

## **AGENDA**

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

#### **LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

**300 North Lake Avenue, Suite 810  
Pasadena, CA 91101**

**July 12, 2012 - 9:00 A.M.\*\***

#### **COMMITTEE MEMBERS:**

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 REGULAR MEETING OF JUNE 14, 2012
- III. FOR INFORMATION
  - A. Staff Activities Report for June, 2012
  - B. Aon Hewitt Transition Update
  - C. Aon Hewitt Introductions
    - Team and Roles
  - D. Retiree Health Care in a Post-Reform Environment
  - E. Recommended Areas of Focus
    - Strategic Agenda
    - Administrative Agenda
    - Fiscal Agenda
  - F. CIGNA & Anthem Blue Cross Claims Experience
  - G. Federal Legislation
    - Aon Hewitt Washington Report

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IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT *and*  
SET TIME FOR OPERATIONS OVERSIGHT COMMITTEE MEETING

**\*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.**

**\*\*Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.**

**Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.**

***Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.***

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

JULY 12, 2012, 12:50 P.M. – 2:05 P.M.

**COMMITTEE MEMBERS**

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

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Sadonya Antebi  
Yves Chery  
Ed C. Morris

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith

Aon Hewitt

Kirby Bosley	Debbie Donaldson
Ken Lowman	John Grosso
Helen Batsalkin	Lorena Gutierrez

The meeting was called to order by Chairman Robbins at 12:50 p.m.

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

All regular members of the Committee were present.

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF JUNE 14, 2012

A motion was made by Mr. Russin, seconded by Mr. Adams, to approve the minutes of the regular meeting of June 14, 2012. The motion passed unanimously.

III. FOR INFORMATION

A. Staff Activities Report for June, 2012

The staff activities report was discussed.

B. Aon Hewitt Transition Update

Ms. Smith discussed the transition from Mercer to Aon as healthcare consultant. Since the Board approved Aon as the new consultant at the February 9, 2012 meeting, they have been diligently and actively working with staff on planning and transition. Aon accompanied Ms. Smith on several conferences and also attended Board meetings to observe Board operations. This has enabled them to “hit the ground running” upon coming on board on July 1, 2012.

C. Aon Hewitt Introductions

Kirby Bosley reintroduced her team and their roles. Ms. Bosley is the assigned strategic lead consultant for LACERA, a part of the core consulting team. The core team also includes Ken Lowman, lead consultant; Lorena Gutierrez, project manager; and Helen Batsalkin, financial consultant. Also attending today’s meeting are John Grosso, national practice leader for retiree healthcare, and Debbie Donaldson, team actuary

D. Retiree Health Care in a Post-Reform Environment

John Grosso and Debbie Donaldson discussed retiree health care and health care reform. The purpose of reform was to expand and improve coverage while introducing a number of financing mechanisms to cover costs. Health care reform creates both challenges and opportunities for plan sponsors. Many plan sponsors are positioning their programs to take full advantage of these opportunities.

Addressing Medicare’s long-term financial challenges will require increasing revenues and/or reducing spending growth. However, Medicare Advantage plans should remain viable, with high efficiency plans doing well. Plan sponsors need to understand the Medicare program changes under consideration and begin positioning programs to mitigate any potential unfavorable impact.

III. FOR INFORMATION (Continued)

Assisting LACERA in navigating health care reform and Medicare changes relates to one of Aon's recommended areas of focus, the strategic agenda.

E. Recommended Areas of Focus

Moving forward, Aon is recommending three specific areas of focus:

- Strategic Agenda, covering health care reform, Medicare, improving the health of the covered population, improving quality of care
- Administrative Agenda, covering contract management, program simplification, and expanded auditing
- Fiscal Agenda, covering the administration fee and reserves

F. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through May 2012 were discussed.

G. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 2:05 p.m., after setting the time for the Operations Oversight Committee at 2:10 p.m.

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