



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, AUGUST 11, 2020

TIME: 10:00 A.M.

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Board of Administration's August 11, 2020, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to participate:

Dial: (669) 900-6833 or (346) 248-7799

Meeting ID# 973 2040 6145

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 Ghoukassian

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. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for services

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

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

[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. BOARD PRESIDENT VERBAL REPORT
- III. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
 - C. RECOGNITION OF SERVICE FOR MIKYONG JANG
- IV. RECEIVE AND FILE ITEMS
 - A. [MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
- V. COMMITTEE REPORT(S)
 - A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 11, 2020
- VI. BENEFITS ADMINISTRATION
 - A. [2021 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION](#)
 - B. [ANTHEM BLUE CROSS 2019 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION](#)
 - C. [HEALTH AND WELFARE CONSULTANT CONTRACT EXTENSION AND POSSIBLE BOARD ACTION](#)
- VII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT
 - B. [PRI ACTION PLAN AND POSSIBLE BOARD ACTION](#)
- VIII. OTHER BUSINESS
- IX. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 25, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401 and/or via telephone and/or videoconferencing. Please

continue to view the LACERS website for updated information on public access to Board meetings while public health concerns relating to the novel coronavirus continue.

X. ADJOURNMENT



Agenda of: AUGUST 11, 2020

Item No: IV-A

MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD

The Board's Marketing Cessation Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Firms listed in Attachments 1 and 2 are subject to limited communications with Board Members and staff pursuant to the Policy and will appear and remain on the list, along with the status, from the first publicized intention to contract for services through the award of the contract. Lists of current LACERS' contracts are on file in the Board office and are available upon request.

Attachments: 1) Contracts Under Consideration for Renewal
2) Active RFPs and RFQs

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE AUGUST 11, 2020 BOARD MEETING

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
HEALTH BENEFITS ADMINISTRATION							
1.	Anthem 2020	Medical HMO & PPO	1/1/2020	12/31/2020	Board approved on 8/27/2019; contract under review for execution.	1/1/2020	12/31/2020
2.	Anthem Blue View Vision 2020	Vision Services Contract	1/1/2020	12/31/2020	Board approved on 8/27/2019; contract under review for execution.	1/1/2020	12/31/2020
3.	Delta Dental 2020	Dental PPO and HMO	1/1/2020	12/31/2020	Board approved on 8/27/2019; contract under review for execution.	1/1/2020	12/31/2020
4.	Kaiser 2020	Medical HMO	1/1/2020	12/31/2020	Board approved on 8/27/2019; contract under review for execution.	1/1/2020	12/31/2020
5.	SCAN 2020	Medical HMO	1/1/2020	12/31/2020	Board approved on 8/27/2019; contract under review for execution.	1/1/2020	12/31/2020

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE AUGUST 11, 2020 BOARD MEETING

CONTRACTS UNDER CONSIDERATION FOR RENEWAL

NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END
6.	United Healthcare 2020	Medical HMO	1/1/2020	12/31/2020	Board approved on 8/27/2019; contract under review for execution.	1/1/2020	12/31/2020
INTERNAL AUDIT							
7.	Moss Adams	External Auditor	7/1/2020	6/30/2023	Board approved on 6/23/2020; contract under review for execution.	4/1/2023	9/30/2023
INVESTMENTS							
8.	Axiom International Investors, LLC	Active Non-U.S. Equities Emerging Markets Growth	1/1/2014	12/31/2020	Investment Committee moved to recommend 1- year contract renewal to the Board on 7/17/2020.	7/9/2020	3/31/2021
9.	Quantitative Management Associates, LLC	Active Non-U.S. Equities Emerging Markets Core	1/1/2014	12/31/2020	Pending Investment Committee review.	8/6/2020	3/31/2021

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM CONTRACTS LIST
FOR THE AUGUST 11, 2020 BOARD MEETING

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NO.	VENDOR / CONSULTANT	DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	MARKETING CESSATION STATUS	RESTRICTED PERIOD*	
						START	END

Start Date - The estimated start date of the restricted period is three (3) months prior to the expiration date of the current contract. No entertainment or gifts of any kind should be accepted from the restricted source as of this date. Firms intending to participate in the Request for Proposal process are also subject to restricted marketing and communications.

End Date - The estimated end date of the restricted period is three (3) months following the expiration date of the current contract. For investment-related contracts, the estimated end date is normally six (6) months following the expiration of the current contract. For health carrier contracts, the estimated end date is normally one (1) year following the expiration of the current contract. Estimated dates are based on contract negotiation periods from prior years.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE AUGUST 11, 2020 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES	
CITY ATTORNEY			
1	Outside Fiduciary Counsel	RFP Release Date:	February 7, 2020
		Submission Deadline:	February 28, 2020
		Status:	On June 23, 2020, the Board awarded contracts to: Kutak Rock LLP, Nossaman LLP, and Olson Remcho LLP.
			Contracts out for signatures.
		List of Respondents:	Barnes & Thornburg LLP, Foley & Lardner LLP, Kutak Rock LLP, Olson Remcho LLP, Reed Smith LLP, Nossaman LLP, Hanson Bridgett LLP, Encore Law Group LLP
INVESTMENTS			
2	Core Fixed Income Mandate Search	RFP Release Date:	August 19, 2019
		Submission Deadline:	October 4, 2019
		Status:	In progress
		List of Respondents:	Amundi Pioneer Institutional Asset Management, Inc., Baird Advisors, BlackRock, Inc., BMO Global Asset Management, Brown Brothers Harriman & Co., C.S. McKee, L. P., Calvert Research and Management (Calvert or CRM), Conning, Dimensional Fund Advisors LP, Dodge & Cox, EARNEST Partners, LLC, FIAM LLC, Galliard Capital Management, Garcia Hamilton & Associates, L.P., Goldman Sachs Asset Management L.P., Guggenheim Partners Investment Management, LLC, Income Research & Management, Integrity Fixed Income, Management, LLC, Invesco Advisers, Inc., J.P. Morgan Asset Management, Jennison Associates LLC, Lazard Asset Management LLC, LM Capital Group, LLC, Longfellow Investment Management Co., LLC, Loomis, Sayles & Company, L.P, Manulife Investment Management, MFS Institutional Advisors, Inc., Morgan Stanley Investment Management, National Investment Services, Neuberger Berman, Nuveen, LLC, Payden & Rygel, PGIM Fixed Income, Piedmont Investment Advisors, Inc., PIMCO, Princeton Asset Management, LLC, Progress Investment Management Company, LLC, Pugh Capital Management, Inc., Quadratic Capital Management LLC, Ramirez Asset Management, Schroder Investment Management North America Inc., Securian Asset Management, Inc., Segall Bryant & Hamill, Sit Investment Associates, Inc. (Sit), SLC Management, Smith Graham & Co., Investment Advisors, L.P., Sterling Capital Management LLC, T. Rowe Price Associates, Inc., TCW Group, Inc., The Capital Group Companies, Inc., Voya Investment Management (Voya IM), Wellington Management Company LLP, Wells Fargo Asset Management, Western Asset Management Company, LLC

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE AUGUST 11, 2020 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
3	Emerging Market Debt Mandate Search	<p>RFP Release Date: June 19, 2019</p> <p>Submission Deadline: July 22, 2019</p> <p>Status: On February 11, 2020, the Investment Committee advanced four firms as semi-finalists: Ashmore Investment Management; Wellington Management Company LLP; PGIM Fixed Income; Schroder Investment Management North America Inc.</p> <p>List of Respondents: Eaton Vance Management, Ashmore Investment Management, Capital Group, Fidelity Institutional Asset Management, GAM USA, INC., Northwest Passage Capital Advisors LLC, Payden & Rygel, PGIM Fixed Income, Schroder Investment Management North America Inc., Stone Harbor Investment Partners LP, LM Capital Group, Wellington Management Company LLP, Manulife Investment Management, Global Evolution USA LLC, GoldenTree Asset Management LP, Goldman Sachs Asset Management L.P., Investec Asset Management, Nuveen, A TIAA Company</p>
4	Emerging Market Small Cap Equities Mandate Search	<p>RFP Release Date: June 10, 2019</p> <p>Submission Deadline: July 22, 2019</p> <p>Status: On July 8, 2020, the Investment Committee interviewed three finalist firms (Macquarie Investment Management, RBC Global Management, Inc., Wasatch Advisors, Inc.) and moved to recommend Wasatch Advisors, Inc. to the Board for contract award.</p> <p>List of Respondents: LMCG Investments, LLC, AQR Capital Management, LLC, Dimensional Fund Advisors LP, EAM Investors, LLC, Ashmore, Cedar Street Asset Management LLC, Copper Rock Capital Partners, LLC, FIAM LLC, Macquarie Investment Management, RBC Global Management, Inc., Capital, River and Mercantile LLC, Schroder Investment Management North America Inc., Somerset Capital Management LLP, Wasatch Advisors, Inc., Kayne Anderson Rudnick Investment Management, Franklin Templeton Investments, Globeflex Capital, LP, Quantitative Management Associates, LLC, State Street Global Advisors Distributor, LLC</p>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE AUGUST 11, 2020 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
5	High Yield Fixed Income and Hybrid High Yield Fixed Income / U.S. Floating Rate Bank Loan Mandate Search	<p>RFP Release Date: February 25, 2019</p> <p>Submission Deadline: April 12, 2019</p> <p>Status: On February 11, 2020, the Board awarded contracts to: High Yield Fixed Income - Loomis, Sayles & Company, L.P. Hybrid Fixed Income/Bank Loans - DDJ Capital Management, LLC</p> <p>Negotiations in progress.</p> <p>List of Respondents: Ares Management LLC, Arena Capital Advisors, LLC, Guggenheim Partners Investment Management, LLC, Aegon Asset Management US, MacKay Shields LLC, Post Advisory Group, LLC, Diamond Hill Capital Management, Inc., AXA Investment Managers, Pacific Asset Management, Mesirow Financial Investment Management, Inc., DDJ Capital Management, LLC, Par-Four Investment Management, LLC, PGIM Fixed Income, Beach Point Capital Management LP, KKR Credit, Barrings LLC, Eaton Vance Management, Brigade Capital Management, LP, Morgan Stanley Investment Management, Lord, Abbett & Co. LLC, BlackRock, Inc., L & S Advisors, Inc., Mellon Investments Corporation, Seix Investment Advisors LLC, Legal & General Investment Management, Principal Global, Bain Capital Credit, LP, Princeton Asset Management, LLC, Symphony Asset Management, LLC, PIMCO, The Capital Group Companies, Inc., Loomis, Sayles & Company, L.P., Credit Suisse Asset Management, LLC, J.P. Morgan Asset Management, Hotchkis and Wiley Capital Management, LLC, Northern Trust, CVC Credit Partners, LLC</p>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE AUGUST 11, 2020 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
6	U.S. Small Cap Equities Mandate Search	<p>RFP Release Date: February 25, 2019</p> <p>Submission Deadline: April 12, 2019</p> <p>Status: On January 28, 2020, the Board awarded contracts to the following five firms: Core - Copeland Capital Management, LLC Growth - EAM Investors, LLC; Granahan Investment Management Value - Bernzott Capital Advisors; Segall Bryant & Hamill</p> <p>Negotiations in progress.</p> <p>List of Respondents: 361 Capital, LLC, Aberdeen Standard Investments Inc., Acuitas Investments, LLC, Alliance Bernstein AB, Allianz Global Investors AllianzGI, AltraVue Capital, LLC, American Century Investment Management, Inc., AMI Asset Management Corporation, Anchor Capital Advisors LLC, Ariel Investments, LLC, Aristotle Capital Boston, LLC, Axiom Investors, Baron Capital, Barrow, Hanley, Mewhinney, Strauss, LLC, Bernzott Capital Advisors, Bivium Capital Partners, LLC, BlackRock, Inc., BMO Global Asset Management, BNP Paribas Asset Management USA Inc., Boston Advisors, LLC, Boston Partners Global Investors, Inc., Bridge City Capital, LLC, Cadence Capital Management LLC, Capital Impact Advisors, LLC, Capital Prospects LLC, Ceredex Value Advisors LLC, ClearBridge Investments, LLC, Copeland Capital Management, LLC, Dimensional Fund Advisors LP, Driehaus Capital Management LLC, Eagle Asset Management, EAM Investors, LLC, EARNEST Partners, LLC, Eastern Shore Capital Management, a Division of Moody Aldrich Partners, LLC, Eaton Vance Management, Elk Creek Partners LLC, Falcon Point Capital, LLC, Federated MDTA, LLC, FIAM LLC, Fisher Investments, Franklin Advisers, Inc., Frontier Capital Management Company, LLC, Goldman Sachs Asset Management, Granahan Investment Management, Granite Investment Partners, LLC, Great Lakes Advisors, LLC, GW&K Investment Management, LLCHotchkis and Wiley Capital Management, LLC, Investment Counselors of Maryland, LLC, Jacobs Levy Equity Management, Inc., Jennison Associates, JP Morgan, Kayne Anderson Rudnick Investment Management, LLC, Legato Capital Management, LLC, Legion Partners Asset Management, LLC, Lisanti Capital Growth, LLC, LMCG Investments, Loomis, Sayles & Company, L.P., Los Angeles Capital Management and Equity Research, Inc., Macquarie Investment Management, Manulife Asset Management, Matarin Capital Management, Mellon Investments Corporation, MFS Institutional Advisors, Inc., Monarch Partners Asset Management, LLC, Morgan Stanley Investment Management, Neuberger Berman, NewSouth Capital Management, Inc., Next Century Growth Investors, LLC, Northern Trust Investments, Inc., OFI Global Institutions, Inc., Pacific Ridge Capital Partners, LLC, Pacific View Asset Management, LLC, Palisade Capital Management, LLC, PanAgora Asset Management, Inc., Peregrine Capital Management, LLC, Perkins Investment Management LLC, Pier Capital, LLC, PIMCO, Portolan Capital Management LLC, Principal Global, Pzena Investment Management, QMA LLC, Ranger Investment Management, LP, Riverbridge Partners, LLC, RockCreek, Rothschild & Co Asset Management, Sapiient Investments, LLC, Schroder Investment Management North America Inc., Segall Bryant & Hamill, Seizert Capital Partners, Smith Asset Management Group, Snyder Capital Management, L.P., Summit Creek Advisors, LLC, Systematic Financial Management, L.P., T. Rowe Price Associates, Inc., Teton Advisors, Inc., THB Asset Management, Tygh Capital Management, Vantagepoint Discovery, Victory Capital Management Inc., Voya Investment Management, Walkthausen & Co., LLC, Wasatch Advisors, Weatherbie Capital, LLC, Wedge Capital Management, Wellington Management Company LLP, Wells Fargo Asset Management, Westfield Capital Management Company, L.P., William Blair Investment Management, LLC, WisdomTree Asset Management, Inc., Zacks Investment Management</p>

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
CONTRACTS LIST FOR THE AUGUST 11, 2020 BOARD MEETING

ACTIVE RFPs AND RFQs

NO.	DESCRIPTION	MARKETING CESSATION STATUS AND VENDOR RESPONSES
7	Private Credit Mandate Search	<p>RFP Release Date: December 10, 2018</p> <p>Submission Deadline: January 18, 2019</p> <p>Status: On July 23, 2019, the Board awarded contracts to Alcentra Limited, Benefit Street Partners L.L.C., Crescent Capital Group LP, and Monroe Capital LLC.</p> <p>On May 26, 2020, the Board rescinded the contract award to Alcentra Limited.</p> <p>Negotiations in progress.</p> <p>List of Respondents: Alcentra Limited, Barings LLC, MB Global Partners, LLC, Backcast Partners Management LLC, BlackRock, Inc., CLSA Capital Partners (HK) Limited, Cross Ocean Adviser LLP, Clearwater Capital Partners (Fiera Capital Corporation), Guggenheim Partners, LLC, Goldman Sachs Asset Management, L.P., Pemberton Capital Advisors LLP, Kayne Anderson Capital Advisors, L.P., Maranon Capital, L.P., Bain Capital Credit, LP, Breakwater Management LP, Carlyle Global Credit Investment Management L.L.C., Crescent Capital Group LP, MV Credit Partners LLP, New Mountain Capital, LLC, Park Square Capital USA LLC, Tor Investment Management (Hong Kong) Limited, AlbaCore Capital LLP, Muzinich & Co., Inc., Kartesia Management S.A., Medalist Partners, LP, NXT Capital Investment Advisers, LLC, Owl Rock Capital Partners, PennantPark Investment Advisers, PIMCO Investments LLC, Deerpath Capital Management, LP, Brightwood Capital Advisors, Magnetar Capital LLC, MC Credit Partners LP, Oaktree Capital Management, L.P., THL Credit Advisors LLC, White Oak Global Advisors, LLC, Benefit Street Partners L.L.C., EntrustPermal / Blue Ocean GP LLC, Willow Tree Credit Partners LP, Monroe Capital LLC, Runway Growth Capital LLC, Stellus Capital Management, LLC</p>

***RESTRICTED PERIOD FOR REQUEST FOR PROPOSAL OR REQUEST FOR QUALIFICATIONS:**

Start Date - The restricted period commences on the day the Request for Proposal is released.

End Date - The restricted period ends on the day the contract is executed.

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Allen, Othello	35	GSD - Bldg. Fac Mgmt.	Custodian
Anderson, Anthony D	11	Dept. of Bldg. & Safety	Build Mech Inspector
Baldizon, Jose Leonardo	26	Police Dept.	Equipment Mechanic
Bernal, Natalia Vilches	7	Dept. of Rec. & Parks	Asst Park Svcs Attnl
Bryan, Dwayne A	30	GSD	Storekeeper
Burnaugh, Vernetta R	39	PW - ENGINEERING	Sr Administrative Clerk
Campbell, Brian E	14	PW - Sanitation	W/Wtr Trmt Mech
Cartwright Adams, Vickie	34	Dept. of Airports	Sr Personnel Analyst
Castro, Karen O	34	COUNCIL	Administrative Clerk
Chan, Wayne	32	Information Technology Agency	Info System Mgr
Childress, David Dion	32	Dept. of Airports	Garage Attendant
Chou, Yeuanhong	13	LA Housing Dept.	Accountant
Chrakyan, Arutyun	25	Police Dept.	Equipment Mechanic
Chu, Alex Zin Hon	30	GSD	Matl Tst Engineer
Cordova, Robert	31	PW - St. Maint.	Motor Sweeper Operator
Cruz, Hilda	6	Dept. of Rec. & Parks	Special Prog Asst
Cutidioc, Delma P	17	LACERS	Accounting Clerk
Dasgupta, Sharmila	31	Dept. of Airports	Management Analyst
Delgado, Jesse J	25	Police Dept.	Polygraph Examiner
Dinh, Haminh T	13	PW-Sanitation	Laboratory Tech
Estrada, Antoinette M	33	Library Dept.	Secretary
Eyerly, James F	33	Police Dept.	Build Repairer Supvr
Fitzpatrick, Timothy J	15	City Attorney's Office	Deputy City Atty
Goolsby, Kris E	35	GSD	Equipment Superintendent
Green, Rita F	20	Dept. of Airports	Custodian Airport
Hatchett, Jeffrey Lynn	34	GSD	Pr Storekeeper
Hayter, Sue	16	Harbor Dept.	Pr Public Rel Rep
Houston, Zna P	25	City Attorney's Office	Sr Asst City Atty
Huang, Ruey S	32	PW - Sanitation	Sr Chemist
Iniguez, Maria A	7	Dept. of Transportation	Crossing Guard
Jackson, Sharon L	31	Dept. of Airports	Management Analyst
Jones, Victor L	37	PW - San	Ref Coll Truck Oper
Kauppi, Barbara	11	PW - Sanitation	Instrument Mech Supv
Krishna, Michael J	17	Dept. of Airports	Airport Police Officer
Lockett, Jacildaflor Iris	32	Police Dept.	Police Service Rep
Lopez, Salvador	15	PW - Sanitation	Gardener Caretaker

Luna, Carlos C	14	Dept. of Rec. & Parks	Gardener Caretaker
Martinez, Robert E	25	PW - Sanitation	Air Cond Mechanic
Matchniff, Leonard John	6	Dept. of Bldg. & Safety	Sr Build Inspector
Mc Daniel, James Brett	33	Harbor Dept.	Port Pilot
Melara, Edward A	34	Dept. of Airports	Dir Of Mtce Airports
Moore, Paula Ruth	25	Police Dept.	Police Service Rep
Morgan, William	9	Dept. of Transportation	Traf Paint Sign Post
Ocampo, Benjamin S	12	GSD	Procurement Supervisor
Orellana, Luis A	20	Dept. of Rec. & Parks	Gardener Caretaker
Ortiz Silva, Jose A	12	GSD	Parking Attendant
Rajapakse, Chris R	32	EWDD	Comnty Progm Director
Ramirez, Julia	38	Police Dept.	Pr Clerk Police
Riter, Olivia G	33	Dept. of Airports	Personnel Dir
Skehan, Sean F	33	Dept. of Transportation	Pr Transp Engineer
Stephens, James G	33	Dept. of Bldg. & Safety	Sr Build Inspector
Stutsman, Bill J	34	Dept. of Bldg. & Safety	Sr Structural Engineer
Thornton, Kevin E	25	GSD	Procurement Analyst
Thum, Kurt W	6	Library Dept.	Librarian
Tong, Alfred W	28	Dept. of Airports	Environmental Spec
Torres, Elisa	40	Police Dept.	Sr Administrative Clerk
Tran, Anthony Q	18	Controller's Office	Fiscal Systems Spec
Tripp, Albert L	0.7	Dept. of Rec. & Parks	Special Prog Asst
Valencia, Victoria Lee	17	Dept. of Airports	Sr Commun Operator
Warren, Timothy H	18	PW - Solide Resource	Ref Coll Truck Oper
Westgate, Wendy J	15	Library Dept.	Librarian
Williams, James Tyrone	35	PW - Sanitation	W/Wtr Trmt Oper
Wong, Stephani	10	Dept. of Airports	Sr Administrative Clerk
Yamio, Monina D	39	Dept. of Rec. & Parks	Accounting Clerk
Zanotti, Toni D	20	Dept. of Bldg. & Safety	Accounting Clerk
Zavala, Edward J	31	Dept. of Bldg. & Safety	Sr Electrcal Inspector
Zazueta, Cathy S	2	Library Dept.	Librarian

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM IV-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

TIER 1

Anderson, Edwin J

Beneficiary/Payee

Mona C Anderson for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Aquino, Lamberto D

Erlinda V Aquino for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Barba, Gil J

Catalina Barba for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Beabraut, Ivan

Aimee Santiago for the payment of the
Burial Allowance

Beaulieu, Benoit
(Deceased Active)

Solange Beaulieu for the payment of the
Accumulated Contributions

Bennett, Irene

Jackie Anderson for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Bryant, Edward V	Mabel Bryant for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Doolittle, Edward A	Mary Salazar for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Edmiston, Donna M	Donna M Edmiston Revocable Trust Dated 3-29-2010 for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Fox, Jack C	Jean E Fox for the payment of the Burial Allowance
Gerard, Helen E	Donald J Gerard for the payment of the Accrued But Unpaid Continuance Allowance
Gomez, John M	Carmen M Gomez for the payment of the Burial Allowance
Gray, Lena W	Vivian Ann Demonaco for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance
Grigsby, Johnnie P	Marsha Elaine Grigsby for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Gunzburg, Milton D (Deceased Active)	Mark Anthony Rael for the payment of the Accumulated Contributions
Heming, Douglas	Joyce H Jeavons for the payment of the Death Subsidy Credit
Hicks, John Norris	Dolores M Hicks for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jones, Marlo Denise (Deceased Active)	Gerald M Grimes for the payment of the Limited Pension
Kidd, Felcie Leon	Felcie L Kidd for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Teri Ann McGlover for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lopez, Linda R	Christina Louise Van Houdt for the payment of the Accrued But Unpaid Larger Annuity Allowance Accrued But Unpaid Service Retirement Allowance Burial Allowance
Luna, Elvera V	Joe Luna for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Mayorga, Alfredo Garcia	Lucia Mayorga for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mendoza, Cesar	Theresa Mendoza for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Million, Inez M	Tracy A Million for the payment of the Accrued But Unpaid Continuance Allowance
Morehead, Daniel Joe	Yolanda Morehead for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Norris, William J	Larry James Norris for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance William J Norris for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Panaligan, Petronilo C	Chris A Panaligan for the payment of the Burial Allowance
Panlilio, Rommel B	Trinidad Ferrer Panlilio for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Pierre, Don L	Lee A Pierre for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Shur, David Ricky	Lauryn S Shur for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Tortorice, Connie K	Christa Tortorice for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Tracy, Mary J	Denise M Taylor for the payment of the Accrued But Unpaid Survivorship (Disability) Allowance
Valenzuela, Maria P	Maria Christina Cabrera for the payment of the Accrued But Unpaid Continuance Allowance
Villareal, Daniel C	Wendy Lyn V Hamilton for the payment of the Burial Allowance

TIER 3
NONE

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair

Sandra Lee

Nilza R. Serrano

MEETING: AUGUST 11, 2020

ITEM: VI - A

SUBJECT: 2021 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve:

- (1) The proposed 2021 premium rates for LACERS medical, dental, and vision plans, inclusive of transportation benefits in the Kaiser Senior Advantage and UnitedHealthcare Medicare Advantage HMO plans, as included in Attachment 1, and including any minor premium adjustments; and
- (2) Utilizing funds from the 115 Trust premium reserves to add the Active&Fit benefit to the Kaiser Permanente HMO plan.

Executive Summary

Recommendations for the health plan contract renewals have resulted in overall 2021 health plan premium costs increasing by 0.51% and include the addition of transportation services to the Kaiser Permanente Senior Advantage and UnitedHealthcare Medicare Advantage HMO plans. The addition of a fitness program (Active&Fit) to the Kaiser Permanente HMO plan would bring equity among all LACERS plans and the approximate \$200,000 cost can be paid through accumulated premium reserves.

Discussion

At its July 28, 2020 meeting, the Committee approved staff's recommendation to forward the proposed 2021 health plan premium rates to the Board for approval with the inclusion of a transportation benefit for the Kaiser Permanente Senior Advantage and UnitedHealthcare Medicare Advantage HMO plans.

The dental and vision plan premiums will remain the same in 2021.

The 2021 medical plan premiums without benefit enhancements increased by \$60,949, or 0.05%, from \$127,179,212 to \$127,240,161. The inclusion of the transportation benefits is estimated to increase costs by \$592,397 to \$127,832,558. As a result, the 2021 medical plan premiums are estimated to increase by \$653,346, or 0.51%, from \$127,179,212 to \$127,832,558.

