

AGENDA

A REGULAR MEETING OF THE BOARD OF RETIREMENT
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 810, PASADENA, CA
9:00 A.M., THURSDAY, JULY 9, 2015

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. REPORT ON CLOSED SESSION ITEMS
- IV. OTHER COMMUNICATIONS
 - A. For Information
 - 1. May 2015 All Stars
 - 2. Chief Executive Officer's Report
(Memo dated June 30, 2015)
 - V. PUBLIC COMMENT
 - VI. NON-CONSENT AGENDA
 - A. For Information Only as submitted by Gregg Rademacher, Chief Executive Officer regarding the Los Angeles County Other Postemployment Benefits Program Actuarial Valuation.
(Memo dated June 25, 2015)

Milliman
Robert L. Schmidt, Principal and Consulting Actuary
 - B. For Information Only as submitted by Gregg Rademacher, Chief Executive Officer regarding the Retirement Benefit Strategic Plan for Fiscal Years Ending 2015-2017. (Memo dated June 29, 2015)

VI. NON-CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Cassandra Smith, Director, Retiree Health Care Division: That the Board 1) Authorize the Chief Executive Officer to amend the current LACERA-Milliman RDS Agreement allowing Milliman to continue auditing the Anthem Blue Cross Plans I, II, III, Prudent Buyer Medicare Part D RDS until no significant errors are found; and 2) Establish a policy of auditing LACERA's participation in the Medicare Part D RDS program every two years. (Memo dated June 19, 2015)
- D. Information only as submitted by Cassandra Smith, Director, Retiree Health Care Division regarding the Anthem Blue Cross Plan 2006-2007 and 2011-2012 Medicare Part D RDS Resubmissions. (Memo dated June 24, 2015)
- E. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a "Watch" position on HR 711, which would enact the "Equal Treatment of Public Servants Act of 2015." (Memo dated June 19, 2015)
- F. Recommendation as submitted by Les Robbins, Chair, Insurance, Benefits and Legislative Committee: That the Board adopt a "Support" position on HR 973, which would enact the "Social Security Fairness Act of 2015." (Memo dated June 19, 2015)
- G. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board continue its "Watch" position on Assembly Bill 1291, which relates to the ability of the Ventura County Employees' Retirement Association to define itself as a "district" and thereby become the direct employer of certain of its employees. (Memo dated June 24, 2015)
- H. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Board continue its "Watch" position on Senate Bill 292, which would exempt certain cities and counties with revenues from extraordinary property tax rates from the prohibition on employer payment of employee contributions. (Memo dated June 29, 2015)

July 9, 2015

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VII. GOOD OF THE ORDER
(For information purposes only)

VIII. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement 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 Board of Retirement Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

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June 30, 2015

TO: Each Member
Board of Retirement
Board of Investments

FROM: Gregg Rademacher 
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT**

I am pleased to present the Chief Executive Officer's Report that highlights a few of the operational activities that have taken place during the past month, key business metrics to monitor how well we are meeting our performance objectives, and an educational calendar.

Board of Supervisors Votes to Prefund Retiree Healthcare Benefits

The Los Angeles County has a long history of forward thinking to control costs for retired worker benefits. During the 1970's, the County effected several rounds of pension benefit reform that lowered retirement benefit formulas, increased employee contributions, and extended retirement ages. Importantly, the Los Angeles County did not increase retirement benefit formulas when many State, County and City plans were doing so in the late 1990's and into the early 2000's. The County implemented further reforms as part of the State mandated Public Employees Pension Reform Act of 2013. Prudent benefit levels, along with consistent plan funding at the actuarially required amount by employers and employees, has kept LACERA's retirement plans relatively well funded. As of our last evaluation dated June 30, 2014, the retirement pension plan was 79.5% funded.

The retirement pension plan is only one portion of the County's benefit package for retired workers. Retiree Healthcare represents a significant benefit promise by the employer to its retired workers. While the County pre-funds the retirement benefit, the current funding mechanism for Retiree Healthcare Program's costs is essentially a "pay-as-you-go" system. The Board of Retirement, as the program's administrator, has effected several cost savings strategies over the years which include, Medicare advantage plans, mail order pharmacy, federal reimbursement programs, and coordinated care. Similarly, the County has been looking at ways to reduce the Retiree Healthcare Program's costs. In 2012, the County established an OPEB Trust Fund as a first step toward pre-funding the benefit and contributed approximately \$448 million. The County hired the Board of Investments as their investment manager and the OPEB Trust Fund has grown to \$496.98 million as of May 31, 2015. This was followed by the

introduction of a lower retiree healthcare benefit tier in 2014 for new employees. In May of this year, the County established a policy directing LACERA to transfer excess Retiree Healthcare Program premium reserves into the OPEB Trust Fund when the total reserves exceed the prudent reserve threshold established by the Board of Retirement.

