Δ	
<b>Anthem</b>						
PPO	4.58%	4.58%	0.00%	\$ 803,160	\$ 803,160	\$ -
HMO	-0.05%	0.00%	0.05%	\$ (5,800)	\$ -	\$ 5,800
<u>Passive PPO Medicare Advantage</u>	-25.28%	-12.64%	12.64%	\$ (5,702,457)	\$ (2,851,229)	\$ 2,851,229
Total Anthem				\$ (4,905,098)	\$ (2,048,069)	\$ 2,857,029
<b>Kaiser with Meal Delivery Benefit</b>						
Kaiser HMO	7.10%	5.49%	0.00%	\$ 3,060,632	\$ 2,365,687	\$ -
<u>Kaiser Senior Advantage</u>	-0.50%	0.00%	13.76%	\$ (206,430)	\$ -	\$ 5,628,476
Total Kaiser				\$ 2,854,202	\$ 2,365,687	\$ 5,628,476
<b>UHC - HMO</b>						
California	2.24%	2.24%	0.00%	\$ 61,247	\$ 61,247	\$ -
Nevada	2.24%	2.24%	0.00%	\$ 7,344	\$ 7,344	\$ -
<u>Arizona</u>	2.24%	2.24%	0.00%	\$ 7,529	\$ 7,529	\$ -
Total UHC				\$ 76,119	\$ 76,119	\$ -
<b>SCAN - Medicare HMO</b>						
SCAN HMO	-3.00%	0.00%	3.00%	\$ (67,960)	\$ -	\$ 67,960
<b>Delta Dental</b>						
PPO	0.0%	0.0%	0.0%	\$ -	\$ -	\$ 214,543
<u>DHMO</u>	5.0%	5.0%	0.0%	\$ 39,562	\$ 39,562	\$ -
Total Delta Dental				\$ 39,562	\$ 39,562	\$ 214,543
<b>Anthem Blue View</b>						
Vision	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
<b>Grand Total</b>				<b>\$ (2,003,174)</b>	<b>\$ 433,300</b>	<b>\$ 8,768,008</b>

Please note the Delta Dental PPO Retained by LACERS amount represents projected margin accumulation for self-funding.

# Performance Standards

Keenan requested the carriers expand their performance guarantees to include reporting and measuring performance standards in the following areas:

- Disease management
- Clinical outcomes
- Security breach policy
- Enrollment and Eligibility system accuracy (Anthem only)

The chart below outlines the carrier’s agreement to these guarantees and standards. All carriers agreed to the requested expansion of performance guarantees with the exceptions noted:

- UHC is not able to agree due to the limited enrollment in the three state plans UHC offers
- Kaiser continues to be unable to offer employers a performance guarantee for security breaches

2022 PROPOSED PERFORMANCE GUARANTEES						
PG	Anthem	Kaiser	SCAN	UHC	Anthem Vision	Delta Dental
Incorporate measures specific to disease management, performance category, (HEDIS standards) and the financial implication for failing to meet performance standards	YES	YES	YES	NO	N/A	N/A
Incorporate measures specific to clinical outcomes performance category, (HEDIS standards) performance standard and the financial implication for failing to meet performance standards	YES	YES	YES	NO	N/A	N/A
Incorporate in the performance guarantee a standard, measurement, and penalty specific to your security breach policy	YES	NO	YES	YES	YES	YES
Add performance guarantees for enrollment and eligibility to ensure that Anthem's eligibility system accurately reflects the LACERS enrollment (ANTHEM MEDICAL ONLY)	YES	N/A	N/A	N/A	N/A	N/A

# Appendix

# Anthem PPO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2021	2022	% Change	2021	2022	% Change	2021	2022
<b>U65 and 65+ Part B PPO - Refunding</b>									
<b>Retiree Only</b>									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,270.65	\$1,328.85	4.58%	\$1,270.65	\$1,328.85	4.58%	\$0.00	\$0.00
<b>Retiree and One Dependent</b>									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,541.30	\$2,657.70	4.58%	\$2,541.30	\$2,657.70	4.58%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,270.65	\$1,328.85	4.58%	\$1,270.65	\$1,328.85	4.58%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,270.65	\$1,328.85	4.58%	\$1,270.65	\$1,328.85	4.58%	\$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	\$2,986.03	\$3,122.80	4.58%	\$2,986.03	\$3,122.80	4.58%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,715.38	\$1,793.95	4.58%	\$1,715.38	\$1,793.95	4.58%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,715.38	\$1,793.95	4.58%	\$1,715.38	\$1,793.95	4.58%	\$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)	\$444.73	\$465.10	4.58%	\$444.73	\$465.10	4.58%	\$0.00	\$0.00

\* These rates include the Silver Sneakers program.

# Anthem HMO Rates

Anthem		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2021	2022	% Change	2021	2022	% Change	2021	2022
<b>HMO - Refunding (Assumes Current Plan with Traditional HMO Network)</b>									
<b>Retiree Only</b>									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,060.44	\$1,059.91	-0.05%	\$1,060.44	\$1,059.91	-0.05%	\$0.00	\$0.00
<b>Retiree and One Dependent</b>									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,120.88	\$2,119.82	-0.05%	\$2,120.88	\$2,119.82	-0.05%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,060.44	\$1,059.91	-0.05%	\$1,060.44	\$1,059.91	-0.05%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,060.44	\$1,059.91	-0.05%	\$1,060.44	\$1,059.91	-0.05%	\$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	\$2,757.14	\$2,755.77	-0.05%	\$2,757.14	\$2,755.77	-0.05%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,696.70	\$1,695.86	-0.05%	\$1,696.70	\$1,695.86	-0.05%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,696.70	\$1,695.86	-0.05%	\$1,696.70	\$1,695.86	-0.05%	\$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)	\$636.26	\$635.95	-0.05%	\$636.26	\$635.95	-0.05%	\$0.00	\$0.00

# Anthem Medicare Supplemental Rates

Anthem Medicare Supplement Plan - Refunding *		Carrier Rates			Member Rate			Amount Retained by LACERS	
		2021	2022	% Change	2021	2022	% Change	2021	2022
<b>Retiree Only</b>									
<b>M</b>	Retiree > 65 with both Parts A & B of Medicare	\$555.78	\$527.99	-5.00%	\$555.78	\$555.78	0.00%	\$0.00	\$27.79
<b>Retiree and One Dependent</b>									
<b>UM</b>	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$555.78	\$527.99	-5.00%	\$555.78	\$555.78	0.00%	\$0.00	\$27.79
<b>MU</b>	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$555.78	\$527.99	-5.00%	\$555.78	\$555.78	0.00%	\$0.00	\$27.79
<b>MM</b>	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,111.56	\$1,055.98	-5.00%	\$1,111.56	\$1,111.56	0.00%	\$0.00	\$55.58
<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	\$555.78	\$527.99	-5.00%	\$555.78	\$555.78	0.00%	\$0.00	\$27.79
<b>MUU</b>	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$555.78	\$527.99	-5.00%	\$555.78	\$555.78	0.00%	\$0.00	\$27.79
<b>MMU</b>	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,111.56	\$1,055.98	-5.00%	\$1,111.56	\$1,111.56	0.00%	\$0.00	\$55.58
<b>MMM</b>	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,667.34	\$1,583.97	-5.00%	\$1,667.34	\$1,667.34	0.00%	\$0.00	\$83.37

\* These rates include the Silver Sneakers program.

# Anthem Passive PPO Medicare Advantage Rates

Anthem Medicare Advantage Plan To Replace Anthem Medicare Supplement Plan - Non-Refunding		2021 Med Sup	2022 MAPD	2022 Rate Action %
<b>Retiree Only</b>				
<b>M</b>	Retiree > 65 with both Parts A & B of Medicare	\$555.78	\$415.27	-25.28%
<b>Retiree and One Dependent</b>				
<b>UM</b>	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$555.78	\$415.27	-25.28%
<b>MU</b>	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$555.78	\$415.27	-25.28%
<b>MM</b>	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,111.56	\$830.54	-25.28%
<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	\$555.78	\$415.27	-25.28%
<b>MUU</b>	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$555.78	\$415.27	-25.28%
<b>MMU</b>	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,111.56	\$830.54	-25.28%
<b>MMM</b>	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,667.34	\$1,245.81	-25.28%

Anthem will be paid the 25.28% reduced premium rate of \$415.27, while the Member premium will be a 12.64% reduced rate of \$485.53 so surplus premium dollars can be moved to the premium reserve of the 115 Trust to help manage future health care costs.