The Committee also approved forwarding to the Board a recommendation to add the Active&Fit fitness program to the Kaiser Permanente HMO plan. The Board may only add benefits to LACERS health plans if they do not increase the estimated total cost of the health and welfare program by more than 0.5%. Because including this benefit along with the added transportation benefits would have increased costs beyond this threshold, LACERS will use premium reserves to cover the cost of this program instead of increasing premiums to cover the cost. The addition of this program will bring parity to all LACERS medical plans, as currently, the Kaiser Permanente HMO plan is the only plan that does not offer a fitness program benefit.

Conclusion

If the Board approves the Committee's recommendations, the 2021 health plan premium costs will increase an estimated 0.51%, from \$127.2 million to \$127.8 million. The addition of the Active&Fit benefit to the Kaiser Permanente HMO plan and paying for it through premium reserves will not increase the 2021 premium costs, but will increase overall program costs by an estimated \$196,955, or 0.67%, to \$128.0 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 28, 2020 Benefits Administration Committee report
2. Proposed Resolution

.



BOARD Meeting: 08/11/2020
Item: VI-A
Attachment 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

From: Neil M. Guglielmo, General Manager

MEETING: JULY 28, 2020

ITEM: IV

Neil M. Guglielmo

SUBJECT: 2021 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee forward a recommendation to the Board to:

- (1) Approve the proposed 2021 premium rates for LACERS medical, dental, and vision plans, inclusive of transportation benefits in the Kaiser Senior Advantage and UnitedHealthcare Medicare Advantage HMO plans, as included in Attachment 1, and including any minor premium adjustments; and
- (2) Utilize funds from the 115 Trust premium reserves to add the Active&Fit benefit to the Kaiser Permanente HMO plan.

Executive Summary

Recommendations for the health plan contract renewals have resulted in overall 2021 health plan premium costs increasing by 0.51% and include the addition of transportation services to the Kaiser Permanente Senior Advantage and UnitedHealthcare Medicare Advantage HMO plans. The addition of a fitness program (Active&Fit) to the Kaiser Permanente HMO plan would bring equity among all LACERS plans and could be paid for through accumulated premium reserves.

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 2021 premium rates, documentation to support the proposed premium rates, performance guarantees, as well as financial commitments toward LACERS' wellness program.

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”).

These issues impact many seniors every day and can have significant impact on their wellbeing. 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.

Additionally, Kaiser was requested to provide the cost of adding a fitness program benefit to its HMO plan. Such a program is offered through all other LACERS plans, but was not available through the Kaiser HMO until now.

2021 Medical Plan Renewal Summary without Benefit Enhancement

Overall, the 2021 medical premiums are estimated to increase by \$60,949, or 0.05%, from \$127,179,212 to \$127,240,161. With the addition of the benefit enhancements, the 2021 medical premiums are estimated to increase by \$850,427, or 0.67%.

The cost increase for Kaiser HMO is minimal and the 2021 cost still remains under the established 2019 premium; and, the Kaiser Senior Advantage plan is experiencing a decrease in cost. It is recommended that these premiums remain the same in 2021 so that we can continue to accumulate premium reserves to assist in managing future costs.

2021 Dental and Vision Plan Renewal Summary

The Delta Dental PPO is self-funded by LACERS, as of this year. Based on a review of the premiums and claims, the dental plan is operating at an estimated surplus of approximately \$1.8 million and there is no need to change the premium for 2021. DeltaCare USA (HMO) premium costs will remain the same in 2021. Overall, the 2021 dental plan costs are estimated to remain at \$8.4 million.

Anthem Blue View vision plan is in the second year of a three-year rate guarantee and will not increase in 2021. The 2021 vision plan premium cost is estimated to remain at \$800,579.

Conclusion

Negotiations conducted by Keenan brought an overall cost decrease of \$3.3 million, from \$130.5 million to \$127.2 million, resulting in an overall program cost increase of \$60,949, or 0.05%, for 2021. The addition of Active&Fit to the Kaiser HMO plan and transportation services to the Kaiser Senior Advantage and UnitedHealthcare Medicare Advantage plans increases the annual program cost by \$789,478, increasing the estimated overall cost by \$850,427, or 0.67%, from \$127.2 million to \$128 million. The estimated cost of each benefit is:

- Kaiser HMO, Active&Fit: \$196,955
- Kaiser Senior Advantage, Transportation Benefit: \$574,650
- UHC, Transportation Benefit: \$17,747

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 cost of adding these benefits is estimated to be 0.62% of the estimated total cost. Adding only the transportation benefits would cost \$592,397, an increase of 0.47%.

For the 2019 and 2020 plan years, the Kaiser HMO cost decreased, but the premium stayed the same to build a premium reserve, which could be used to assist in managing future health plan costs. There are sufficient funds in the reserve to cover the cost of the Active&Fit benefit, so it is recommended that the reserve funds be used to add the Active&Fit benefit to the Kaiser HMO plan.

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 2021 health plan renewal process and answer the Committee's questions.

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 – 2021 Health Plan Renewal Final Report



BAC Meeting: 07/28/20
Item IV
Attachment 1

Los Angeles City Employees' Retirement System

2021 Health Plan Renewal, Final Report

July 28, 2020

Respectfully Submitted by:

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

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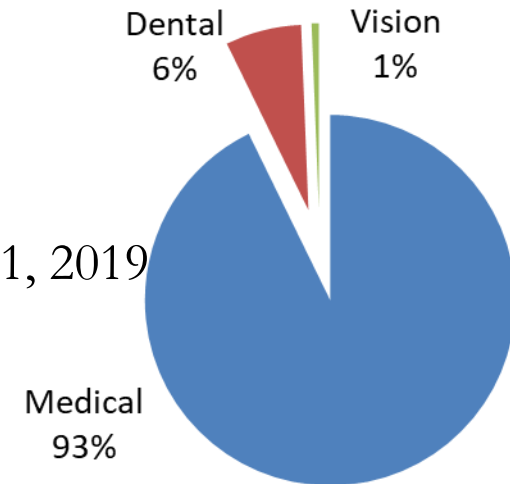
Introduction

- This report presents Los Angeles City Employees' Retirement System's (LACERS) 2021 final health plan renewals
- Anthem Blue Cross (Anthem), Kaiser Permanente (Kaiser), UnitedHealthcare (UHC), and SCAN have provided medical plan renewals for 2021
- Delta Dental's DHMO will be in the second year of a three-year rate cap for 2021
- The Delta Dental PPO plan is self-funded as of January 1, 2019. The PPO administration fee remains unchanged for 2021.
- Anthem Blue View Vision will be in the second year of a three-year rate guarantee for 2021
- Data assumes the current carriers, plans, and enrollment in the report.



Executive Summary

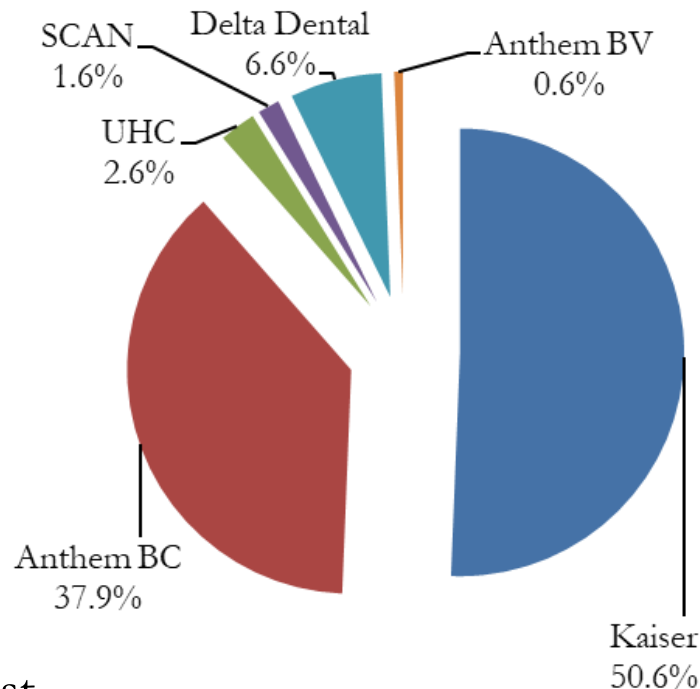
- The 2021 final renewal for the LACERS Health and Welfare Program is a minor increase in cost of \$60,949 or 0.05% from \$127,179,212 to \$127,240,161
- Of LACERS' total premium costs, medical is 93%; dental 6%; and vision 1%
- The 2021 LACERS final renewals premium adjustments are as follows:
 - Medical premiums: **\$60,949** or **0.05%**
 - Dental premiums: **\$0** or **0.0%**
 - Vision premiums: **\$0** or **0.0%**
- The Delta Dental PPO plan has been self-funded since January 1, 2019
 - IBNR reserve are calculated and funded \$521,600
 - No adjustment in dental PPO rates are needed for 2021



Coverage	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
Medical	24,231	\$117,950,814	\$118,011,763	\$60,949	0.05%
Dental	13,332	\$8,427,820	\$8,427,820	\$0	0.00%
Vision	6,385	\$800,579	\$800,579	\$0	0.00%
Grand Total		\$127,179,212	\$127,240,161	\$60,949	0.05%

Executive Summary

- The 2021 LACERS final renewal cost change by carrier is as follows:
 - Anthem: **\$1,300,794** or **2.77%**
 - Kaiser: **-\$1,239,845** or **-1.89%**
 - UHC: **\$0** or **0.00%**
 - SCAN: **\$0** or **0.00%**
 - Delta Dental: **\$0** or **0.00%**
 - Anthem Blue View: **\$0** or **0.0%**
- Kaiser and Anthem comprise 88.5% of the total cost

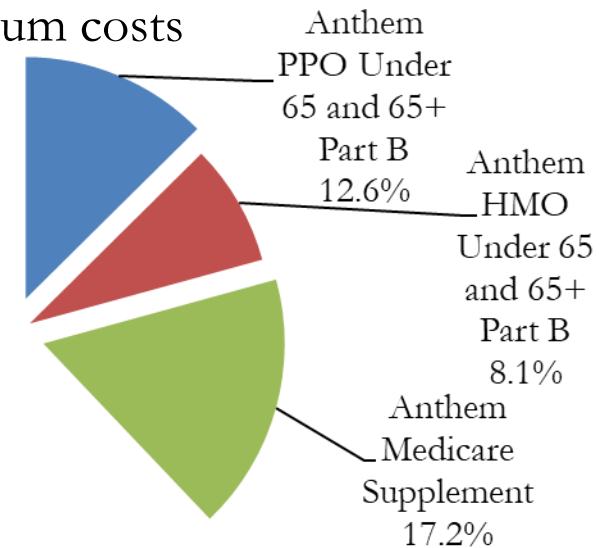


Carrier	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
Anthem	5,139	\$46,918,507	\$48,219,300	\$1,300,794	2.77%
Kaiser	17,420	\$65,681,506	\$64,441,661	(\$1,239,845)	-1.89%
UnitedHealthcare	1,027	\$3,339,871	\$3,339,871	\$0	0.00%
SCAN	645	\$2,010,929	\$2,010,929	\$0	0.00%
Delta Dental	13,332	\$8,427,820	\$8,427,820	\$0	0.00%
Anthem Blue View	6,385	\$800,579	\$800,579	\$0	0.00%
GRAND TOTAL		\$127,179,212	\$127,240,161	\$60,949	0.05%

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

Anthem Blue Cross Renewal

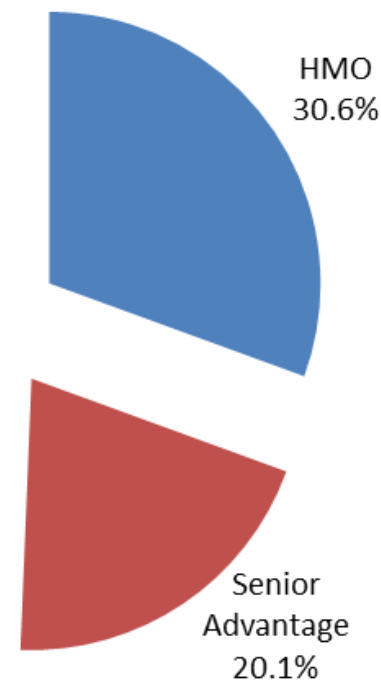
- Anthem Blue Cross comprises 37.9% of LACERS' premium costs
- Anthem requested the following rate adjustments:
 - PPO Under 65 / 65+ Part B: **\$444,069** or **2.85%**
 - HMO Under 65 / 65+ Part B: **\$292,942** or **2.91%**
 - Medicare Supplement: **\$563,783** or **2.65%**
 - An overall increase of **\$1,300,794** or **2.77%**
- Considerations for Anthem's renewal:
 - 2021 wellness program contribution of \$250,000
 - The final renewal includes Anthem concession of \$2,663,820, from an overall increase request of 8.45% to 2.77%



Anthem	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
PPO Under 65 and 65+ Part B	1,051	\$15,581,369	\$16,025,438	\$444,069	2.85%
HMO Under 65 and 65+ Part B	814	\$10,065,436	\$10,358,378	\$292,942	2.91%
Medicare Supplement	3,274	\$21,271,702	\$21,835,485	\$563,783	2.65%
Total	5,139	\$46,918,507	\$48,219,300	\$1,300,794	2.77%

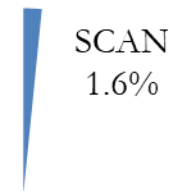
Kaiser Permanente Renewal

- Kaiser comprises 50.6% of LACERS' premium costs
- Kaiser requested the following rate adjustments:
 - HMO Under 65: \$1,077,078 or 2.85% increase
 - Senior Advantage: -\$2,316,923 or -8.31% decrease
 - For an overall decrease of -\$1,239,845 or -1.89%
- Other considerations:
 - \$150,000 rate load for the wellness program
 - \$40,000 for Open Enrollment



Kaiser	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
HMO Under 65	4,108	\$37,805,143	\$38,882,221	\$1,077,078	2.85%
Senior Advantage	13,312	\$27,876,363	\$25,559,441	(\$2,316,923)	-8.31%
Total	17,420	\$65,681,506	\$64,441,661	(\$1,239,845)	-1.89%

SCAN Renewal

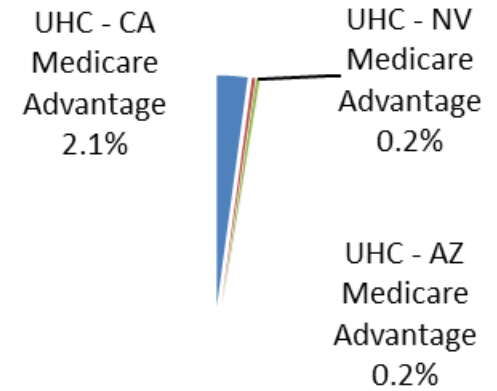


- SCAN Medicare Advantage HMO is available to retired members with Medicare Parts A and B
- SCAN comprises 1.6% of LACERS' premium costs
- SCAN requested the following rate adjustments:
 - Medicare Advantage: \$0 or 0.0%
- Other considerations:
 - Wellness program contribution of \$10,500

SCAN	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
Medicare Advantage	645	\$2,010,929	\$2,010,929	\$0	0.0%

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 2.6% of LACERS' premium costs
- UHC proposed a **\$0** or **0.0%** increase
- Other considerations:
 - Wellness program contribution of \$8,500
- The final renewal includes UHC's concession of \$100,160 of a requested 3.00% increase to a rate pass 0.00%



United Healthcare	Current	2020	2021 Renewal - Final		
			Premium	\$ Change	% Change
CA Medicare Advantage	845	\$2,728,877	\$2,728,877	\$0	0.0%
NV Medicare Advantage	110	\$317,183	\$317,183	\$0	0.0%
AZ Medicare Advantage	72	\$293,812	\$293,812	\$0	0.0%
Total	1,027	\$3,339,871	\$3,339,871	\$0	0.0%

Delta Dental Renewal

Delta Dental PPO and DHMO is available to all retired members

Delta Dental
PPO
6.0%



Delta Dental
DHMO
0.6%

- Delta Dental comprises 6.6% 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 2021
- The Delta Dental DHMO requires no rate adjustment for 2021
- Other considerations:
 - Wellness program contribution of \$10,000
- The final renewal includes Delta Dental's concession on the DHMO from an increase of \$45,650, or a 6.00%, to a rate pass, 0.00%

Delta Dental	Current	2020	2021 Renewal - Final		
	Enrollment	Premium	Premium	\$ Change	% Change
PPO	10,137	\$7,666,984	\$7,666,984	\$0	0.0%
DHMO	3,195	\$760,835	\$760,835	\$0	0.0%
Total	13,332	\$8,427,820	\$8,427,820	\$0	0.0%

Delta Dental Self-Funded Renewal

2021 will be the third year of self-funding the PPO dental plan. The 2021 underwriting shows no renewal increase required for 2021

- The underwriting for 2021 shows a rate decrease of -5.35%
- Keenan recommends a rate pass for 2021 and allow the Dental PPO plan to continue building its reserve

2021 Self-funded Dental PPO Plan Underwriting

			5/1/2019 - 4/30/2020
1	Paid Claims (5/1/2019 - 4/30/2020)		\$7,823,802
2	Stated Reserve as of 12/31/29		(521,600)
3	Projected Ending Reserve	8.0%	625,904
4	Incurred Claims		\$7,928,106
5	Covered Employees		146,317
6	Incurred Claims/EE/Month		\$54.18
7	Trend Factor	5.0%	1.0847
8	Expected Incurred Claims (1/1/2021 - 12/31/2021)		\$58.77
9	Administration	8.7%	5.10
10	Calculated Funding Level Without Margin		\$63.87
11	Current Average Funding Level		\$70.58
12	Calculated Funding Action Without Margin = (10)/(11)		-9.51%
13	Recommended Margin = Margin % x (8)	5.0%	\$2.94
14	Calculated Funding Level With Margin = (10)+(13)		\$66.81
15	Current Average Funding Level = (11)		\$70.58
16	Calculated Funding Action With Margin = (14)/(15)		-5.35%

Anthem Blue View Vision Renewal

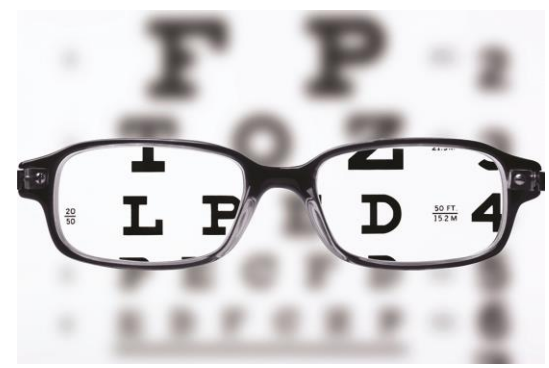
Anthem Blue View Vision is available to retired Members enrolled in Anthem, SCAN and UHC

- Anthem Blue View comprises 0.6% of LACERS premium costs
- Anthem Blue View will be in the second year of a three-year rate guarantee; 2021: **\$0** or **0.00%**

Other considerations:

–Wellness program contribution is combined with Anthem medical

Anthem
Blue View
0.6%



Anthem Blue View	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
Vision	6,385	\$800,579	\$800,579	\$0	0.0%

2021 Projected Renewal Action

2021 Renewal Summary	2021 Rate Action %		Retained by LACERS	2021 Rate Action \$		Retained by LACERS
	Carrier Rate	Member Rate		Carrier Rate	Member Rate	
Anthem						
U65 and 65+ Part B PPO - Refunding	2.85%	0.65%	0.00%	\$ 444,089	\$ 101,583	\$ -
Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	2.91%	2.91%	0.00%	\$ 292,942	\$ 292,942	\$ -
Retiree > 65 with both parts A & B of Medicare & Dependent < 65	2.65%	2.65%	0.00%	\$ 563,783	\$ 563,783	\$ -
Kaiser						
Kaiser HMO	2.85%	0.00%	2.04%	\$ 1,077,078	\$ -	\$ 771,982
Kaiser Senior Advantage	-8.31%	0.00%	12.33%	\$ (2,316,923)	\$ -	\$ 3,438,463
UHC - HMO MAPD with RX						
California	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Nevada	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Arizona	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
SCAN - Medicare HMO						
SCAN HMO	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Delta Dental						
PPO	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
DHMO	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Anthem Blue View						
Vision	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Total				\$ 60,969	\$ 958,308	\$ 4,210,445

- 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. Due to this strategy:
 - the 2021 Anthem PPO rate impact on retirees will only be a 0.65% (\$101,583) versus 2.85% carrier increase of \$444,089
 - The 2021 Kaiser HMO rate impact on retirees will be 0.0% versus the 2.85% carrier increase of \$1,077,078. Additionally, LACERS will be able to reserve 2.04% or \$771,982
 - The 2021 Kaiser Senior Advantage rate impact on retirees could be 0.0% with the carrier rate decreasing -8.21% (-\$2,316,923) giving LACERS the opportunity to reserve 12.33% of the carrier rate (\$3,438,463)
 - All other 2021 carrier and member rates are proposed as unchanged from 2020

Benefit Enhancements

- Within the 2021 renewal, LACERS requested the following benefit enhancements:
 - Kaiser a Silver & Fit equivalent for the Kaiser HMO
 - Active & Fit can be added at a cost of subscriber \$4.23 per month, subscriber +1 dependent \$8.46, Subscriber +2+ dependents \$11.00
 - All medical carriers were asked to provide their capabilities to offer:
 - a Life Alert program - adding a Life Alert service/product for each covered retiree
 - adding a transportation benefit to assist retirees from getting to and from providers
 - a meals program to coordinate food/meal delivery services with vendors such as Meals on Wheels for homebound retirees
 - products/services to assist homebound retirees to receive the appropriate care and wellness checks
 - Only SCAN currently includes all four of these benefits in its current rates
 - Not available with LACERS' current Anthem plans
 - Kaiser (\$5.25 pmpm) and UHC (\$1.44pmpm) can offer a transportation benefit for the Medicare population
 - LACERS will work with our carrier partners to develop these benefits for the future

2021 Projections w/ Benefit Enhancements

2021 Renewal Summary with Benefit Enhancements	2021 Rate Action %		Retained by LACERS	2021 Rate Action \$		Retained by LACERS
	Carrier Rate	Member Rate		Carrier Rate	Member Rate	
Anthem						
U65 and 65+ Part B PPO - Refunding	2.85%	0.65%	0.00%	\$ 444,089	\$ 101,583	\$ -
Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	2.91%	2.91%	0.00%	\$ 292,942	\$ 292,942	\$ -
Retiree > 65 with both parts A & B of Medicare & Dependent < 65	2.65%	2.65%	0.00%	\$ 563,783	\$ 563,783	\$ -
Kaiser with Active & Fit and Transportation Benefit						
Kaiser HMO	3.37%	0.00%	1.53%	\$ 1,273,902	\$ -	\$ 577,957
Kaiser Senior Advantage	-6.25%	0.00%	9.87%	\$ (1,742,615)	\$ -	\$ 2,750,297
UHC - HMO MAPD with RX with Transportation Benefit						
California	0.54%	0.54%	0.00%	\$ 14,602	\$ 14,602	\$ -
Nevada	0.60%	0.60%	0.00%	\$ 1,901	\$ 1,901	\$ -
Arizona	0.42%	0.42%	0.00%	\$ 1,244	\$ 1,244	\$ -
SCAN - Medicare HMO						
SCAN HMO	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Delta Dental						
PPO	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
DHMO	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Anthem Blue View						
Vision	0.00%	0.00%	0.00%	\$ -	\$ -	\$ -
Total				\$ 849,848	\$ 976,055	\$3,328,254

- The revised 2021 Projections include the benefit enhancements for Kaiser and UHC:
 - Kaiser: Active & Fit and transportation benefit carrier rate increases HMO from 2.85% to 3.37%, and the Senior Advantage from -8.31% to -6.25%. The rates to members would remain unchanged
 - UHC: Transportation benefit +0.54% CA, +0.60% NV, and 0.42% AZ. Both carrier rates and member rates would increase
- The benefit enhancements represent a \$788,879 increase in carrier premium, but only a \$17,747 increase in member cost.

Security Breach Performance Standard

- LACERS has requested that each carrier provide performance standards, measures, and guarantees in the event of a security breach exposing LACERS Members' personal health information (PHI).
- Anthem, SCAN, UHC, and Delta Dental have complied with this request. Kaiser has escalated this issue to its senior leadership. Kaiser to date has presented the following arguments on why they are unable to offer any performance guarantees:
 - Kaiser stated any proposed Performance Guarantees would not benefit LACERS members directly and would only monetarily benefit LACERS and not the members:
 - Keenan has argued that is not true. The Performance Guarantees are requested and placed as a preventive measure and comes from LACERS' fiduciary responsibility to ensure vendors have processes in place to prevent and ensure data breach safety measures, which do benefit the members by safe guarding their information
 - Keenan also proposed that if the direct monetary concern is in play, then LACERS would accept premium holidays that would directly benefit LACERS Kaiser members
 - Kaiser declined

Security Breach Performance Standard

- Kaiser responded with the following proposal to include the following language in the Cover Agreement for 2021:
 - That the Parties recognize and agree that the Kaiser Foundation Health Plan is a Covered Entity under HIPAA and is directly subject to federal and state information privacy laws
 - Keenan made the argument it still does not meet LACERS needs as a fiduciary of a plan when Kaiser is the only health plan vendor under LACERS that refuses to offer data breach PGs and is only stating what is already a known and covered by state and federal laws, and simply viewed as not a solution when all of LACERS other vendors have offered PGs to address the concern.
- LACERS may want to market the health plans with one of the mandates to include that all proposing vendors be required that PGs are proposed around data breach requirements.

