

Transamerica Long Term Care Insurance

Long term care insurance is on the minds of many LACERA members. The Transamerica Long Term Care Insurance (LTCI) program for LACERA retirees is now in its fifth year, with over 2,500 LACERA members becoming policyholders. It is projected that 400 additional members will obtain the LTCI coverage this year alone.

There are a number of ways that LACERA members can find out about this specially designed program. One-hour seminars are held at the LACERA office in Pasadena on the second Wednesday of each month, and regional seminars are held in neighborhood libraries and community centers. If you'd like to meet in a more personalized setting, LACERA can set up a one-on-one meeting with an approved long-term-care specialist. Or if you've got a quick question, you can simply call Transamerica's toll-free number, 1-800-207-9883, and speak to a consultant.

Below, you'll find some of the most commonly asked questions about the LTCI program:

How do you define "long term care?"

Long term care (LTC) is the type of care that requires ongoing assistance with activities of daily living (ADLs) such as bathing, dressing, walking, or eating. You may need this care as a result of an accident, illness, or ongoing condition.

Doesn't my regular medical health insurance cover this type of care?

No, your regular health insurance (Medicare, Kaiser, Blue Cross, etc.) is designed to cover short-term, critical care. Though hospital and doctor bills are covered by your regular health insurance, ongoing custodial care is not.

What is the current out-of-pocket cost for long term care services today?

The average cost of nursing homes today is \$4,000 per month, or \$48,000 per year, and the average stay is 2.8 years. The total cost for one person's stay in a nursing home averages around \$150,000. (This figure is expected to double in the next 10 to 15 years due to inflating health care costs.)

What types of services do long term care insurance policies cover?

Comprehensive long term care insurance plans will pay for skilled or unskilled workers to assist you in your own home, or the daily cost of care in "residential care facilities" or nursing homes.

How much do long term care insurance policies cost?

The cost of these plans depends upon your age, health, and the specific benefits you select.

When would I begin using the LTCI benefits?

When you are unable to perform two out of the seven activities of daily living listed in your policy, or when you have cognitive impairment (memory loss), or if your care is deemed "medically necessary." The seven ADLs in the policy are:

- Bathing
- Dressing
- Eating
- Toileting
- Transferring (from chair to bed)
- Continence
- Ambulating (walking)

How do I apply for LTCI coverage? Does everyone qualify?

Not everyone who applies for this insurance is approved to purchase it. When you apply, the company will obtain your medical records from your doctor, conduct a phone interview with you, and then review all the information. If your information meets the underwriting criteria, a policy will be issued.

If your medical records indicate that you have already been diagnosed with certain medical conditions, such as Alzheimer's Disease, Parkinson's Disease, or MS, a policy will not be issued. However, other medical conditions such as heart problems, cancer, diabetes, and lung conditions may be acceptable existing conditions, and you could qualify for coverage. Each application is handled on a case-by-case basis.

I've heard that the Transamerica Long Term Care Insurance for LACERA members has unique features that are not available in other plans on the market. What is unique about this plan?

The plan for LACERA members is a Tax Qualified plan. This means that you may be able to write off a portion of your premium, and you do not have to report the benefits you use as income.

This plan is also considered more "user friendly" than any other Tax Qualified plan. For example, all Tax Qualified plans on the market today have only six ADLs listed. The most common reason people need care is difficulty walking, but "ambulating" has been omitted from current Tax Qualified plans. However, the Transamerica plan for LACERA members includes walking in the list of ADLs, and is still considered Tax Qualified in the tax code.

Finally, because of the way this plan was structured and the size of the group it was designed for, LACERA members enjoy a 15-18% decrease in premium costs on this product.

How can I find out more about the program?

Simply call Transamerica's toll-free number, 1-800-207-9883. Be sure to ask for a schedule of upcoming seminars. [Click here to see LACERA's Transamerica seminar schedule.](#)

LACERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Board Vests 2001 STAR COLA Program for Current Recipients!

