

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**

May 9, 2013 - 9:00 A.M.**

COMMITTEE MEMBERS:

Alan Bernstein, Chair
Vivian H. Gray, Vice Chair
William de la Garza
Shawn R. Kehoe
Ed C. Morris, 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 APRIL 3, 2013
- III. FOR INFORMATION
 - A. Increasing Wellness Program Awareness and Participation
 - B. Staff Activities Report for April, 2013
 - C. Long Term Care (LTC)
 - Update on RFI
 - D. Medical Plan Audit and Operational Assessment – Anthem Blue Cross
 - E. Dental Plan Audit – Cigna
 - F. Cigna & Anthem Blue Cross Claims Experience
 - G. Federal Legislation
 - Aon Hewitt Washington Report
- IV. MISCELLANEOUS
- V. PUBLIC COMMENT

May 9, 2013

Page 2

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 REGULAR 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

MAY 9, 2013, 10:50 A.M. – 11:50 A.M.

COMMITTEE MEMBERS

PRESENT: Alan Bernstein, Chair
Vivian H. Gray, Vice Chair
William de la Garza
Shawn R. Kehoe
Ed C. Morris, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Sadonya Antebi
John Barger
Yves Chery
William Pryor
Mark Saladino

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith Gregg Rademacher
Leilani Ignacio

Aon Hewitt

Debbie Donaldson Gary Shutler
Helen Batsalkin Cathy Weis

The meeting was called to order by Chairman Bernstein at 10:50 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 SPECIAL MEETING OF APRIL 3, 2013

Ms. Gray made a motion, Mr. Kehoe seconded, to approve the minutes of the special meeting of April 3, 2013. The motion passed unanimously.

III. FOR INFORMATION

A. Increasing Wellness Program Awareness and Participation

Retiree Healthcare conducts semi-annual Staying Healthy Together workshops featuring keynote speakers, activities promoting wellness, and an opportunity for our members to meet and talk with RHC staff and representatives from our carriers. Because we are continuously looking for ways to increase retiree wellness engagement, we are collaborating with our consultant, Aon Hewitt, to gauge our members' communications preferences and determine how to maximize our wellness workshops and outreach efforts.

Aon will partner with The Futures Company (TFC), using non-LACERA, non-medical data collected from public sources within TFC's database. Each of our members will be assigned to one of six segments representing a grouping of individuals with similar attitudes, values, beliefs, behaviors, motivators, and barriers when it comes to health and wellness.

This data will help us understand the segments that are most prevalent in our overall population and key demographics. Aon will then recommend how to enhance our communications strategy and program design so that we are most effective at engaging the groups of people into the targeted behaviors.

Only names and addresses will be used to conduct this research. The data is passed between Aon and TFC via secure transfer methods and the file does not include any indicator of the organization to which the names/addresses belong.

B. Staff Activities Report for April, 2013.

The staff activities report was discussed.

C. Long Term Care (LTC)

- Update on RFI

We have completed the RFI and have two potential candidates who could offer long term care to retirees as well as active members. We have received approval from the County to offer our long term care plan to active members also. We will be bringing our recommendation to the Committee. Basically, we are considering offering both plans, in the event that one plan elects not to continue with its long term care product down the road, another plan option

III. FOR INFORMATION (Continued)

would be available. LACERA long term care plans are fully insured, and should not suffer the rate hikes occurring in plans such as CalPERS, which is self funded.

D. Medical Plan Audit and Operational Assessment – Anthem Blue Cross

Cathy Weis of Aon presented the results of the annual Anthem Blue Cross (Anthem) claims audit. The 2012 audit results indicate that Anthem has not performed as well as expected in its handling of LACERA's medical claims. Financial accuracy results did not meet LACERA's performance guarantee of 99.5%, coming in at 98.88%. However, non-financial accuracy was 99.55%, which exceeded LACERA's performance guaranty of 95%. Both overall accuracy and payment accuracy were above Aon Hewitt objectives. Anthem also achieved a satisfactory level in both timeliness categories for claim handling.

The majority of claim issues identified were underpayment errors and the result of manual errors made by LACERA's designated claim processing team. Even though Anthem is paying claims timely, and the frequency of errors is low, those errors being made are financially impactful to LACERA members.

Anthem has agreed to all errors assessed, however, their formal response to this report and findings is still outstanding at this time. Based on our audit findings, Anthem did not meet the minimum performance guarantee level for financial accuracy, resulting in penalties due LACERA.

From an operational standpoint, Rancho Cordova has the resources and capabilities necessary to provide very effective medical plan administration services to LACERA. However, improvement is needed in the customer service area. Anthem had a staffing issue in early 2012, they are now more stable and, hopefully, customer service should improve.

E. Dental Plan Audit – Cigna

Cathy Weis of Aon presented the results of the annual audit of dental plan claims at Cigna's Scranton, Pennsylvania claims processing facility. The 2012 results indicate that Cigna is not performing satisfactorily in its handling of LACERA's dental claims. Timeliness, overall accuracy, and payment accuracy were above Aon Hewitt's objectives. However, financial accuracy did not meet the objectives.

The majority of errors identified in the audit were related to errors made by Cigna's dental claim processors or data entry personnel. Between those two facets, the results are lower than we would like to see from a financial accuracy perspective.

III. FOR INFORMATION (Continued)

F. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through March 2013 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 11:50 a.m., after setting the time for the Operations Oversight Committee at 11:55 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.**