Recommendations

- Accept the medical renewals as recommended with benefit enhancements to Kaiser and UHC
- Accept the final dental plan renewals as recommended
- Accept the vision plan rates. 2021 represents year two of a three-year rate guarantee



Appendix

Financial Summary

All Coverage	Current Enrollment	2020 Premium	2021 Renewal - Final		
			Premium	\$ Change	% Change
Anthem					
PPO Under 65 and 65+ Part B	1,051	\$15,581,369	\$16,025,438	\$444,069	2.85%
HMO Under 65 and 65+ Part B	814	\$10,065,436	\$10,358,378	\$292,942	2.91%
Medicare Supplement	3,274	\$21,271,702	\$21,835,485	\$563,783	2.65%
Total	5,139	\$46,918,507	\$48,219,300	\$1,300,794	2.77%
Kaiser					
HMO Under 65	4,108	\$37,805,143	\$38,882,221	\$1,077,078	2.85%
Senior Advantage	13,312	\$27,876,363	\$25,559,441	(\$2,316,923)	-8.31%
Total	17,420	\$65,681,506	\$64,441,661	(\$1,239,845)	-1.89%
UnitedHealthcare					
CA Medicare Advantage	845	\$2,728,877	\$2,728,877	\$0	0.00%
NV Medicare Advantage	110	\$317,183	\$317,183	\$0	0.00%
AZ Medicare Advantage	72	\$293,812	\$293,812	\$0	0.00%
Total	1,027	\$3,339,871	\$3,339,871	\$0	0.00%
SCAN					
Medicare Advantage	645	\$2,010,929	\$2,010,929	\$0	0.00%
Total	645	\$2,010,929	\$2,010,929	\$0	0.00%
Medical Total	24,231	\$117,950,814	\$118,011,763	\$60,949	0.05%
DENTAL					
Delta Dental PPO (self-funded)	10,137	\$7,666,984	\$7,666,984	\$0	0.00%
Delta Dental HMO	3,195	\$760,835	\$760,835	\$0	0.00%
Dental Total	13,332	\$8,427,820	\$8,427,820	\$0	0.00%
VISION					
Anthem Blue View	6,385	\$800,579	\$800,579	\$0	0.00%
Vision Total	6,385	\$800,579	\$800,579	\$0	0.00%
GRAND TOTAL		\$127,179,212	\$127,240,161	\$60,949	0.05%
1) Anthem (including Blue View vision) and Delta Dental enrollments are retiree counts.					
2) Kaiser, UnitedHealthcare and SCAN enrollments are member counts.					

Financial Summary w Benefit Enhancement

All Coverage	Current	2020	2021 Renewal - Final		
	Enrollment	Premium	Premium	\$ Change	% Change
Anthem					
PPO Under 65 and 65+ Part B	1,051	\$15,581,369	\$16,025,438	\$444,069	2.85%
HMO Under 65 and 65+ Part B	814	\$10,065,436	\$10,358,378	\$292,942	2.91%
Medicare Supplement	3,274	\$21,271,702	\$21,835,485	\$563,783	2.65%
Total	5,139	\$46,918,507	\$48,219,300	\$1,300,794	2.77%
Kaiser					
HMO Under 65	4,108	\$37,805,143	\$39,079,176	\$1,274,033	3.37%
Senior Advantage	13,312	\$27,876,363	\$26,134,091	(\$1,742,273)	-6.25%
Total	17,420	\$65,681,506	\$65,213,267	(\$468,239)	-0.71%
UnitedHealthcare					
CA Medicare Advantage	845	\$2,728,877	\$2,743,613	\$14,736	0.54%
NV Medicare Advantage	110	\$317,183	\$319,086	\$1,903	0.60%
AZ Medicare Advantage	72	\$293,812	\$295,046	\$1,234	0.42%
Total	1,027	\$3,339,871	\$3,357,744	\$17,873	0.54%
SCAN					
Medicare Advantage	645	\$2,010,929	\$2,010,929	\$0	0.00%
Total	645	\$2,010,929	\$2,010,929	\$0	0.00%
Medical Total	24,231	\$117,950,814	\$118,801,241	\$850,427	0.72%
DENTAL					
Delta Dental PPO (self-funded)	10,137	\$7,666,984	\$7,666,984	\$0	0.00%
Delta Dental HMO	3,195	\$760,835	\$760,835	\$0	0.00%
Dental Total	13,332	\$8,427,820	\$8,427,820	\$0	0.00%
VISION					
Anthem Blue View	6,385	\$800,579	\$800,579	\$0	0.00%
Vision Total	6,385	\$800,579	\$800,579	\$0	0.00%
GRAND TOTAL		\$127,179,212	\$128,029,639	\$850,427	0.67%

Anthem PPO Rates

Anthem		Carrier Rates			Member Rates			Amount Retained by LACERS	
U65 and 65+ Part B PPO - Refunding		2020	2021	% Change	2020	2021	% Change	2020	2021
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,235.44	\$1,270.65	2.85%	\$1,262.42	\$1,270.65	0.65%	\$26.98	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,470.88	\$2,541.30	2.85%	\$2,524.84	\$2,541.30	0.65%	\$53.96	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,235.44	\$1,270.65	2.85%	\$1,262.42	\$1,270.65	0.65%	\$26.98	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,235.44	\$1,270.65	2.85%	\$1,262.42	\$1,270.65	0.65%	\$26.98	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$2,903.28	\$2,986.03	2.85%	\$2,966.69	\$2,986.03	0.65%	\$63.41	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,667.84	\$1,715.38	2.85%	\$1,704.27	\$1,715.38	0.65%	\$36.43	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,667.84	\$1,715.38	2.85%	\$1,704.27	\$1,715.38	0.65%	\$36.43	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare (One or more Children)	\$432.40	\$444.73	2.85%	\$441.85	\$444.73	0.65%	\$9.45	\$0.00

Anthem HMO Rates

Anthem		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO - Refunding (Assumes Current Plan with Traditional HMO Network)		2020	2021	% Change	2020	2021	% Change	2020	2021
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$1,030.45	\$1,060.44	2.91%	\$1,030.45	\$1,060.44	2.91%	\$0.00	\$0.00
Retiree and One Dependent									
UU	Retiree & Dependent both < 65 or both > 65 with Part B of Medicare	\$2,060.90	\$2,120.88	2.91%	\$2,060.90	\$2,120.88	2.91%	\$0.00	\$0.00
UM	Retiree < 65 & Dependent > 65 with both parts A & B of Medicare	\$1,030.45	\$1,060.44	2.91%	\$1,030.45	\$1,060.44	2.91%	\$0.00	\$0.00
MU	Retiree > 65 with both parts A & B of Medicare & Dependent < 65	\$1,030.45	\$1,060.44	2.91%	\$1,030.45	\$1,060.44	2.91%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65 or > 65 with Part B of Medicare	\$2,679.17	\$2,757.14	2.91%	\$2,679.17	\$2,757.14	2.91%	\$0.00	\$0.00
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,648.72	\$1,696.70	2.91%	\$1,648.72	\$1,696.70	2.91%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$1,648.72	\$1,696.70	2.91%	\$1,648.72	\$1,696.70	2.91%	\$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)	\$618.27	\$636.26	2.91%	\$618.27	\$636.26	2.91%	\$0.00	\$0.00

Anthem Rates

Anthem		Carrier Rates			Member Rates			Amount Retained by LACERS	
Anthem Medicare Supplement Plan - Refunding *		2020	2021	% Change	2020	2021	% Change	2020	2021
Retiree Only									
M	Retiree > 65 with both Parts A & B of Medicare	\$541.43	\$555.78	2.65%	\$541.43	\$555.78	2.65%	\$0.00	\$0.00
Retiree and One Dependent						\$0.00			
UM	Retiree < 65 & Dependent > 65 with both Parts A & B of Medicare	\$541.43	\$555.78	2.65%	\$541.43	\$555.78	2.65%	\$0.00	\$0.00
MU	Retiree > 65 with both Parts A & B of Medicare & Dependent < 65	\$541.43	\$555.78	2.65%	\$541.43	\$555.78	2.65%	\$0.00	\$0.00
MM	Retiree & Dependent both > 65 with both Parts A & B of Medicare	\$1,082.86	\$1,111.56	2.65%	\$1,082.86	\$1,111.56	2.65%	\$0.00	\$0.00
Retiree and Family (Family = 2 or more dependents)						\$0.00			
UMU	Retiree < 65 & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$541.43	\$555.78	2.65%	\$541.43	\$555.78	2.65%	\$0.00	\$0.00
MUU	Retiree > 65 with both parts A & B of Medicare & Dependents < 65	\$541.43	\$555.78	2.65%	\$541.43	\$555.78	2.65%	\$0.00	\$0.00
MMU	Retiree & One Dependent > 65 with both parts A & B of Medicare, & at least One Dependent without Medicare	\$1,082.86	\$1,111.56	2.65%	\$1,082.86	\$1,111.56	2.65%	\$0.00	\$0.00
MMM	Retiree & Two Dependent both > 65 with both Parts A & B of Medicare	\$1,624.29	\$1,667.34	2.65%	\$1,624.29	\$1,667.34	2.65%	\$0.00	\$0.00

* These rates include the Silver Sneakers program.

** Acupuncture - Anthem will align the Acupuncture benefits for the plans with the Chiro benefit (co-pay and number of visits) w/out rate change.

*** Medicare prescription drug coverage – Both plans currently have the same maximum member copay in the catastrophic phase.□

KAISER Rates

Kaiser		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2020	2021	% Change	2020	2021	% Change	2020	2021
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$813.14	\$836.31	2.85%	\$853.39	\$853.39	0.00%	\$40.25	\$17.08
M	Retiree with Medicare	\$254.83	\$233.65	-8.31%	\$262.47	\$262.47	0.00%	\$7.64	\$28.82
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$1,626.28	\$1,672.61	2.85%	\$1,706.78	\$1,706.78	0.00%	\$80.50	\$34.17
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,067.97	\$1,069.96	0.19%	\$1,115.86	\$1,115.86	0.00%	\$47.89	\$45.90
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,067.97	\$1,069.96	0.19%	\$1,115.86	\$1,115.86	0.00%	\$47.89	\$45.90
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$509.66	\$467.30	-8.31%	\$524.94	\$524.94	0.00%	\$15.28	\$57.64
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,114.16	\$2,174.40	2.85%	\$2,218.82	\$2,218.82	0.00%	\$104.66	\$44.42
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,555.85	\$1,571.75	1.02%	\$1,627.90	\$1,627.90	0.00%	\$72.05	\$56.15
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,555.85	\$1,571.75	1.02%	\$1,627.90	\$1,627.90	0.00%	\$72.05	\$56.15
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$997.54	\$969.09	-2.85%	\$1,036.98	\$1,036.98	0.00%	\$39.44	\$67.89
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$763.68	\$700.95	-8.21%	\$786.81	\$786.81	0.00%	\$23.13	\$85.86

KAISER Rates with Benefit Enhancements

Kaiser (with Active & Fit and Transportation Benefit)		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2020	2021	% Change	2020	2021	% Change	2020	2021
Retiree Only									
U	Retiree < 65 or > 65 with only Part B of Medicare	\$813.14	\$840.54	3.37%	\$853.39	\$853.39	0.00%	\$40.25	\$12.85
M	Retiree with Medicare	\$254.83	\$238.90	-6.25%	\$262.47	\$262.47	0.00%	\$7.64	\$23.57
Retiree and One Dependent									
UU	Retiree & Dependent both < 65	\$1,626.28	\$1,681.07	3.37%	\$1,706.78	\$1,706.78	0.00%	\$80.50	\$25.71
UM	Retiree < 65 & Dependent with both Parts A&B of Medicare	\$1,067.97	\$1,079.44	1.07%	\$1,115.86	\$1,115.86	0.00%	\$47.89	\$36.42
MU	Retiree > 65 with both Parts A&B of Medicare & Dependent < 65	\$1,067.97	\$1,079.44	1.07%	\$1,115.86	\$1,115.86	0.00%	\$47.89	\$36.42
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$509.66	\$477.80	-6.25%	\$524.94	\$524.94	0.00%	\$15.28	\$47.14
Retiree and Family (Family = 2 or more dependents)									
UUU	Retiree & Dependents all < 65	\$2,114.16	\$2,185.40	3.37%	\$2,218.82	\$2,218.82	0.00%	\$104.66	\$33.42
UMU	Retiree < 65 & One Dependent > 65 with both Parts A&B of Medicare, & Dependents without Medicare	\$1,555.85	\$1,583.77	1.79%	\$1,627.90	\$1,627.90	0.00%	\$72.05	\$44.13
MUU	Retiree > 65 with both Parts A&B of Medicare & Dependents without Medicare	\$1,555.85	\$1,583.77	1.79%	\$1,627.90	\$1,627.90	0.00%	\$72.05	\$44.13
MMU	Retiree & One Dependent > 65 with both Parts A&B of Medicare & at least One Dependent without Medicare	\$997.54	\$982.13	-1.54%	\$1,036.98	\$1,036.98	0.00%	\$39.44	\$54.85
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$763.68	\$716.70	-6.15%	\$786.81	\$786.81	0.00%	\$23.13	\$70.11

UHC Rates

UHC		Carrier Rates		Member Rates			Amount Retained by LACERS	
HMO MAPD with RX - (Assumes Current Plan)		2021	% Change	2020	2021	% Change	2020	2021
California								
M	Retiree with Medicare	\$269.12	0.00%	\$269.12	\$269.12	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$538.24	0.00%	\$538.24	\$538.24	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$807.36	0.00%	\$807.36	\$807.36	0.00%	\$0.00	\$0.00
Nevada								
M	Retiree with Medicare	\$240.29	0.00%	\$240.29	\$240.29	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$480.58	0.00%	\$480.58	\$480.58	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$720.87	0.00%	\$720.87	\$720.87	0.00%	\$0.00	\$0.00
Arizona								
M	Retiree with Medicare	\$340.06	0.00%	\$340.06	\$340.06	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$680.12	0.00%	\$680.12	\$680.12	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,020.18	0.00%	\$1,020.18	\$1,020.18	0.00%	\$0.00	\$0.00

UHC Rates with Benefit Enhancements

UHC		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO MAPD with RX - (Assumes Current Plan)		2020	2021	% Change	2020	2021	% Change	2020	2021
California									
M	Retiree with Medicare	\$269.12	\$270.56	0.54%	\$269.12	\$270.56	0.54%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$538.24	\$541.12	0.54%	\$538.24	\$541.12	0.54%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$807.36	\$816.00	1.07%	\$807.36	\$816.00	1.07%	\$0.00	\$0.00
Nevada									
M	Retiree with Medicare	\$240.29	\$241.73	0.60%	\$240.29	\$241.73	0.60%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$480.58	\$483.46	0.60%	\$480.58	\$483.46	0.60%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$720.87	\$729.51	1.20%	\$720.87	\$729.51	1.20%	\$0.00	\$0.00
Arizona									
M	Retiree with Medicare	\$340.06	\$341.50	0.42%	\$340.06	\$341.50	0.42%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$680.12	\$683.00	0.42%	\$680.12	\$683.00	0.42%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$1,020.18	\$1,028.82	0.85%	\$1,020.18	\$1,028.82	0.85%	\$0.00	\$0.00

SCAN Rates

SCAN		Carrier Rates			Member Rates			Amount Retained by LACERS	
HMO		2020	2021	% Change	2020	2021	% Change	2020	2021
M	Retiree with Medicare	\$259.81	\$259.81	0.00%	\$259.81	\$259.81	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent > 65 with both Parts A&B of Medicare	\$519.62	\$519.62	0.00%	\$519.62	\$519.62	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents > 65 with both Parts A&B of Medicare	\$779.43	\$779.43	0.00%	\$779.43	\$779.43	0.00%	\$0.00	\$0.00

Delta Dental Rates

Delta Dental		Carrier Rates			Member Rates			Amount Retained by LACERS	
Dental		2020	2021	% Change	2020	2021	% Change	2020	2021
Dental PPO		Self-Funded Fee and Equivalent Rate							
	Dental ASO Fee PEPM	\$5.10	\$5.10	0.00%					
M	Retiree	\$51.16	\$51.16	0.00%	\$51.16	\$51.16	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$101.45	\$101.45	0.00%	\$101.45	\$101.45	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$146.56	\$146.56	0.00%	\$146.56	\$146.56	0.00%	\$0.00	\$0.00
DHMO		Fully-Insured Rates							
M	Retiree	\$14.38	\$14.38	0.00%	\$14.38	\$14.38	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$26.85	\$26.85	0.00%	\$26.85	\$26.85	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$31.04	\$31.04	0.00%	\$31.04	\$31.04	0.00%	\$0.00	\$0.00
* Delta Dental PPO rates represent Premium Equivalent Rates, the self-funded ASO fee is \$5.10 per retiree per month for 3 years.									

Anthem Blue View Vision Rates

Anthem Blue View Vision		Carrier Rates			Member Rates			Amount Retained by LACERS	
Vision		2020	2021	% Change	2020	2021	% Change	2020	2021
3 Year rate Guarantee through 2022									
M	Retiree	\$9.14	\$9.14	0.00%	\$9.14	\$9.14	0.00%	\$0.00	\$0.00
MM	Retiree & Dependent	\$13.25	\$13.25	0.00%	\$13.25	\$13.25	0.00%	\$0.00	\$0.00
MMM	Retiree & Two Dependents	\$23.67	\$23.67	0.00%	\$23.67	\$23.67	0.00%	\$0.00	\$0.00

Delta Dental – PPO Plan Experience

Date	Number of Claims	Paid Amount	Administration	Total Expenses	Total Primary Enrollees	Premium	Surplus / (Deficit)	Expense Loss Ratio
Jan-19	2,385	\$545,725	\$60,231	\$605,956	11,822	\$835,516	\$229,559	72.52%
Feb-19	3,360	\$737,068	\$60,399	\$797,467	11,836	\$835,668	\$38,201	95.43%
Mar-19	3,240	\$700,291	\$60,542	\$760,833	11,880	\$838,960	\$78,127	90.69%
Apr-19	3,126	\$642,973	\$60,965	\$703,938	11,968	\$845,985	\$142,047	83.21%
May-19	3,750	\$781,973	\$61,210	\$843,184	11,995	\$847,141	\$3,958	99.53%
Jun-19	3,114	\$610,363	\$61,373	\$671,736	12,033	\$849,845	\$178,108	79.04%
Jul-19	2,933	\$568,691	\$61,542	\$630,233	12,072	\$852,544	\$222,311	73.92%
Aug-19	3,965	\$737,173	\$61,725	\$798,898	12,096	\$853,571	\$54,673	93.59%
Sep-19	3,064	\$597,225	\$61,863	\$659,088	12,140	\$857,003	\$197,914	76.91%
Oct-19	4,117	\$731,619	\$62,087	\$793,707	12,163	\$858,044	\$64,337	92.50%
Nov-19	3,061	\$572,951	\$62,031	\$634,982	12,174	\$858,014	\$223,032	74.01%
Dec-19	3,013	\$537,709	\$62,103	\$599,811	12,174	\$857,833	\$258,022	69.92%
Jan-20	4,133	\$905,378	\$62,878	\$968,256	12,323	\$870,147	-\$98,109	111.27%
Feb-20	3,837	\$870,292	\$62,623	\$932,915	12,366	\$873,353	-\$59,562	106.82%
Mar-20	3,166	\$689,302	\$63,857	\$753,159	12,425	\$877,809	\$124,650	85.80%
Apr-20	910	\$221,127	\$63,439	\$284,566	12,356	\$872,415	\$587,849	32.62%
12 Month Total	39,063	\$7,823,802	\$746,732	\$8,570,534	146,317	\$10,327,718	\$1,757,184	82.99%

Acknowledgement

Keenan & Associates would like to thank Ms. Lita Payne, 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

2021 LACERS HEALTH PLAN PREMIUMS

PROPOSED RESOLUTION

2021 CALIFORNIA MEDICAL PLAN PREMIUM RATES				
Medicare Status	Anthem Blue Cross PPO/ Med Supplement	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only				
U	\$1,270.65	\$853.39	\$1,060.44	\$1,060.44
M	\$555.78	\$262.47	\$270.56	\$259.81
Two-Party Plan – Retiree and One Dependent				
UU	\$2,541.30	\$1,706.78	\$2,120.88	\$2,120.88
UM	\$1,826.43	\$1,115.86	\$1,331.00	\$1,320.25
MU	\$1,826.43	\$1,115.86	\$1,331.00	\$1,320.25
MM	\$1,111.56	\$524.94	\$541.12	\$519.62
Family Plan – Retiree and Family				
UUU	\$2,986.03	\$2,218.82	\$2,757.14	\$2,757.14
UMU	\$2,271.16	\$1,627.90	\$1,967.26	\$1,956.51
MUU	\$2,271.16	\$1,627.90	\$1,967.26	\$1,956.51
MMU	\$1,556.29	\$1,036.98	\$1,177.38	\$1,155.88
MMM	\$1,667.34	\$786.81	\$816.00	\$779.43

2021 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$341.50	\$241.73
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$683.00	\$483.46
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,028.82	\$729.51

2021 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Dental Dental PPO	DeltaCare USA HMO
Retiree	\$51.16	\$14.38
Retiree + 1 Dependent	\$101.45	\$26.85
Retiree + Family	\$146.56	\$31.04

2021 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair

Sandra Lee

Nilza R. Serrano

MEETING: AUGUST 11, 2020

ITEM: VI - B

SUBJECT: ANTHEM BLUE CROSS 2019 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve the Anthem Blue Cross 2019 year-end accounting.

Executive Summary

This is an annual reporting of the accounting of LACERS' Anthem Blue Cross plans, indicating whether there was a premium surplus or deficit at the close of the plan year. For 2019, the Claims Stabilization Fund balance was required to retain a balance of \$1,452,172. The optional Premium Stabilization Reserve account had an ending balance of \$11,474,009, which was transferred to LACERS' 401(h) and 115 Trust accounts at the year's end, leaving the balance at zero. Held separately by Anthem is a premium surplus of \$2,352,772, which will be transferred to LACERS upon approval of this year-end accounting.

Discussion

At its July 28 2020 meeting, the Committee approved forwarding staff's recommendation to approve the Anthem Blue Cross 2019 year-end accounting.

Keenan and Associates (Keenan), LACERS' Health and Welfare Consultant, reviewed Anthem's year-end accounting for 2019 (attached). All year-end accounting takes place after the end of the plan year, December 31, 2019. Highlights of Keenan's findings include:

PSR Beginning Balance	\$11,956,924
PSR Interest	\$271,038
Rate Buy-Down for 2020	(\$753,953)
PSR Ending Balance	\$11,474,009

PSR Funds Transferred to LACERS	
401(h) Account	\$10,154,498
115 Trust	\$1,319,511

PSR Available Balance	\$0
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Surplus (held separately)	\$2,352,772
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Strategic Plan Impact Statement

The participating contract with Anthem Blue Cross and the year-end accounting process allows premium surpluses to be maintained as reserves to assist in managing future premium costs, supporting Strategic Plan Goal 3: Maximize Value and Minimize Costs of our Health and Welfare Program.

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

NMG/LP/AR:ar

Attachments: 1) Benefits Administration Committee Report of July 28, 2020
2) Proposed Resolution



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 08/11/2020
Item: VI-B
Attachment 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

MEETING: JULY 28, 2020

From: Neil M. Guglielmo, General Manager

ITEM: V

Neil M. Guglielmo

SUBJECT: ANTHEM BLUE CROSS 2019 YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee approve forwarding the Anthem Blue Cross 2019 Year-End Accounting to the Board for its approval.

Executive Summary

This is an annual reporting of the accounting of LACERS' Anthem Blue Cross plans, indicating whether there is a surplus or deficit when considering the total premium payments, claims costs, and administrative expenses during a plan year, as well as the balances of the required Claims Stabilization Fund and optional Premium Stabilization Reserve. For 2019, the Claims Stabilization Fund balance was required to retain a balance of \$1,452,172. Because the Board approved the transfer of the Premium Stabilization Reserve funds back to LACERS, this account's balance is now zero.

Discussion

LACERS has an experience-rated refunding contract with Anthem for its HMO, PPO, and Medicare Supplement plans. This contract requires a year-end accounting after each plan year. Anthem plan premiums are based on projected costs for the coming plan year. At the end of each plan year, a year-end accounting is conducted which compares Anthem's actual annual costs with the annual premium amount paid by LACERS and its Members.

As part of its contract, LACERS has a Claims Stabilization Fund (CSF) which is required to contain a certain level of funding as determined by Anthem at the beginning of each plan year. The purpose of the CSF is to fund any deficits that may be found in the year-end accounting. The CSF is held in an interest-earning account (based on the 12-month LIBOR Index) and had a required balance of \$1,452,172 for 2019, which required a transfer of \$13,367 from the Premium Stabilization Reserve.

Previously, LACERS held an optional Premium Stabilization Reserve (PSR) account with Anthem to hold surpluses gained from years when annual premium payments exceeded annual claims costs and administrative expenses. This account provided additional security in the event that annual expenses

exceeded premiums beyond the amount in the CSF. Based on the funding level of this account, monies have been used to provide premium defrayals and rate buy-downs. On September 10, 2019, the Board approved the transfer of PSR funds to LACERS' 401(h) account (subsidy dollars) and 115 Trust (Member deduction dollars). The transfers were performed in December 2019 and January 2020, respectively.

Keenan and Associates (Keenan), LACERS' Health and Welfare Consultant, reviewed Anthem's year-end accounting for 2019 (attached). All year-end accounting takes place after the end of the plan year, December 31, 2019. Highlights of Keenan's findings include:

PSR Beginning Balance	\$11,956,924
PSR Interest	\$271,038
Rate Buy-Down for 2020	(\$753,953)
 PSR Ending Balance	 \$11,474,009
 PSR Funds Transferred to LACERS	
401(h) Account	\$10,154,498
115 Trust	<u>\$1,319,511</u>
 PSR Available Balance	 \$0

Strategic Plan Impact Statement

The participating contract with Anthem Blue Cross and the Year-End Accounting process allows premium surpluses to be used toward future premium costs, supporting Strategic Plan Goal 3: Maximize Value and Minimize Costs of our Health and Welfare Program.