# KAISER Rates

Kaiser (with Active & Fit, Transportation, and Meal Delivery Benefit)		Carrier Rates			Member Rates			Amount Retained by LACERS	
		2021	2022	% Change	2021	2022	% Change	2021	2022
<b>Retiree Only</b>									
<b>U</b>	Retiree < 65 or > 65 with only Part B of Medicare	\$840.54	\$900.24	7.10%	\$853.39	\$900.24	5.49%	\$12.85	\$0.00
<b>M</b>	Retiree with Medicare	\$231.90	\$230.73	-0.50%	\$262.47	\$262.47	0.00%	\$30.57	\$31.74
<b>Retiree and One Dependent</b>									
<b>UU</b>	Retiree & Dependent both < 65	\$1,681.07	\$1,800.48	7.10%	\$1,706.78	\$1,800.48	5.49%	\$25.71	\$0.00
<b>UM</b>	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,072.44	\$1,130.97	5.46%	\$1,115.86	\$1,130.97	1.35%	\$43.42	\$0.00
<b>MU</b>	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,072.44	\$1,130.97	5.46%	\$1,115.86	\$1,130.97	1.35%	\$43.42	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$463.80	\$461.46	-0.50%	\$524.94	\$524.94	0.00%	\$61.14	\$63.48
<b>Retiree and Family (Family = 2 or more dependents)</b>									
<b>UUU</b>	Retiree & Dependents all < 65	\$2,185.40	\$2,340.62	7.10%	\$2,218.82	\$2,340.62	5.49%	\$33.42	\$0.00
<b>UMU</b>	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,576.77	\$1,671.11	5.98%	\$1,627.90	\$1,671.11	2.65%	\$51.13	\$0.00
<b>MUU</b>	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,576.77	\$1,671.11	5.98%	\$1,627.90	\$1,671.11	2.65%	\$51.13	\$0.00
<b>MMU</b>	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$968.13	\$1,001.60	3.46%	\$1,036.98	\$1,036.98	0.00%	\$68.85	\$35.38
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$695.70	\$692.19	-0.50%	\$786.81	\$786.81	0.00%	\$91.11	\$94.62

\* These rates include the Silver Sneakers program.

\*\* Acupuncture upgrade U=\$0.48, UU=\$0.96, UUU-\$1.25, Senior Advantage M=\$0.48

\*\*\* Medicare Advantage prescription drug coverage – there is no catastrophic stage, all drugs are covered at the applicable copayment.

\*\*\*\* 2022 Rates include Meal Delivery Rider for Medicare Eligible Retirees

# UHC Rates

UHC		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO MAPD with RX - (Assumes Current Plan)		2021	2022	% Change	2021	2022	% Change	2021	2022
<b>California</b>									
<b>M</b>	Retiree with Medicare	\$270.56	\$274.62	1.50%	\$270.56	\$274.62	1.50%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$541.12	\$549.24	1.50%	\$541.12	\$549.24	1.50%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$811.68	\$823.86	1.50%	\$811.68	\$823.86	1.50%	\$0.00	\$0.00
<b>Nevada</b>									
<b>M</b>	Retiree with Medicare	\$241.73	\$245.36	1.50%	\$241.73	\$245.36	1.50%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$483.46	\$490.72	1.50%	\$483.46	\$490.72	1.50%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$725.19	\$736.08	1.50%	\$725.19	\$736.08	1.50%	\$0.00	\$0.00
<b>Arizona</b>									
<b>M</b>	Retiree with Medicare	\$341.50	\$346.62	1.50%	\$341.50	\$346.62	1.50%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$683.00	\$693.24	1.50%	\$683.00	\$693.24	1.50%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,024.50	\$1,039.86	1.50%	\$1,024.50	\$1,039.86	1.50%	\$0.00	\$0.00

\* Includes Acupuncture

\*\* The rates include coverage in the Catastrophic Stage (member will continue to pay their standard copay when they reach this stage)

# SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2021	2022	% Change	2021	2022	% Change	2021	2022
<b>M</b>	Retiree with Medicare	\$259.81	\$252.02	-3.00%	\$259.81	\$259.81	0.00%	\$0.00	\$7.79
<b>MM</b>	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$519.62	\$504.04	-3.00%	\$519.62	\$519.62	0.00%	\$0.00	\$15.58
<b>MMM</b>	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$779.43	\$756.06	-3.00%	\$779.43	\$779.43	0.00%	\$0.00	\$23.37

# Delta Dental Rates

Delta Dental		Carrier Rates				Member Rates			Amount Retained by LACERS	
Dental		2018 Carrier Rates	2021	2022	% Change	2021	2022	% Change	2021	2022
<b>Dental PPO</b>		Self-Funded Fee & Equivalent Rates								
	Dental ASO Fee PRPM		\$5.10	\$5.10	0.00%					
<b>M</b>	Retiree	\$49.43	\$51.16	\$51.16	0.00%	\$51.16	\$51.16	0.00%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent	\$98.02	\$101.45	\$101.45	0.00%	\$101.45	\$101.45	0.00%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$141.60	\$146.56	\$146.56	0.00%	\$146.56	\$146.56	0.00%	\$0.00	\$0.00
<b>DHMO</b>		Fully-Insured Rates								
<b>M</b>	Retiree	\$12.80	\$14.38	\$15.10	5.01%	\$14.38	\$15.10	5.01%	\$0.00	\$0.00
<b>MM</b>	Retiree & Dependent	\$23.90	\$26.85	\$28.19	4.99%	\$26.85	\$28.19	4.99%	\$0.00	\$0.00
<b>MMM</b>	Retiree & Two Dependents	\$27.62	\$31.04	\$32.59	4.99%	\$31.04	\$32.59	4.99%	\$0.00	\$0.00

# Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount	
Vision	2021	2022	% Change	2021	2022	% Change	2021	2022	
<b>3 Year rate Guarantee through 2022</b>									
Retiree	\$9.14	\$9.14	0.00%	\$9.14	\$9.14	0.00%	\$0.00	\$0.00	
Retiree & Dependent	\$13.25	\$13.25	0.00%	\$13.25	\$13.25	0.00%	\$0.00	\$0.00	
Retiree & Two Dependents	\$23.67	\$23.67	0.00%	\$23.67	\$23.67	0.00%	\$0.00	\$0.00	

# Delta Dental – PPO Plan Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Premium	Surplus / Deficit	Total Cost Loss Ratio
Apr-19	3,126	\$642,973	\$61,037	\$704,010	11,968	\$845,985	\$141,976	83.2%
May-19	3,750	\$781,973	\$61,175	\$843,148	11,995	\$847,141	\$3,993	99.5%
Jun-19	3,114	\$610,363	\$61,368	\$671,731	12,033	\$849,845	\$178,114	79.0%
Jul-19	2,933	\$568,691	\$61,567	\$630,258	12,072	\$852,544	\$222,286	73.9%
Aug-19	3,965	\$737,173	\$61,690	\$798,862	12,096	\$853,571	\$54,708	93.6%
Sep-19	3,064	\$597,225	\$61,914	\$659,139	12,140	\$857,003	\$197,863	76.9%
Oct-19	4,117	\$731,619	\$62,031	\$793,651	12,163	\$858,044	\$64,393	92.5%
Nov-19	3,061	\$572,951	\$62,087	\$635,038	12,174	\$858,014	\$222,976	74.0%
Dec-19	3,013	\$537,709	\$62,087	\$599,796	12,174	\$857,833	\$258,037	69.9%
Jan-20	4,133	\$905,378	\$62,852	\$968,231	12,324	\$870,198	-\$98,032	111.3%
Feb-20	3,837	\$870,292	\$63,097	\$933,389	12,372	\$873,660	-\$59,729	106.8%
Mar-20	3,166	\$689,302	\$63,439	\$752,741	12,439	\$878,822	\$126,081	85.7%
Apr-20	910	\$221,127	\$63,470	\$284,597	12,445	\$879,340	\$594,744	32.4%
May-20	680	\$149,923	\$63,592	\$213,515	12,469	\$881,352	\$667,837	24.2%
Jun-20	2,241	\$448,055	\$63,515	\$511,571	12,454	\$879,801	\$368,230	58.1%
Jul-20	3,405	\$660,701	\$63,505	\$724,206	12,452	\$879,397	\$155,191	82.4%
Aug-20	2,720	\$552,036	\$63,480	\$615,515	12,447	\$878,669	\$263,154	70.1%
Sep-20	2,822	\$589,843	\$63,867	\$653,711	12,523	\$885,009	\$231,299	73.9%
Oct-20	3,803	\$756,617	\$64,229	\$820,846	12,594	\$889,296	\$68,450	92.3%
Nov-20	2,659	\$526,483	\$64,510	\$590,993	12,649	\$892,879	\$301,886	66.2%
Dec-20	3,249	\$680,862	\$64,806	\$745,667	12,707	\$897,414	\$151,747	83.1%
Jan-21	2,782	\$652,127	\$65,831	\$717,957	12,908	\$913,207	\$195,250	78.6%
Feb-21	3,071	\$704,101	\$66,504	\$770,605	13,040	\$924,525	\$153,920	83.4%
Mar-21	3,472	\$740,992	\$66,259	\$807,251	12,992	\$921,415	\$114,164	87.6%
<b>Total</b>	<b>73,093</b>	<b>\$14,928,515</b>	<b>\$1,517,913</b>	<b>\$16,446,428</b>	<b>297,630</b>	<b>\$21,024,964</b>	<b>\$4,578,536</b>	<b>78.2%</b>