The Board of Retirement voted on April 4, 2001 to vest the STAR COLA benefits payable in calendar year 2001. Retirees and survivors, whose COLA accumulations exceeded 20% as of January 1, will continue to receive their 2001 STAR COLA amount for their lifetime. The STAR COLA amount awarded them on January 1, 2001 will not change. It will become a permanent part of their base retirement allowance, and the current STAR COLA recipients will have their COLA Accumulation reduced to 20%.

Next year, the current recipients will continue to receive the same STAR COLA dollar amount they are receiving in 2001. If the change in the Consumer Price Index (CPI) is greater than the maximum limits under the statutory (April 1) COLA program (up to 3% for Plan A, and 2% for Plans B, C and D), the excess would be added to the retirees' COLA Accumulation. The COLA Accumulation does not automatically become a part of the retirees' benefit. Any additional COLA benefits need to be approved by the Board of Retirement on a year-to-year basis.

Even though the Board of Retirement approved the STAR COLA benefit this year, the law enabling vesting of the benefit only allowed the Board to vest the current dollar amounts issued for 2001. In future years, when the CPI increase is greater than the statutory COLA program maximum limit, the Board may choose to approve an ad hoc temporary STAR COLA benefit based on the COLA accumulations greater than 20%, as it has done in past years. Or, the Board could vote to permanently vest a STAR COLA benefit based on the COLA Accumulations greater than 20%, as it did for this year. Finally, the Board may permanently vest the change in CPI that was not met by the statutory COLA program's maximum limit. (Please note that the members in Plan E do not participate in the statutory or STAR COLA programs.)

When the Board reviews this issue toward the end of the year, we'll let you know what action they decide to take.

L.A. CERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Emergency Readiness Tips

If you were in an earthquake, fire, or power outage today, would you know what to do? Are you ready to face the challenges that could arise in an emergency? The National Fire Protection Association, California Governor's Office of Emergency Services, and NBC4 have put together some important information on prevention and safety, for your reference. Familiarize yourself with the Emergency Readiness Tips below, and remember: Always be prepared!

FIRE

Have two escape routes from each room in your house and business.

Make sure all smoke detectors are in proper working order.

Remove dead branches overhanging your roof.

Never leave food unattended on the stove.

If you have a smoker in your home, make sure that all ashtrays are sturdy.

Keep all matches and lighters out of the reach of children.

EARTHQUAKE

Prepare an emergency kit of food, water, and supplies.

Conduct a practice drill so you know what to do when a shaker hits.

Choose an out-of-state friend or relative that you and others can contact about your whereabouts and condition after a quake.

Learn how to shut off gas, water, and electricity if the lines are damaged.

Keep breakable, heavy, and flammable objects in secured cabinets and low shelves.

LOSS OF POWER OR BLACKOUT

If you're in an elevator, stay calm. You are not in imminent danger. Many buildings have elevators that are automatically routed to the first floor a few minutes after an emergency. Ask your building custodian about elevator emergency measures.

If you're in your car, be aware that traffic signals will lose power. Be patient and remember that other drivers are in the same situation as you are.

If you are at home, keep the refrigerator door closed to save foods from spoiling. Once the power's back on, take an inventory of your perishables and remember: When in doubt - throw it out!

Turn off computers, radios, TVs, and other electrical appliances to avoid damage from power surges once the power is restored.

Don't forget to reset clocks when the power's back on!

LACERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

10th Annual LACERA Health Fair *Save the Date!*

It's back! Be sure to mark your calendars for this year's Annual LACERA Health Fair on September 21, 2001 at the Manhattan Beach Marriott.

From free lunch to free giveaways to free specialized workshops, this year's LACERA Health Fair will bring you a full day of activities promoting healthy and happy lifestyles.

LACERA plans to make this year's fair a successful and enjoyable day for everyone! As we get closer, we'll send you more detailed information on what types of activities and booths will be featured. Meanwhile, don't forget to save the date!