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

NMG/LP/AR:ar

Attachments: 1) 2019 Anthem Year-End Accounting, prepared by Keenan and Associates
2) September 10, 2019 Board Report



BAC Meeting: 07/28/20
Item V
Attachment 1

Los Angeles City Employees' Retirement System 2019 Anthem Year-End Accounting July 28, 2020

Respectfully Submitted by:

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

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Executive Summary

- 2019 produced a Year-End Accounting (YEA) surplus of \$2,366,139
- Anthem's Claims Stabilization Fund (CSF) is funded at \$1,452,172 as of December 31, 2019
- The Premium Stabilization Reserve (PSR) and 2019 Year-End Accounting have been transferred to LACERS from Anthem in two payments:
 - \$1,319,511 made to LACERS' 115 Trust Account
 - \$10,154,498 made to LACERS' Benefit Payment Account/401(h) account
 - The December 31, 2019 ending balance of Anthem's PSR is \$0
- No premium defrayals occurred during 2019
- LACERS did have three rate buydowns which were paid from the PSR funds:
 - Anthem HMO - \$79,132
 - Anthem PPO - \$649,027
 - Anthem Blue View Vision - \$25,794

2019 Anthem Accounting Summary

- The Year-End Accounting (YEA) provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position
- The Claims Stabilization Fund (CSF) is set and held by Anthem, and funded by LACERS. It is to fund any deficit of a given policy period
- The purpose of the Premium Stabilization Reserve (PSR) fund is to build up reserves from the surpluses of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF
- LACERS is not required to hold surpluses in the PSR, but is responsible for any deficits incurred
- For 2019 the PSR year-end balance and 2019 Year-End Accounting have been transferred to LACERS, leaving only the CSF funded at \$1,452,172 with Anthem

Policy Year	2014	2015	2016	2017	2018	2019
YEA	\$3,812,565	\$3,455,525	\$1,017,392	\$4,140,949	\$1,114,664	\$2,366,139
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus	surplus
% of Premium	8.60%	7.60%	2.10%	8.20%	2.00%	4.23%
CSF	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172
\$ Adjustment	(\$159,636)	\$0	\$0	\$121,714	\$154,309	\$46,749
% Adjustment	-12.40%	0.00%	0.00%	10.80%	12.30%	3.22%
PSR w/YEA	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,956,924	\$0
\$ Adjustment	\$4,039,788	\$3,581,941	\$1,285,160	(\$3,336,794)	(\$4,497,714)	(\$11,956,924)

2019 Claims Stabilization Fund (CSF)

- The following table illustrates the Claims Stabilization Fund (CSF) accounting for the past six policy years:

CSF Accounting	2014	2015	2016	2017	2018	2019
1/1 CSF Balance	\$1,289,036	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423
Interest Earned	\$7,228	\$8,960	\$15,496	\$20,209	\$34,507	\$33,382
Interest Yield	0.56%	0.79%	1.37%	1.79%	2.76%	2.38%
Net CSF Balance	\$1,296,264	\$1,138,360	\$1,144,896	\$1,149,609	\$1,285,621	\$1,438,805
YEA Fund Transfer	\$0	\$0	\$0	\$0	\$0	\$0
PSR Fund Transfer	(\$166,864)	(\$8,960)	(\$15,496)	\$101,505	\$119,802	\$13,367
Required CSF	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423	\$1,452,172

- Interest Yield is based on 12-month LIBOR Index
- Effective 1/1/20, Anthem required that the CSF be increased 3.33% or \$46,749 to \$1,452,172.

2019 Premium Stabilization Reserve (PSR)

The following table provides a history of the Premium Stabilization Reserve (PSR) accounting

- Interest Yield is based on 12-month LIBOR Index
- 2019 did not have any premium defrayals, however rate buydowns occurred on the Anthem HMO (\$79,132) Anthem PPO (\$649,027), and the Anthem Blue View Vision plan (\$25,794)

PSR Accounting	2014	2015	2016	2017	2018	2019
PSR 1/1 Balance	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,956,924
Transfer YEA to PSR	\$3,812,565	\$3,455,525	\$1,017,392	\$4,039,444	\$994,862	\$0
PSR 1/1 Balance w/ YEA	\$14,577,306	\$18,260,054	\$19,403,862	\$23,711,074	\$17,329,698	\$11,956,924
Interest Earned	\$60,359	\$117,456	\$252,272	\$351,994	\$450,527	\$271,038
Interest Yield	0.56%	0.79%	1.37%	1.79%	2.60%	2.27%
Transfer PSR to CSF	\$166,864	\$8,960	\$15,496	\$0	\$0	\$0
Premium Defrayal				(\$7,728,232)	(\$5,823,301)	\$0
Buydown of HMO						(\$79,132)
Buydown of PPO						(\$649,027)
Buydown of Vision						(\$25,794)
Transfer - LACERS' 115 Trust						(\$1,319,511)
Transfer to LACERS' Benefit Payment Account						(\$10,154,498)
PSR 12/31 Balance	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,956,924	\$0

2019 Minimum PSR

- LACERS has established a minimum PSR threshold of 3 times 5% (15%) of annual Anthem experience-rated premium
- The following table illustrates the minimum Premium Stabilization Reserve (PSR) based on LACERS' policy
- Since LACERS' now holds its own PSR, LACERS may want to ensure the same policy continues

Minimum PSR	2014	2015	2016	2017	2018	2019
Anthem Annual Premium	\$44,145,676	\$46,617,533	\$47,725,568	\$51,421,751	\$55,132,694	\$55,457,836
Minimum PSR Factor	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Minimum PSR Required	\$6,621,851	\$6,992,630	\$7,158,835	\$7,713,263	\$8,269,904	\$8,318,675
PSR Ending Balance	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,837,122	\$0
PSR Difference	\$8,182,678	\$11,393,840	\$12,512,795	\$8,621,573	\$3,567,218	(\$8,318,675)

2019 Anthem Accounting Summary By Plan

LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM

Annual Accounting

Case No. C22357

January 1, 2019 through December 31, 2019

	HMO	PPO	Medicare Supplement	Medicare D	Total
Income Reported	\$12,114,386	\$16,346,799	\$10,158,657	\$16,837,994	\$55,457,836
CMS Revenue (Medicare D)	\$0	\$0	\$0	\$469,399	\$469,399
Total Income Received	\$12,114,386	\$16,346,799	\$10,158,657	\$17,307,393	\$55,927,235
Paid Claims	\$7,095,874	\$14,367,818	\$8,260,353	\$21,126,654	\$50,850,699
+ Ending Reserve	\$683,634	\$1,406,181	\$1,004,145	\$772,294	\$3,866,254
- Beginning Reserve	(\$625,235)	(\$1,291,417)	(\$917,061)	(\$733,695)	(\$3,567,408)
+ Large Claim Charge	\$599,049	\$768,775	\$0	\$0	\$1,367,824
- Large Claim Credit	(\$551,978)	(\$595,784)	\$0	\$0	(\$1,147,762)
Incurred Claims	\$7,201,344	\$14,655,573	\$8,347,437	\$21,165,253	\$51,369,607
Retention	\$470,576	\$648,028	\$1,446,450	\$450,388	\$3,015,442
HMC Programs	\$12,687	\$16,044	\$49,787	\$0	\$78,518
Silver Sneakers Program	\$90,825	\$96,056	\$293,408	\$0	\$480,289
Premium Tax	\$0	\$0	\$0	\$147,466	\$147,466
ACA Insurer Fee	\$0	\$0	\$0	\$0	\$0
Capitation Expenses	\$4,700,347	\$0	\$0	\$0	\$4,700,347
Consortium Fees	\$0	\$4,233	\$0	\$0	\$4,233
Part D True-Up for Coverage Gap Discount_2018	\$0	\$0	\$0	\$4,759	\$4,759
Part D Adjust-Reopened CMS Final Settlement_20	\$0	\$0	\$0	\$47	\$47
Part D Credit for CMS Final Settlement_2018	\$0	\$0	\$0	(\$3,338,547)	(\$3,338,547)
Part D Est. Credit for Coverage Gap Discount - 201	\$0	\$0	\$0	(\$2,901,065)	(\$2,901,065)
Total Expense	\$12,475,779	\$15,419,934	\$10,137,082	\$15,528,301	\$53,561,096
Expense Ratio	102.98%	94.33%	99.79%	89.72%	95.77%
Accumulated Surplus/(Deficit) at December 31, 201	(\$361,393)	\$926,865	\$21,575	\$1,779,092	\$2,366,139
Amount Allocated to Claims Stabilization Fund	\$2,042	(\$5,236)	(\$122)	(\$10,051)	(\$13,367)
Amount Transferred from Premium Stabilization Reser	\$0	\$0	\$0	\$0	\$0
Ending Surplus	(\$359,351)	\$921,629	\$21,453	\$1,769,041	\$2,352,772

2019 Anthem Accounting Summary - Accounting History

	2014	2015	2016	2017	2018	2019
Annual Amount						
Total Income	\$44,145,676	\$46,617,533	\$47,725,568	\$51,421,751	\$55,132,694	\$55,927,235
Total Expenses	\$40,333,111	\$43,162,008	\$46,708,176	\$47,280,802	\$54,018,030	\$53,561,096
Surplus / (Deficit)	\$3,812,565	\$3,455,525	\$1,017,392	\$4,140,949	\$1,114,664	\$2,366,139
Expense Ratio	91.40%	92.60%	97.87%	91.95%	97.98%	95.77%
Contracts	4,453	4,413	4,795	4,734	4,930	4,920
Per Retiree Per Month Amount						
Total Income	\$1,081.03	\$826.14	\$880.31	\$829.43	\$931.93	\$947.34
Total Expenses	\$993.98	\$754.79	\$815.05	\$811.75	\$913.08	\$907.26
Surplus / (Deficit)	\$87.05	\$71.35	\$65.25	\$17.68	\$18.84	\$40.08

Conclusions

- LACERS' 2019 Year-Ending PSR Balance is \$0
- 2019 PSR funds were not used for a premium defrayal
- 2019 PSR Funds were used to buydown the Anthem HMO, PPO, and Vision rates.
- Anthem maintains a CSF balance of \$1,452,172
- Two transfers from Anthem to LACERS occurred. The first for \$1,319,511, and the second for \$10,154,498

January 1, 2020 Beginning Position	
PSR Balance	\$0
2019 Premium Adjustment	\$0
Rate Buydown - HMO	(\$79,132)
Rate Buydown - PPO	(\$649,027)
Rate Buydown - Vision	(\$25,794)
Transfer to LACERS 115 Trust	(\$1,319,511)
Transfer to LACERS Benefit Payment Account	(\$10,154,498)
CSF Balance	\$1,452,172
Minimum PSR Balance	\$0
Projected Balance above Minimum PSR Balance:	\$0

Acknowledgement

Keenan & Associates would like to thank Ms. Lita Payne, 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

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair

Sandra Lee

Nilza R. Serrano

MEETING: SEPTEMBER 10, 2019

ITEM: VI-B

SUBJECT: ANTHEM BLUE CROSS 2018 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve transferring the Anthem Blue Cross Premium Stabilization Reserve funds to LACERS' Section 115 Trust and 401(h) accounts.

Executive Summary

The Anthem Blue Cross year-end accounting shows a Premium Stabilization Reserve (PSR) balance of \$11.9 million. These funds are made up of accumulated surplus premium dollars paid to Anthem Blue Cross. The Committee recommends transferring this balance to LACERS' Section 115 Trust and 401(h) accounts, so that these funds may be invested along with LACERS' pension funds.

Discussion

At the Committee's meeting on August 27, 2019, staff and Keenan and Associates (Keenan), LACERS' health and welfare consultant, presented the Anthem Blue Cross 2018 year-end accounting. The Committee is forwarding the recommendation to transfer funds from the Premium Stabilization Reserve to LACERS' Section 115 Trust and 401(h) accounts.

Strategic Plan Impact Statement

The participating contract with Anthem Blue Cross and the Year-End Accounting process allows premium surpluses to be used toward future premium and subsidy costs, supporting Strategic Plan Goal 3: Improve Value and Minimize Costs of Members' Health and Wellness Benefits.

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

NMG/LP/AR:ar

Attachments: 1) August 27, 2019 Benefits Administration Committee Report
2) Proposed Resolution



LACERS

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 09/10/2019

Item: VI - B

Attachment: 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

MEETING: AUGUST 27, 2019

From: Neil M. Guglielmo, General Manager

ITEM: III

SUBJECT: **ANTHEM BLUE CROSS 2018 YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board transferring the Premium Stabilization Reserve funds to LACERS' Section 115 Trust and 401(h) accounts.

Executive Summary

This is an annual reporting of the excess premium funds that exist in our Premium Stabilization Reserve with Anthem Blue Cross. The Board approved transferring these funds to LACERS' Section 115 Trust account last year, but only some of the funds may be moved to this account. The balance must be transferred to LACERS' other account, the 401(h).

Discussion

LACERS has an experience-rated refunding contract with Anthem for its HMO, PPO, and Medicare Supplement plans. This contract requires a year-end accounting after each plan year. Anthem plan premiums are based on projected costs for the coming plan year. At the end of each plan year, a year-end accounting is conducted which compares Anthem's actual annual costs with the annual premium amount paid by LACERS and its Members.

As part of its contract, LACERS has a Claims Stabilization Fund (CSF) which is required to contain a certain level of funding as determined by Anthem at the beginning of each plan year. The purpose of the CSF is to fund any deficits that may be found in the year-end accounting. In addition, LACERS has a Premium Stabilization Reserve (PSR), into which LACERS may transfer year-end surpluses after the CSF funding requirement is met. The PSR, which is not required by Anthem, also may be used to fund any deficits beyond the CSF, but only with LACERS' permission. Both the CSF and PSR are held in interest-earning accounts (2.758% and 2.599% respectively in 2018).

Our PSR account holds surpluses gained from years when annual premium payments exceeded annual claims costs and administrative expenses. On July 24, 2018, the Board approved the transfer of PSR funds to the 115 Trust pending the establishment of that Trust. The Section 115 Trust has since been established, but we can only transfer that portion of the PSR funds that represents Member

payroll deductions to the 115 Trust. The balance, which was paid through Member medical subsidy funds, will be redirected back to LACERS' 401(h) account, as required by tax law.

Keenan and Associates (Keenan), LACERS' Health and Welfare Consultant, reviewed Anthem's year-end accounting for 2018 (attached). All year-end accounting takes place at the end of the plan year, December 31, 2018. Highlights of Keenan's findings include:

PSR Beginning Balance	\$16,334,836
2018 Premium Surplus	\$1,114,664
PSR Interest	\$450,527
Premium Defrayals	(\$4,516,758)
Rate Adjustment for 2019	(\$1,306,543)
Transfer of Excess Funds to CSF	<u>(\$119,802)</u>
 PSR Ending Balance	 \$11,956,924
 Required Minimum Balance	 <u>\$8,269,904</u>
 Available Balance	 \$3,687,020

Strategic Plan Impact Statement

The participating contract with Anthem Blue Cross and the Year-End Accounting process allows premium surpluses to be used toward future premium costs, supporting Strategic Plan Goal 3: Maximize Value and Minimize Costs of our Health and Welfare Program.

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

NMG/LP/AR:ar

Attachments: 1) July 24, 2018 Board Report
2) 2018 Anthem Year-End Accounting, prepared by Keenan and Associates



Report to Board of Administration

From: Benefits Administration Committee
Michael R. Wilkinson, Chairperson
Cynthia M. Ruiz
Nilza R. Serrano

Agenda of: **JULY 24, 2018**

ITEM: **XI-A**

SUBJECT: ANTHEM BLUE CROSS 2017 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION

Recommendation

That the Board approve utilizing Premium Stabilization Reserve funds to decrease the Anthem Blue Cross (Anthem) HMO and Medicare Supplement 2019 premiums and transfer the remaining Premium Stabilization Reserve funds to a Section 115 trust account, once established.

Discussion

At the Committee's meeting of July 19, 2018, the Committee approved forwarding staff's recommendation to the Board. The Committee report is attached.

Strategic Plan Impact Statement

The participating contract with Anthem Blue Cross and the Year-End Accounting process allows premium surpluses to be used toward future premium costs, supporting Strategic Plan Goal 3: Maximize Value and Minimize Costs of our Health and Welfare Program.

This report was prepared by Alex Rabrenovich, Chief Benefits Analyst, of the Health Benefits Administration and Communications Division.

MRW:AR:ar

Attachment: A) July 19, 2018 BAC Report



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM



Report to Benefits Administration Committee

Agenda of: **JULY 19, 2018**

Neil M. Guglielmo
From: Neil Guglielmo, General Manager

ITEM: IV

SUBJECT: ANTHEM BLUE CROSS 2017 YEAR-END ACCOUNTING AND POSSIBLE COMMITTEE ACTION

Recommendation

That the Committee recommend to the Board utilizing Premium Stabilization Reserve funds to decrease the Anthem Blue Cross (Anthem) HMO and Medicare Supplement 2019 premiums and transfer the remaining Premium Stabilization Reserve funds to a Section 115 trust account, once established.

Discussion

LACERS has an experience-rated refunding contract with Anthem for its HMO, PPO, and Medicare Supplement plans. This contract requires a year-end accounting after each plan year. Anthem plan premiums are based on projected costs for the coming plan year. At the end of each plan year, a year-end accounting is conducted which compares Anthem's actual annual costs with the annual premium amount paid by LACERS and its Members.

As part of its contract, LACERS has a Claims Stabilization Fund (CSF) which is required to contain a certain level of funding as determined by Anthem at the beginning of each plan year. The purpose of the CSF is to fund any deficits that may be found in the year-end accounting. In addition, LACERS has a Premium Stabilization Reserve (PSR), into which LACERS may transfer year-end surpluses after the CSF funding requirement is met. The PSR, which is not required by Anthem, also may be used to fund any deficits beyond the CSF, but only with LACERS' permission. Both the CSF and PSR are held in interest-earning accounts (1.789% in 2017).

Our PSR account holds surpluses gained from years when annual premium payments exceeded annual claims costs and administrative expenses. On January 12, 2010, the Board approved a Premium Stabilization Reserve Funding Policy (attached) for the disposition of excess funds which requires the PSR to have a minimum balance of 15% of Anthem's projected annual premium cost for the following year. Based on this policy, the PSR is required to have a balance of approximately \$8.2 million in 2019.

Keenan and Associates (Keenan), LACERS' health and welfare consultant, reviewed Anthem's year-end accounting for 2017 (attached). All year-end accounting takes place at the end of the plan year, December 31, 2017. Highlights of Keenan's findings include:

PSR Beginning Balance	\$19,671,630
2017 Premium Surplus	4,039,444
PSR Interest	351,994
Premium Defrayals*	(7,728,232)
Transfer of Excess CSF funds**	<u>0</u>
PSR Ending Balance	\$16,334,836
August 2018 Premium Defrayal	<u>4,529,968</u>
PSR Ending Balance	\$11,804,868
Required Minimum Balance	<u>(7,713,263)</u>
Available Balance	\$ 4,091,605

*The premium defrayals administered in May 2016 and September 2017 were accounted for during the 2017 year-end accounting.

**The 2016 CSF balance was \$1,129,400. Anthem required a balance of \$1,251,114 for 2017, so a transfer of \$101,505 was made from the PSR to the CSF.

Based on these findings and the LACERS PSR Funding Policy, the PSR will have sufficient funds beyond the required minimum to apply toward the premium cost for Members. Instead of administering a premium defrayal, staff recommends using the Available Balance to reduce the 2019 HMO and Medicare Supplement plans' premium amounts. Further, staff and Keenan are reviewing the possibility of obtaining a trust account to hold premium reserves. Once established, staff recommends transferring the remaining PSR funds to this trust account to be administered by LACERS.

Strategic Plan Impact Statement

The participating contract with Anthem Blue Cross and the Year-End Accounting process allows premium surpluses to be used toward future premium costs, supporting Strategic Plan Goal 3: Maximize Value and Minimize Costs of our Health and Welfare Program.

This report was prepared by Alex Rabrenovich, Chief Benefits Analyst, of the Health Benefits Administration and Communications Division.

NG:AR:ar

Attachments: A) LACERS PSR Funding Policy Resolution
B) 2017 Anthem Year-End Accounting, prepared by Keenan and Associates

LACERS' PREMIUM STABILIZATION RESERVE FUNDING POLICY

Commissioner Rogers moved approval of the following Resolution:

RESOLUTION 100126-E

WHEREAS, the Los Angeles City Employees' Retirement System (LACERS) administers a health and welfare program, which includes health insurance for retired employees and their eligible dependents;

WHEREAS, LACERS may enter into an experience-rated refunding contract with its health insurance carriers which requires year-end accounting after the close of a plan year to reconcile any differences between the amount of premiums paid to the carrier and the amount of claims and expenses associated with providing health coverage;

WHEREAS, these types of contracts contain an interest-earning Claims Stabilization Fund (CSF), which is required to maintain a certain balance, as directed by the carrier, to fund any deficits that may be found in the year-end accounting;

WHEREAS, these types of contracts may also include an interest-earning Premium Stabilization Reserve (PSR), into which year-end accounting surpluses beyond the CSF funding requirement are transferred and funds may be used to fund the CSF when year-end accounting deficits are greater than the CSF balance;

WHEREAS, LACERS may withdraw funds from the PSR for alternative uses;

WHEREAS, a minimum PSR balance should always be maintained and recalculated annually to offset possible year-end deficits;

WHEREAS, actuarially, there is a 90% probability that a deficit will be less than 5% of projected premiums for the following plan year;

NOW, THEREFORE, BE IT RESOLVED that the Board of Administration hereby adopts a Premium Stabilization Reserve (PSR) funding policy where the PSR is maintained at a minimum of three times 5% of the health plan's projected annual premium cost for the following plan year and that the Board review alternatives for the disposition of excess PSR funds annually.

which motion was seconded by Commissioner Bardwell, and adopted by the following vote: Ayes, Commissioners Bardwell, Greenwood, Penichet, Rogers, Spiker, Uranga, and President Conroy – 7; Nays, None.

I hereby certify that the foregoing is a true and correct copy of a Resolution duly adopted by the Board of Administration, Los Angeles City Employees' Retirement System, at its Regular Meeting held on January 26, 2010.


Sally Choi
Secretary



ATTACHMENT B

Los Angeles City Employees' Retirement System 2017 Anthem Year-End Accounting July 19, 2018

BAC Meeting: 08/27/19
Item: III
Attachment 2

Respectfully Submitted by:

Steve Gedestad, Municipality Practice Leader | Bordan Darm, Consultant
Erin Robinson, Senior Service Representative | Christine Hough, Consultant and Actuary

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Executive Summary

- The 2017 Year-End Accounting (YEA) produced a \$4,140,949 surplus.
- The Claims Stabilization Fund (CSF) is funded at \$1,251,114 for December 31, 2017.
 - Anthem is not requesting any adjustment to the CSF (\$1,251,114) for January 1, 2018.
- The Premium Stabilization Reserve (PSR) minimum balance set by LACERS' PSR funding policy is \$7,713,263 for 2017.
- The December 31, 2017 PSR ending balance is \$16,334,836.
 - The defrayal from the 2016 YEA will be administered in August 2018 and is estimated to be \$4,529,968. This would bring the PSR down to \$11,804,868 (\$4,091,605 above the minimum PSR).
- Based on 2017 YEA results, LACERS may want to consider applying funds to reduce the 2019 HMO and Medicare Supplement premiums, and a fund transfer to LACERS' proposed 115 Trust.

2017 Anthem Accounting Summary

- The Year-End Accounting (YEA) provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position.
- The Claims Stabilization Fund (CSF) is set and held by Anthem, and funded by LACERS. It is to fund any deficit of a given policy period.
- The purpose of the Premium Stabilization Reserve (PSR) fund is to build up reserves from the surpluses of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF.
- LACERS is not required to hold surpluses in the PSR. Any funds from the PSR fund may not be utilized by Anthem without authorization from LACERS.

Policy Year	2013	2014	2015	2016	2017
YEA	\$2,005,972	\$3,812,565	\$3,455,525	\$1,017,392	\$4,140,949
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus
% of Premium	8.1%	8.6%	7.6%	2.1%	8.2%
CSF	\$1,289,036	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114
\$ Adjustment		-\$159,636	\$0	\$0	+\$121,714
% Adjustment		-12.4%	0.0%	0.0%	+10.8%
PSR w/YEA	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836
\$ Adjustment		+\$4,039,788	+\$3,581,941	+\$1,285,160	-\$3,336,794

2017 Anthem Accounting Summary – Claims Stabilization Fund (CSF)

- The following table illustrates the Claims Stabilization Fund (CSF) accounting for the past four policy years:

CSF Accounting	2013	2014	2015	2016	2017
1/1 CSF Balance	\$695,983	\$1,289,036	\$1,129,400	\$1,129,400	\$1,129,400
Interest Earned	\$4,754	\$7,228	\$8,960	\$15,496	\$20,209
Interest Yield	0.683%	0.561%	0.793%	1.372%	1.789%
Net CSF Balance	\$700,737	\$1,296,264	\$1,138,360	\$1,144,896	\$1,149,609
YEA Fund Transfer	\$588,299	\$0	\$0	\$0	\$0
PSR Fund Transfer	\$0	(\$166,864)	(\$8,960)	(\$15,496)	\$101,505
Required CSF	\$1,289,036	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114

- Interest Yield is based on 12-month LIBOR Index
- Effective 1/1/17, Anthem required that the CSF be increased 10.8% or \$121,714 to \$1,251,114.

2017 Anthem Accounting Summary – Premium Stabilization Reserve (PSR)

The following table illustrates the Premium Stabilization Reserve (PSR) accounting for the past five years:

PSR Accounting	2013	2014	2015	2016	2017
PSR 1/1 Balance	\$9,283,659	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630
Transfer YEA to PSR	\$2,005,972	\$3,812,565	\$3,455,525	\$1,017,392	\$4,039,444
PSR 1/1 Balance w/ YEA	\$11,289,631	\$14,577,306	\$18,260,054	\$19,403,862	\$23,711,074
Interest Earned	\$63,409	\$60,359	\$117,456	\$252,272	\$351,994
Interest Yield	0.683%	0.561%	0.793%	1.372%	1.789%
Transfer CSF to PSR	(\$588,299)	\$166,864	\$8,960	\$15,496	\$0
Premium Defrayal					-\$7,728,232
PSR 12/31 Balance	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836

- Interest Yield is based on 12-month LIBOR Index
- For 2014, Medicare Supplement was added as a participating, refunding arrangement, replacing the Medicare Advantage LPPO
- Two Premium Defrayals are accounted for in 2017. 1) -3,717,788 taken in May, 2016, earned in 2014, accounted for in 2017 (not 2016), and 2) \$4,010,444 taken in September, 2017, earned in 2015, and accounted for in 2017.