In May 2015, the County's Chief Executive Office responded to the Board of Supervisors request for proposals for dealing with unfunded Retiree Healthcare Program liability (also known as the OPEB liability). The CEO identified three strategies:

1. Prefund Retiree Healthcare benefits,
2. Further change the Retiree Healthcare structure, and
3. Issue OPEB bonds in the capital market.

The CEO reported that specific recommendations would be presented to the Board of Supervisors as part of the final budget package in June 2015.

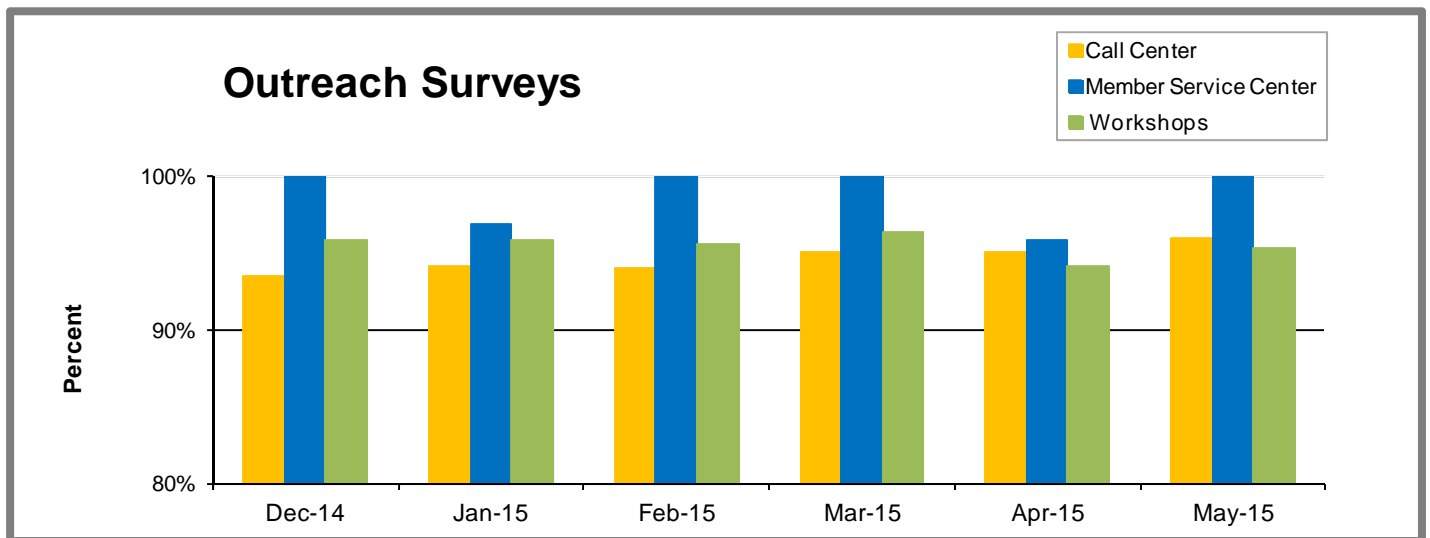
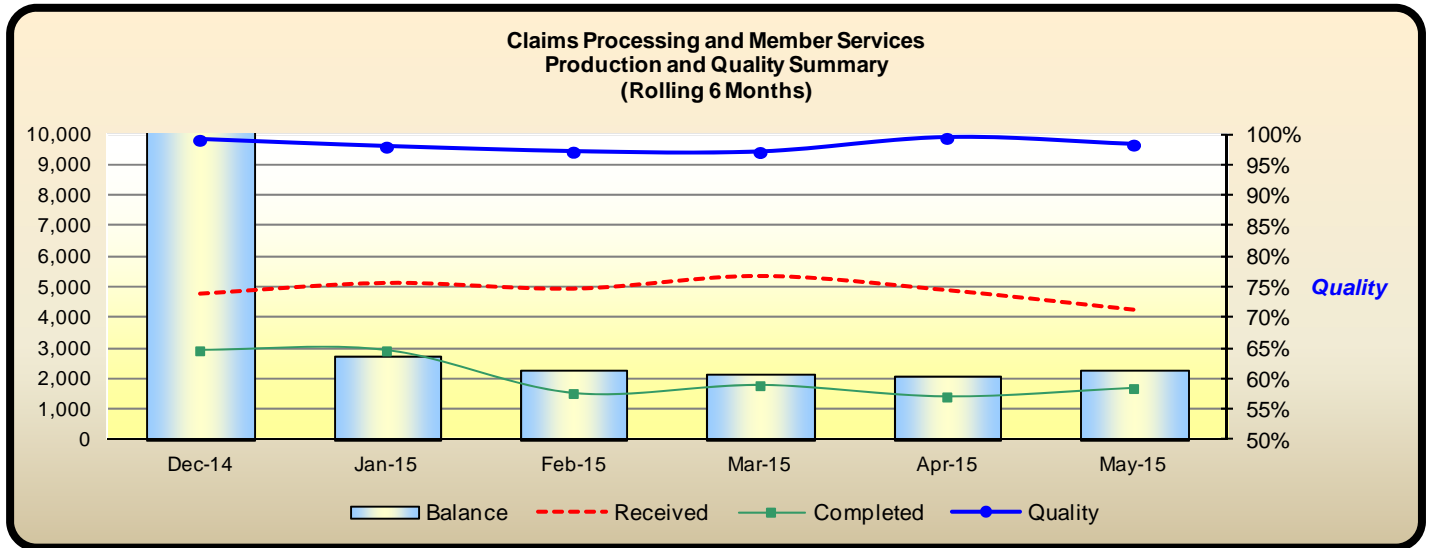
The Board of Supervisors approved their budget on June 22, 2015, and the budget includes a dedicated funding promise for the OPEB liability. The County will continue to pay for the Retiree Healthcare Program on a pay-as-you-go basis, which is approximately \$500 million annually, and will make an additional estimated \$20 million annual contribution to the OPEB Trust Fund. The amount is estimated as it includes a \$10 million allocation directly from the County and an estimated \$10 to \$12 million from state and federal funded programs. Each year thereafter the County will increase their contributions to the OPEB Trust Fund by approximately \$50 million until they are paying an amount that will sustain the program on a prefunding level. Based on the July 1, 2014 OPEB Valuation, the current annual actuarial required contribution is approximately 32% of payroll or \$2.1 billion. The County estimates their "ramp-up" funding methodology will fully meet the annual actuarially required contribution amount in 2027. While the OPEB liability will not be fully funded at this point in time, the County will have a good starting point to amortize the unfunded liability over a set period of years. The County estimates the OPEB liability will be approximately 43% funded by 2054.