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

# Anthem Blue View Vision – Plan Experience

Date	Paid Claim Amount	Administration Fee	Total Expenses	Total Primary Members	Premium	Surplus / Deficit	Total Cost Loss Ratio
Apr-19	\$61,364	\$5,288	\$66,652	7,893	\$62,860	-\$3,792	106.0%
May-19	\$60,561	\$5,310	\$65,871	7,925	\$51,129	-\$14,742	128.8%
Jun-19	\$55,016	\$5,335	\$60,351	7,962	\$54,377	-\$5,974	111.0%
Jul-19	\$59,086	\$4,142	\$63,228	6,182	\$61,004	-\$2,224	103.6%
Aug-19	\$59,749	\$4,153	\$63,902	6,198	\$61,048	-\$2,854	104.7%
Sep-19	\$67,363	\$4,171	\$71,534	6,226	\$62,204	-\$9,330	115.0%
Oct-19	\$66,775	\$4,178	\$70,953	6,236	\$62,050	-\$8,903	114.3%
Nov-19	\$62,624	\$4,188	\$66,812	6,250	\$61,361	-\$5,451	108.9%
Dec-19	\$47,477	\$4,190	\$51,667	6,253	\$61,674	\$10,007	83.8%
Jan-20	\$51,501	\$4,201	\$55,702	6,270	\$65,308	\$9,606	85.3%
Feb-20	\$40,810	\$4,215	\$45,025	6,291	\$65,642	\$20,617	68.6%
Mar-20	\$49,109	\$4,228	\$53,337	6,310	\$65,313	\$11,976	81.7%
Apr-20	-\$217	\$4,237	\$4,020	6,324	\$66,763	\$62,743	6.0%
May-20	\$6,583	\$4,250	\$10,833	6,344	\$66,290	\$55,457	16.3%
Jun-20	\$33,848	\$4,259	\$38,107	6,357	\$65,367	\$27,260	58.3%
Jul-20	\$37,211	\$4,255	\$41,466	6,350	\$66,242	\$24,777	62.6%
Aug-20	\$54,239	\$4,250	\$58,489	6,344	\$66,181	\$7,692	88.4%
Sep-20	\$30,164	\$4,275	\$34,439	6,381	\$66,070	\$31,631	52.1%
Oct-20	\$54,650	\$4,301	\$58,951	6,419	\$67,073	\$8,122	87.9%
Nov-20	\$61,519	\$4,303	\$65,822	6,422	\$67,308	\$1,486	97.8%
Dec-20	\$48,495	\$4,325	\$52,820	6,455	\$66,977	\$14,157	78.9%
Jan-21	\$38,601	\$4,385	\$42,986	6,545	\$68,007	\$25,021	63.2%
Feb-21	\$33,167	\$4,427	\$37,594	6,607	\$68,764	\$31,170	54.7%
Mar-21	\$61,771	\$4,472	\$66,243	6,675	\$69,920	\$3,677	94.7%
<b>Total</b>	<b>\$1,141,466</b>	<b>\$105,337</b>	<b>\$1,246,803</b>	<b>157,219</b>	<b>\$1,538,932</b>	<b>\$292,129</b>	<b>81.0%</b>

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

# Acknowledgement

Keenan & Associates would like to thank Mr. Alex Rabrenovich 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

2022 PROPOSED ADDITIONAL BENEFITS		
Benefit	Anthem Med Adv	Med Supp Plan
<b>Personal Care Coordinator</b> - Carrier staff will provide personal assistance to coordinate the listed services (or other services within the carrier) and assist with referrals to community resources.	Yes	No
<b>Home Delivered Meals</b> - Carrier's members are covered for home delivery of meals to meet nutritional needs.	Yes	No
<b>Personal Care</b> - Members are covered for in-home assistance for tasks such as bathing, dressing, eating, getting in and out of bed, moving about/walking, and grooming.	Yes	No
<b>Emergency Response System (Life Alert)</b> - Members are covered for the installation of a personal emergency response device that alerts emergency medical personnel of provide immediate help.	Yes	No
<b>Enhanced Routine Transportation</b> - Members are eligible to receive unlimited rides per year to or from pre-scheduled medical appointments to contracted providers. Requires 24 hours in advance notification to arrange ride.	Yes	No
<b>Homemaker Service</b> - Members are eligible to receive assistance with light cleaning, grocery shopping, laundry and meal preparation.	Yes	No
<b>In-Home Caregiver Relief</b> - Carrier provides alternative caregiver services in member's home when a regular caregiver can't be there.	Yes	No
<b>Adult Day Care/Community based Adult Services (CBAS)</b> - AKA Adult Day Health Care - Carrier covers adult day care services in a center to provide relief for member's regular caregiver while addressing the individual needs of the member for physical, social or intellectual exercise and stimulation.	Yes	No
<b>Bathroom Durable Medical Equipment (DME)</b> - Carrier covers bathroom DME such as shower chairs, shower hoses, grab bars, toilet seat risers and safety frames.	Yes	No
<b>Hearing Aid</b> - \$2,000 allowance/36 months	Yes	Yes
<b>Vision Materials</b> - \$100 allowance/24 months	Yes	Yes
<b>Foot Care</b> - 12 visits	Yes	No
<b>MyHealth Advantage</b> - MyHealth note is mailed to retirees that are overdue on refills, or missed screenings. Retirees are sent a MyHealth note that lets them know what gaps have been identified and encourages them to take steps to close those gaps.	Yes	Yes

<p><b>Medicare Community Resource Support</b> team will assist you by providing information and education about community-based services and support programs in your area.</p>	<p>Yes</p>	<p>No</p>
<p><b>Foreign Travel-</b> Emergency or urgently needed care services while traveling outside the United States or its territories.</p>	<p>Yes</p>	<p>Yes</p>
<p><b>House Call Program-</b> Voluntary program, no cost health assessment to help support the care retirees are receiving from their current doctors whether the assessment be in person in the safety of their own home or by telephone. The visiting clinician will perform [basic] health screenings such as: blood pressure, and body mass index (also called BMI), talk with you to review your medical history and the medications you take, fill out a health assessment form, and answer any questions you may have. Partnership reporting a summary of the visit to the members primary care physician.</p>	<p>Yes</p>	<p>No</p>
<p><b>Health &amp; Fitness Tracker</b> - Coverage includes a fitness tracking device to track your physical activity and a member engagement website designed to provide guidance, encouragement, and motivation. Limit one device every two years provided through Anthem.</p>	<p>Yes</p>	<p>No</p>
<p><b>Healthy Pantry-</b> Support for chronically ill members providing monthly nutritional counseling sessions via phone. A monthly meal delivery of non-parishable pantry items sent directly to the retirees home.</p>	<p>Yes</p>	<p>No</p>

## 2022 LACERS HEALTH PLAN PREMIUMS

PROPOSED RESOLUTION

<b>2022 CALIFORNIA MEDICAL PLAN PREMIUM RATES</b>				
<b>Medicare Status</b>	<b>Anthem Blue Cross PPO / Passive PPO Med Adv</b>	<b>Kaiser Permanente HMO / Senior Advantage</b>	<b>Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO</b>	<b>Anthem Blue Cross / Senior Care Action Network (SCAN)</b>
<b>Single-Party Plan – Retiree Only</b>				
U	\$1,328.85	\$900.24	\$1,059.91	\$1,059.91
M	\$485.53	\$262.47	\$274.62	\$259.81
<b>Two-Party Plan – Retiree and One Dependent</b>				
UU	\$2,657.70	\$1,800.48	\$2,119.82	\$2,119.82
UM	\$1,814.38	\$1,130.97	\$1,334.53	\$1,319.72
MU	\$1,814.38	\$1,130.97	\$1,334.53	\$1,319.72
MM	\$971.06	\$524.94	\$549.24	\$519.62
<b>Family Plan – Retiree and Family</b>				
UUU	\$3,122.80	\$2,340.62	\$2,755.77	\$2,755.77
UMU	\$2,279.48	\$1,671.11	\$1,970.48	\$1,955.67
MUU	\$2,279.48	\$1,671.11	\$1,970.48	\$1,955.67
MMU	\$1,436.16	\$1,036.98	\$1,185.19	\$1,155.57
MMM	\$1,456.59	\$786.81	\$823.86	\$779.43

<b>2022 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES</b>		
<b>Medicare Status</b>	<b>Arizona</b>	<b>Nevada</b>
<b>Single-Party Plan – Retiree Only</b>		
U	N/A	N/A
M	\$346.62	\$245.36
<b>Two-Party Plan – Retiree and One Dependent</b>		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$693.24	\$490.72
<b>Family Plan – Retiree and Family</b>		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,039.86	\$736.08

<b>2022 DENTAL PLAN PREMIUM RATES</b>		
<b>Dental Tiers</b>	<b>Dental PPO Self-Funded</b>	<b>DeltaCare USA HMO</b>
Retiree	\$51.16	\$15.10
Retiree + 1 Dependent	\$101.45	\$28.19
Retiree + Family	\$146.56	\$32.59

<b>2022 VISION PLAN PREMIUM RATES</b>	
<b>Tiers</b>	<b>Anthem Blue View Vision Self-Funded</b>
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

Based on Premium Costs Paid to Medical Insurance Plan Carriers

Medical Plan	1999	2000	2001	2002	2003	2004
Kaiser Senior Advantage					51.35%	59.34%
Anthem Medicare Supplement/ LPO					0.10%	15.40%
UnitedHealthcare -CA MAPD					72.87%	7.81%
Kaiser HMO		47.48%	4.49%	7.62%	17.71%	1.72%
Anthem PPO					-12.16%	5.92%
Aggregate Medical Cost Change				17.00%	16.10%	18.20%
Assumed Actuarial Trend Rate	8.13%	7.88%	7.63%	8.13%	7.88%	7.63%