Blue Cross Participants

Note: If you switch between any of the Blue Cross Plans, the plan lifetime maximum will carry forward from one plan to another. For example, if you change from the Blue Cross Prudent Buyer Plan to Plan I, II, or III, your accumulated expenses from the Prudent Buyer Plan will count towards your lifetime maximum.

LACERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Public Service Announcement:

Heart Disease Prevention Study

The USC Atherosclerosis Research Unit is continuing its study on atherosclerosis (hardening of the arteries). The study is funded by the National Institute on Aging, and will help determine whether B-vitamin supplementation prevents or slows the progression of atherosclerosis.

If you are at least 40 years old, do not have heart disease, and are willing to take B-vitamins for 2.5 years, you may qualify for this major health disease study. Minorities and individuals older than 50 years of age are especially encouraged to participate in the study.

Participation is free and easy, and will take place in a modern clinical facility on the USC health campus. If you qualify, you will receive free cholesterol and blood pressure measurements, EKGs, ultrasound scans of the neck arteries, and other health monitoring. All procedures are non-invasive and painless, and involve no risk.

For more information, call the Atherosclerosis Research Unit toll-free at 1-866-240-1489, Monday through Friday, 8:00 a.m. to 3:00 p.m., or visit them online at their web site, at <http://www.usc.edu/medicine/aru>.

Conserve, Conserve, Conserve

With Californians facing a very hot summer, there's no doubt that many of us will be affected directly by the current power crisis. As we strive to save as much energy as we can, there are some specific things we can do to lessen the burden on our utility providers--and avoid prolonged blackouts. Following are three things you can do to help conserve:

Turn off those lights!

If a light is on and the room is empty...is the energy use efficient? A resounding "No!" Turn off the lights when you leave a room, even if you'll only be gone for 10 minutes.

Shut down the computer!

These days, it seems like there's a computer--or two!--in every household. To avoid useless power drain, turn off the computer, printer, and all peripherals when you're not using them.

Laundry at night!

It's no coincidence that most blackouts occur during the day. After all, that's when most people are at work, using computers and sitting under fluorescent lights. By washing clothes at night, you can personally help save energy. Plus you won't be as hot when you fold those clothes!

The Beesssssssss Are Here!

Nests have been found in the desert areas of Imperial, Riverside, San Bernardino, and San Diego counties. There are things you can do to make your environment safer and reduce your risk.

Africanized Honey Bees usually travel in swarms when they move from one nest to another. Check for nests and have a pest control company remove any that are found. Instruct family members to use caution when they come in contact with bees. If a swarm chases you, cover your face and eyes, run away quickly in a straight line, and take shelter in a car or building. The farther you get from the bees the better.

If you are stung by a bee, remove the stinger quickly by scraping, not squeezing, wash the affected area with soap and water and apply an ice pack to relieve the pain. Consult a doctor if you are allergic to bee stings or experience difficulty breathing. Think safety!

Spotlight on Retirement

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Legislative Updates

The following bills amending the County Employee Retirement Law are currently pending in the State Legislature and were evaluated during the recently conducted legislative session.

AB 196 Blood-borne Diseases (Correa)

As amended, this bill would eliminate the current requirement that a safety member must show exposure to blood or blood products on the job before being able to claim a disability due to having a blood-borne disease. It would also change Worker's Compensation law to include any "blood-borne infectious disease" in the definition of "injury." To accomplish that change, this bill would expand the current reference to "hepatitis" to "blood-borne infectious disease."

AB 1254 (Florez), AB 1385 (Romero), SB 695 (Karnette), SB 1018 (Perata)

These bills would provide safety retirement and those expanded disability benefits to local prosecutors (AB 1254), police officers and park rangers (AB 1385), peace officers (SB 695), and local prosecutors and public defenders (SB 1018).