Over the next few months staff will be working with the County to determine their OPEB Trust Fund contribution schedule for the next few years. Once we understand the anticipated cash flows (i.e. when the payments will be made and at what frequency) the Board of Investments will reevaluate the OPEB Trust Funding Policy. The County's prefunding plan addresses the County's OPEB liabilities. LACERA, as an independent employer, also operates on a pay-as-you-go basis for our Retiree Healthcare Program's costs. Staff will bring recommendations to the Boards later this year on joining the County in pre-funding the OPEB liability.

LACERA's KEY BUSINESS METRICS

OUTREACH EVENTS AND ATTENDANCE

Type	# of WORKSHOPS		# of MEMBERS	
	Monthly	YTD	Monthly	YTD
Benefit Information	15	122	602	5,742
Mid Career	0	14	0	453
New Member	17	185	221	2,837
Pre-Retirement	8	92	185	2,573
General Information	1	14	75	747
Retiree Events	2	11	150	1,593
Member Service Center	Daily	Daily	1,410	15,970
TOTALS	43	438	2,643	29,915



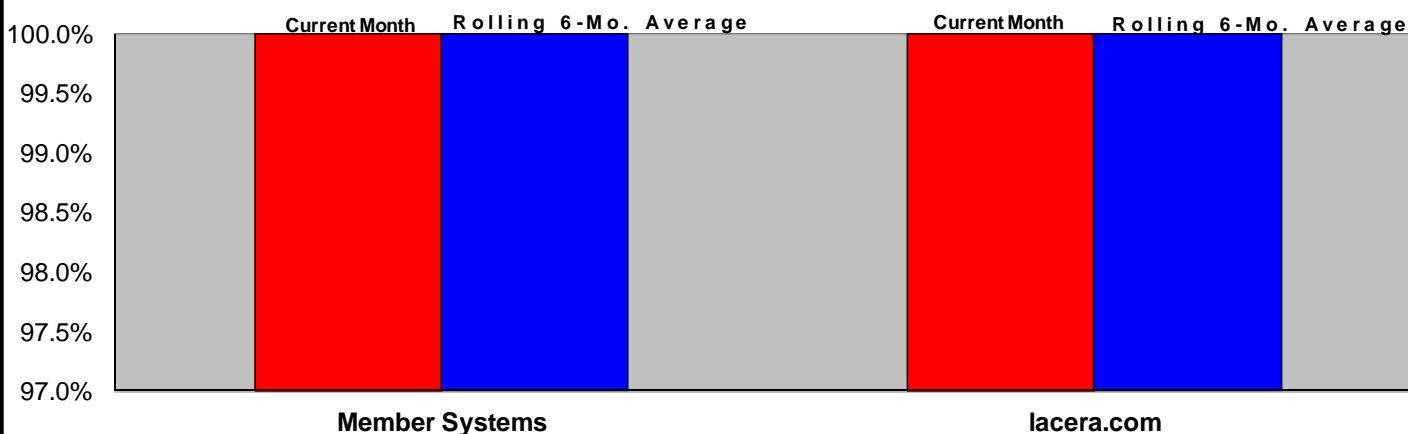
Member Services Contact Center			RHC Call Center	Top Calls
Overall Key Performance Indicator (KPI)	97.66%			
Category	Goal	Rating		<u>Member Services</u>
Call Center Monitoring Score	95%	95.68	98%	1) Benefit Payments: General Inquiry
Grade of Service (80% in 60 seconds)	80%	70.00%	31%	2) Workshop Info\Appt: Inquiry
Call Center Survey Score	90%	95.98%	xxxxx	3) Death: Benefit Explanation
Agent Utilization Rate	65%	61%	77%	
Number of Calls	9,790		3,098	<u>Retiree Health Care</u>
Calls Answered	9,167		2,722	1) Medical Benefits - General Inquiries
Calls Abandoned	623		376	2) Turning Age 65/Part B Reimburse
Calls-Average Speed of Answer	00:00:14		03:30	3) Dental/Vision Benefit General Inquiries
Number of Emails	214		116	
Emails-Average Response Time	.26		1 day	Adjusted for weekends

LACERA's KEY BUSINESS METRICS

Fiscal Years	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assets-Market Value	\$32.0	\$35.2	\$40.9	\$38.7	\$30.5	\$33.4	\$39.5	\$41.2	\$43.7	\$51.1
Funding Ratio	85.8%	90.5%	93.8%	94.5%	88.9%	83.3%	80.6%	76.8%	75.0%	79.5%
Investment Return	11.0%	13.0%	19.1%	-1.4%	-18.2%	11.8%	20.4%	0.3%	12.1%	16.8%

DISABILITY RETIREMENT						
APPLICATIONS	TOTAL	YTD		APPEALS	TOTAL	YTD
On Hand	460	xxxxxxx		On Hand	199	xxxxxxx
Received	44	353		Received	2	48
Re-opened	0	4		Administratively Closed	1	20
To Board – Initial	46	333		Referee Recommendation	4	21
Closed	6	69		Revised/Reconsidered for Granting	0	6
In Process	452	452		In Process	196	196

SYSTEMS AVAILABILITY MAY 2015



Active Members as of 7/1/15		Retired Members/Survivors as of 7/1/15			Retired Members	
		Retirees	Survivors	Total		
General-Plan A	331	20,180	4,821	25,001	Monthly Payroll	238.66 Million
General-Plan B	115	678	58	736	Payroll YTD	2.56 Billion
General-Plan C	113	416	53	469	Monthly Added	287
General-Plan D	48,558	10,605	1,023	11,628	Seamless %	99.65
General-Plan E	22,087	10,336	806	11,142	YTD Added	3,404
General-Plan G	10,128	0	0	0	Seamless YTD %	99.82
Total General	81,332	42,215	6,761	48,976	Direct Deposit	95%
Safety-Plan A	15	6,037	1,570	7,607		
Safety-Plan B	11,739	3,856	212	4,068		
Safety-Plan C	725	1	0	1		
Total Safety	12,479	9,894	1,782	11,676		
TOTAL ACTIVE	93,811	TOTAL RETIRED	52,109	8,543	60,552	