Medical Plan	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kaiser Senior Advantage	-20.11%	-27.61%	6.43%	6.50%	3.69%	8.71%	-0.19%	2.70%	2.47%	5.32%	4.03%	-1.90%	6.60%	4.90%
Anthem Medicare Supplement/ LPO	5.00%	-11.20%	14.00%	11.90%	6.80%	1.30%	9.40%	-11.80%	7.10%	8.90%	6.30%	-6.90%	3.80%	7.30%
UnitedHealthcare -CA MAPD	-4.00%	-19.24%	-6.64%	3.00%	13.40%	11.75%	11.40%	10.88%	0.00%	0.00%	3.00%	3.00%	1.70%	5.00%
SCAN HMO		-2.00%	22.90%	0.00%	0.00%	-9.40%	0.00%	-0.50%	0.00%	16.30%	0.00%	0.00%	3.90%	0.00%
Kaiser HMO	6.97%	5.17%	7.34%	3.95%	9.60%	0.28%	5.92%	-0.17%	14.84%	7.06%	7.95%	-5.06%	10.50%	3.30%
Anthem HMO	0.00%	2.78%	15.88%	2.19%	6.50%	11.80%	11.81%	6.00%	3.00%	11.70%	8.40%	9.42%	-2.00%	7.40%
Anthem PPO	-10.47%	2.89%	19.98%	4.97%	6.80%	5.32%	7.91%	0.00%	7.50%	6.92%	-5.66%	0.00%	10.30%	7.50%
Aggregate Medical Premium Cost Change	-5.21%	-6.22%	12.47%	5.71%	7.08%	4.47%	6.16%	0.23%	7.92%	7.44%	4.77%	-1.89%	6.49%	5.40%
Assumed Actuarial Trend Rate	9.63%	12.00%	12.00%	12.00%	9.00%	9.00%	9.00%	10.00%	9.00%	8.50%	8.00%	7.00%	6.75%	6.50%

Medical Plan	2019	2020	2021	2022	10-Yr Avg, Incl 2019	Historic Avg
Kaiser Senior Advantage	2.03%	-2.91%	-6.25%	-0.50%	1.38%	5.23%
Anthem Passive PPO/Medicare Supplement/ LPPO	2.63%	1.37%	2.65%	-25.28%	0.79%	2.44%
UnitedHealthcare -CA MAPD	-5.56%	7.52%	0.54%	1.50%	1.67%	5.90%
SCAN HMO	0.00%	0.00%	0.00%	-3.00%	1.72%	1.66%
Kaiser HMO	-2.70%	-2.08%	3.37%	7.10%	4.43%	7.06%
Anthem HMO	-9.66%	9.15%	2.91%	-0.05%	4.03%	5.40%
Anthem PPO	-2.44%	0.31%	2.85%	4.58%	3.19%	3.15%
Aggregate Medical Premium Cost Change	-1.60%	-0.10%	0.72%	-1.30%	2.79%	4.95%
Assumed Actuarial Trend Rate	7.00%	7.00%	6.75%	6.75%	7.33%	8.47%

2005 to 2011: Anthem Medicare Supplement  
2011 to 2012: Anthem LPPO Medicare Preferred PPO  
2014 to 2021: Anthem Medicare Supplement  
2022: Anthem Medicare Advantage Passive PPO



**REPORT TO BOARD OF ADMINISTRATION**  
**From: Neil M. Guglielmo, General Manager**

**MEETING: JULY 27, 2021**  
**ITEM: X-B**

*Neil M. Guglielmo*

**SUBJECT: 2021 OPEN ENROLLMENT CLOSEOUT REPORT**

ACTION:  CLOSED:  CONSENT:  RECEIVE & FILE:

**Recommendation**

That the Board receive and file this report.

**Executive Summary**

The City Separation Incentive Program significantly increased health staff's workload and overlapped with LACERS' 2021 Open Enrollment period, which also increases health staff's regular workload. To assist staff in managing the increased workload, the Open Enrollment period was extended from October 15 to November 15, to October 15 to March 30, and allowed staff a three-month window to process Open Enrollment requests. During this extended period, 425 unique Members participated in the extended Open Enrollment, a 47% increase from the preceding Open Enrollment (425 vs. 290).

**Discussion**

LACERS conducts Open Enrollment each year, usually accepting health enrollment forms from October 15 to November 15. Due to the concurrent City Separation Incentive Program in 2020-2021 which created a significant increase in retirement workload, staff recommended and the Board approved a one-time extended Open Enrollment period in order to spread out workload and ease the burden on staff. The 2021 extended Open Enrollment period allowed Members to participate between October 15, 2020, and March 31, 2021, with changes to go into effect between January 1 and July 1, 2021.

Open Enrollment provides Members the opportunity to enroll in, change, and/or add dependents to LACERS health plans without the need for a qualifying event. Staff analyzed the 2021 Open Enrollment activity and prepared graphs detailing the results, including comparisons with past years' Open Enrollment activities. These results are found in the attached 2021 Open Enrollment Closeout Report Handouts. Of note among these results are:

- 425 unique Members participated in the Extended Open Enrollment, a 47% increase from the preceding Open Enrollment (425 vs. 290)

- 478 completed requests for New Enrollment, Plan Changes, and/or the Addition of Dependent(s) were received and processed (58 of the 425 unique Members made multiple requests); 107 requests to Add Dependents, 146 New Enrollments, and 225 Plan Changes
- 134 unique dependents were added to the plans: 64 into the dental plans, 38 into the medical plans, and 32 into both medical and dental
- 51% of new medical enrollments went into a Kaiser plan
- 51% of those who changed medical plans migrated into the Anthem PPO or Medicare Supplement plans
- 38.4% of those Members who changed from one medical plan to another vacated the Anthem Blue Cross HMO plan

Prepared By: Ada Lok, Benefits Analyst, and Bruce Bernal, Senior Benefits Analyst, Health Benefits and Wellness Division.

NMG/AR:bb.al

Attachment: 2021 Open Enrollment Closeout Report Handouts

Board Mtg. 07/27/21

Item: X-B

Attachment

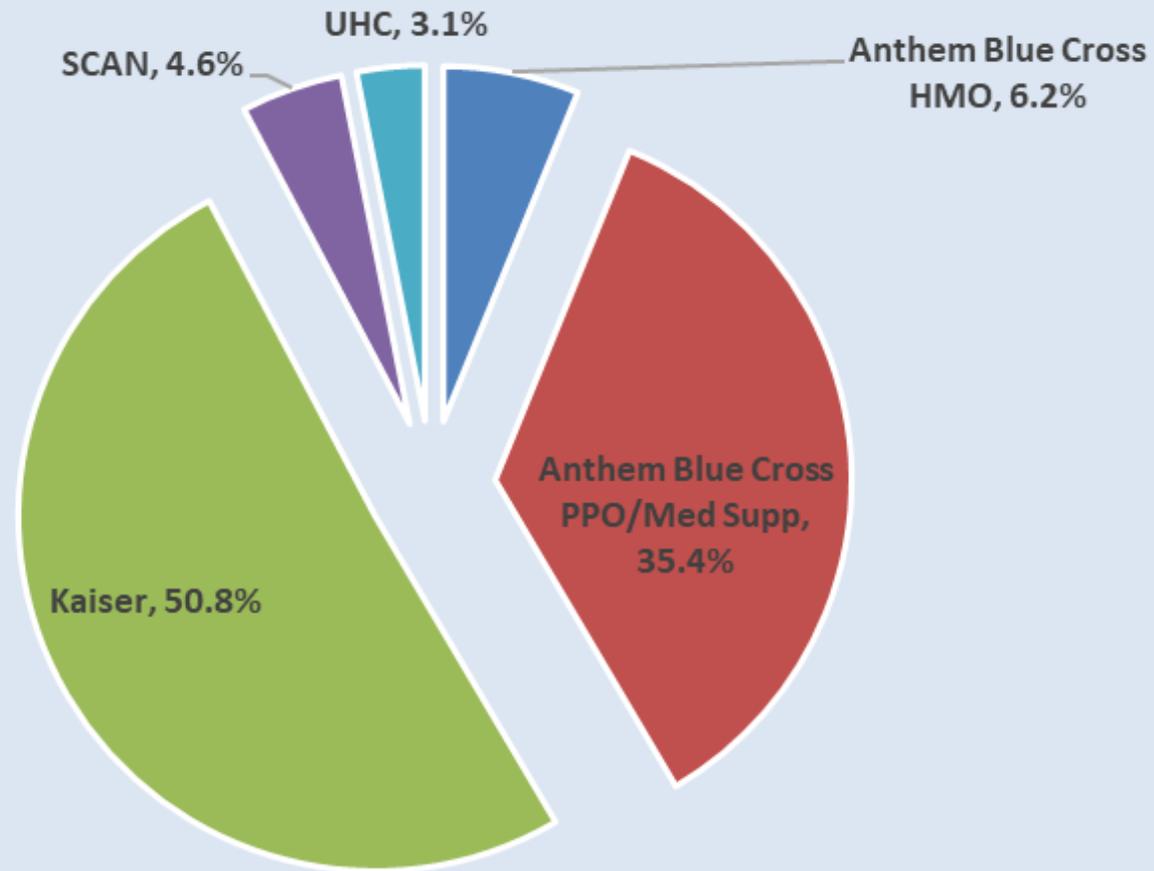
# 2021 Open Enrollment Closeout Report Handouts

