

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 14, 2014 - 9:00 A.M.**

COMMITTEE MEMBERS:

Vivian H. Gray, Chair
Alan Bernstein, Vice Chair
Shawn R. Kehoe
Ronald Okum
Les Robbins, Alternate

I. APPROVAL OF THE MINUTES

- A. Approval of the minutes of the regular meeting of July 10, 2014

II. PUBLIC COMMENT

III. FOR INFORMATION

- A. Anthem Mail Order – Specialty Drug RDS Claims Oversight
- B. Response to Milliman – CMS Medicare Part D Retiree Drug Subsidy (RDS) Program Process Review Recommendations
- C. CMS Early Retiree Reinsurance Program (ERRP) Audit Update
- D. Staff Activities Report for July, 2014
- E. Cigna & Anthem Blue Cross Claims Experience
- F. Federal Legislation
 - Aon Hewitt Washington Report

IV. MISCELLANEOUS

V. GOOD OF THE ORDER

(For information purposes only)

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

August 14, 2014

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***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 14, 2014, 10:58 A.M. – 11:57 A.M.

COMMITTEE MEMBERS

PRESENT: Vivian H. Gray, Chair
Alan Bernstein, Vice Chair
Shawn R. Kehoe
Ronald Okum (*left at 11:30 a.m.*)

ABSENT: Les Robbins, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Yves Chery
William de la Garza
David L. Muir

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith Kathy Migita
Leilani Ignacio James Pu

Aon Hewitt

Kirby Bosley

Anthem Blue Cross

Steven Scott

The meeting was called to order by Chair Gray at 10:58 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of July 10, 2014

Mr. Bernstein made a motion, Mr. Kehoe seconded, to approve the minutes of the regular meeting of July 10, 2014. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Anthem Mail Order – Specialty Drug RDS Claims Oversight

LACERA has been participating in the Medicare Part D Retiree Drug Subsidy (RDS) Program since its inception in 2005-2006. This was established by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) to encourage employers to continue offering prescription drug benefits to their retirees.

During the first quarter of 2014, staff received notification from CVS Caremark that the mail order and specialty drug claims were not being included in our RDS filings. Anthem Blue Cross, CVS Caremark, and LACERA have been working together to ensure both Anthem and CVS Caremark have processes in place to fully support LACERA's ability to re-open RDS applications for plan years 2006-2012 within the CMS RDS guidelines.

Steve Scott, Vice President and General Manager of Anthem, addressed the Committee as to how this data exclusion occurred and gave assurances that Anthem would take the responsibility to resolve this issue and ensure that, going forward, this error would be corrected.

B. Response to Milliman – CMS Medicare Part D Retiree Drug Subsidy (RDS) Program Process Review Recommendations

In August 2013, a Request for Proposal (RFP) was issued for audit services to review LACERA's internal administration and participation in the Medicare Part D Retiree Drug Subsidy Program (RDS). Milliman was selected, with the commencement of the audit process beginning February 2014.

Milliman submitted their RDS Process Review recommendations at the end of May 2014. Ms. Smith discussed Milliman's recommendations, LACERA's responses, and actions that have been, or will be, taken to address the recommendations as submitted.

III. FOR INFORMATION (Continued)

C. CMS Early Retiree Reinsurance Program (ERRP) Audit Update

The Patient Protection and Affordable Care Act (PPACA) established the Early Retiree Reinsurance Program (ERRP). ERRP is a temporary program whereby Congress allotted \$5 billion in financial assistance for employers to maintain quality, affordable health care to early retirees (ages 55 to 65 but not yet eligible for Medicare) and their families. LACERA received approval to participate in this program, a result of which we received approximately \$12 million in ERRP funds.

In July 2013, LACERA received notification from the Centers for Medicare and Medicaid Service (CMS) that they had selected LACERA to be audited to determine compliance with the ERRP program requirements.

The audit was completed and the audit report provided in July 2014. Ms. Smith discussed the four audit findings discovered during the audit, and LACERA's responses. LACERA's compliance failures were relatively few and minor. Although the ERRP program is coming to an end, the audit findings have helped staff identify areas in which we can reduce errors and ensure full compliance with other CMS programs and guidelines.

D. Staff Activities Report for July, 2014

The staff activities report was discussed.

E. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through June 2014 were discussed.

F. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

IV. MISCELLANEOUS

V. GOOD OF THE ORDER

(For information purposes only)

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

The meeting adjourned at 11:57 a.m., after setting the time for the Operations Oversight Committee at 12:05 p.m.

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