

INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE AGENDA 9-15-11

MEMBERSHIP

Les Robbins, Chair
Simon S. Russin, Vice Chair
Marvin Adams
William de la Garza
Shawn R. Kehoe, Alternate

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

II. APPROVAL OF THE MINUTES OF THE SPECIAL MEETING OF OF AUGUST 11, 2011

III. FOR INFORMATION

- A. Proposed Ballot Initiatives**
Cynthia Lau, Legislative Affairs Officer
- B. Staff Activities Report for August, 2011**
- C. Emergency Medications**
(placed on the agenda at the request of Miss Antebi)
- D. Federal Legislation**
- E. CIGNA & Anthem Blue Cross Claims Experience**
 - Weekly Highlights – August 29, 2011
 - Weekly Highlights – August 22, 2011
 - Weekly Highlights – August 15, 2011
 - Weekly Highlights – August 8, 2011
 - Weekly Highlights – August 1, 2011

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

MINUTES OF THE MEETING OF THE
INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
and
BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

SEPTEMBER 15, 2011, 11:20 A.M. – 11:45 A.M.

COMMITTEE MEMBERS

PRESENT: Simon S. Russin, Vice Chair
Marvin Adams
William de la Garza
Shawn R. Kehoe, Alternate

ABSENT: Les Robbins, Chair

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Sadonya Antebi
Alan Bernstein (*left @ 11:35 a.m.*)
Yves Chery
Ed C. Morris

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith Cynthia Lau
Leilani Ignacio Robb Van Der Volgen

Mercer Human Resource Consulting

Clay Levister
Laurie Silva

The meeting was called to order by Chairman Russin at 11:20 a.m.

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE
OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

The Chair appointed Mr. Kehoe a voting member of the Committee.

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF AUGUST 11, 2011

A motion was made by Mr. de la Garza, seconded by Mr. Adams, to approve the minutes of the regular meeting of August 11, 2011. The motion passed with Mr. Kehoe abstaining.

III. FOR INFORMATION

A. Proposed Ballot Initiatives
Cynthia Lau, Legislative Affairs Officer

Several statewide retirement-related ballot initiatives have been submitted and cleared for circulation. The following summary is provided for informational purposes only.

A.G. File No. 11-0018, "Requires Minimum Investment by Public Pension or Retirement Systems in California Businesses." (Michael Lee Madsen, Sr.)

This proposal amends the State Constitution to require all State and local public pension or retirement systems to invest and maintain at least 85 percent of their system's assets in California-based businesses. Public pension or retirement systems would be required to comply with this new requirement beginning January 1, 2016.

A.G. File No. 11-0021, "Tax Public Pensions Above \$100,000 Per Year Act." (Alan Oliver Ebenstein)

This proposal amends the California Constitution to institute a new state tax on pension benefits paid to an individual by CalPERS and/or CalSTRS that exceed \$100,000 per year.

A.G. File No. 11-0022, "Raise Public Retirement Ages Act." (Alan Oliver Ebenstein)

This measure provides that "no new memorandum of understanding or other contract or agreement" between any public agency and employees in CalPERS or CalSTRS may allow their retirement with "full retirement benefits" at an age younger than 65, except for sworn public safety officers, who would be able to receive full retirement benefits starting at age 58.

III. FOR INFORMATION (Continued)

A.G. File No. 11-0026, "The Costa-Matteoli Pension Solvency Act."
(Edward J. Costa and Robert J. Matteoli)

This proposal would require public agency retirement systems to administer their plan in accordance with the Pension Solvency Act for a minimum of two years if not 100% funded. While under the Act, final compensation would be limited to base pay and the minimum retirement age would increase to 59 ½. The second part of this initiative would establish a new state entity to administer defined benefits for non-governmental employees in California, to be known as CalSPERS.

B. Staff Activities Report for August, 2011

The staff activities report was discussed.

C. Emergency Medications
(placed on the agenda at the request of Miss Antebi)

Miss Antebi discussed having a supply of medications in an emergency preparedness kit. Members who use the retail pharmacy are only allowed to purchase a 30 day supply, and can only reorder one week in advance, thus do not have extra medications available in the event of a disaster. Mail order service gives a 90 day supply, with the ability to order a refill 15 days in advance. Therefore, those members would have an advance supply on hand.

An emergency override is in place whereby members would be able to get their prescriptions filled in the event of an emergency or disaster. However, this would not help if a member was unable to get to a pharmacy to get their medications.

Staff will investigate possible solutions and report back to the Committee.

D. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through July 2011 were discussed.

- E. Federal Legislation
- Weekly Highlights – August 29, 2011
 - Weekly Highlights – August 22, 2011
 - Weekly Highlights – August 15, 2011
 - Weekly Highlights – August 8, 2011
 - Weekly Highlights – August 1, 2011

III. FOR INFORMATION (Continued)

The Department of Health and Human Services (HHS) has provided more information regarding the uniform summary of benefits and coverage required by the health care reform law. They have also defined the standards for qualified health plans to be offered when the health insurance exchanges launch in 2014. HHS also outlined how eligibility, enrollment and disenrollment will work, as well as drafting rules to address premium credits for coverage.

A federal appeals court has invalidated the health care reform law's individual mandate, requiring most people to have health coverage beginning in 2014 or face financial penalty. A second court reached a different conclusion, ensuring U.S. Supreme Court review of the issue and likely resolution next summer.

IV. MISCELLANEOUS

CVS Caremark disease management is changing some targeted diagnoses. Therefore, the hypertension program is being discontinued. This will affect approximately 6,300 LACERA members, who will receive letters informing them that this program is no longer available.

Caremark currently has the ability for members to receive their prescriptions and be billed later for them. This program is being discontinued. Approximately 2,800 members will be receiving letters from Caremark informing them of that fact.

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 11:45 a.m., after setting the time for the Operations Oversight Committee at 11:50 a.m.

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**