-----

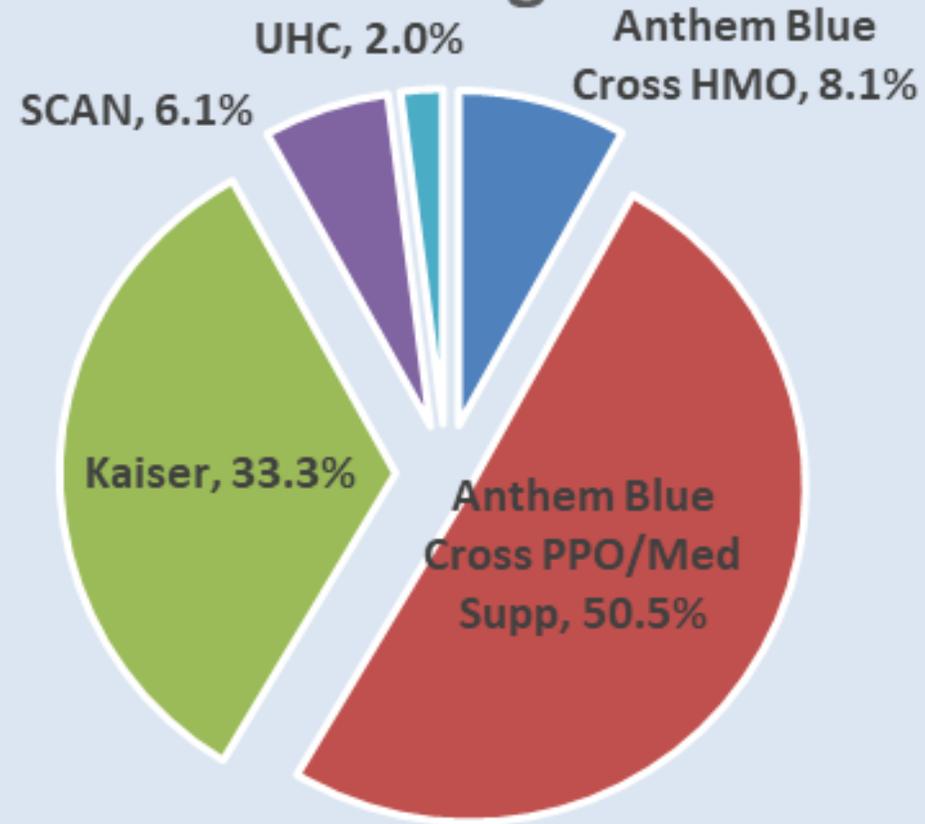
Health Benefits and Wellness Division

July 27, 2021

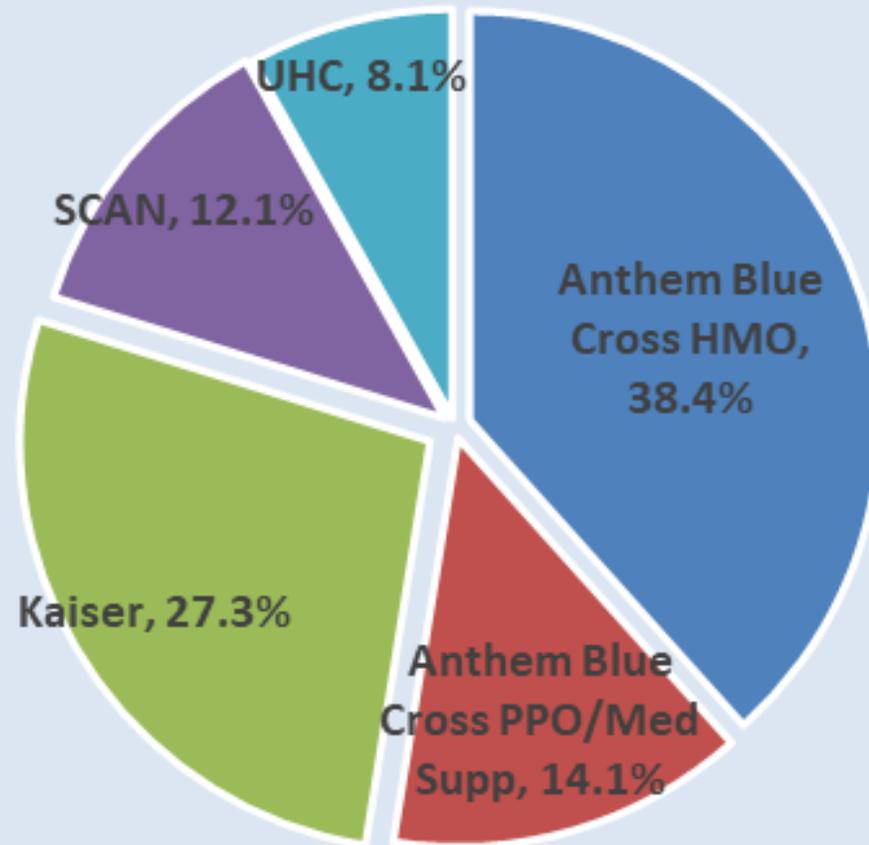
## 2021 Open Enrollment: New Medical Plan Enrollments



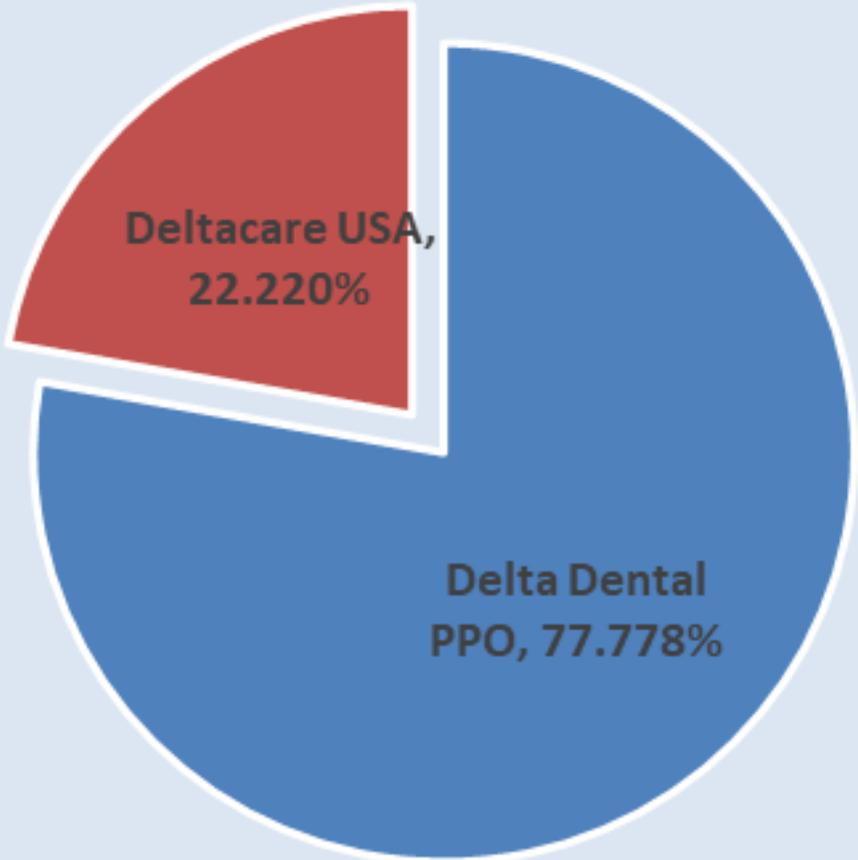
## 2021 Open Enrollment: Medical Plan Changes - Moves Into



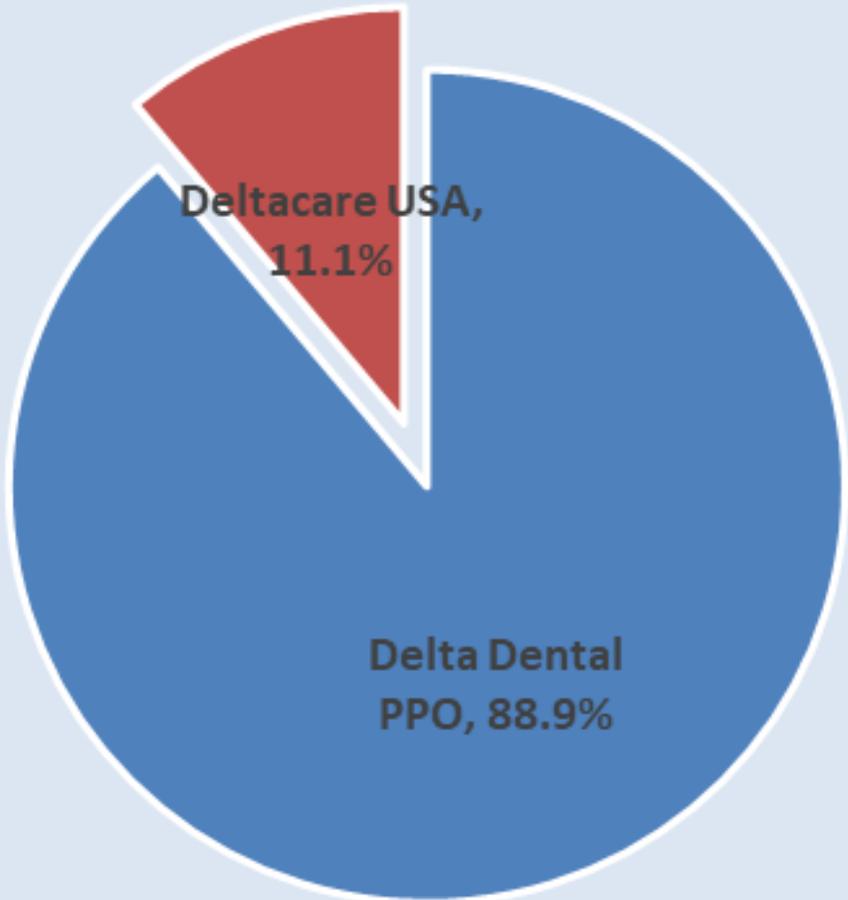
## 2021 Open Enrollment: Medical Plan Changes - Plans Vacated