Specifically, these bills:

- 1) Contain intent language that the Legislature recognize the "more than ordinary risks" which those employed as local prosecutors, police officers and park rangers, peace officers, and public defenders face in their daily work;
- 2) Require that they be included in the same retirement classification as local safety members in the same jurisdiction;
- 3) Allow individuals to opt to remain in their current non-safety status if they wish;
- 4) Specify that they will receive credit as safety members for all their local service before becoming a safety member, and specify that "Any unfunded liability resulting from this section shall be paid by the employer;"
- 5) Include local prosecutors, police officers and park rangers, peace officers, and public defenders under the Labor Code Section 4850, which provides that local safety members who may become disabled are entitled to up to one year off with pay before taking disability retirement or returning to the job;
- 6) Add the definitions of "local prosecutors," "police officers and park rangers," "peace officers," and "public defenders" to the Government Code and to the Labor Code.

AB 1665 (Ashburn)

Under current 37 Act law, the alternate safety member of the county retirement board may act in the absence of the safety member, the retired member, or any of the other elected members of the board. This bill would authorize the remaining 17 county retirement systems to establish a system whereby the retired members of the county could elect an alternate retired member to represent them on the board whenever the retired member was absent.

SB 304 (Karnette)

Current law in the 37 Act allows counties to require that certain safety members retire at specific maximum ages. Los Angeles County mandates that certain sheriffs and undersheriffs retire at age 60 or 70. This bill applies only to Los Angeles County and would allow the board of supervisors in that county to disregard that mandatory retirement provision for an assistant sheriff or a chief in a sheriff's office who is a safety member and whose primary duties are administrative. Because SB 304 is an Urgency bill, it would become effective the day the Governor signed it, rather than the following January 1, as is normally the case.

LACERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Information Kiosks Installed at LACERA

In June, computer kiosks were installed in the LACERA lobby to enable our members to view our web site. Using these computer terminals, our members can now access the LACERA site to research all the latest information on what's going on and what's coming up. These kiosks are available for use by all members, and we encourage you to come on down and give them a try when you visit LACERA. If you don't have a computer at home, this is a great opportunity to check out what the association has to offer online.

The LACERA web site is full of information, from benefits to healthcare to investments. We even feature archived issues of Spotlight, if you want to go back and reread a favorite article. So the next time you pay us a visit, take a moment to stop by the Public Counter in the LACERA lobby and access our web site.

LACERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Insurance Rate Renewal Increases 2001-2002

Each year, LACERA negotiates contracts with the insurance carriers to insure that you receive high-quality coverage at the most cost-effective premium amounts possible. With the many changes mandated for Medicare by the Balanced Budget Act of 1997 (BBA), health insurance companies are continually struggling to keep costs down. However, costs have soared for medical tests, procedures, and prescriptions. Consequently, our costs for providing health care to you have also had to increase.

This overall percentage is driven by increases of 11.1% in the medical plans and 4.9% in the dental/vision plans. Keep in mind that the increases in your plan may be lower or higher than the average.

All of the Medicare plans will experience significant rate increases. This is primarily because LACERA benefits are more generous than the standard Medicare plan benefits - especially in the benefit levels for prescription drugs and office visit co-payments.

Specific Rate Changes for Each Plan

In the last week of May, LACERA mailed health care information packets to all plan participants. This information may include changes that could affect your coverage. Take the time to carefully review your health plan information, and look for the specific rate that applies to you and your family.

Medical Care at Home and Abroad

In March, Spotlight featured an issue about retiring abroad. Spending quality time with family, sampling different cuisine, and enjoying cultural differences are some of the joys of being in a foreign country. But along with the adventure of a lifetime, you also need to consider your medical coverage. LACERA members living permanently in a foreign country have only two LACERA-sponsored options for medical care: Blue Cross Plan I and Blue Cross Plan II.

If you subscribe to one of these plans and live abroad, you should be aware that Blue Cross will not pre-authorize any medical services provided in foreign countries. This means that you must pay first for treatment out-of-pocket, then send the bills, proof of medical necessity, and your payment information, along with a Blue Cross Foreign Claim Form, to Blue Cross of California for reimbursement. If you have any questions about this policy, you should call LACERA to find out more.