Health Care Program (YTD Totals)		
	Employer Amount	Member Amount
Medical	358,571,398	34,477,150
Dental	32,560,975	3,560,322
Med Part B	43,280,716	xxxxxxxxxx
Total Amount	\$434,413,089	\$38,037,472

Health Care Program Enrollments	
Medical	46,394
Dental	47,375
Med Part B	25,569
Long Term Care (LTC)	796

Funding Metrics as of 6/30/14	
Employer Normal Cost	9.29%
UAAL	10.04%
Assumed Rate	7.50%
Star Reserve	\$614 million
Total Assets	\$47.7 billion

Member Contributions as of 6/30/14	
Annual Additions	\$439 million
% of Payroll	6.08%

Employer Contributions as of 6/30/14	
Annual Addition	\$1,320 million
% of Payroll	19.33%

Date	Conference
July, 2015	
13-15	Fortune Brainstorm Tech Conference Aspen, CO
22-24	Pacific Pension Institute (PPI) North American Summer Roundtable San Francisco, CA
August, 2015	
18-21	World Pension Forum – Summer Summit Aspen, CO
25-28	CALAPRS (California Association of Public Retirement Systems) Principles of Pension Management Pepperdine University
September, 2015	
8-10	United Nations Principals of Responsible Investing (UNPRI) PRI in Person 2015 London, England
8-10	Robbins Geller Rudman & Down LLP's 2015 Public Funds Forum Laguna Beach, CA
18	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits DoubleTree Hotel San Jose
18	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees DoubleTree Hotel San Jose
29-30	International Corporate Governance Network (ICGN) Regional Conference Boston, MA
30-Oct. 2	Council of Institutional Investors (CII) Fall Conference Boston, MA
30-Oct. 2	PREA (Pension Real Estate Association) Annual Institutional Investor Real Estate Conference San Francisco, CA
October, 2015	
18-22	AHIP (America's Health Insurance Plans) Medicare Conference Washington D.C.
19-21	CRCEA (California Retired County Employees Association) Fall Conference Stockton, CA
25-27	Pacific Pension Institute (PPI) Executive Seminar (PES) Tokyo, Japan

FOR INFORMATION ONLY

June 25, 2015

TO: Each Member
Board of Retirement

FROM: Gregg Rademacher 
Chief Executive Officer

FOR: Board of Retirement Meeting of July 9, 2015

SUBJECT: **LOS ANGELES COUNTY OTHER POSTEMPLOYMENT BENEFITS PROGRAM (OPEB) ACTUARIAL VALUATION**

Attached for your review is the July 1, 2014 Los Angeles County Other Postemployment Benefits Program Actuarial Valuation. This valuation commonly referred to as the GASB 43/45 report or OPEB report, estimates the long-term funding liability for retiree medical, dental/vision, and death benefits promised to active and retired Los Angeles County workers who participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefits plan.

The valuation was performed at the request of Los Angeles County to satisfy financial statement reporting guidelines that apply to sponsoring employers, such as Los Angeles County, and those organizations, such as LACERA, who administer these benefit programs. The GASB reporting guidelines are intended to improve program cost disclosures and do not require any funding arrangements. The valuation will need to be conducted at least every two years.

The project's lead consulting actuary, Robert Schmidt with Milliman, will be present at your July 9, 2015 meeting, to provide a high level overview of the actuarial procedures, assumptions, and valuation results.

Finally, I would like to recognize and express my gratitude to the OPEB program stakeholders who actively participated in the OPEB valuation process, including: LACERA's consulting actuary – Milliman; LACERA's auditing actuary – Segal; representatives from Los Angeles County and their actuary – Cheiron; representatives from SEIU 721 and their actuary – Rael & Letson; and LACERA's Health Care Benefits Consultant – Aon Hewitt.