2017 Anthem Accounting Summary – Minimum Premium Stabilization Reserve

- LACERS has established a minimum PSR threshold of 3 times 5% (15%) of annual Anthem experience-rated premium.
- The following table illustrates the minimum Premium Stabilization Reserve (PSR) accounting for the past four policy years:

PSR Accounting	2013	2014	2015	2016	2017
Anthem Annual Premium	\$24,911,212	\$44,145,676	\$46,617,533	\$47,725,568	\$51,421,751
Minimum PSR Factor	15.0%	15.0%	15.0%	15.0%	15.0%
Minimum PSR Required	\$3,736,682	\$6,621,851	\$6,992,630	\$7,158,835	\$7,713,263
PSR Ending Balance	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836
PSR Difference	\$7,028,059	\$8,182,678	\$11,393,840	\$12,512,795	\$8,621,573

2017 Anthem Accounting Summary – Premium Defrayal

- When the PSR amount becomes substantially higher than the minimum PSR standard, LACERS can offer a premium defrayal to reduce the PSR.
- LACERS has elected premium defrayals based on YEA results for 2013, 2014, 2015, and 2016.
- The premium defrayals have been realized in 2015, 2016, and 2017, with the another one scheduled for 2018.
- The following table illustrates the PSR accounting for the past policy years:

Premium Defrayal (PD)	2013	2014	2015	2016	2017
PSR Balance	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836
PD Declared	Yes	Yes	Yes	Yes	TBD
PD Taken	May 2015	May 2016	Sep. 2017	Aug. 2018	
PD Amount	\$3,708,149	\$3,717,788	\$4,010,444	\$4,529,968	

2017 Anthem Accounting Summary By Plan

	HMO	PPO	MEDICARE SUPPLEMENT	MEDICARE PART D	TOTAL
2017 INCOME					
Paid Premium	\$13,165,553	\$14,833,106	\$8,588,796	\$14,082,481	\$50,669,936
CMS Revenue (Medicare Part D)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$751,815</u>	<u>\$751,815</u>
TOTAL INCOME	\$13,165,553	\$14,833,106	\$8,588,796	\$14,834,296	\$51,421,751
2017 EXPENSES					
Total Incurred Claims ¹	\$6,045,840	\$12,944,701	\$6,861,281	\$17,087,282	\$42,939,104
Retention	\$473,528	\$619,426	\$1,314,876	\$953,326	\$3,361,156
Silver Sneakers Program in 2017	\$0	\$0	\$267,773	\$0	\$267,773
Capitation	\$4,400,003	\$0	\$0	\$0	\$4,400,003
ACA Insurer & ACA Reinsurance Fee	\$0	\$0	\$0	\$0	\$0
Consortium Fees	\$0	\$5,013	\$0	\$0	\$5,013
HMC Programs	\$14,723	\$17,689	\$52,230	\$0	\$84,642
CMS Credit (Medicare D)	\$0	\$0	\$0	(\$2,028,149)	(\$2,028,149)
Part D Credit - Gap Discount/Prior Settlement	\$0	\$0	\$0	(\$2,029,789)	(\$2,029,789)
Premium Taxes	<u>\$0</u>	<u>\$127,231</u>	<u>\$0</u>	<u>\$153,818</u>	<u>\$281,049</u>
TOTAL EXPENSES	\$10,934,094	\$13,714,060	\$8,496,160	\$14,136,488	\$47,280,802
2017 SURPLUS/(DEFICIT)	<u><u>\$2,231,459</u></u>	<u><u>\$1,119,046</u></u>	<u><u>\$92,636</u></u>	<u><u>\$697,808</u></u>	<u><u>\$4,140,949</u></u>
SURPLUS AMOUNT TRANSFERRED TO CLAIMS STABILIZATION FUND	(\$101,505)	\$0	\$0	\$0	(\$101,505)
SURPLUS AMOUNT TRANSFERRED TO PREMIUM STABILIZATION RESERVE	(\$2,129,954)	(\$1,119,046)	(\$92,636)	(\$697,808)	(\$4,039,444)

¹Total Incurred Claims include reserve changes, large claims charge, and credit.

2017 Anthem Accounting Summary - Accounting History

	2013	2014	2015	2016	2017
Annual Amount					
Total Income	\$24,911,212	\$44,145,676	\$46,617,533	\$47,725,568	\$51,421,751
Total Expenses	\$22,905,240	\$40,333,111	\$43,162,008	\$46,708,176	\$47,280,802
Surplus / (Deficit)	\$2,005,972	\$3,812,565	\$3,455,525	\$1,017,392	\$4,140,949
Expense Ratio	91.9%	91.4%	92.6%	97.87%	91.95%
Contracts	1,920	4,453	4,413	4,795	4,734
Per Retiree Per Month Amount					
Total Income	\$1,081.03	\$826.14	\$880.31	\$829.43	\$905.20
Total Expenses	\$993.98	\$754.79	\$815.05	\$811.75	\$832.31
Surplus / (Deficit)	\$87.05	\$71.35	\$65.25	\$17.68	\$72.90

Conclusions

- For the 2017 Year-End Accounting, LACERS may want to consider a fund transfer to LACERS' proposed 115 Trust.
- Without consideration for the 2017 Year-End Accounting, and strictly based on the 2017 PSR Ending Balance, the following analysis is provided:

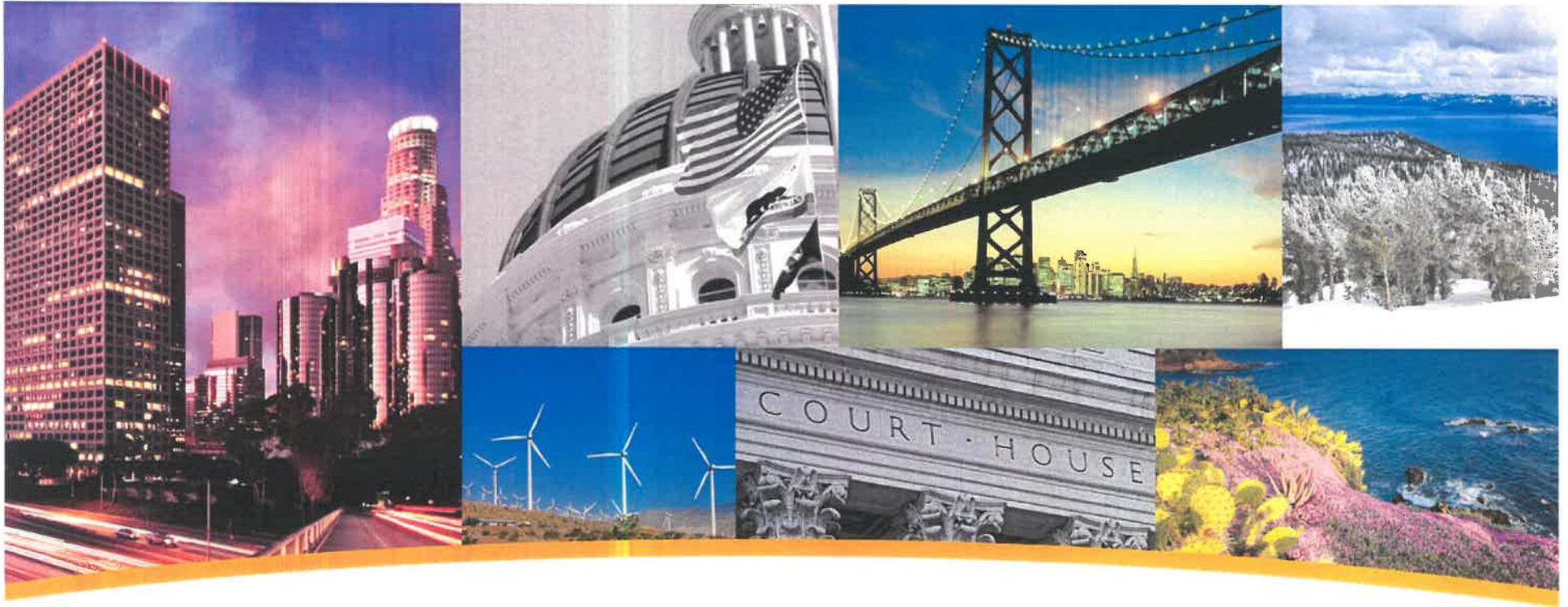
Impact of Defrayal taken in 2018 (earned in 2016) on 2017 PSR Ending Balance

2017 PSR Ending Balance	\$16,334,836
Premium Defrayal earned in 2016 YEA, taken in 2018	\$4,529,968
2017 PSR Adjusted Ending Balance	\$11,804,868
Minimum PSR Balance	\$7,713,263
Projected Balance above Minimum PSR Balance:	\$4,091,605

Acknowledgement

Keenan & Associates would like to thank Ms. Lita Payne, 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



Los Angeles City Employees' Retirement System 2018 Anthem Year-End Accounting August 27, 2019

Respectfully Submitted by:

Ju Anderson, Senior Advisor | Bordan Darm, Senior Consultant
Erin Robinson, Senior Service Representative | Christine Hough, Consultant and Actuary

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Executive Summary

- 2018 produced a Year-End Accounting (YEA) surplus of \$1,114,664.
- The Claims Stabilization Fund (CSF) is funded at \$1,405,423 as of December 31, 2018.
- The Premium Stabilization Reserve (PSR) minimum balance set by LACERS' PSR funding policy is \$8,269,904 for 2018.
- The December 31, 2018 PSR ending balance is \$11,956,924.
 - The defrayal from the 2016 YEA of \$4,516,758 was administered in August 2018.
 - Anthem has set aside \$1,306,543 to offset rate adjustments for 2019.
- Based on 2018 YEA results, LACERS may want to consider applying funds to LACERS' 115 Trust.

2018 Anthem Accounting Summary

- The Year-End Accounting (YEA) provides LACERS with the difference between total costs incurred for the policy period and the respective premium remitted. The balance is expressed as a surplus or deficit position.
- The Claims Stabilization Fund (CSF) is set and held by Anthem, and funded by LACERS. It is to fund any deficit of a given policy period.
- The purpose of the Premium Stabilization Reserve (PSR) fund is to build up reserves from the surpluses of each policy period after meeting the funding requirement in the CSF, and to provide additional security should a period's deficit be greater than the CSF.
- LACERS is not required to hold surpluses in the PSR. Any funds from the PSR fund may not be utilized by Anthem without authorization from LACERS.

Policy Year	2014	2015	2016	2017	2018
YEA	\$3,812,565	\$3,455,525	\$1,017,392	\$4,140,949	\$1,114,664
Surplus/(Deficit)	surplus	surplus	surplus	surplus	surplus
% of Premium	8.6%	7.6%	2.1%	8.2%	2.0%
CSF	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423
\$ Adjustment	-\$159,636	\$0	\$0	+\$121,714	+\$154,309
% Adjustment	-12.4%	0.0%	0.0%	+10.8%	+12.3%
PSR w/YEA	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,837,122
\$ Adjustment	+\$4,039,788	+\$3,581,941	+\$1,285,160	-\$3,336,794	-\$4,497,714

2018 Anthem Accounting Summary – Claims Stabilization Fund (CSF)

- The following table illustrates the Claims Stabilization Fund (CSF) accounting for the past five policy years:

CSF Accounting	2014	2015	2016	2017	2018
1/1 CSF Balance	\$1,289,036	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114
Interest Earned	\$7,228	\$8,960	\$15,496	\$20,209	\$34,507
Interest Yield	0.561%	0.793%	1.372%	1.789%	2.758%
Net CSF Balance	\$1,296,264	\$1,138,360	\$1,144,896	\$1,149,609	\$1,285,621
YEA Fund Transfer	\$0	\$0	\$0	\$0	\$0
PSR Fund Transfer	(\$166,864)	(\$8,960)	(\$15,496)	\$101,505	\$119,802
Required CSF	\$1,129,400	\$1,129,400	\$1,129,400	\$1,251,114	\$1,405,423

- Interest Yield is based on 12-month LIBOR Index
- Effective 1/1/19, Anthem required that the CSF be increased 12.3% or \$154,309 to \$1,405,423.

2018 Anthem Accounting Summary – Premium Stabilization Reserve (PSR)

The following table illustrates the Premium Stabilization Reserve (PSR) accounting for the past five years:

PSR Accounting	2014	2015	2016	2017	2018
PSR 1/1 Balance	\$10,764,741	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836
Transfer YEA to PSR	\$3,812,565	\$3,455,525	\$1,017,392	\$4,039,444	\$1,114,664
PSR 1/1 Balance w/ YEA	\$14,577,306	\$18,260,054	\$19,403,862	\$23,711,074	\$17,449,500
Interest Earned	\$60,359	\$117,456	\$252,272	\$351,994	\$450,527
Interest Yield	0.561%	0.793%	1.372%	1.789%	2.599%
Transfer PSR to CSF	\$166,864	\$8,960	\$15,496	\$0	-\$119,802
Premium Defrayal				-\$7,728,232	-\$4,516,758 -\$1,306,543
PSR 12/31 Balance	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,956,924

- Interest Yield is based on 12-month LIBOR Index
- 2017 - Two Premium Defrayals are accounted for. 1) -3,717,788 taken in May, 2016, earned in 2014, accounted for in 2017 (not 2016), and 2) \$4,010,444 taken in September, 2017, earned in 2015, and accounted for in 2017.
- 2018 - One premium defrayal (\$4,516,758) was taken in August, 2018, earned in 2016, and accounted for in 2018. Additionally, \$1,306,543 was taken for rate adjustments for 2019.

2018 Anthem Accounting Summary – Minimum Premium Stabilization Reserve

- LACERS has established a minimum PSR threshold of 3 times 5% (15%) of annual Anthem experience-rated premium.
- The following table illustrates the minimum Premium Stabilization Reserve (PSR) accounting for the past five policy years:

PSR Accounting	2014	2015	2016	2017	2018
Anthem Annual Premium	\$44,145,676	\$46,617,533	\$47,725,568	\$51,421,751	\$55,132,694
Minimum PSR Factor	15.0%	15.0%	15.0%	15.0%	15.0%
Minimum PSR Required	\$6,621,851	\$6,992,630	\$7,158,835	\$7,713,263	\$8,269,904
PSR Ending Balance	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,956,924
PSR Difference	\$8,182,678	\$11,393,840	\$12,512,795	\$8,621,573	\$3,687,020

2018 Anthem Accounting Summary – Premium Defrayal

- When the PSR amount becomes higher than the minimum PSR standard, LACERS can offer a premium defrayal or rate adjustment to reduce the PSR.
- LACERS has elected premium defrayals based on YEA results for 2013, 2014, 2015, 2016 and 2017.
- For 2018, LACERS elected to offer rate adjustments to certain coverage requiring increases.
- The following table illustrates the PSR accounting for the past policy years:

Premium Defrayal (PD)	2014	2015	2016	2017	2018
PSR Balance	\$14,804,529	\$18,386,470	\$19,671,630	\$16,334,836	\$11,956,924
PD Declared	Yes	Yes	Yes	Yes	Yes, Rate Adj.
PD Taken	May 2015	May 2016	Sep. 2017	Aug. 2018	2019
PD Amount	\$3,708,149	\$3,717,788	\$4,010,444	\$4,529,968	\$1,306,543

2018 Anthem Accounting Summary By Plan

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Annual Accounting

Case No. C22357

January 1, 2018 through December 31, 2018

	HMO	PPO	Medicare Supplement	Medicare D	Total
Income Received	\$15,252,406	\$16,824,948	\$9,934,629	\$15,394,204	\$57,406,187
2018 Premium Adj based on cancellations	(\$2,519,134)	(\$244,177)	(\$159,431)		(\$2,922,742)
CMS Revenue (Medicare D)	\$0	\$0	\$0	\$649,249	\$649,249
Total Income Received	\$12,733,272	\$16,580,771	\$9,775,198	\$16,043,453	\$55,132,694
Paid Claims	\$7,378,536	\$14,589,984	\$7,587,669	\$20,090,305	\$49,646,494
+ Ending Reserve	\$625,235	\$1,291,417	\$917,061	\$733,695	\$3,567,408
- Beginning Reserve	(\$525,108)	(\$1,174,704)	(\$821,769)	(\$618,864)	(\$3,140,445)
+ Large Claim Charge	\$719,117	\$719,273	\$0	\$0	\$1,438,390
- Large Claim Credit	(\$1,112,654)	(\$1,774,728)	\$0	\$0	(\$2,887,382)
Incurred Claims	\$7,085,126	\$13,651,242	\$7,682,961	\$20,205,136	\$48,624,465
Retention	\$502,841	\$639,930	\$1,373,316	\$1,026,784	\$3,542,871
HMC Programs	\$15,637	\$18,279	\$54,552	\$0	\$88,468
Silver Sneakers Program	\$0	\$0	\$277,546	\$0	\$277,546
Premium Tax	\$0	(\$127,231)	\$217,944	\$175,705	\$266,418
ACA Insurer Fee	\$342,291	\$397,975	\$0	\$459,674	\$1,199,940
Capitation Expenses	\$4,709,031	\$0	\$0	\$0	\$4,709,031
Consortium Fees	\$0	\$6,200	\$0	\$0	\$6,200
Part D Adjust-Reopened CMS Final Settlement_2012	\$0	\$0	\$0	(\$125)	(\$125)
Part D Credit for CMS Final Settlement_2017	\$0	\$0	\$0	(\$2,419,714)	(\$2,419,714)
Part D True-Up for Coverage Gap Discount_2017	\$0	\$0	\$0	(\$609)	(\$609)
Part D Est. Credit for Coverage Gap Discount_2018	\$0	\$0	\$0	(\$2,276,461)	(\$2,276,461)
Total Expense	\$12,654,926	\$14,586,395	\$9,606,319	\$17,170,390	\$54,018,030
Expense Ratio	99.38%	87.97%	98.27%	107.02%	97.98%
Accumulated Surplus/(Deficit) at December 31, 2018	\$78,346	\$1,994,376	\$168,879	(\$1,126,937)	\$1,114,664
Amount Designated to Claims Stabilization Fund	(\$119,802)	\$0	\$0	\$0	(\$119,802)
Amount Designated to Premium Stabilization Reserve	\$41,456	(\$1,994,376)	(\$168,879)	\$1,126,937	(\$994,862)
Ending Balance	\$0	\$0	\$0	\$0	\$0

2018 Anthem Accounting Summary - Accounting History

	2014	2015	2016	2017	2018
Annual Amount					
Total Income	\$44,145,676	\$46,617,533	\$47,725,568	\$51,421,751	\$55,132,694
Total Expenses	\$40,333,111	\$43,162,008	\$46,708,176	\$47,280,802	\$54,018,030
Surplus / (Deficit)	\$3,812,565	\$3,455,525	\$1,017,392	\$4,140,949	\$1,114,664
Expense Ratio	91.4%	92.6%	97.87%	91.95%	97.98%
Contracts	4,453	4,413	4,795	4,734	4,930
Per Retiree Per Month Amount					
Total Income	\$1,081.03	\$826.14	\$880.31	\$829.43	\$931.93
Total Expenses	\$993.98	\$754.79	\$815.05	\$811.75	\$913.08
Surplus / (Deficit)	\$87.05	\$71.35	\$65.25	\$17.68	\$18.84

Conclusions

- LACERS established a 115 trust for 2019.
- For the 2018 Year-End Accounting, LACERS may want to consider a fund transfer to LACERS' 115 Trust.
- The following chart illustrates the ending position for 2018 and beginning position for 2019:

January 1, 2019 Beginning Position

PSR Balance	\$11,956,924
Premium Adjustment for 2019 taken from 2018 YEA	\$1,306,543
CSF Balance	\$1,405,423
Minimum PSR Balance	\$8,269,904
Projected Balance above Minimum PSR Balance:	\$3,687,020

Acknowledgement

Keenan & Associates would like to thank Ms. Lita Payne, 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

Anthem Blue Cross 2018 Year-End Accounting and Transfer of
Premium Stabilization Reserve Funds

PROPOSED RESOLUTION

WHEREAS, LACERS has participating contracts with Anthem Blue Cross (Anthem), which means that at the end of each plan year, an accounting is performed to determine total premium funds versus total claims costs and administrative expenses;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS, LACERS maintains a Premium Stabilization Reserve (PSR) account with Anthem and premium surpluses are placed in this account to be used at a later time, usually to fund a premium defrayal for Anthem Members;

WHEREAS, the 2018 accounting showed that the PSR had an accumulated balance of \$11,956,924;

WHEREAS, the PSR funds are not required to be retained with Anthem and at the September 10, 2019 Board of Administration meeting, the Board approved a recommendation to return the PSR funds to LACERS' Section 115 Trust account;

WHEREAS, tax law requires that only the portion of the PSR funds that is estimated to have been paid out of pocket by Members can be transferred to the Section 115 Trust account, and the portion that is estimated to have been paid by LACERS as medical plan subsidy dollars must be returned to LACERS' 401(h) account, the account from which these monies originated;

WHEREAS, on August 27, 2019, the Benefits Administration Committee approved forwarding a recommendation to transfer the entire balance of the PSR to LACERS' Section 115 Trust and 401(h) accounts;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the transfer of Anthem PSR funds to LACERS' Section 115 Trust and 401(h) accounts, apportioned in amounts to be determined by staff.

August 27, 2019

Anthem Blue Cross 2019 Year-End Accounting

PROPOSED RESOLUTION

WHEREAS, LACERS has participating contracts with Anthem Blue Cross (Anthem), which means that at the end of each plan year, an accounting is performed to determine total premium funds versus total claims costs and administrative expenses;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS, LACERS maintains a Premium Stabilization Reserve (PSR) account with Anthem where premium surpluses are placed to be used at a later time, usually to fund a premium defrayal for Anthem Members;

WHEREAS, the 2019 accounting showed that the PSR had an accumulated balance of \$11,474,009;

WHEREAS, the PSR funds are not required to be retained with Anthem and at the September 10, 2019 Board of Administration meeting, the Board approved a recommendation to return the PSR funds to LACERS' Section 115 Trust account;

WHEREAS, tax law requires that only the portion of the PSR funds that is estimated to have been paid out of pocket by Members can be transferred to the Section 115 Trust account, and the portion that is estimated to have been paid by LACERS as medical plan subsidy dollars must be returned to LACERS' 401(h) account, the account from which these monies originated;

WHEREAS, on August 27, 2019, the Benefits Administration Committee approved forwarding a recommendation to transfer the entire balance of the PSR to LACERS' Section 115 Trust and 401(h) accounts;

WHEREAS, the 2019 year-end PSR balance of \$11,474,009 was transferred to LACERS, with \$10,154,498 being placed in the 401(h) account and \$1,319,511 being placed in the 115 Trust account, leaving a balance of zero;

WHEREAS, a 2019 premium surplus of \$2,352,772 is being held by Anthem separately from the PSR and will be transferred to LACERS upon approval of the 2019 year-end accounting;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Anthem Blue Cross 2019 year-end accounting.

August 11, 2020

REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair

Sandra Lee

Nilza R. Serrano

MEETING: AUGUST 11, 2020

ITEM: VI - C

SUBJECT: HEALTH AND WELFARE CONSULTANT CONTRACT EXTENSION AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board approve the Committee's recommendation to extend the health and welfare consultant contract with Keenan and Associates until June 30, 2022; and authorize the General Manager to negotiate and execute the contract amendment.

Executive Summary

The Keenan contract is due to expire February 28, 2021. Due to a significant increase in workload over the next several months related to the Los Angeles World Airport (LAWA) and City Separation Incentive Programs, it is necessary for staff to focus their efforts on completing health benefits counseling and health plan enrollments related to these programs. An extension of the health and welfare contract until June 2022 is requested to allow staff to conduct the consultant Request for Proposals once workload has returned to normal.

Discussion

At its July 28, 2020 meeting, the Committee approved forwarding to the Board staff's request to extend the contract with Keenan and Associates for health and welfare consulting services until the end of the next fiscal year, June 30, 2022. The Keenan and Associates contract is due to expire while staff is in the midst of processing health benefits related to the current LAWA Separation Incentive Program (SIP) and the anticipated City SIP. Because health plan enrollment and counseling workload is expected to triple over the course of the next few months, extending the contract will allow staff to place more of their attention on completing their SIP-related tasks and ensuring retiring Members have health insurance coverage in place once retired. Staff will market the health and welfare consulting services contract at a time when workload has returned to normal.

The total cost of the contract amendment is \$1,070,667.

Additional information is included in the attached Benefits Administration Committee report.

Strategic Plan Impact Statement

Extending the contract will allow staff to timely process health plan enrollments in support of Strategic Plan goal of providing excellent customer service.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst

NMG/AR:ar

Attachments: 1. July 28, 2020 Benefits Administration Committee Report
2. Proposed Resolution



LACERS
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 08/11/2020
Item: VI-C
Attachment: 1



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

From: Neil M. Guglielmo, General Manager

MEETING: JULY 28, 2020

ITEM: VII

Neil M. Guglielmo

SUBJECT: HEALTH AND WELFARE CONSULTANT CONTRACT EXTENSION AND POSSIBLE COMMITTEE ACTION

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

Recommendation

That the Committee forward to the Board a recommendation to extend the health and welfare consultant contract with Keenan and Associates until June 30, 2022; and authorize the General Manager to negotiate and execute the amendment.

Executive Summary

The three-year contract with Keenan and Associates expires on February 28, 2021. Due to prolonged significant increases in workload related to the Los Angeles World Airports (LAWA) Separation Incentive Program (SIP) and the potential further increases from the City's SIP, staff is requesting an extension of the Keenan contract so that the consultant Request for Proposal can be administered at a later date when workload returns to normal.

Discussion

Keenan and Associates has been LACERS' health and welfare consultant since February 29, 2012, providing services regarding health plan contract renewals and the administration of LACERS health plans. The current three-year contract expires on February 28, 2021.

Staff is requesting to extend the contract for one year and four months, until June 30, 2022, due to a projected significant increase in workload related to the LAWA and City Separation Incentive Programs. The LAWA SIP is retiring over 300 active Members by October 2020. The City SIP's goal is to retire at least 1,300 LACERS active Members during this fiscal year, with a request to complete the retirements, and thus health plan enrollments, as early as possible. Currently, LACERS processes an average of approximately 75 health plan enrollments per month. However, based on LACERS' current plan to process the SIP retirements, monthly health plan enrollments will begin to increase to over 200 by September 2021 and over 300 by January 2022, possibly lasting until Spring or the end of the fiscal year. Although additional resources are being obtained to support the SIP efforts, staff will need to place most of their attention on counseling and processing City SIP-related health plan enrollments. Therefore, to help ease the burden on staff during this extremely busy period, it is requested that the

Committee forward a recommendation to the Board to allow an extension of the Keenan contract until June 30 2022, which also will align the contract with our fiscal year and simplify budgeting.

The cost of the extension for the additional year, Year 4, would be \$803,000, which is the same cost as Year 3 of the contract. The additional four months beyond Year 4 has been prorated to a cost of \$267,667, bringing the total cost of the contract amendment to \$1,070,667.