Incidentally, if you are a Blue Cross Subscriber and move out of California to another state in the USA, all medical plan questions should be directed to the Blue Cross branch in the state you reside. To find out how to get in touch with your local Blue Cross office, you can call Blue Cross of California for contact information.

LACERA

Spotlight on Retirement

 June 2001
 Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

From the Executive Office:

LACERA's Security Policies for Your Protection



The Computer Age is upon us. With the invention of cyberspace technology and high-tech computer systems, much of our personal information is now stored electronically. From Social Security numbers to email addresses, there's no escaping the fact that our identities have been boiled down to numbers, dashes, and blips on the screen.

LACERA has many security policies in place to insure that all of the personal information we collect from you is protected, and we are always striving to keep our security measures up-to-date and impenetrable. I want to take this opportunity to explain some of the recent steps LACERA has taken to insure and protect your privacy:

Your Address Stays with Us

Many of you have probably experienced the deluge of e-junk mail that begins arriving the moment you register on a web site. This happens because unscrupulous sites buy and sell e-mail addresses and personal data without a care for the people on their lists. Credit card companies and banks may also participate in this type of information exchange, resulting in more and more targeted junk mail in your mailbox. LACERA has a policy that prohibits this kind of behavior. We will never sell or trade your address, social security number, or any other member information. That is my pledge to you. You can be sure that this confidential information is securely protected and will stay that way.

Some of you receive literature in the mail from RELAC and 660 Seniors, and may have wondered if LACERA shared our address list with them. To clarify, although we would never give your address to these or any organizations, we do want to provide you with information about services or programs that may benefit the membership. In accordance with our privacy policy, the Board of Retirement determines what organizations fall into this category, and authorizes LACERA to distribute literature to you on their behalf. Once the Board has decided what literature will be distributed, these organizations give the material to LACERA and we send it out using our own mailing list. This way your address remains confidential.

Why LACERA Opposes AB 1289

This act is known as the "Californians' Right To Privacy Act," and we do not support its enactment as it is written. If it became law, this bill would prohibit LACERA from 1) using a Social Security number to identify a new member, commencing in January 1, 2003, and 2) using a Social Security number to identify any member, commencing January 1, 2005.

The reason LACERA opposes this bill is because it would create a major administrative obstacle for LACERA, as our entire member information system is designed to track members based on Social Security numbers. This bill would, in effect, necessitate that LACERA rebuild its entire systems infrastructure from the ground up and reassign identification numbers to every retired member of the association. Because of the prohibitive cost and amount of time such a change would take, LACERA would only support the enactment of this bill if it were amended to exempt public health and welfare programs and public retirement programs.

LACERA has always put our members' security at the forefront of our programs, systems, and policies. AB 1289 would not contribute to any greater security or confidentiality, and would be prohibitively expensive to enact.

New ADR Security Policy to Prevent Identity Fraud

Beginning in May, LACERA implemented a new security policy. From now on, your bank routing number will no longer appear on your Direct Deposit automatic deposit receipt (ADR). Although your bank account number and routing numbers are still needed for the completion of the direct deposit application, they will only be displayed on the pre-notification letter that is sent to you for verification.

This policy was put into place as an identity fraud deterrent, but you should still be very careful about protecting your identification data. The Los Angeles Sheriff's Forgery/Fraud Detail has provided LACERA with a list of preventative measures you can take to protect yourself and your family from identity theft:

- Purchase a shredder or tear up unwanted mail into small pieces.
- Limit information you provide over the phone.
- Do not carry paperwork in wallets or purses that may contain personal information, such as social security number, mother's maiden name, etc.
- If companies ask for your social security number, ask them how it will be used and stored.
- Do not place outgoing mail in the mailbox in front of your home--take it to the Post Office. It is not uncommon for identity thieves to steal checks from your mail, "wash" them to remove all the information except your signature, and then make the checks out to themselves.