Attachment

GR:RH:tg

Los Angeles County Other Postemployment Benefits Program July 1, 2014 Actuarial Valuation Results

Robert Schmidt, FSA MAAA

July 9, 2015



Agenda

- **PROCESS**
- **MILLIMAN VALUATION RESULTS**
- **QUESTIONS AND COMMENTS**

PROCESS

Process Summary

- July 1, 2012 Last OPEB Valuation
- July 1, 2013 OPEB Experience Study
- July 1, 2014 Current OPEB Valuation

Process Summary (continued)

- Similar to July 1, 2012 valuation process
- Collaborative process
 - LA County
 - LACERA
 - SEIU
 - Consultants and Actuaries
 - Aon Hewitt
 - Cheiron
 - Rael & Letson
 - Segal
 - Milliman

Process Summary (continued)

- Assumption changes
 - Retirement benefit related assumptions
 - OPEB demographic assumptions are consistent with July 1, 2013 OPEB Experience Study
 - OPEB economic assumptions
- Valuation completed based on
 - June 30, 2014, census data
 - New approved assumptions
 - July 1, 2014, and July 1, 2015, health plan premiums

Retirement Benefit Related Assumptions

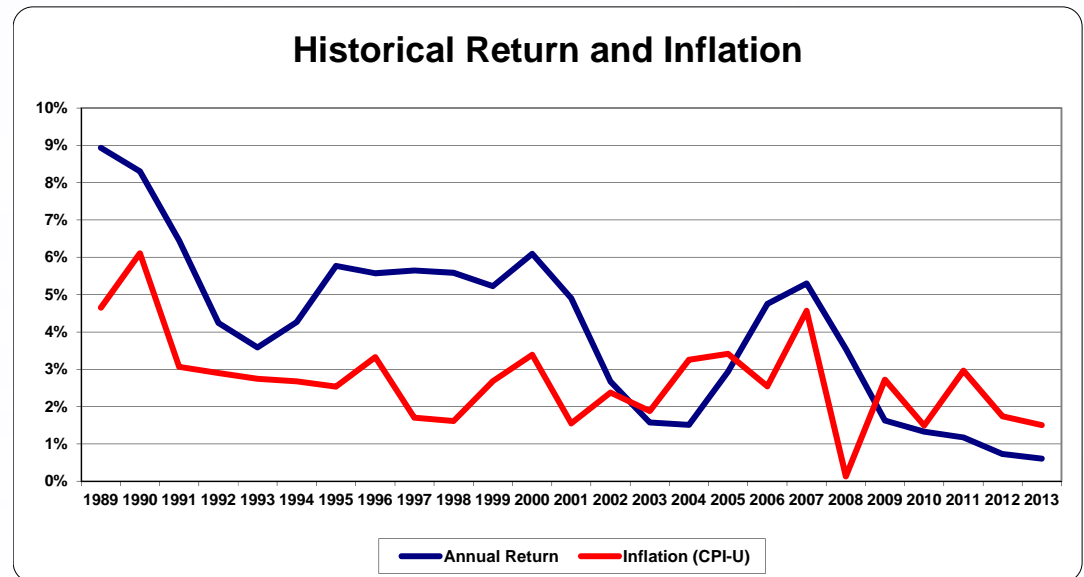
- Based on 2013 Investigation of Experience for Retirement Benefits
- Demographic
 - Consistent with June 30, 2014 Retirement Benefits Valuation
- Economic (FY 2012, FY 2013, FY 2014)
 - CPI: 3.35%, 3.00%, 3.00%
 - General wages: 3.85%, 3.50%, 3.50%

OPEB Assumptions

- Demographic
 - Consistent with July 1, 2013 OPEB Experience Study
- Plan sponsor Investment earnings rate
- Health cost trend rate
 - Medical
 - Medicare Part B
 - Dental/Vision
- Medical and Dental/Vision Claim Costs

Investment Earnings

- Historically, the investment earnings rate has been based on the County's general fund returns
- This assumption is based on inflation plus real return
- Real returns from 1989 through 2013 averaged 1.4% per year
- However, real returns from 2009 through 2013 averaged -1.0% per year
- 7/1/2012 assumption was 1.0% real return, plus 3.35% CPI = 4.35%



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Investment Earnings (continued)

- Economic projections based on Milliman ASOP 27 model
 - 3.00% inflation
 - County asset allocation of 42% cash, 58% 1-3 year bonds
- Reasonable range of real returns over 30 year period
 - 25th – 75th percentile
 - 0.37% - 0.96%, median of 0.66%

Investment Earnings (continued)

- County is prefunding
 - Approximately \$484 million or 1.37% of estimated July 1, 2014 AAL
 - Initial allocation is 11% cash, 9% 1-3 year bonds, 40% broad US equities, 20% developed foreign equities, and 20% emerging market equities
 - Funding Policy and Investment Policy established
 - No plans for funding ARC
 - Reasonable range of real returns over 30 year period from 2.28% to 6.07%
 - Median of 4.16%
- Blended Discount Rate
 - 3.00% inflation + 0.71% real = 3.71%
 - $[0.66\% \times 0.9863] + [4.16\% \times 0.0137] = 0.71\%$
- Round to 3.75%