Prepared By: Alex Rabrenovich, Chief Benefits Analyst

NMG/AR:ar

Attachments: 1. Keenan executed contract, effective March 1, 2018
2. Draft Contract Amendment

CONTRACT 4177

for

Health and Welfare Consulting Services

between

Keenan & Associates

and

The Board of Administration
Los Angeles City Employees' Retirement System
Los Angeles, California

Effective March 1, 2018
Through February 28, 2021



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**CONTRACT 4177 BETWEEN
THE BOARD OF ADMINISTRATION OF THE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
AND KEENAN & ASSOCIATES
FOR HEALTH AND WELFARE CONSULTING SERVICES**

BY THIS CONTRACT, made and entered into between the LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM, a department of the City of Los Angeles, a municipal corporation (hereinafter referred to as "LACERS" or sometimes "CITY") and KEENAN & ASSOCIATES (hereinafter referred to as "CONTRACTOR"), the parties hereto have agreed as follows:

I. TERM OF CONTRACT

This Contract shall be effective for the three-year period commencing on March 1, 2018, and continuing through February 28, 2021, unless terminated earlier in accordance with the termination provisions of the Contract.

II. SCOPE OF SERVICES

CONSULTATION AND ADVISORY SERVICES

1. The Contractor will provide, as requested, advice to LACERS, conduct briefings, and perform consultative duties related to LACERS health plans.
2. The Contractor will provide day-to-day consultation on matters including, but not limited to, plan interpretation and problem resolution, and attend any meetings necessary to facilitate and assist in the management of LACERS' health and welfare plans and programs.
3. The Contractor will attend meetings with LACERS and each of its plan carriers at least twice a year to discuss utilization, opportunities to reduce premium costs, and new programs.
4. The Contractor will attend the Benefits Administration Committee (BAC) and the Board of Administration meetings where decisions regarding the health and welfare program will be considered and as requested.
5. The Contractor will educate the LACERS Board and staff, as requested, on health benefits issues, legislation, strategic planning, new health plan products or models, and best practices which will maintain the integrity of the Board's benefits objectives and philosophy.
6. The Contractor will prepare, as needed, comparison reports of other retirement systems' benefit plans and programs to determine competitiveness

of rates, coverage levels, or benefits programs, as requested by BAC, the Board or LACERS staff.

7. The Contractor will provide, as needed, demographic and other data to equalize the risks represented by age, sex, and health status among competing health plans.
8. The Contractor will provide, as needed, actuarial and related services to assist LACERS in all phases of program planning, including but not limited to analysis of past plan performance, cost/benefit of plan design changes, effects of specific legislative proposals, etc.
9. The Contractor will review existing LACERS health plan designs and premium rates and propose necessary modifications to meet LACERS' objectives.
10. The Contractor will evaluate new companies, programs, and/or benefits and provide to LACERS an analysis of potential impacts on service, costs, and administration for LACERS.
11. The Contractor will identify and provide administrative assistance to gain participation in cost-savings programs available through federal and/or state governments or other agencies.
12. The Contractor will perform an annual end-of-year accounting of all participating/refunding contracts and provide appropriate recommendations relevant to the findings.

HEALTH PLAN BID AND RENEWAL PROCESS

13. As directed by LACERS, the Contractor will develop, prepare, and release Requests for Renewal (RFR) or Requests for Proposal (RFP) to obtain cost and potential plan design changes from health carriers and consider new products and plan designs to improve cost efficiency.
14. The Contractor will handle related communications and evaluate proposals submitted in response to an RFP or RFR.
15. The Contractor will negotiate plan design changes, rate calculations, and premium rates with health plan carriers.
16. The Contractor will report on preliminary renewal findings, bases of negotiations regarding rate development, and recommend options to reduce costs beyond negotiated results.

17. The Contractor will provide periodic BAC and Board reports and other requested documents related to the annual health plan renewal at least ten working days prior to meeting date(s).
18. The Contractor will model program costs based upon claims data from health plan carriers.
19. The Contractor will assist with the development, negotiation, and implementation of performance standards and guarantees with LACERS' health plan carriers and monitor their performance.
20. The Contractor will assist in the design, implementation, and administration of any new health plans.
21. The Contractor will review all related health plan contract documents and related Committee and Board reports to ensure that they accurately reflect the rates, benefits, and conditions as approved by the LACERS Board, and will assist LACERS in the processing of its contracts in a timely manner.

STRATEGIC PLANNING

22. The Contractor will assist staff in continuing LACERS' long-term strategic approach to optimize benefits, mitigate rising health care cost trends, and develop a mechanism to monitor and measure the progress of the plan on a semi-annual basis.
23. The Contractor will work with the health plan carriers to establish and meet performance goals to positively affect the utilization rates of health plan services, prescription drugs, disease management programs, and wellness programs.
24. The Contractor will attend meetings with LACERS and each of its plan carriers at least twice a year to discuss and assist in the implementation of LACERS' strategic goals.
25. The Contractor will survey the health plan industry for novel plan design options with the goal of reducing future health program cost increases and report them to LACERS prior to the plan renewal or bid processes.
26. The Contractor will assist LACERS in the administration of their strategic plan data initiative, which involves:
 - Reviewing health plan data and working with health plans to develop and provide drill-down reports to better understand utilization
 - Preparing semi-annual utilization data in summary report and/or dashboard format

- Identifying cost drivers within each plan and collaborating with the health plans and LACERS to develop strategies to mitigate the impact of these cost drivers, which may involve value-based benefit plan design changes, consideration of new programs or plan offerings, or changes to the existing health benefits program, and communications efforts
 - Monitoring and reporting on the progress of strategies and their effect on cost drivers
27. The Contractor will assist LACERS staff in developing strategies to increase Member participation in disease management programs available through the retired Member, and possibly, active Member health plans.
 28. The Contractor will evaluate LACERS' current health and welfare program to ensure that it is aligned with its strategic plan goals and develop recommendations to improve it.
 29. The Contractor will evaluate options available to LACERS in relation to health care legislation or requirements and develop strategies to further manage costs and reduce the impact of cost increases.
 30. The Contractor will secure regular funding of LACERS' wellness program from its health plan carriers.
 31. The Contractor will provide a wellness program manager position, paid for by carrier wellness funds, to collaborate with LACERS staff in developing and implementing LACERS' wellness program.

PROGRAM EVALUATION & DEVELOPMENT

32. The Contractor will coordinate with LACERS health plans to deliver aggregate utilization reports, both for individual plans and for use in comparing plans.
33. The Contractor will verify, as needed, that LACERS' medical plan carriers are in compliance with regulations imposed by participation in Medicare Part D.
34. The Contractor will conduct, as needed, up to two health plan audits per year to evaluate the administration of benefits, to ensure contract compliance, timeliness and accurate payment of claims, and other criteria as determined appropriate by LACERS.

LEGISLATION AND REGULATORY ANALYSIS

35. The Contractor will provide regular and timely communication of changes and proposed changes in federal and state statutes and regulations that may impact LACERS' health plans and its overall health and welfare program, and

upon request, prepare reports on how such changes would impact LACERS or its Members.

36. The Contractor will recommend procedures and/or policies that LACERS should implement to comply with federal and state statutes and regulations and conduct staff training, as necessary, on current issues.

COMMUNICATIONS

37. The Contractor will provide the services of a graphics designer, printer, and fulfillment house for Open Enrollment publications. Publications include, but are not limited to, Open Enrollment packet envelopes, Health Benefits Guides, Open Enrollment Health Bulletins, and Health Member Statements (for examples, see publications at www.lacers.org). Approximately 19,000 copies are printed and mailed to approximately 18,800 Retired Members and beneficiaries. The balance is kept in reserve for use throughout the plan year.

SPECIAL PROJECTS (MISCELLANEOUS)

38. The Contractor will be responsible for, but is not limited to, working with LACERS staff on special projects consistent with meeting its strategic goals, such as developing seminars, explaining new insurance industry products and legislative programs (e.g., Early Retiree Reinsurance Program), and using innovative educational tools that could result in overall program savings.

III. KEY PERSONNEL

Steve Gedestad, Municipality Practice Leader, will be the key person responsible for the performance of services under this Contract. Any changes in key personnel may be made only upon prior written notice from the CONTRACTOR and approval from LACERS General Manager or designee.

IV. COMPENSATION

LACERS will compensate CONTRACTOR for professional services rendered based on an hourly rate, not to exceed the total costs indicated as follows.

Scope of Services		Year 1	Year 2	Year 3
A	Consultation & Advisory Services	\$107,000	\$107,000	\$107,000
B	Health Plan Bid and Renewal Process	\$98,000*	\$98,000*	\$98,000*
C	Strategic Planning Only	\$108,000	\$108,000	\$108,000
D	Program Evaluation & Development	\$97,000	\$97,000	\$97,000
E	Legislative and Regulatory Analysis	\$43,000	\$43,000	\$43,000
F	Communications	\$61,000	\$61,000	\$61,000
G	Special Projects	\$102,000	\$102,000	\$102,000
H	As-needed Graphic Design	\$21,000	\$21,000	\$21,000

I	Dashboard Creation and Maintenance	\$56,000	\$56,000	\$56,000
J	Wellness Consulting	\$85,000	\$85,000	\$85,000
K	Data Initiative	\$25,000	\$25,000	\$25,000
	Total	\$803,000	\$803,000	\$803,000

Job Classification	Billable Rate	Scope of Services							Total Hours
		A	B	C	D	E	F	G	
Steve Gedestad <i>Municipality Practice Leader</i>	\$425	80	60	60	20				220
Bordan Darm <i>Account Executive</i>	\$350	220	70	90	100	10	20		510
Erin Robinson <i>Service Consultant</i>	\$265	425	50	100	40	50	100	50	815
Jovita Juanillo <i>Senior VP, Underwriting & Actuarial Services</i>	\$400		200		5				205
Christine Hough <i>VP/Actuary</i>	\$400	100	20		40				160
Robin Rager <i>Director of Health Management</i>	\$300	50		50	50			150	300
Ralph Gowen <i>Vice President, Client Technology</i>	\$250								0
Charlotte Doecker <i>VP Marketing Communications</i>	\$225								0
Amy B. Donovan <i>VP Legislative and Regulatory Affairs</i>	\$275					50			50
Jerry Healy <i>Chief Employee Benefits Counsel</i>	\$275								0
Betty Sassano <i>General Counsel</i>	\$275								0
Regina Horton <i>In-house Counsel</i>	\$275					50			50
Matthew Szenderski <i>Health Management Specialist</i>	\$200	40		20	20			40	120
Leanna Lilly <i>Health Management Specialist</i>	\$200	40		20	25			35	120
Dolly Dacumos <i>Manager, Benefits Underwriting</i>	\$150		40	20	10		10	50	130
Jeremy Ball <i>Data Analyst</i>	\$175								0
Robin Kerr <i>Art Director</i>	\$175						125	120	245
Alex Artiga <i>Marketing Coordinator</i>	\$150								0

Job Classification	Billable Rate	Scope of Services							Total Hours
		A	B	C	D	E	F	G	
Amanda Karr Senior Technical Writer	\$175								0
Brandon Woods Graphic Designer	\$175								0
Christine Trejo Jr. Graphic Designer	\$160								0
Martha Juarez Marketing Assistant	\$150								0
ChrisAnn Galeotti Service/Marketing Coordinator	\$150								0
Total Hours									2,925

* If CONTRACTOR is requested by LACERS to conduct a Request for Proposal (RFP) for medical, dental, and/or vision plans, the fee will be \$50,000 for each RFP in addition to the fees specified in the Scope of Services fee schedule.

The CONTRACTOR will pay for up to two claim audits over the three-year contract period.

The Special Projects area will cover the pass-through of the Wellness Coordinator and as-needed graphic design.

V. INVOICES

For services under Section II, CONTRACTOR shall submit monthly invoices in arrears. Invoices must detail the services performed.

LACERS shall within thirty (30) days of receipt and following approval of each payment request, remit to CONTRACTOR the amount to the address specified in the NOTICES section herein. If LACERS disapproves all or any part of any payment request, CONTRACTOR shall be notified immediately, but no later than ten (10) days after receipt of the invoice and provided with reasons thereof. CONTRACTOR shall have the opportunity to provide additional information in support of any such disapproved request or to submit a modified request.

All billing must be in U.S. dollars.

VI. NOTICES

All invoices, notices, reports, or other communication shall be written and hand-delivered or mailed by first class, postage prepaid, and addressed to the respective party at the addresses below, or at any other address LACERS or CONTRACTOR provides in writing:

To LACERS at:
Los Angeles City Employees' Retirement System
202 W. First St., Suite 500
Los Angeles, CA 90012-4401
Attention: Neil Guglielmo,
General Manager
Telephone: (213) 473-7280
Facsimile: (213) 473-7189

To CONTRACTOR at:
Keenan & Associates
2355 Crenshaw Blvd., Suite 200
Torrance, CA 90501
Attention: Steve Gedestad,
Municipality Practice Leader
Telephone: (800) 338-5247 ext. 5160
Facsimile: (949) 369-0324

VII. Nondiscrimination, Equal Employment Practices and Affirmative Action Program (Non-Construction and Construction)

Contractors are advised that any contract awarded pursuant to this procurement process shall be subject to the applicable provisions of Los Angeles Administrative Code Section 10.8.2., Non-discrimination Clause.

All contracts (both construction and non-construction) for which the consideration is \$1,000 or more shall comply with the provisions of Los Angeles Administrative Code Sections 10.8.3., Equal Employment Practices Provisions. By affixing its signature on a contract that is subject to the Equal Employment Practices Provisions, the Contractor shall agree to adhere to the provisions in the Equal Employment Practices Provisions for the duration of the contract.

All contracts (both construction and non-construction) for which the consideration is \$25,000 or more shall comply with the provisions of Los Angeles Administrative Code Sections 10.8.4., Affirmative Action Program Provisions. By affixing its signature on a contract that is subject to the Affirmative Action Program Provisions, the Contractor shall agree to adhere to the provisions in the Affirmative Action Program Provisions for the duration of the contract.

Furthermore, contractors shall include similar provisions in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations. The contract with the subcontractor that contends similar language shall be made available to the Office of Contract Compliance upon request.

Contractors seeking additional information regarding the requirements of the City's Non-Discrimination Clause, Equal Employment Practices and Affirmative Action Program may visit the Bureau of Contract Administration's web site at <http://bca.lacity.org>.

VIII. INCORPORATION OF DOCUMENTS

This Contract, appendices, and exhibits represent the entire integrated Contract of the parties and supersedes all prior written or oral representations, discussions, and contracts. The following documents are incorporated and made a part hereof by reference. In the event of any inconsistency between any of the provisions of the body of

this Contract and its attachment, the order of precedence shall be (1) the provisions in the body of this Contract, (2) Appendix A, (3) Appendix B, and (4) Appendix C.

Appendix A Standard Provisions for City Contracts (Rev. 10/17)

This Contract is subject to all the provisions of the Standard Provisions for City Contracts with exemptions applicable for provisions: PSC-28 – Living Wage Ordinance, PSC-31 – Contractor Responsibility Ordinance, PSC-32 – Business Inclusion Program, PSC-33 – Slavery Disclosure Ordinance, PSC-34 – First Source Hiring Ordinance, PSC-36 – Iran Contracting Act, and PSC-41 – Compliance with California Public Resource Code 5164.

Appendix B LACERS Confidentiality and Non-Disclosure Policy

Appendix C CONTRACTOR Proposal Dated December 27, 2017

Exhibits - Required Compliance Documents as part of the Contract:

- Exhibit 1: Proof of Insurance
- Exhibit 2: Copy of Los Angeles Business Tax Registration Certificate
- Exhibit 3: Completed IRS W-9 Form
- Exhibit 4: Completed Vendor Request Form – ACH

IX. RATIFICATION

Due to the immediate need for CONTRACTOR's services, the CONTRACTOR may provide services prior to the execution of this Agreement. To the extent that said services were performed in accordance with the terms and conditions of this Agreement, those services are hereby ratified.

X. FINAL EXECUTION AND SIGNATORIES OF CONTRACT

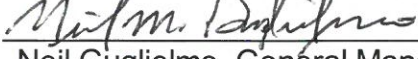
Final execution of this Contract shall be the date the final signatory of the Contract is made, subject to warranty by the individuals whose signature appears below that he/she has full authority to execute this Contract on behalf of the party on whose behalf he has affixed his signature to this Contract; and subject to satisfactory completion of compliance documents delineated in the Contract.

KEENAN & ASSOCIATES

By: 
Steve Gedestad, Municipality Practice Leader

Date: March 18, 2018

BOARD OF ADMINISTRATION,
LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

By: 
Neil Guglielmo, General Manager

Date: 4/17/18

Approved as to form:

MICHAEL N. FEUER, City Attorney

By: 
Sr. Assistant/Deputy City Attorney

Date: 4.13.18

APPENDIX A

STANDARD PROVISIONS FOR CITY CONTRACTS

STANDARD PROVISIONS FOR CITY CONTRACTS

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STANDARD PROVISIONS FOR CITY CONTRACTS

PSC-1. Construction of Provisions and Titles Herein

All titles, subtitles, or headings in this Contract have been inserted for convenience, and shall not be deemed to affect the meaning or construction of any of the terms or provisions of this Contract. The language of this Contract shall be construed according to its fair meaning and not strictly for or against **CITY** or **CONTRACTOR**. The word "**CONTRACTOR**" includes the party or parties identified in this Contract. The singular shall include the plural and if there is more than one **CONTRACTOR**, unless expressly stated otherwise, their obligations and liabilities shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

PSC-2. Applicable Law, Interpretation and Enforcement

Each party's performance shall comply with all applicable laws of the United States of America, the State of California, and **CITY**, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing. This Contract shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. **CONTRACTOR** shall comply with new, amended, or revised laws, regulations, or procedures that apply to the performance of this Contract with no additional compensation paid to **CONTRACTOR**.

In any action arising out of this Contract, **CONTRACTOR** consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California.

If any part, term or provision of this Contract is held void, illegal, unenforceable, or in conflict with any federal, state or local law or regulation, the validity of the remaining parts, terms or provisions of this Contract shall not be affected.

PSC-3. Time of Effectiveness

Unless otherwise provided, this Contract shall take effect when all of the following events have occurred:

- A. This Contract has been signed on behalf of **CONTRACTOR** by the person or persons authorized to bind **CONTRACTOR**;
- B. This Contract has been approved by the City Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this Contract as to form; and
- D. This Contract has been signed on behalf of **CITY** by the person designated by the City Council, or by the board, officer or employee authorized to enter into this Contract.

PSC-4. Integrated Contract

This Contract sets forth all of the rights and duties of the parties with respect to the subject matter of this Contract, and replaces any and all previous Contracts or understandings, whether written or oral, relating thereto. This Contract may be amended only as provided for in the provisions of PSC-5 hereof.

PSC-5. Amendment

All amendments to this Contract shall be in writing and signed and approved pursuant to the provisions of PSC-3.

PSC-6. Excusable Delays

Neither party shall be liable for its delay or failure to perform any obligation under and in accordance with this Contract, if the delay or failure arises out of fires, floods, earthquakes, epidemics, quarantine restrictions, other natural occurrences, strikes, lockouts (other than a lockout by the party or any of the party's Subcontractors), freight embargoes, terrorist acts, insurrections or other civil disturbances, or other similar events to those described above, but in each case the delay or failure to perform must be beyond the control and without any fault or negligence of the party delayed or failing to perform (these events are referred to in this provision as "Force Majeure Events").

Notwithstanding the foregoing, a delay or failure to perform by a Subcontractor of **CONTRACTOR** shall not constitute a Force Majeure Event, unless the delay or failure arises out of causes beyond the control of both **CONTRACTOR** and Subcontractor, and without any fault or negligence of either of them. In such case, **CONTRACTOR** shall not be liable for the delay or failure to perform, unless the goods or services to be furnished by the Subcontractor were obtainable from other sources in sufficient time to permit **CONTRACTOR** to perform timely. As used in this Contract, the term "Subcontractor" means a subcontractor at any tier.

In the event **CONTRACTOR'S** delay or failure to perform arises out of a Force Majeure Event, **CONTRACTOR** agrees to use commercially reasonable best efforts to obtain the goods or services from other sources, and to otherwise mitigate the damages and reduce the delay caused by the Force Majeure Event.

PSC-7. Waiver

A waiver of a default of any part, term or provision of this Contract shall not be construed as a waiver of any succeeding default or as a waiver of the part, term or provision itself. A party's performance after the other party's default shall not be construed as a waiver of that default.

PSC-8. Suspension

At **CITY'S** sole discretion, **CITY** may suspend any or all services provided under this Contract by providing **CONTRACTOR** with written notice of suspension. Upon receipt of the notice of suspension, **CONTRACTOR** shall immediately cease the services suspended and shall not incur any additional obligations, costs or expenses to **CITY** until **CITY** gives written notice to recommence the services.

PSC-9. Termination

A. Termination for Convenience

CITY may terminate this Contract for **CITY'S** convenience at any time by providing **CONTRACTOR** thirty days written notice. Upon receipt of the notice of termination, **CONTRACTOR** shall immediately take action not to incur any additional obligations, costs or expenses, except as may be necessary to terminate its activities. **CITY** shall pay **CONTRACTOR** its reasonable and allowable costs through the effective date of termination and those reasonable and necessary costs incurred by **CONTRACTOR** to effect the termination. Thereafter, **CONTRACTOR** shall have no further claims against **CITY** under this Contract. All finished and unfinished documents and materials procured for or produced under this Contract, including all intellectual property rights **CITY** is entitled to, shall become **CITY** property upon the date of the termination. **CONTRACTOR** agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

B. Termination for Breach of Contract

1. Except as provided in PSC-6, if **CONTRACTOR** fails to perform any of the provisions of this Contract or so fails to make progress as to endanger timely performance of this Contract, **CITY** may give **CONTRACTOR** written notice of the default. **CITY'S** default notice will indicate whether the default may be cured and the time period to cure the default to the sole satisfaction of **CITY**. Additionally, **CITY'S** default notice may offer **CONTRACTOR** an opportunity to provide **CITY** with a plan to cure the default, which shall be submitted to **CITY** within the time period allowed by **CITY**. At **CITY'S** sole discretion, **CITY** may accept or reject **CONTRACTOR'S** plan. If the default cannot be cured or if **CONTRACTOR** fails to cure within the period allowed by **CITY**, then **CITY** may terminate this Contract due to **CONTRACTOR'S** breach of this Contract.
2. If the default under this Contract is due to **CONTRACTOR'S** failure to maintain the insurance required under this Contract, **CONTRACTOR** shall immediately: (1) suspend performance of any services under this Contract for which insurance was required; and (2) notify its employees and Subcontractors of the loss of insurance coverage and Contractor's obligation to suspend performance of

services. **CONTRACTOR** shall not recommence performance until **CONTRACTOR** is fully insured and in compliance with **CITY'S** requirements.

3. If a federal or state proceeding for relief of debtors is undertaken by or against **CONTRACTOR**, or if **CONTRACTOR** makes an assignment for the benefit of creditors, then **CITY** may immediately terminate this Contract.
4. If **CONTRACTOR** engages in any dishonest conduct related to the performance or administration of this Contract or violates **CITY'S** laws, regulations or policies relating to lobbying, then **CITY** may immediately terminate this Contract.
5. Acts of Moral Turpitude
 - a. **CONTRACTOR** shall immediately notify **CITY** if **CONTRACTOR** or any Key Person, as defined below, is charged with, indicted for, convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, any act which constitutes an offense involving moral turpitude under federal, state, or local laws ("Act of Moral Turpitude").
 - b. If **CONTRACTOR** or a Key Person is convicted of, pleads nolo contendere to, or forfeits bail or fails to appear in court for a hearing related to, an Act of Moral Turpitude, **CITY** may immediately terminate this Contract.
 - c. If **CONTRACTOR** or a Key Person is charged with or indicted for an Act of Moral Turpitude, **CITY** may terminate this Contract after providing **CONTRACTOR** an opportunity to present evidence of **CONTRACTOR'S** ability to perform under the terms of this Contract.
 - d. Acts of Moral Turpitude include, but are not limited to: violent felonies as defined by Penal Code Section 667.5, crimes involving weapons, crimes resulting in serious bodily injury or death, serious felonies as defined by Penal Code Section 1192.7, and those crimes referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2); in addition to and including acts of murder, rape, sexual assault, robbery, kidnapping, human trafficking, pimping, voluntary manslaughter, aggravated assault, assault on a peace officer, mayhem, fraud, domestic abuse, elderly abuse, and child abuse, regardless of whether such acts are punishable by felony or misdemeanor conviction.

- e. For the purposes of this provision, a Key Person is a principal, officer, or employee assigned to this Contract, or owner (directly or indirectly, through one or more intermediaries) of ten percent or more of the voting power or equity interests of **CONTRACTOR**.
- 6. In the event **CITY** terminates this Contract as provided in this section, **CITY** may procure, upon such terms and in the manner as **CITY** may deem appropriate, services similar in scope and level of effort to those so terminated, and **CONTRACTOR** shall be liable to **CITY** for all of its costs and damages, including, but not limited to, any excess costs for such services.
- 7. If, after notice of termination of this Contract under the provisions of this section, it is determined for any reason that **CONTRACTOR** was not in default under the provisions of this section, or that the default was excusable under the terms of this Contract, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to PSC-9(A) Termination for Convenience.
- 8. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.
- C. In the event that this Contract is terminated, **CONTRACTOR** shall immediately notify all employees and Subcontractors, and shall notify in writing all other parties contracted with under the terms of this Contract within five working days of the termination.

PSC-10. Independent Contractor

CONTRACTOR is an independent contractor and not an agent or employee of **CITY**. **CONTRACTOR** shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of **CITY**.

PSC-11. Contractor's Personnel

Unless otherwise approved by **CITY**, **CONTRACTOR** shall use its own employees to perform the services described in this Contract. **CITY** has the right to review and approve any personnel who are assigned to work under this Contract. **CONTRACTOR** shall remove personnel from performing work under this Contract if requested to do so by **CITY**.

CONTRACTOR shall not use Subcontractors to assist in performance of this Contract without the prior written approval of **CITY**. If **CITY** permits the use of Subcontractors, **CONTRACTOR** shall remain responsible for performing all aspects of this Contract and paying all Subcontractors. **CITY** has the right to approve **CONTRACTOR'S** Subcontractors, and **CITY** reserves the right to request replacement of any

Subcontractor. **CITY** does not have any obligation to pay **CONTRACTOR'S** Subcontractors, and nothing herein creates any privity of contract between **CITY** and any Subcontractor.

PSC-12. Assignment and Delegation

CONTRACTOR may not, unless it has first obtained the written permission of **CITY**:

- A. Assign or otherwise alienate any of its rights under this Contract, including the right to payment; or
- B. Delegate, subcontract, or otherwise transfer any of its duties under this Contract.

