

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

August 9, 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 JULY 12, 2012
- III. FOR INFORMATION
 - A. Staff Activities Report for July, 2012
 - B. Medicare Part D Employer Group Waiver Plan (EGWP) Feasibility Study
 - C. CIGNA & Anthem Blue Cross Claims Experience
 - D. Federal Legislation
 - Aon Hewitt Washington Report
- IV. MISCELLANEOUS
- V. PUBLIC COMMENT
- VI. GOOD OF THE ORDER

(For discussion purposes only)
- VII. ADJOURNMENT *and*
SET TIME FOR OPERATIONS OVERSIGHT COMMITTEE MEETING

August 9, 2012

Page 2

***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

AUGUST 9, 2012, 11:00 A.M. – 11:40 A.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	Helen Batsalkin
Ken Lowman	Debbie Donaldson

The meeting was called to order by Chairman Robbins at 11:00 a.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 JULY 12, 2012

A motion was made by Mr. de la Garza, seconded by Mr. Kehoe, to approve the minutes of the regular meeting of July 12, 2012. The motion passed unanimously.

III. FOR INFORMATION

A. Staff Activities Report for July, 2012

The staff activities report was discussed.

B. Medicare Part D Employer Group Waiver Plan (EGWP) Feasibility Study

At the July 12 Committee meeting, Aon Hewitt discussed the Medicare Part D Employer Group Waiver Plan (EGWP) strategy as an alternative to the Retiree Drug Subsidy (RDS). Federal health care reform introduced key changes to Medicare Part D including a 50% pharma discount on brand drugs dispensed in the Part D “donut hole” (2011), and the closing of the Medicare Part D “donut hole” (2011 through 2020). While these changes do not directly affect the ability of LACERA’s plans to pass the RDS actuarial equivalence test going forward, they do bring potential savings opportunities through the use of a group-based Medicare Part D plan strategy, leveraging the federal EGWP process. The EGWP approach should transition the Caremark and Express Scripts (PBMs) prescription drug programs from their current position as a sub-contracted part of the Anthem Blue Cross plans to stand-alone Medicare Part D plans for Medicare eligible members. This change would ultimately replace the RDS strategy, minimally impacting retirees (if at all), and is expected to generate better financial results for LACERA.

Aon Hewitt’s feasibility study will help LACERA identify the full implications of moving to an EGWP strategy for the future, be well-positioned for strategy implementation, and prepared for ongoing discussions and implementation activities with the PBMs. This study is included under LACERA’s contract with Aon and is anticipated to begin on August 15, 2012, with completion by October 15, 2012.

C. CIGNA & Anthem Blue Cross Claims Experience

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

III. FOR INFORMATION (Continued)

- D. Federal Legislation
- Aon Hewitt Washington Report

Submitted for information only.

IV. MISCELLANEOUS

We recently received notice from the County that they have completed their fringe benefits negotiations. They are asking our participation in a joint committee with SEIU and the Coalition of County Unions, to discuss options and share concepts regarding controlling retiree health care costs in the future.

We will be bringing an RFP for long term care insurance to the Committee for review in the next few months. Long term care continues to be unstable, with more insurance companies exiting the market.

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 11:40 a.m., after setting the time for the Operations Oversight Committee at 11:45 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.**