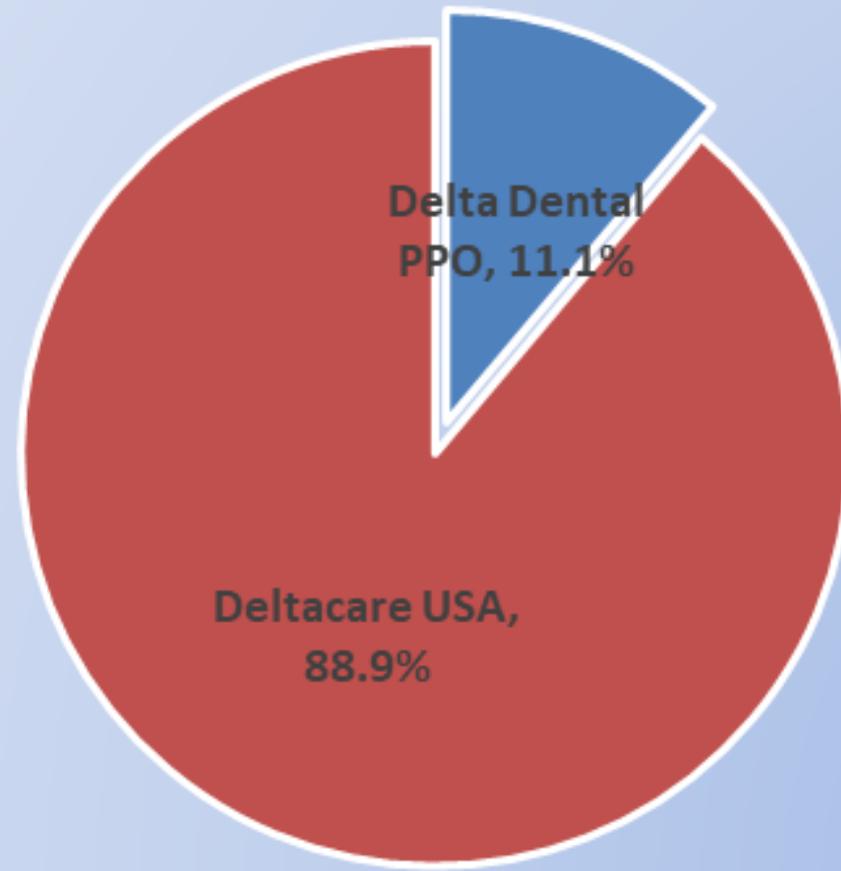
# 2021 Open Enrollment: New Dental Plan Enrollments



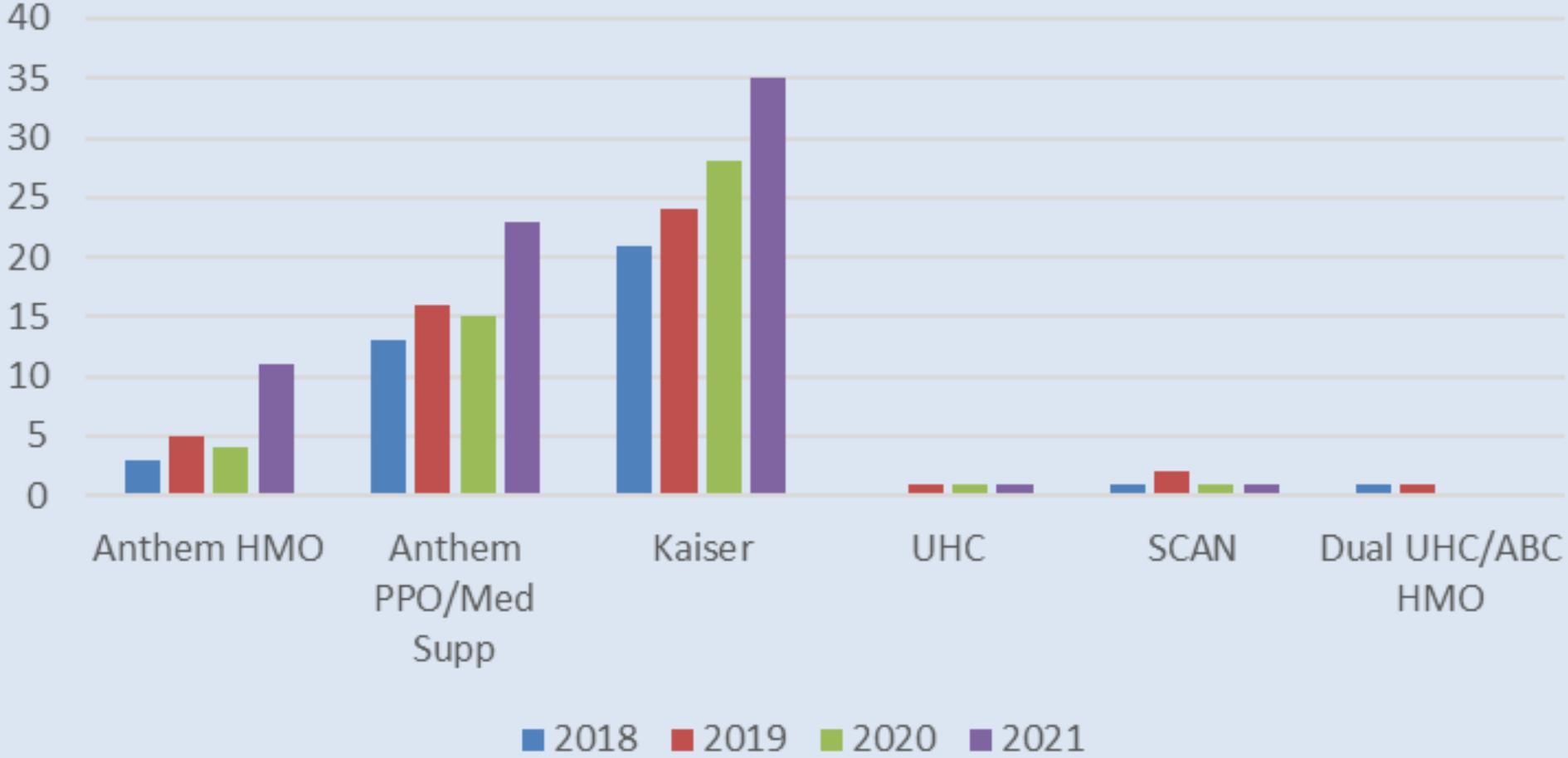
# 2021 Open Enrollment: Dental Plan Changes - Moves Into



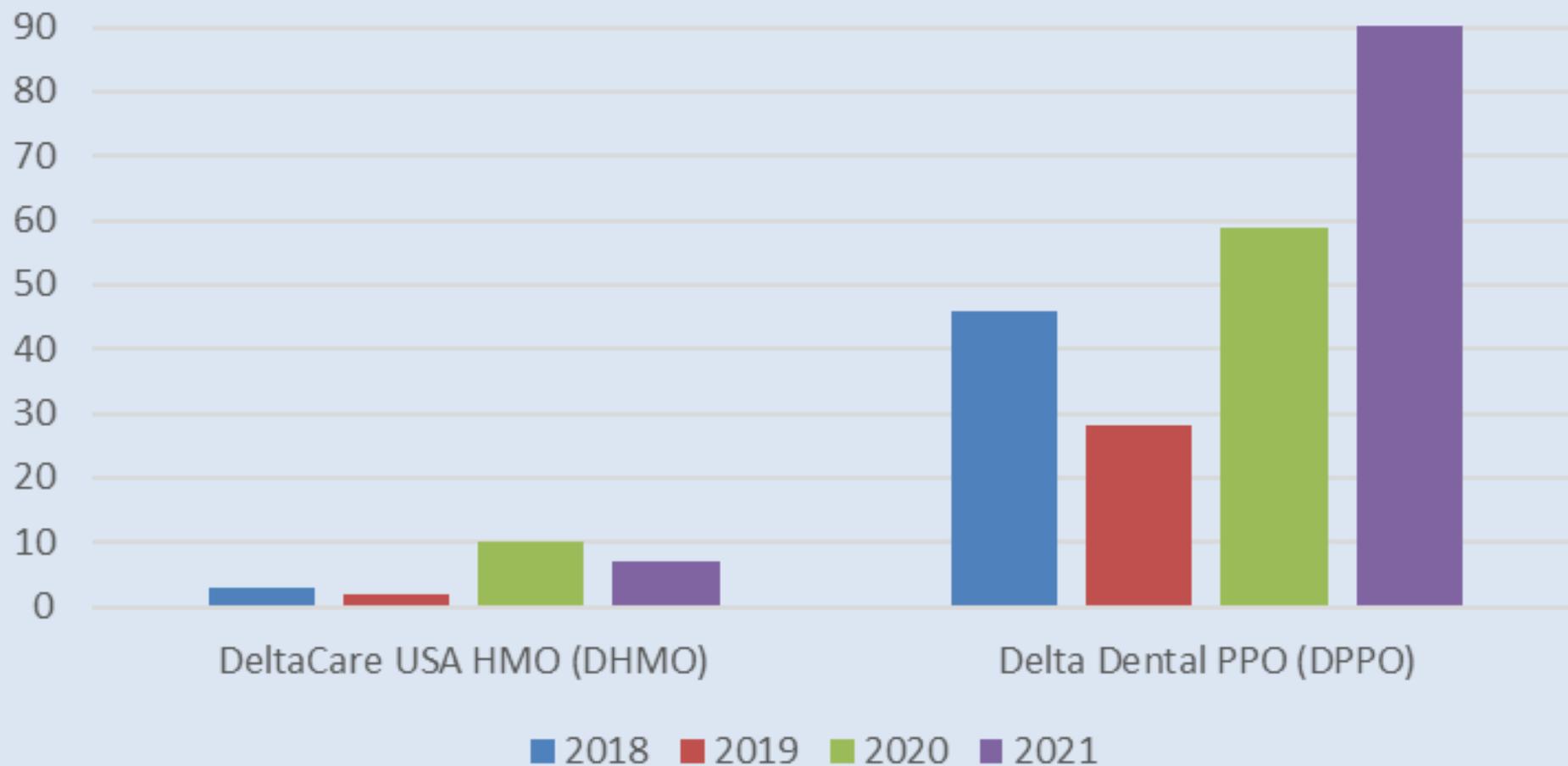
## 2021 Open Enrollment: Dental Plan Changes - Plans Vacated