PSC-13. Permits

CONTRACTOR and its directors, officers, partners, agents, employees, and Subcontractors, shall obtain and maintain all licenses, permits, certifications and other documents necessary for **CONTRACTOR'S** performance of this Contract. **CONTRACTOR** shall immediately notify **CITY** of any suspension, termination, lapses, non-renewals, or restrictions of licenses, permits, certificates, or other documents that relate to **CONTRACTOR'S** performance of this Contract.

PSC-14. Claims for Labor and Materials

CONTRACTOR shall promptly pay when due all amounts owed for labor and materials furnished in the performance of this Contract so as to prevent any lien or other claim under any provision of law from arising against any **CITY** property (including reports, documents, and other tangible or intangible matter produced by **CONTRACTOR** hereunder), and shall pay all amounts due under the Unemployment Insurance Act or any other applicable law with respect to labor used to perform under this Contract.

PSC-15. Current Los Angeles City Business Tax Registration Certificate Required

For the duration of this Contract, **CONTRACTOR** shall maintain valid Business Tax Registration Certificate(s) as required by **CITY'S** Business Tax Ordinance, Section 21.00 *et seq.* of the Los Angeles Municipal Code ("LAMC"), and shall not allow the Certificate to lapse or be revoked or suspended.

PSC-16. Retention of Records, Audit and Reports

CONTRACTOR shall maintain all records, including records of financial transactions, pertaining to the performance of this Contract, in their original form or as otherwise approved by **CITY**. These records shall be retained for a period of no less than three years from the later of the following: (1) final payment made by **CITY**, (2) the expiration of this Contract or (3) termination of this Contract. The records will be subject to examination and audit by authorized **CITY** personnel or **CITY'S** representatives at any time. **CONTRACTOR** shall provide any reports requested by **CITY** regarding

performance of this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

In lieu of retaining the records for the term as prescribed in this provision, **CONTRACTOR** may, upon **CITY'S** written approval, submit the required information to **CITY** in an electronic format, e.g. USB flash drive, at the expiration or termination of this Contract.

PSC-17. Bonds

All bonds required by **CITY** shall be filed with the Office of the City Administrative Officer, Risk Management for its review and acceptance in accordance with Los Angeles Administrative Code ("LAAC") Sections 11.47 *et seq.*, as amended from time to time.

PSC-18. Indemnification

Except for the active negligence or willful misconduct of **CITY**, or any of its boards, officers, agents, employees, assigns and successors in interest, **CONTRACTOR** shall defend, indemnify and hold harmless **CITY** and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including **CONTRACTOR'S** employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of an act, error, or omission by **CONTRACTOR**, Subcontractors, or their boards, officers, agents, employees, assigns, and successors in interest. The rights and remedies of **CITY** provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-19. Intellectual Property Indemnification

CONTRACTOR, at its own expense, shall defend, indemnify, and hold harmless the **CITY**, and any of its boards, officers, agents, employees, assigns, and successors in interest from and against all lawsuits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by **CITY**, including but not limited to, costs of experts and consultants), damages or liability of any nature arising out of the infringement, actual or alleged, direct or contributory, of any intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity, and proprietary information: (1) on or in any design, medium, matter, article, process, method, application, equipment, device, instrumentation, software, hardware, or firmware used by **CONTRACTOR**, or its Subcontractors, in performing the work under this Contract; or (2) as a result of **CITY'S** actual or intended use of any Work Product (as defined in PSC-21) furnished by **CONTRACTOR**, or its Subcontractors, under this Contract. The rights and remedies of **CITY** provided in this section shall not be exclusive

and are in addition to any other rights and remedies provided by law or under this Contract. This provision will survive expiration or termination of this Contract.

PSC-20. Intellectual Property Warranty

CONTRACTOR represents and warrants that its performance of all obligations under this Contract does not infringe in any way, directly or contributorily, upon any third party's intellectual property rights, including, without limitation, patent, copyright, trademark, trade secret, right of publicity and proprietary information.

PSC-21. Ownership and License

Unless otherwise provided for herein, all finished and unfinished works, tangible or not, created under this Contract including, without limitation, documents, materials, data, reports, manuals, specifications, artwork, drawings, sketches, blueprints, studies, memoranda, computation sheets, computer programs and databases, schematics, photographs, video and audiovisual recordings, sound recordings, marks, logos, graphic designs, notes, websites, domain names, inventions, processes, formulas, matters and combinations thereof, and all forms of intellectual property originated and prepared by **CONTRACTOR** or its Subcontractors under this Contract (each a "Work Product"; collectively "Work Products") shall be and remain the exclusive property of **CITY** for its use in any manner **CITY** deems appropriate. **CONTRACTOR** hereby assigns to **CITY** all goodwill, copyright, trademark, patent, trade secret and all other intellectual property rights worldwide in any Work Products originated and prepared under this Contract. **CONTRACTOR** further agrees to execute any documents necessary for **CITY** to perfect, memorialize, or record **CITY'S** ownership of rights provided herein.

CONTRACTOR agrees that a monetary remedy for breach of this Contract may be inadequate, impracticable, or difficult to prove and that a breach may cause **CITY** irreparable harm. **CITY** may therefore enforce this requirement by seeking injunctive relief and specific performance, without any necessity of showing actual damage or irreparable harm. Seeking injunctive relief or specific performance does not preclude **CITY** from seeking or obtaining any other relief to which **CITY** may be entitled.

For all Work Products delivered to **CITY** that are not originated or prepared by **CONTRACTOR** or its Subcontractors under this Contract, **CONTRACTOR** shall secure a grant, at no cost to **CITY**, for a non-exclusive perpetual license to use such Work Products for any **CITY** purposes.

CONTRACTOR shall not provide or disclose any Work Product to any third party without prior written consent of **CITY**.

Any subcontract entered into by **CONTRACTOR** relating to this Contract shall include this provision to contractually bind its Subcontractors performing work under this Contract such that **CITY'S** ownership and license rights of all Work Products are preserved and protected as intended herein.

PSC-22. Data Protection

- A. **CONTRACTOR** shall protect, using the most secure means and technology that is commercially available, **CITY**-provided data or consumer-provided data acquired in the course and scope of this Contract, including but not limited to customer lists and customer credit card or consumer data, (collectively, the "City Data"). **CONTRACTOR** shall notify **CITY** in writing as soon as reasonably feasible, and in any event within twenty-four hours, of **CONTRACTOR'S** discovery or reasonable belief of any unauthorized access of City Data (a "Data Breach"), or of any incident affecting, or potentially affecting City Data related to cyber security (a "Security Incident"), including, but not limited to, denial of service attack, and system outage, instability or degradation due to computer malware or virus. **CONTRACTOR** shall begin remediation immediately. **CONTRACTOR** shall provide daily updates, or more frequently if required by **CITY**, regarding findings and actions performed by **CONTRACTOR** until the Data Breach or Security Incident has been effectively resolved to **CITY'S** satisfaction. **CONTRACTOR** shall conduct an investigation of the Data Breach or Security Incident and shall share the report of the investigation with **CITY**. At **CITY'S** sole discretion, **CITY** and its authorized agents shall have the right to lead or participate in the investigation. **CONTRACTOR** shall cooperate fully with **CITY**, its agents and law enforcement.
- B. If **CITY** is subject to liability for any Data Breach or Security Incident, then **CONTRACTOR** shall fully indemnify and hold harmless **CITY** and defend against any resulting actions.

PSC-23. Insurance

During the term of this Contract and without limiting **CONTRACTOR'S** obligation to indemnify, hold harmless and defend **CITY**, **CONTRACTOR** shall provide and maintain at its own expense a program of insurance having the coverages and limits not less than the required amounts and types as determined by the Office of the City Administrative Officer of Los Angeles, Risk Management (template Form General 146 in Exhibit 1 hereto). The insurance must: (1) conform to **CITY'S** requirements; (2) comply with the Insurance Contractual Requirements (Form General 133 in Exhibit 1 hereto); and (3) otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. **CONTRACTOR** shall comply with all Insurance Contractual Requirements shown on Exhibit 1 hereto. Exhibit 1 is hereby incorporated by reference and made a part of this Contract.

PSC-24. Best Terms

Throughout the term of this Contract, **CONTRACTOR**, shall offer **CITY** the best terms, prices, and discounts that are offered to any of **CONTRACTOR'S** customers for similar goods and services provided under this Contract.

PSC-25. Warranty and Responsibility of Contractor

CONTRACTOR warrants that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within **CONTRACTOR'S** profession, doing the same or similar work under the same or similar circumstances.

PSC-26. Mandatory Provisions Pertaining to Non-Discrimination in Employment

Unless otherwise exempt, this Contract is subject to the applicable non-discrimination, equal benefits, equal employment practices, and affirmative action program provisions in LAAC Section 10.8 et seq., as amended from time to time.

- A. **CONTRACTOR** shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and **CITY**. In performing this Contract, **CONTRACTOR** shall not discriminate in any of its hiring or employment practices against any employee or applicant for employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, gender, gender identity, age, disability, domestic partner status, marital status or medical condition.
- B. The requirements of Section 10.8.2.1 of the LAAC, the Equal Benefits Ordinance, and the provisions of Section 10.8.2.1(f) are incorporated and made a part of this Contract by reference.
- C. The provisions of Section 10.8.3 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Equal Employment Practices" provisions of this Contract.
- D. The provisions of Section 10.8.4 of the LAAC are incorporated and made a part of this Contract by reference and will be known as the "Affirmative Action Program" provisions of this Contract.

Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-27. Child Support Assignment Orders

CONTRACTOR shall comply with the Child Support Assignment Orders Ordinance, Section 10.10 of the LAAC, as amended from time to time. Pursuant to Section 10.10(b) of the LAAC, **CONTRACTOR** shall fully comply with all applicable State and Federal employment reporting requirements. Failure of **CONTRACTOR** to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment or Notices of Assignment, or the failure of any principal owner(s) of **CONTRACTOR** to comply with any Wage and Earnings Assignment or Notices of Assignment applicable to them personally, shall constitute a default by the **CONTRACTOR** under this Contract. Failure of **CONTRACTOR** or principal owner to cure

the default within 90 days of the notice of default will subject this Contract to termination for breach. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-28. Living Wage Ordinance

CONTRACTOR shall comply with the Living Wage Ordinance, LAAC Section 10.37 *et seq.*, as amended from time to time. **CONTRACTOR** further agrees that it shall comply with federal law proscribing retaliation for union organizing. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-29. Service Contractor Worker Retention Ordinance

CONTRACTOR shall comply with the Service Contractor Worker Retention Ordinance, LAAC Section 10.36 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-30. Access and Accommodations

CONTRACTOR represents and certifies that:

- A. **CONTRACTOR** shall comply with the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 *et seq.*, the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 *et seq.*, the Fair Housing Act, and its implementing regulations and any subsequent amendments, and California Government Code Section 11135;
- B. **CONTRACTOR** shall not discriminate on the basis of disability or on the basis of a person's relationship to, or association with, a person who has a disability;
- C. **CONTRACTOR** shall provide reasonable accommodation upon request to ensure equal access to **CITY**-funded programs, services and activities;
- D. Construction will be performed in accordance with the Uniform Federal Accessibility Standards (UFAS), 24 C.F.R. Part 40; and
- E. The buildings and facilities used to provide services under this Contract are in compliance with the federal and state standards for accessibility as set forth in the 2010 ADA Standards, California Title 24, Chapter 11, or other applicable federal and state law.

CONTRACTOR understands that **CITY** is relying upon these certifications and representations as a condition to funding this Contract. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-31. Contractor Responsibility Ordinance

CONTRACTOR shall comply with the Contractor Responsibility Ordinance, LAAC Section 10.40 *et seq.*, as amended from time to time.

PSC-32. Business Inclusion Program

Unless otherwise exempted prior to bid submission, **CONTRACTOR** shall comply with all aspects of the Business Inclusion Program as described in the Request for Proposal/Qualification process, throughout the duration of this Contract. **CONTRACTOR** shall utilize the Business Assistance Virtual Network ("BAVN") at <https://www.labavn.org/>, to perform and document outreach to Minority, Women, and Other Business Enterprises. **CONTRACTOR** shall perform subcontractor outreach activities through BAVN. **CONTRACTOR** shall not change any of its designated Subcontractors or pledged specific items of work to be performed by these Subcontractors, nor shall **CONTRACTOR** reduce their level of effort, without prior written approval of **CITY**.

PSC-33. Slavery Disclosure Ordinance

CONTRACTOR shall comply with the Slavery Disclosure Ordinance, LAAC Section 10.41 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-34. First Source Hiring Ordinance

CONTRACTOR shall comply with the First Source Hiring Ordinance, LAAC Section 10.44 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-35. Local Business Preference Ordinance

CONTRACTOR shall comply with the Local Business Preference Ordinance, LAAC Section 10.47 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-36. Iran Contracting Act

In accordance with California Public Contract Code Sections 2200-2208, all contractors entering into, or renewing contracts with **CITY** for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

PSC-37. Restrictions on Campaign Contributions and Fundraising in City Elections

Unless otherwise exempt, if this Contract is valued at \$100,000 or more and requires approval by an elected **CITY** office, **CONTRACTOR**, **CONTRACTOR'S** principals, and **CONTRACTOR'S** Subcontractors expected to receive at least \$100,000 for performance under the Contract, and the principals of those Subcontractors (the "Restricted Persons")

shall comply with Charter Section 470(c)(12) and LAMC Section 49.7.35. Failure to comply entitles **CITY** to terminate this Contract and to pursue all available legal remedies. Charter Section 470(c)(12) and LAMC Section 49.7.35 limit the ability of the Restricted Persons to make campaign contributions to and engage in fundraising for certain elected **CITY** officials or candidates for elected **CITY** office for twelve months after this Contract is signed. Additionally, a **CONTRACTOR** subject to Charter Section 470(c)(12) is required to comply with disclosure requirements by submitting a completed and signed Ethics Commission Form 55 and to amend the information in that form as specified by law. Any **CONTRACTOR** subject to Charter Section 470(c)(12) shall include the following notice in any contract with any Subcontractor expected to receive at least \$100,000 for performance under this Contract:

“Notice Regarding Restrictions on Campaign Contributions and Fundraising
in City Elections

You are a subcontractor on City of Los Angeles Contract #_____. Pursuant to the City of Los Angeles Charter Section 470(c)(12) and related ordinances, you and your principals are prohibited from making campaign contributions to and fundraising for certain elected City of Los Angeles (“**CITY**”) officials and candidates for elected **CITY** office for twelve months after the **CITY** contract is signed. You are required to provide the names and contact information of your principals to the **CONTRACTOR** and to amend that information within ten business days if it changes during the twelve month time period. Failure to comply may result in termination of this Contract and any other available legal remedies. Information about the restrictions may be found online at ethics.lacity.org or by calling the Los Angeles City Ethics Commission at (213) 978-1960.”

PSC-38. Contractors’ Use of Criminal History for Consideration of Employment Applications

CONTRACTOR shall comply with the City Contractors’ Use of Criminal History for Consideration of Employment Applications Ordinance, LAAC Section 10.48 *et seq.*, as amended from time to time. Any subcontract entered into by **CONTRACTOR** for work to be performed under this Contract must include an identical provision.

PSC-39. Limitation of City’s Obligation to Make Payment to Contractor

Notwithstanding any other provision of this Contract, including any exhibits or attachments incorporated therein, and in order for **CITY** to comply with its governing legal requirements, **CITY** shall have no obligation to make any payments to **CONTRACTOR** unless **CITY** shall have first made an appropriation of funds equal to or in excess of its obligation to make any payments as provided in this Contract. **CONTRACTOR** agrees that any services provided by **CONTRACTOR**, purchases made by **CONTRACTOR** or expenses incurred by **CONTRACTOR** in excess of the appropriation(s) shall be free and without charge to **CITY** and **CITY** shall have no obligation to pay for the services, purchases or expenses. **CONTRACTOR** shall have no obligation to provide any services,

provide any equipment or incur any expenses in excess of the appropriated amount(s) until **CITY** appropriates additional funds for this Contract.

PSC-40. Compliance with Identity Theft Laws and Payment Card Data Security Standards

CONTRACTOR shall comply with all identity theft laws including without limitation, laws related to: (1) payment devices; (2) credit and debit card fraud; and (3) the Fair and Accurate Credit Transactions Act ("FACTA"), including its requirement relating to the content of transaction receipts provided to Customers. **CONTRACTOR** also shall comply with all requirements related to maintaining compliance with Payment Card Industry Data Security Standards ("PCI DSS"). During the performance of any service to install, program or update payment devices equipped to conduct credit or debit card transactions, including PCI DSS services, **CONTRACTOR** shall verify proper truncation of receipts in compliance with FACTA.

PSC-41. Compliance with California Public Resources Code Section 5164

California Public Resources Code Section 5164 prohibits a public agency from hiring a person for employment or as a volunteer to perform services at any park, playground, or community center used for recreational purposes in a position that has supervisory or disciplinary authority over any minor, if the person has been convicted of certain crimes as referenced in the Penal Code, and articulated in California Public Resources Code Section 5164(a)(2).

If applicable, **CONTRACTOR** shall comply with California Public Resources Code Section 5164, and shall additionally adhere to all rules and regulations that have been adopted or that may be adopted by **CITY**. **CONTRACTOR** is required to have all employees, volunteers and Subcontractors (including all employees and volunteers of any Subcontractor) of **CONTRACTOR** working on premises to pass a fingerprint and background check through the California Department of Justice at **CONTRACTOR'S** sole expense, indicating that such individuals have never been convicted of certain crimes as referenced in the Penal Code and articulated in California Public Resources Code Section 5164(a)(2), if the individual will have supervisory or disciplinary authority over any minor.

PSC-42. Possessory Interests Tax

Rights granted to **CONTRACTOR** by **CITY** may create a possessory interest. **CONTRACTOR** agrees that any possessory interest created may be subject to California Revenue and Taxation Code Section 107.6 and a property tax may be levied on that possessory interest. If applicable, **CONTRACTOR** shall pay the property tax. **CONTRACTOR** acknowledges that the notice required under California Revenue and Taxation Code Section 107.6 has been provided.

PSC-43. Confidentiality

All documents, information and materials provided to **CONTRACTOR** by **CITY** or developed by **CONTRACTOR** pursuant to this Contract (collectively "Confidential Information") are confidential. **CONTRACTOR** shall not provide or disclose any Confidential Information or their contents or any information therein, either orally or in writing, to any person or entity, except as authorized by **CITY** or as required by law. **CONTRACTOR** shall immediately notify **CITY** of any attempt by a third party to obtain access to any Confidential Information. This provision will survive expiration or termination of this Contract.

EXHIBIT 1

INSTRUCTIONS AND INFORMATION ON COMPLYING WITH CITY INSURANCE REQUIREMENTS

(Share this information with your insurance agent or broker)

1. **Agreement/Reference** All evidence of insurance should identify the nature of your business with the **CITY**. Clearly show any assigned number of a bid, contract, lease, permit, etc. or give the project name and the job site or street address to ensure that your submission will be properly credited. Provide the **types of coverage and minimum dollar amounts** specified on the Required Insurance and Minimum Limits sheet (Form Gen. 146) as determined in writing by the CAO-RM.

2. **When to submit** Normally, no work may begin until a **CITY** insurance certificate approval number ("CA number") has been obtained, so insurance documents should be submitted as early as practicable. For **As-needed Contracts**, insurance need not be submitted until a specific job has been awarded. **Design Professionals** coverage for new construction work may be submitted simultaneously with final plans and drawings, but before construction commences.

Submitting your documents. **Track4LA®** is the **CITY'S** online insurance compliance system and is designed to make the experience of submitting and retrieving insurance information quick and easy. The system is designed to be used by insurance brokers and agents as they submit client insurance certificates directly to the **CITY**. It uses the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance** in electronic format. **Track4LA®** advantages include standardized, universally accepted forms, paperless approval transactions (24 hours, 7 days per week), and security checks and balances. The easiest and quickest way to obtain approval of your insurance is to have your insurance broker or agent access **Track4LA®** at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on your behalf.

Insurance industry certificates other than the ACORD 25 may be accepted, however ***submissions other than through Track4LA® will significantly delay the insurance approval process as documents will have to be manually processed.*** **CONTRACTOR must provide CITY** a thirty day notice of cancellation (ten days for non-payment of premium) AND an Additional Insured Endorsement naming the **CITY** an additional insured completed by your insurance company or its designee. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state the **CITY** is an automatic or blanket additional insured. An endorsement naming the **CITY** an Additional Named Insured and Loss Payee as Its Interests May Appear is required on property policies. All evidence of insurance must be authorized by a person with authority to bind coverage, whether that is the authorized agent/broker or insurance underwriter. Completed **Insurance Industry Certificates other than ACORD 25 Certificates** are sent electronically to CAO.insurance.bonds@lacity.org.

Additional Insured Endorsements DO NOT apply to the following:

- Indication of compliance with statute, such as Workers' Compensation Law.
- Professional Liability insurance.

Verification of approved insurance and bonds may be obtained by checking **Track4LA®**, the **CITY'S** online insurance compliance system, at <http://track4la.lacity.org>.

4. **Renewal** When an existing policy is renewed, have your insurance broker or agent submit a new Acord 25 Certificate or edit the existing Acord 25 Certificate through **Track4LA®** at <http://track4la.lacity.org>.

5. **Alternative Programs/Self-Insurance** Risk financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers, captive insurance programs and self-insurance programs are subject to separate approval after the **CITY** has reviewed the relevant audited financial statements. To initiate a review of your program, you should complete the Applicant's Declaration of Self Insurance form (<http://cao.lacity.org/risk/InsuranceForms.htm>) to the CAO-RM for consideration.

6. **General Liability** insurance covering your operations (and products, where applicable) is required whenever the **CITY** is at risk of third-party claims which may arise out of your work or your presence or special event on City premises. **Sexual Misconduct** coverage is a required coverage when the work performed involves minors. **Fire Legal Liability** is required for persons occupying a portion of **CITY** premises. Information on two **CITY** insurance programs, the SPARTA program, an optional source of low-cost insurance which meets the most minimum requirements, and the Special Events Liability Insurance Program, which provides liability coverage for short-term special events on **CITY** premises or streets, is available at (www.2sparta.com), or by calling (800) 420-0555.

7. **Automobile Liability** insurance is required only when vehicles are used in performing the work of your Contract or when they are driven off-road on **CITY** premises; it is not required for simple commuting unless **CITY** is paying mileage. However, compliance with California law requiring auto liability insurance is a contractual requirement.

8. **Errors and Omissions** coverage will be specified on a project-by-project basis if you are working as a licensed or other professional. The length of the claims discovery period required will vary with the circumstances of the individual job.

9. **Workers' Compensation and Employer's Liability** insurance are not required for single-person contractors. However, under state law these coverages (or a copy of the state's Consent To Self Insure) must be provided if you have any employees at any time during the period of this contract. Contractors with no employees must complete a Request for Waiver of Workers' Compensation Insurance Requirement (<http://cao.lacity.org/risk/InsuranceForms.htm>). A **Waiver of Subrogation** on the coverage is required only for jobs where your employees are working on **CITY** premises under hazardous conditions, e.g., uneven terrain, scaffolding, caustic chemicals, toxic materials, power tools, etc. The Waiver of Subrogation waives the insurer's right to recover (from the **CITY**) any workers' compensation paid to an injured employee of the contractor.

10. **Property** insurance is required for persons having exclusive use of premises or equipment owned or controlled by the **CITY**. **Builder's Risk/Course of Construction** is required during construction projects and should include building materials in transit and stored at the project site.

11. **Surety** coverage may be required to guarantee performance of work and payment to vendors and suppliers. A **Crime Policy** may be required to handle **CITY** funds or securities, and under certain other conditions. **Specialty coverages** may be needed for certain operations. For assistance in obtaining the **CITY** required bid, performance and payment surety bonds, please see the City of Los Angeles Bond Assistance Program website address at <http://cao.lacity.org/risk/BondAssistanceProgram.pdf> or call (213) 258-3000 for more information.

12. **Cyber Liability & Privacy** coverage may be required to cover technology services or products for both liability and property losses that may result when a **CITY** contractor engages in various electronic activities, such as selling on the Internet or collecting data within its internal electronic network. **CONTRACTOR'S** policies shall cover liability for a data breach in which the **CITY** employees' and/or **CITY** customers' confidential or personal information, such as but not limited to, Social Security or credit card information are exposed or stolen by a hacker or other criminal who has gained access to the **CITY'S** or **CONTRACTOR'S** electronic network. The policies shall cover a variety of expenses associated with data breaches, including: notification costs, credit monitoring, costs to defend claims by state regulators, fines and penalties, and loss resulting from identity theft. The policies are required to cover liability arising from website media content, as well as property exposures from: (a) business interruption, (b) data loss/destruction, (c) computer fraud, (d) funds transfer loss, and (e) cyber extortion.

Required Insurance and Minimum Limits

Name: _____

Date: _____

Agreement/Reference: _____

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

Workers' Compensation (WC) and Employer's Liability (EL)

WC *Statutory*

EL _____

☐ Waiver of Subrogation in favor of City☐ Longshore & Harbor Workers☐ Jones Act

General Liability
☐ Products/Completed Operations☐ Sexual Misconduct☐ Fire Legal Liability☐ _____

Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)

Professional Liability (Errors and Omissions)

Discovery Period _____

Property Insurance (to cover replacement cost of building - as determined by insurance company)
☐ All Risk Coverage☐ Boiler and Machinery☐ Flood☐ Builder's Risk☐ Earthquake☐ _____

Pollution Liability
☐ _____

Surety Bonds - Performance and Payment (Labor and Materials) Bonds

Crime Insurance

Other: _____

APPENDIX B

LACERS REQUIREMENTS

- Marketing Cessation Policy
- Confidentiality and Non-Disclosure of
Member Information Policy

Section 2.0 CONTRACT ADMINISTRATION

2.1 MARKETING CESSATION POLICY*Adopted: April 24, 2007; Revised June 10, 2014***Purpose**

The purpose of this policy is to ensure a transparent and fair contracting process which provides equal information and opportunity to all parties interested in contracting with LACERS. The policy helps prevent, and avoid the appearance of, undue influence on the Board or any of its Members in the award of investment related and other service contracts by placing restrictions on communications between parties seeking contracts and those involved in contract award and the contract process.

Parties Affected

Any firm or representative seeking a contract or contract extension/renewal with LACERS is a "Restricted Source" as defined by the City's Governmental Ethics Ordinance, and is subject to this policy.

Any Board Member, Staff member, City Attorney, LACERS consultant, or anyone working on LACERS' behalf which has any privileged information about the potential contract is subject to this policy.