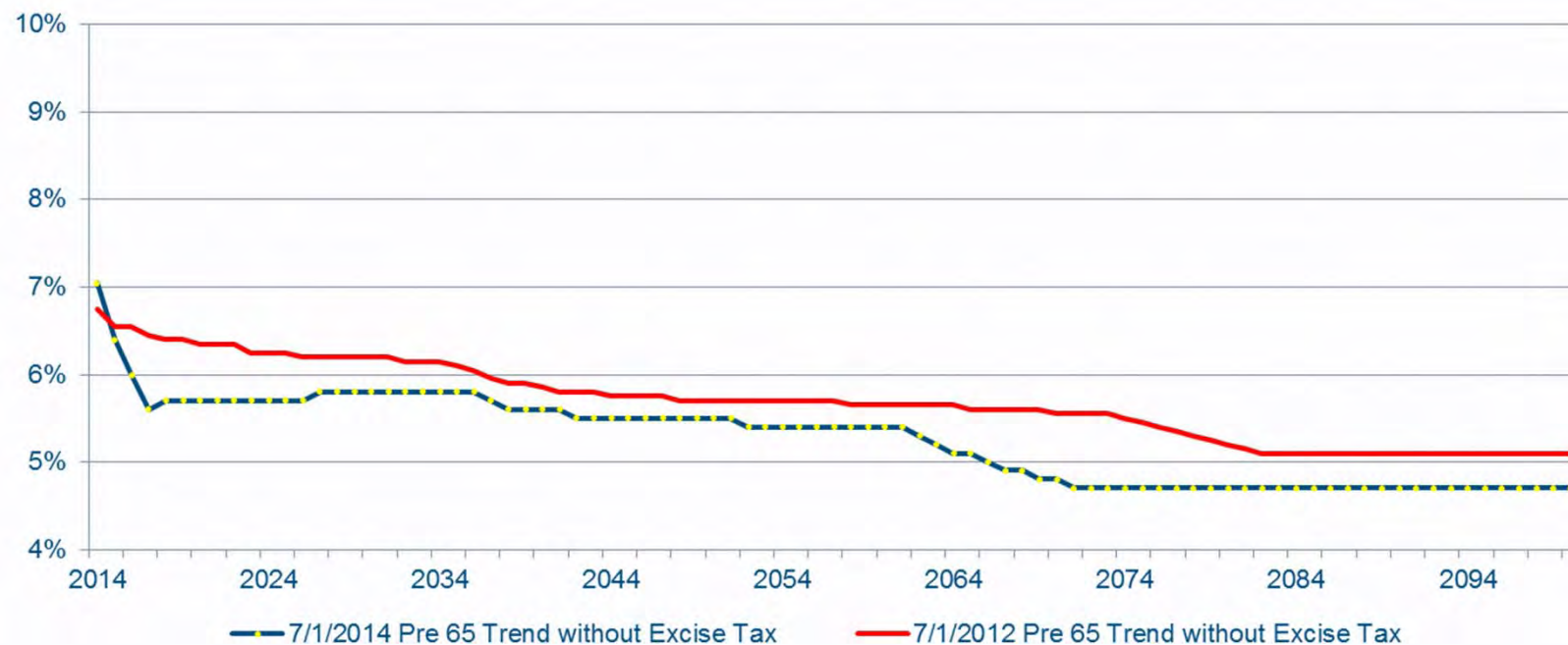
Medical Trend

- Based on a model published by the Society of Actuaries (SOA) in December 2007, most recent update in 2014
- Incorporates the following:
 - Actual July 1, 2015 renewals and near term expectations
 - Projections of 2020 health costs as a percentage of GDP (19.2%)
 - CPI Inflation (3.00% per year, decreased from 3.35% in 2012)
 - Real per-capita GDP growth (1.7% per year, same as 2012)
 - Other sources (taste, technology, etc.) (1.4% per year)
 - GDP resistance point (slower growth after health costs reach 25% of GDP)
 - GDP limit year (after 2075, health costs are assumed to grow at the rate of GDP growth)