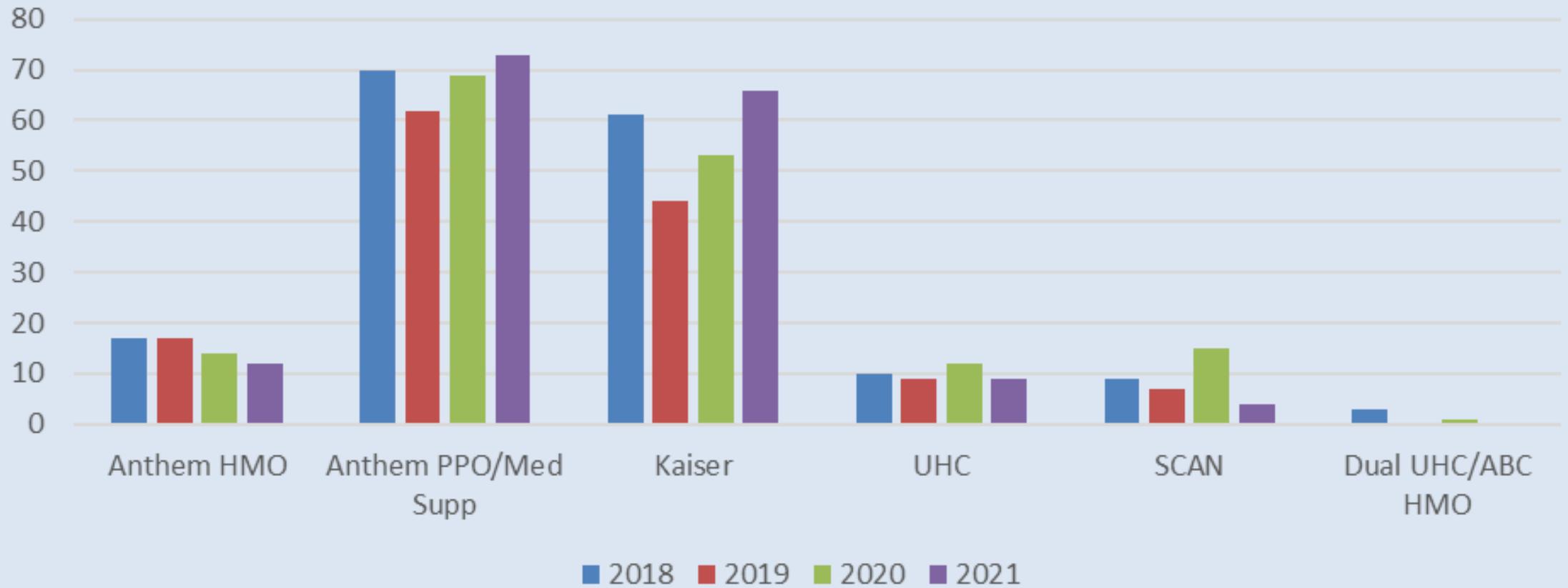
# 2018-2021 Open Enrollment Comparison: Dependents Added to Medical Plans



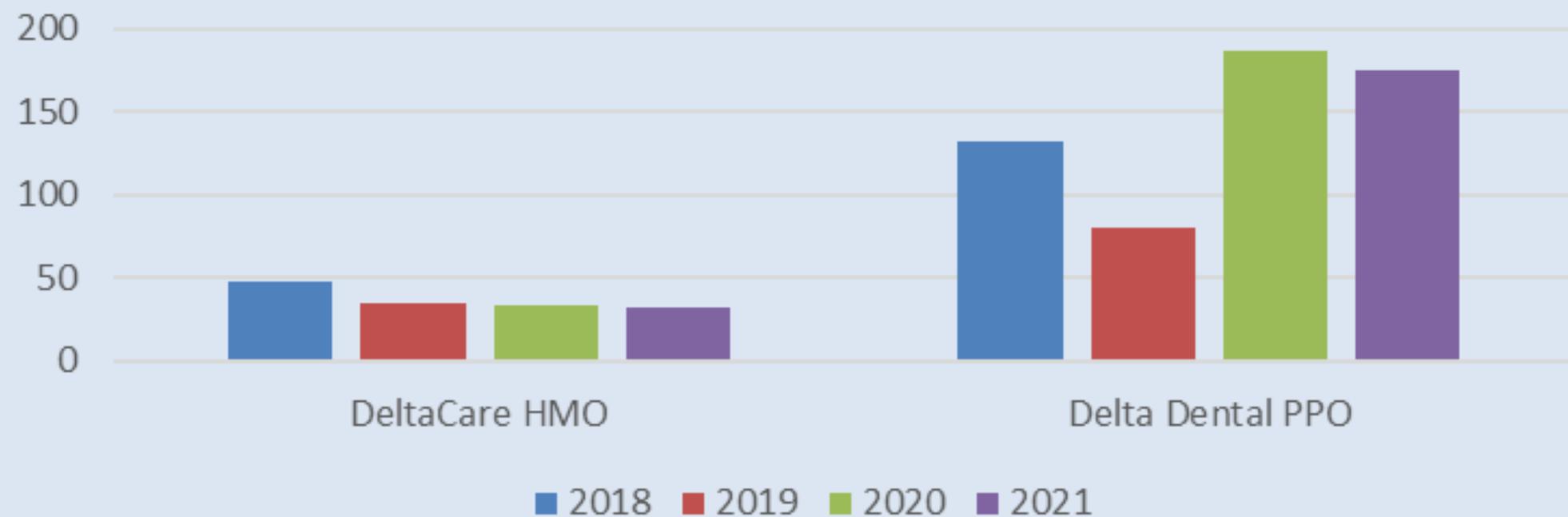
## 2018-2021 Open Enrollment Comparison: Dependents Added to Dental Plans



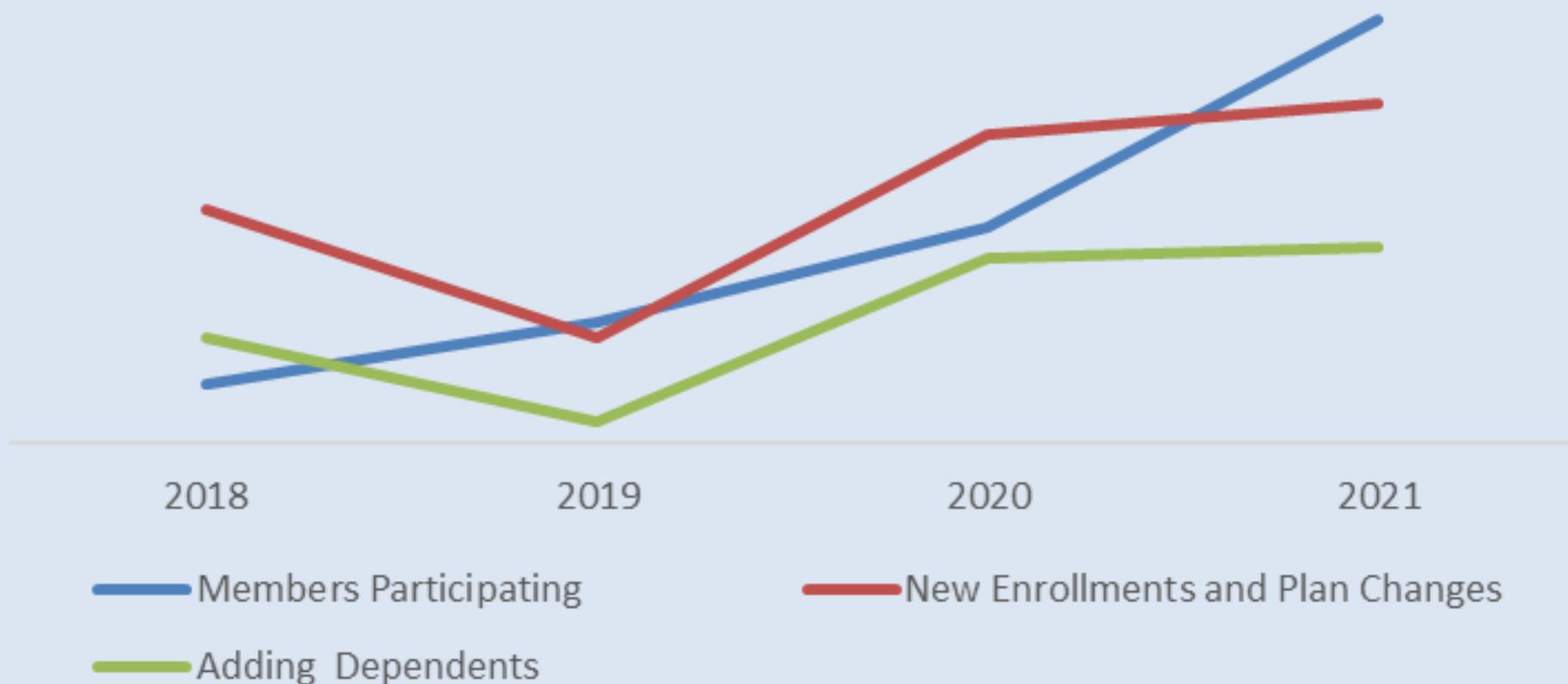
## 2018-2021 Open Enrollment Comparison: Medical Plan Enrollments (New + Change)