Notification

All firms responding to a Request for Proposal are notified of the Department's Marketing Cessation Policy through the Request for Proposal solicitation. All firms whose contracts are approaching expiration are additionally notified of the Marketing Cessation Policy through their contract provisions.

Restricted Period

Restrictions apply from the time the Request for Proposal is released until a contract is executed.

Restrictions:**Communication Restrictions**

All firms that are potential candidates for the award of a contract, or extension of an existing contract, are prohibited from engaging in any direct or indirect marketing of their services except through the process set forth in the Request for Proposal. This includes a prohibition on conversations about the contract or the process to award it, but does not exclude conversations with restricted sources about generic topics at group social events, educational seminars, conferences, or charitable events.

Communications with firms who currently have contracts with LACERS are acceptable when they are related to the performance of the existing contract.

Gift Restrictions

In addition to all other applicable gift restrictions, Board Members and Staff will accept no entertainment or gifts of any kind from any Restricted Source, or intermediary, during the restricted period. An incumbent firm is also restricted from providing any type of gift or entertainment to Board Members or Staff during the three months prior to renewal of the existing contract or during the restricted period, whichever is longer.

Section 2.0 CONTRACT ADMINISTRATION

Proposer Disclosure

All Proposers shall provide the following disclosures with their RFP response. All recommendations to the Board to award a contract shall include a copy of such disclosures:

1. All respondents are required to submit a statement listing all contacts with Board Members, Staff, and Consultants during the restricted period.
2. All respondents shall provide information regarding any personal or business relationship between their personnel and any Member of the Board, Staff of LACERS, or Consultants who are designated as Form 700 filers in the Department's Conflict of Interest Code.
3. All respondents shall disclose any payments for marketing or placement services to any person, firm, or entity to assist in seeking the LACERS contracting opportunity.

Penalties

Any failures to disclose, or false disclosures, are a violation of this policy shall result in automatic disqualification of the firm involved.

This policy shall be reviewed by the Board every three years or earlier if necessitated by a change in local, State, or Federal statutes.

CONFIDENTIALITY & NON-DISCLOSURE OF MEMBER INFORMATION

CONTRACTOR agrees that all information disclosed by LACERS regarding its members and beneficiaries shall remain confidential and private. This information may include, but is not limited to, their names, dates of birth, home addresses, names of their spouses and spouses' dates of birth, names of their children and dates of birth of their children, names of beneficiaries, medical histories, wage assignments, divorce and marriage documents, and social security identifications.

CONTRACTOR hereby agrees not to disclose this information to third parties and shall exercise reasonable and current best practices to ensure the security of such information. State Law Requirements - Protection For Personal Information State law (See Civil Code Sections 1798.29, 1798.81.5 and 1798.82, as amended) requires a person or entity that owns or licenses computerized data that includes personal information, of a California resident, to disclose any breach of the data base security system and to implement and maintain procedures and practices to protect personal information from unauthorized access, destruction, use, modification, or disclosure and, shall require by contract, that non-affiliated third party recipients of such personal information, implement and maintain security procedures and practices to protect the personal information. Accordingly, CONTRACTOR agrees to implement and maintain such security procedures and practices, in conformance with Civil Code Sections 1798.29, 1798.81.5 and 1798.82, with respect to any personal identification information received under this agreement, as well as to notify the City of any breach in security.

CONTRACTOR shall not share, disclose, or in any way transfer the personal identification information without the written approval of the LACERS.

CONTRACTOR shall make no personal, business, or proprietary use of any private and confidentially-disclosed information regarding LACERS members, nor allow any third parties to make personal, business, or proprietary use of any of the disclosed information.

CONTRACTOR shall be responsible for any and all liabilities, including but not limited to those stated below in this paragraph, that result from any violation of Civil Code Sections 1798.29, 1798.81.5 and/or 1798.82 that Contractor, its employees, agents, or subcontractors may cause pursuant to the activities performed under this contract. Accordingly, CONTRACTOR agrees to indemnify and hold harmless the City of Los Angeles, its respective agencies, LACERS, LACERS board, all of their commissioners, officers, employees, and authorized agents, and, at the option of the City of Los Angeles, to provide a defense, reasonably acceptable to the LACERS, against any and all suits and causes of action, claims, charges, damages, demands, judgments, civil fines and penalties, or losses of any kind or nature whatsoever caused or brought by any person, including any aggrieved party, as defined in Civil Code Sections 1798.29 and 1798.82, arising out of CONTRACTOR'S breach of any of its duties and obligations under Civil Code Sections 1798.29, 1798.81.5 and/or 1798.82. The indemnification herein includes all awards, damages, interest, costs and attorneys' fees, if any. Such defense will be consistent with City Charter, Sections 271, 272 and 273.

At the termination of user services between CONTRACTOR and LACERS, CONTRACTOR hereby agrees to return all private and personal information it has received from LACERS regarding members and beneficiaries, and shall make no further use of any of the disclosed private or personal information provided by LACERS.

The laws concerning disclosure of private information on LACERS' members and their families made during this agreement shall mean the privacy laws of the State of California.

Exhibit 1

Proof of Required Insurance
Meeting Limits Established on
“Form Gen 146”



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/03/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER AXIS INSURANCE SERVICES, LLC 795 FRANKLIN AVENUE FRANKLIN LAKES NJ 07417		CONTACT NAME: Heather Verdui PHONE (A/C, No, Ext): 2018479175 FAX (A/C, No): E-MAIL ADDRESS: hverdui@axisins.com	
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A : Allied World Insurance Company	22730
		INSURER B :	
		INSURER C :	
		INSURER D :	
		INSURER E :	
		INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** 0550 EO16/17 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY						EACH OCCURRENCE \$
	<input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR	<input type="checkbox"/>	<input type="checkbox"/>				DAMAGE TO RENTED PREMISES (Ea occurrence) \$
							MED EXP (Any one person) \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						GENERAL AGGREGATE \$
	<input type="checkbox"/> OTHER						PRODUCTS - COMP/OP AGG \$
							\$
	AUTOMOBILE LIABILITY	<input type="checkbox"/>	<input type="checkbox"/>				COMBINED SINGLE LIMIT (Ea accident) \$
	ANY AUTO OWNED						BODILY INJURY (Per person) \$
	AUTOS ONLY						BODILY INJURY (Per accident) \$
	HIRED						PROPERTY DAMAGE (Per accident) \$
	AUTOS ONLY						\$
	UMBRELLA LIAB	<input type="checkbox"/>	<input type="checkbox"/>				EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/>	<input type="checkbox"/>				AGGREGATE \$
	DED <input type="checkbox"/> RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/>	N/A				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$
A	Errors & Omissions Claims Made - Retro Date 3.31.17	N	N	0307-7977	10/01/2017	10/01/2018	Limit per Claim \$15,000,000 Aggregate Limit \$15,000,000 Retention per Claim \$250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Professional Services: Insurance Agent/Broker for others.

Certificate Holder Name: Los Angeles City Employees""
Retirement System (LACERS)

CERTIFICATE HOLDER

City of Los Angeles and all of its Agencies, Boards and Departments
200 North Main Street
City Hall East, Suite 1240
Los Angeles CA 90012

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
Heather Verdui

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/29/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER AssuredPartners Northeast, LLC 123 Main Street 14th Floor White Plains NY 10601	CONTACT NAME: Jeanne Vezina PHONE (A/C, No, Ext): (914) 761-9000 FAX (A/C, No): (914) 761-3749 E-MAIL ADDRESS: JVezina@skcg.com														
INSURED Keenan & Associates C/O AssuredPartners, Inc. 200 Colonial Center Parkway Lake Mary FL 32746	<table border="1"><thead><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Charter Oak Fire</td><td>25615</td></tr><tr><td>INSURER B: Travelers Indemnity Co.</td><td>25658</td></tr><tr><td>INSURER C: Travelers Prop Casualty Co. of Am.</td><td>25674</td></tr><tr><td>INSURER D: Federal Insurance Co.</td><td>20281</td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Charter Oak Fire	25615	INSURER B: Travelers Indemnity Co.	25658	INSURER C: Travelers Prop Casualty Co. of Am.	25674	INSURER D: Federal Insurance Co.	20281	INSURER E:		INSURER F:	
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INSURER E:															
INSURER F:															

COVERAGES

CERTIFICATE NUMBER: CL1792895998

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS														
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	\$																				
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	UB3G481072-17	10/1/2017	10/1/2018	<table border="1"><tr><td><input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER</td><td></td></tr><tr><td>E.L. EACH ACCIDENT</td><td>\$ 1,000,000</td></tr><tr><td>E.L. DISEASE - EA EMPLOYEE</td><td>\$ 1,000,000</td></tr><tr><td>E.L. DISEASE - POLICY LIMIT</td><td>\$ 1,000,000</td></tr></table>	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER		E.L. EACH ACCIDENT	\$ 1,000,000	E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000	E.L. DISEASE - POLICY LIMIT	\$ 1,000,000						
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E.L. EACH ACCIDENT	\$ 1,000,000																				
E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000																				
E.L. DISEASE - POLICY LIMIT	\$ 1,000,000																				
D	Employee Theft			8225-9951	10/1/2017	10/1/2018	\$10,000,000 Limit \$100,000 Ded.														

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: MOSS - 0004

Los Angeles City Employees' Retirement Systems (LACERS) is named as an Additional Insured with respects to Liability and per endorsement #CG D4 11 04 08 (Copy Attached).

CERTIFICATE HOLDER**CANCELLATION**

Los Angeles City Employees'
Retirement System (LACERS)
360 East Second Street 2nd Fl
Los Angeles, CA 90012

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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ACORD 25 (2014/01)

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INS025 (201401)

Exhibit 2

Completed
Los Angeles Business Tax Form and
Copy of Certificate



CITY OF LOS ANGELES

OFFICE OF FINANCE

P.O. BOX 53200

LOS ANGELES CA 90053-0200

To Reginald


05 100-005029 1203 1

KEENAN & ASSOCIATES, INC
SULEMAN MOLOO
2355 CRENSHAW BLVD STE 200
TORRANCE CA 90501-3329

2355 CRENSHAW BOULEVARD #200
TORRANCE, CA 90501-3329

THIS CERTIFICATE MUST BE POSTED AT PLACE OF BUSINESS

CITY OF LOS ANGELES TAX REGISTRATION CERTIFICATE				
THIS CERTIFICATE IS GOOD UNTIL SUSPENDED OR CANCELLED				
BUSINESS TAX				
ACCOUNT NO.	FUND/CLASS	DESCRIPTION	ISSUED: 3/6/2012	STATUS
0002601703-0001-9	L049	Professions/Occupations	03/01/2012	Active



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KEENAN & ASSOCIATES, INC
SULEMAN MOLOO
2355 CRENSHAW BOULEVARD #200
TORRANCE, CA 90501-3329
2355 CRENSHAW BOULEVARD #200
TORRANCE, CA 90501-3329

ISSUED BY:
Antoinette D. Christensen
DIRECTOR OF FINANCE

NOTIFY THE OFFICE OF FINANCE IN WRITING OF ANY CHANGE IN OWNERSHIP OR ADDRESS P.O. BOX 53200, LOS ANGELES CA 90053-0200

Exhibit 3

Completed IRS W-9 Form

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Name (as shown on your income tax return)
Keenan & Associates

Business name/disregarded entity name, if different from above

Check appropriate box for federal tax classification (required): ☐ Individual/sole proprietor ☒ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ ☒ Exempt payee

☐ Other (see instructions) ▶

Address (number, street, and apt. or suite no.)
P.O. Box 4328

City, state, and ZIP code
Torrance, CA 90501

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number								
			-					


Employer identification number								
9	5	-	2	7	9	8	6	2
								6

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here **Signature of U.S. person ▶**  **Date ▶** 3/1/2018

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

**AMENDMENT NO. 1
TO
CONTRACT 4177**

**BAC Meeting: 07/28/20
Item VII
Attachment 2**

Whereas the parties have an existing Contract 4177, effective March 1, 2018 pursuant to which KEENAN & ASSOCIATES (hereinafter referred to as "CONTRACTOR") has agreed to provide health and welfare consulting services to the LOS ANGELES CITY EMPLOYEE RETIREMENT SYSTEM (hereinafter referred to as "LACERS" or sometimes "CITY"), and the parties now desire that the Contractor continue to provide health and welfare consulting services for an additional sixteen (16) months from March 1, 2021 to June 30, 2022 pursuant to the terms of this Amendment No. 1 ("Amendment") effective March 1, 2020;

Therefore, Contract 4177 is hereby amended as follows:

1. Section I. Term of Contract is hereby amended to add the following to the end of the current paragraph:

This Contract is hereby extended for an additional sixteen (16) months from March 1, 2021 through June 30, 2022 ("Extension"), unless terminated earlier in accordance with the termination provisions of the Contract.

2. Section III. Key Personnel is hereby amended to read:

III. KEY PERSONNEL

Laurie LoFranco, Municipality Practice Leader, will be the key person responsible for the performance of services under this Contract. Any changes in key personnel may be made only upon prior written notice from the CONTRACTOR and approval from LACERS General Manager or designee.

3. Section IV. Compensation is hereby amended to read:

LACERS will compensation CONTRACTOR for professional services rendered based on an hourly rate, not to exceed the total costs indicated as follows:

<u>SCOPE OF SERVICES</u>		<u>YEAR 3</u> <u>(3/1/20-</u> <u>2/29/21)</u> <u>No changes</u>	<u>Year 4</u> <u>(3/1/21-</u> <u>2/28/22)</u> <u>Extension</u>	<u>4 MONTHS</u> <u>(3/1/22-6/30/22)</u> <u>Extension</u>
A	Consultation & Advisory Services	\$107,000	\$107,000	\$ 35,667
B	Health Plan Bid and Renewal Process	\$98,000*	\$98,000*	\$ 32,667
C	Strategic Planning Only	\$108,000	\$108,000	\$ 36,000
D	Program Evaluation & Development	\$97,000	\$97,000	\$ 32,333
E	Legislative and Regulatory Analysis	\$43,000	\$43,000	\$ 14,333
F	Communications	\$61,000	\$61,000	\$ 20,333
G	Special Projects	\$102,000	\$102,000	\$ 34,000
H	As-needed Graphic Design	\$21,000	\$21,000	\$ 7,000
I	Dashboard Creation and Maintenance	\$56,000	\$56,000	\$ 18,667
J	Wellness Consulting	\$85,000	\$85,000	\$ 28,333
K	Data Initiative	\$25,000	\$25,000	\$ 8,333
		\$ 803,000	\$ 803,000	\$ 267,667

The following Billable Rates, Scope of Services, and Total Hours shall be for the Agreement year from March 1, 2020 through February 29, 2021.

The Total Hours shall reset for the Agreement year from March 1, 2021 through February 29, 2022, where the Billable Rates and Scope of Services shall remain the same unless otherwise amended.

The prorated amount of twenty-five percent (25%) of the Total Hours shall apply for the remainder of the Agreement from March 1, 2022 through June 30, 2022, where the Billable amounts and the Scope of Services shall remain the same unless otherwise amended.

<u>Job Classification</u>	<u>Billable Rate</u>	<u>Scope of Services</u>											<u>Total Hours</u>
		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>	<u>G</u>	<u>H</u>	<u>I</u>	<u>J</u>	<u>K</u>	
Laurie LoFranco	\$425												0
Ju Anderson Vice President	\$375	50	30	60	20								160
Bordan Darm Account Executive	\$350	180	60	80	80	10	20				30		460
Erin Robinson Service Consultant	\$265	325	50	50	40	50	50	50					615
Jovita Juanillo Senior VP, Underwriting & Actuarial Services	\$400		100		5								105
Christine Hough VP/Actuary	\$400	100	20		40					65		60	285
Robin Rager VP of Health Management	\$300	70		60	60			60		50	80		380
Ralph Gowen VP, Client Technology	\$250												0
Charlotte Doecker VP Marketing Communications	\$225												0
Amy B. Donovan VP Legislative and Regulatory Affairs	\$275					50							50
Jerry Healy Chief Employee Benefits Counsel	\$275					50							50
Betty Sassano General Counsel	\$275												0
Cara Obradovitz Health Management Specialist	\$200	60		30	35			65					190
Dolly Dacumos Manager, Benefits Underwriting	\$150		40	20	10		10	50					130
Robin Kerr Art Director	\$175						125	120	120				365

Alex Artiga <i>Digital Marketing Specialist</i>	\$150												0
Total Hours													2,790

*If CONTRACTOR is requested by LACERS to conduct a Request for Proposal (RFP) for medical, dental, and/or vision plans, the fee will be fifty thousand dollars (\$50,000) for each RFP in addition to the fees specified in the Scope of Services fee schedule.

The CONTRACTOR will pay for up to two (2) claim audits over the twenty-eight (28) month contract period referenced from March 1, 2020 through June 30, 2022.

4. All the remaining terms and conditions of Contract 4177 remain unchanged and in full force and effect, and shall govern the conduct of the parties during the remainder of this Agreement.
5. The effective date of this Amendment No. 1 is March 1, 2020.

(Signature Page to Follow)

FINAL EXECUTION AND SIGNATORIES OF CONTRACT AMENDMENT

Final execution of this contract amendment shall be the date the final signatory of the contract is made, subject to warranty by the individuals whose signature appears below that he/she has full authority to execute this Contract on behalf of the party on whose behalf he has affixed his signature to this Contract; and subject to satisfactory completion of compliance documents delineated in the contract.

KEENAN & ASSOCIATES

BOARD OF ADMINISTRATION, LOS
ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

By: _____
David Seres, Chief Financial Officer

By: _____
Neil M. Guglielmo, General Manager

Date: _____

Date: _____

By: _____
Ju Anderson, Vice President

Date: _____

Approved as to form and legality:

MICHAEL N. FEUER, City Attorney

By: _____
Assistant/Deputy City Attorney

Date: _____

HEALTH AND WELFARE CONSULTING CONTRACT EXTENSION
PROPOSED RESOLUTION

WHEREAS, LACERS has a three-year contract with Keenan and Associates for health and welfare consulting services that expires on February 28, 2021;

WHEREAS, LACERS staff will experience a significant increase in workload related to health plan enrollment for Members retiring under the Los Angeles World Airport and anticipated City Separation Incentive Programs, which will occur at the time a health and welfare consulting services contract Request for Proposal will need to be administered;

WHEREAS, LACERS staff is requesting an extension to the Keenan and Associates contract so that the Request for Proposal can be performed when workload returns to normal;

WHEREAS, on July 28, 2020, the Benefits Administration Committee agreed to forward to the Board a recommendation to amend the health and welfare consulting contract with Keenan and Associates to extend it for an additional one year and four months at a cost of \$1,070,667, and the General Manager to execute the contract amendment;

WHEREAS, on August 11, 2020, the Board approved the extension of the Keenan and Associates contract;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the amendment to the health and welfare consulting services contract with Keenan and Associates.

August 11, 2020

REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

MEETING: AUGUST 11, 2020

ITEM: VII – B

Neil M. Guglielmo

SUBJECT: PRI ACTION PLAN AND POSSIBLE BOARD ACTION

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

Recommendation

That the Board review the Principles for Responsible Investing (PRI) Action Plan.

Executive Summary

As a signatory of the PRI, LACERS has committed to incorporate environmental, social, and governance factors into investment decisions and the investment process. An annual review of the PRI Action Plan demonstrates LACERS' support of and commitment to the six Principles for Responsible Investment.

Discussion

On April 9, 2019, the Board of Administration approved becoming a signatory of the PRI; LACERS officially became a PRI signatory on September 3, 2019.

Responsible investing incorporates environmental, social, and governance (ESG) factors into investment decisions and the investment process to better manage risks and generate sustainable, long-term outperformance. As a signatory, LACERS has agreed to consider ESG factors by abiding to the PRI Principles. The six PRI Principles are:

- **Principle One:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle Two:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle Three:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle Four:** We will promote acceptance and implementation of the Principles within the investment industry.

- **Principle Five:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle Six:** We will each report on our activities and progress towards implementing the Principles.

As a signatory, LACERS is expected to meet several minimum responsibilities, including:

1. Adopt a responsible investment policy that covers at least 50% of assets under management;
2. Assign staff to implement the responsible investment policy;
3. Have the backing of senior-level management;
4. Develop accountability mechanisms;
5. Complete the PRI annual report; and,
6. Submit an annual signatory fee.

To ensure that LACERS continues to progress and continually develop its responsible investment program, staff has updated its operational PRI Action Plan (Plan) that was last reviewed by the Board on November 12, 2019. The proposed Plan outlines several administrative, operational, and policy initiatives that LACERS may pursue over the next four years. The Plan is also color-coded to designate specific initiatives and recurring activities that are: 1) operational, 2) policy considerations, and 3) research questions or discussions. The Plan is not an exhaustive list of ESG initiatives that LACERS could pursue, but a feasible set of initiatives that will allow LACERS to maintain a commitment to PRI.

The PRI Action Plan is updated annually prior the end of the fiscal year to reflect progress against specific objectives, disclosure of new ESG information and issues, and any changes in Board priorities. Due to the COVID-19 pandemic, several Plan items were moved to FY 2020-21.

The Action Plan proposes several key responsibilities and initiatives during the FY 2020-21, including:

1. Defining LACERS' Responsible Investment Policy;
2. Reviewing LACERS' Proxy Voting Policy;
3. Disseminating PRI reporting requirements to LACERS investment managers; and
4. Completing the PRI Annual Report.

The Responsible Investment Policy will provide guidance over what research questions and investment opportunities fit into LACERS' ESG Program. Additionally, the PRI report due in early 2021 will provide LACERS a better understanding of potential areas of Board consideration for future Action Plans

One specific operational Plan initiative is the proposed release of an ESG Consultant Request for Proposal (RFP), which the Board approved funding of \$55,000 in its FY 2020-21 budget. To ensure that LACERS' ESG Program is developed within an appropriate framework that meets PRI signatory responsibilities, staff seeks the assistance of an experienced consultant to develop a responsible investment policy, identify additional initiatives and define measurable objectives, sequence ESG initiatives appropriately across all major asset classes, create an automated operational system to increase administrative efficiencies, and help collaborate with other signatory asset owners to understand and implement best practices. Staff intends to bring this RFP for Board consideration in the second quarter of FY 2020-2021.

Staff will continue to work on the FY 2020-2021 initiatives during the proposed ESG Consultant Search, and return to the Board with a formal progress report and an updated PRI Action Plan in the first quarter of FY 2021-2022.

Strategic Plan Impact Statement

LACERS' membership and adoption of the Principles for Responsible Investment promotes good governance practices (Goal V) and the consideration of ESG issues as risk factors will assist LACERS in optimizing long-term risk-adjusted investment returns (Goal IV).

Prepared By: Ellen Chen, Investment Officer I, Investment Division

RJ/BF/EC:jp

Attachment: 1. PRI Action Plan

PRI Action Plan - August 11, 2020

Color Guide:

Blue = Operations

Green = Policy Consideration

Orange = Research Question/Discussion

PRI Action Plan	FY 2020-21				FY 2021-22				FY 2022-23				FY 2023-24			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Administrative Priorities	Submit to Board Annual PRI Action Plan for Review	Approval of ESG Consult. RFP	Release ESG Consultant RFP	Consultant RFP and Execute Contract			Revise PRI Action Plan based on ESG Consultant Recommendations					Submit to Board Annual PRI Action Plan for Review				Submit to Board Annual PRI Action Plan for Review
		Appoint ESG Risk Officer			PRI Progress Board Report				PRI Progress Board Report				PRI Progress Board Report			
					Attend PRI Virtually		Develop Automated PRI Tracking and Reporting System		Attend PRI in Person				Attend PRI in Person			
Principle One:	<i>We will incorporate ESG issues into investment analysis and decision-making processes</i>															
Update Investment Policy		Define LACERS RI Policy			Develop Specific RI Guidelines for Each Asset Class							Incorporate ESG Risk Factors Into Asset Class				
			Ensure RI Policy Covers 50% of AUM									Work With Consultant to Determine How to Evaluate Effectiveness of ESG Strategies and Fiscal Impact				
Manager Selection Processes			Discuss Integration of ESG in Asset Allocation Policy													
			Determine ESG Criteria for Future RFP Scoring; Create ESG Questions for Investment Manager RFP's													
ESG / Impact Fund Investment			Develop ESG Questions for Due Diligence for Each Asset Class													
													Research Active & Passive ESG Investment Strategies for Possible Inclusion in Asset Allocation			
Principle Two:	<i>We will be active owners and incorporate ESG issues into our ownership policies and procedures</i>															
Update Proxy Voting Guidelines		Review LACERS Proxy Voting Guidelines to Best ESG Practices			Update Proxy Voting Guidelines That Support Responsible Investing							Track Proxy Votes in Accordance to PRI Reporting Requirements				
Engage with companies through ESG/RI Trade Associations												Engage in Shareholder Advocacy and Collaborate on Specific Shareholder Issues and Proposals				
												Partner with ESG-Related Organizations and Actively Contribute and Participate Within Those Organizations				
Principle Three:	<i>We will seek appropriate disclosure on ESG issues by the entities in which we invest</i>															
Streamline ESG evaluation of investments			Determine What Information is Needed From Managers for PRI Annual Report									Track and Monitor Exposure to ESG Holdings				
												Request Investment Managers to Report ESG Activity on a Periodic Basis				
Track ESG data of PE and RE investments												Prepare ESG Survey of Current PE and RE Holdings (Voluntary for Existing PE/RE Managers; Mandatory if Negotiated)				
												Encourage GP's to Adopt ESG Decision-Making Framework				
												Consider ESG Disclosure in Side Letter Agreements				
Principles Four & Five:	<i>We will promote acceptance and implementation of the Principles within the investment industry & We will work together to enhance our effectiveness in implementing the Principles</i>															
Participate in ESG/RI Trade Associations												Attend PRI, ESG, RI Workshops and Events				
												Participate in ESG-Focused Advocacy Organizations and Explore Leadership Roles				
Participate in governance and policy discussions												Educate Peer Plans, Local Officials, and Members About LACERS RI Policy				
												Collaborate With Partner ESG Organizations on Evolving ESG Issues and Policies				
Principle Six:	<i>We will report on our activities and progress towards implementing the Principles</i>															
Annual PRI Reporting		Prep for PRI Reporting	Complete PRI Report		Prep for PRI Reporting	Complete PRI Report			Prep for PRI Reporting	Complete PRI Report			Prep for PRI Reporting	Complete PRI Report		
												Monitor Tracking of PRI-Aligned ESG Efforts				
Create accountability measures for ESG reporting												Research Best Practices for ESG Data Management and Validation			Implement ESG Data Protocols	