In the event that you do become a victim of this type of crime, it is important to act quickly and assertively to minimize the damage. Call credit bureaus and creditors immediately to notify them of your situation, and cancel credit cards and bank accounts that may be affected.

LACERA

Spotlight on Retirement

June 2001
Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

Every Vote Counts -----

This summer a new member will be elected to the Board of Retirement, to fill the seat vacated by the passing of Robert A. Stotelmeyer. The candidates' statements were available for inspection from May 8-16, and the random drawing for order of appearance on the ballot took place on May 11. At that time, all eligible candidates were certified, and the Official Ballots were prepared. From June 1-6, the ballot materials were gathered for mailing, and they should be arriving in your mailbox any day now.

Take this opportunity to vote and make a difference at LACERA, and make sure you get your ballots in by July 10! Once the votes have been tallied by the County Registrar Recorder, we'll announce the newest Board of Retirement member. Good luck to all the candidates!

Plan E Lawsuit Update-----

In January of this year, a ruling was made in the lawsuit brought against the County and LACERA by Plan E members, that the action could not be pursued in a "representative capacity." The judge in the case, John P. Shook, did state however, that individual plaintiffs would be free to pursue the matter in court individually.

The attorneys for CEFRP (County Employees for Fair Retirement Plans) have appealed Judge Shook's ruling in an effort to allow the class-action lawsuit to be filed. This appeal is still pending, and we will report any further developments in future Spotlight issues.

LACERA

Spotlight on Retirement

 June 2001
 Vol. 12 No. 3

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION - NEWS FOR RETIRED MEMBERS

WHAT'S NEW WITH THE MOU?

Good News! The county MOU legislation, known as AB 399, has passed through the Assembly and (as of this newsletter printing 6-12-01) is currently in the Senate. After approval by the Senate, the next step in the process will be presentation of the bill to the Governor for his signature.

The MOU agreement indicates that the Board of Supervisors will review and adopt each section of the new legislation before it can be implemented by LACERA. The MOU also states that some of the benefits will not be presented to the Board of Supervisors for adoption until the Ventura case, which is currently unsettled in Superior Court, has been resolved. However, all proposals are contingent upon LACERA using available and future surplus funds to pay for the benefits.

The effective date for the proposed MOU benefits will not be earlier than July 1, 2001, and may be later depending upon when the bill is signed by the Governor, when the Board of Supervisors issues their resolutions, and when LACERA determines the funding.

AMENDMENTS TO THE MOU

■ Safety Member Employee Contribution Pick-Up

On May 15, 2001, the Board of Supervisors amended the MOU by agreeing to subsidize employee contributions into Safety Plan B by paying 2% of an employee's rate beginning July 1, 2001, subsidizing an additional 1% effective July 1, 2002. Similar to the other MOU benefits, this benefit is contingent upon LACERA using available surplus funds to pay for the benefit and to pay for future costs resulting from the Ventura case. The Board of Investments (as of this newsletter printing) is reviewing the funding proposal.

■ Plan E Early Retirement Factors

Previously, we reported that this benefit established Plan E early retirement factors at the more favorable 1982 levels, regardless of future actuarial valuations. Since then, the County amended AB 399 to keep the retirement factors at their current levels, regardless of future actuarial valuation recommendations. (Plan E retirement benefits are based on normal retirement at age 65. If you retire earlier, your allowance will be reduced by early retirement factor applications. The early retirement factors are calculated by the actuary and are based on interest rate assumptions and life expectancy trends.)

■ LTD Benefit Amendment

Currently, if a Plan E member is totally disabled and on LTD (Long Term Disability) benefits, his or her retirement-eligible salary is frozen when the member terminates service. The amendment to AB 399 allows the Plan E member receiving LTD benefits to receive salary adjustments up to 2% per year, based on the CPI (consumer price index), from their termination date to their retirement date.

Please keep in mind, there is no guarantee that any of these benefit enhancements will be approved. They are under consideration and you will be notified if and when they are enacted.