## 2018-2021 Open Enrollment Comparison: Dental Plan Enrollments (New + Change)



## 2018-2021 Open Enrollment Comparisons: Trends in Requests and Member Participation



**DATE:** July 27, 2021

**TO:** Board of Administration of the Los Angeles City Employees' Retirement System

**CC:** Neil M. Guglielmo, General Manager

**FROM:** Anya Freedman, Assistant City Attorney <sup>AF</sup>  
Miguel Bahamon, Deputy City Attorney  
Public Pensions General Counsel Division

**SUBJECT:** Approval of One-Year Extensions and Increase to Annual Expenditure Limits for Current Outside Tax Counsel Contracts

---

### RECOMMENDATION

We seek the approval of the Board to:

- 1) Authorize the City Attorney to negotiate contract amendments extending the term of the Plan's current outside tax counsel contracts with Ice Miller LLP and Reed Smith LLP by one year, to expire on September 20, 2022;
- 2) Increase the annual expenditure limit for each contract to \$150,000, to provide flexibility in allocating the budgeted work on a project-specific basis between the two firms; and
- 3) Authorize the General Manager to execute the amendments on behalf of the Board, subject to City Attorney approval as to form.

With the Board's approval, we will revisit the question of whether to publish an RFP for new outside tax counsel or further extend the existing contracts in 2022. The public pension tax law services provided under the existing contracts are highly specialized, and the current pair of retained law firms are the most qualified firms that do this type of work. In response to staff requests for additional, one-time tax advice to support projects scheduled for Fiscal Year 2021-22, LACERS has currently budgeted a total of \$170,000 for tax counsel services. Increasing the expenditure limit for each contract provides additional flexibility to ensure that either firm can perform as much work as required by staff and our Office, as assigned on a project-specific basis, during the year. Moreover, one-year contract extensions of this nature are permitted under Administrative Code section 10.5(b)(2) without requiring competitive bidding or City Council approval, so long as each contract individually does not exceed the approximately \$163,000 per year statutory limit on annual expenditures.

### BACKGROUND

In 2018, the Board approved the issuance of a Request for Proposals (RFP) for outside tax counsel to assist our Office in providing tax advice to the Plan. Four law firms provided proposals in response to the RFP: (1) Best Best & Krieger LLP; (2) Ice Miller LLP; (3) Kutak Rock LLP; and (4) Reed Smith LLP. After reviewing and discussing the submissions, the

screening and interview panel made up of attorneys from our Office and LACERS Staff members agreed on the following finalists: (1) Best Best & Krieger; (2) Ice Miller; and (3) Reed Smith. The panel concluded Kutak Rock's response to the RFP demonstrated insufficient expertise in the singular tax issues that California public pension plans need assistance to address. Thereafter, the panel conducted interviews of Best Best & Krieger, Ice Miller, and Reed Smith. At the conclusion of the interviews, LACERS' panelists agreed that that Ice Miller and Reed Smith were the most well qualified to serve as outside tax counsel and should be awarded contracts. The Board, which had delegated the task of interviewing law firms to Plan Staff, agreed with the panelists' recommendation, and on September 11, 2018 authorized the City Attorney to negotiate contracts with Reed Smith and Ice Miller to assist in providing tax law advice to the Plan.

Staff and our Office have been satisfied with the caliber of work performed by the current outside tax counsel, Ice Miller and Reed Smith. In light of the Plan's satisfaction with the current outside tax counsel, and the limited number of law firms that perform this specialized work evidenced by the responses to our last RFP in 2018, we do not believe it is necessary, or a prudent use of Plan time and resources, to issue an RFP for outside tax counsel this year. Current outside tax counsel firms are performing well and involved in ongoing long-term projects. Additionally, there are no Administrative Code requirements for issuing an RFP this year, even after increasing the annual expenditure caps to \$150,000 per year, because that amount is still below the statutory limit for extensions of expiring contracts that result in a cumulative period of longer than three years. *See* L.A. Admin. Code § 10.5(b)(2).

## **DISCUSSION**

### **1. Extending the Current Tax Counsel Contracts Is Prudent Based on the Caliber of the Current Firms**

Current outside counsel, Ice Miller and Reed Smith, are well qualified to continue representing LACERS on tax law matters for an additional year.

Ice Miller has assisted our Office with tax counsel services since June 16, 2008, and has consistently provided high quality services. Staff have expressed appreciation for the work Ice Miller has performed. Led by Robert Gauss, they have by far the most wide-spread public pension tax practice of any law firm nationally and have numerous contacts with the highest levels of the IRS. They have been one of two principal outside tax counsel for all three City plans for the past thirteen years. Their current hourly attorney fees are \$306-\$548.25 for Partners and Of Counsel attorneys; \$263.50-\$289 for Associates; and \$246.50 for Staff Attorneys. LACERS also makes good use of the firm's in house actuary, whose hourly rate is \$476. These are the lowest fees charged to their governmental clients for these services and are discounted 15% from Ice Miller's standard hourly rates.

The principal attorneys from Reed Smith, Don Wellington and Jenni Kregel, have been assisting our Office for nine years. Mr. Wellington and Ms. Kregel previously assisted our Office under a contract with Steptoe & Johnson which was then assigned to Reed Smith. Mr. Wellington leads their tax team out of Reed Smith's Downtown Los Angeles office, and Ms. Kregel serves as primary liaison with LACERS. Mr. Wellington formerly worked as a lawyer in

the U.S. Treasury Department and maintains contact with key staff members there. Mr. Wellington and Ms. Kregel have been working with the City pension plans since 2012 and have consistently provided excellent and timely work on all of their projects. They are currently working with LACERS to improve protocols for calculating service purchases, assisting LACERS with the implementation of its 115 trust, and advising LACERS on proposed changes to the Larger Annuity Program. Their current hourly rate is a blended \$580.00 for all attorneys.<sup>1</sup> This is a significant discount from Mr. Wellington's and Ms. Kregel's standard rates, which were \$1,030 and \$825, respectively when the contract was finalized in 2018. Further, these are the lowest fees charged to governmental clients for these services.

Aside from Ice Miller and Reed Smith (and, to a certain extent, Best Best & Krieger), our experience during the last RFP process showed there are not a significant number of alternative highly-qualified applicants for the role of outside tax counsel to public pensions like LACERS. Specifically, we received only four responses to the outside tax counsel RFP issued in 2018. Of those responses, both our Office and Staff agreed that only three of the responding firms were qualified to advise LACERS on tax issues which affect California public pension plans. Public pension tax law is a highly specialized practice area, and our experience both with the previous tax counsel RFP and networking with other public pension attorneys has confirmed that there are very few law firms qualified to perform this type of work.

## **2. LACERS Staff and Our Division Attorneys Are Satisfied With Current Outside Tax Counsel and Need Their Continued Service on Ongoing Projects**

The law firms providing tax law services that are currently under contract—Ice Miller and Reed Smith—are performing well and meeting LACERS' expectations and needs. Currently these firms provide advice on discrete questions of tax law, including as they relate to the administration of member benefits and issues that arise in contracts. Additionally the firms are available to assist with long-term projects that have complex tax law implications. Currently, Reed Smith is advising LACERS on its protocols for calculating service purchases, the implementation of its 115 trust, and the Larger Annuity Program. Ice Miller is scheduled to assist LACERS on a wholesale tax compliance audit, which would bring the plan current with all required amendments based on recent and pending federal legislation, and may include preparing legislation for City Council's consideration and adoption.

Staff and our division attorneys have been consistently satisfied with the tax law expertise, quality of work, and dedication to client service provided by these two law firms. We believe it makes sense to extend the current contracts for an additional year, and to revisit the need to issue an RFP in 2022. We will bring this decision back to the Board at that time.

## **3. There Are No Administrative Code Restrictions on Delaying the RFP Because the Annual Cost of Each Contract Would Be Capped at \$150,000**

While a one-year extension of Ice Miller and Reed Smith's contracts would increase the term of these contracts to extend past three years, it is permissible to extend the contracts without issuing

---

<sup>1</sup> LACERS' contract with Reed Smith permits annual 3% rate increases, however Reed Smith has not sought an increase since the contract was signed.

an RFP or going to Council under the Administrative Code because the cost of these services under each contract will be capped at \$150,000 per year. *See* L.A. Admin. Code § 10.5(b)(2). This is below the threshold amount in the Administrative Code that would require issuing an RFP or going to Council for approval of an extension (approximately \$163,000, and adjusted annually for inflation).

## **CONCLUSION**

For the foregoing reasons, we recommend that the Board authorize extensions of LACERS' current outside tax counsel contracts for one year, to September 20, 2022, and postpone a decision on whether to issue a new RFP until 2022. We believe the specialized tax law firms under contract are serving the Plan well, and there are no compelling reasons to issue an RFP now. We are happy to answer any questions that the Board may have at the July 27, 2021 meeting.

AJF/MGB:np