Medical Trend - Continued

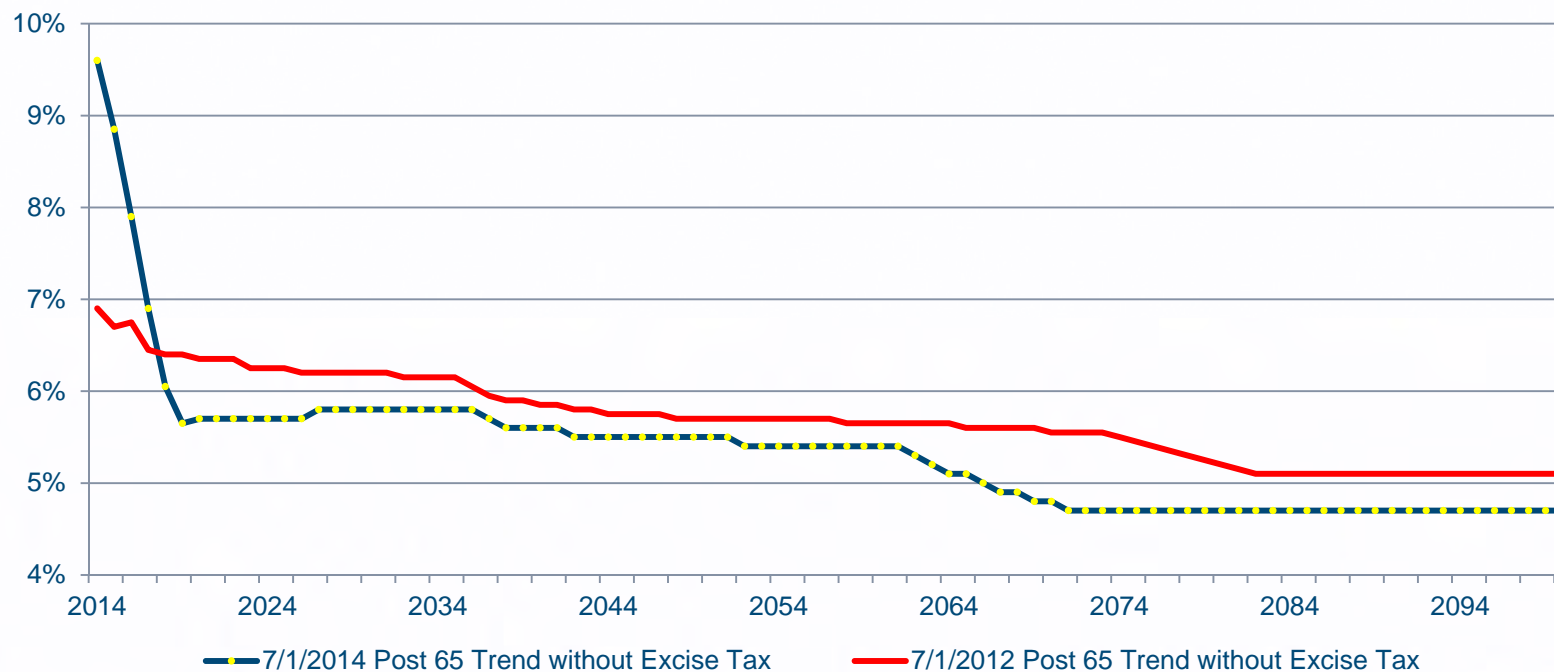
- Adjustments to SOA model
 - Removed the impact of projected U.S. population aging
 - 0.47% per year, grading down to 0% by 2061
 - Aging is already included in the claim costs
 - Trend for administrative costs of 3.75% per year
 - No Medicare Advantage trend leveraging
 - Has not materialized in historical premiums
 - We assume the MA plans will continue to manage trends to be similar to the other plans
 - Same assumption as 7/1/2012 valuation
 - Anticipated changes in plan mix through 2022
 - Projected changes in ACA fees
 - Rounding to nearest 0.05%
- Adjusted trends differ by pre and post 65 members

Medical Trend (w/o Excise Tax Adjustment) Pre 65



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Medical Trend (w/o Excise Tax Adjustment) Post 65



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MILLIMAN VALUATION RESULTS

16 July 9, 2015

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High Level Results

	July 1, 2014	July 1, 2012
Actuarial Accrued Liability (\$ billions)	\$ 28.55	\$ 26.95
County Normal Cost Rate	17.50%	17.55%
County ARC as a Percentage of Payroll	31.82%	32.07%

Assumptions

Discount Rate: 3.75% (assumes partial pre-funding of OPEB benefits)
Other Assumptions: Per July 1, 2014 Report

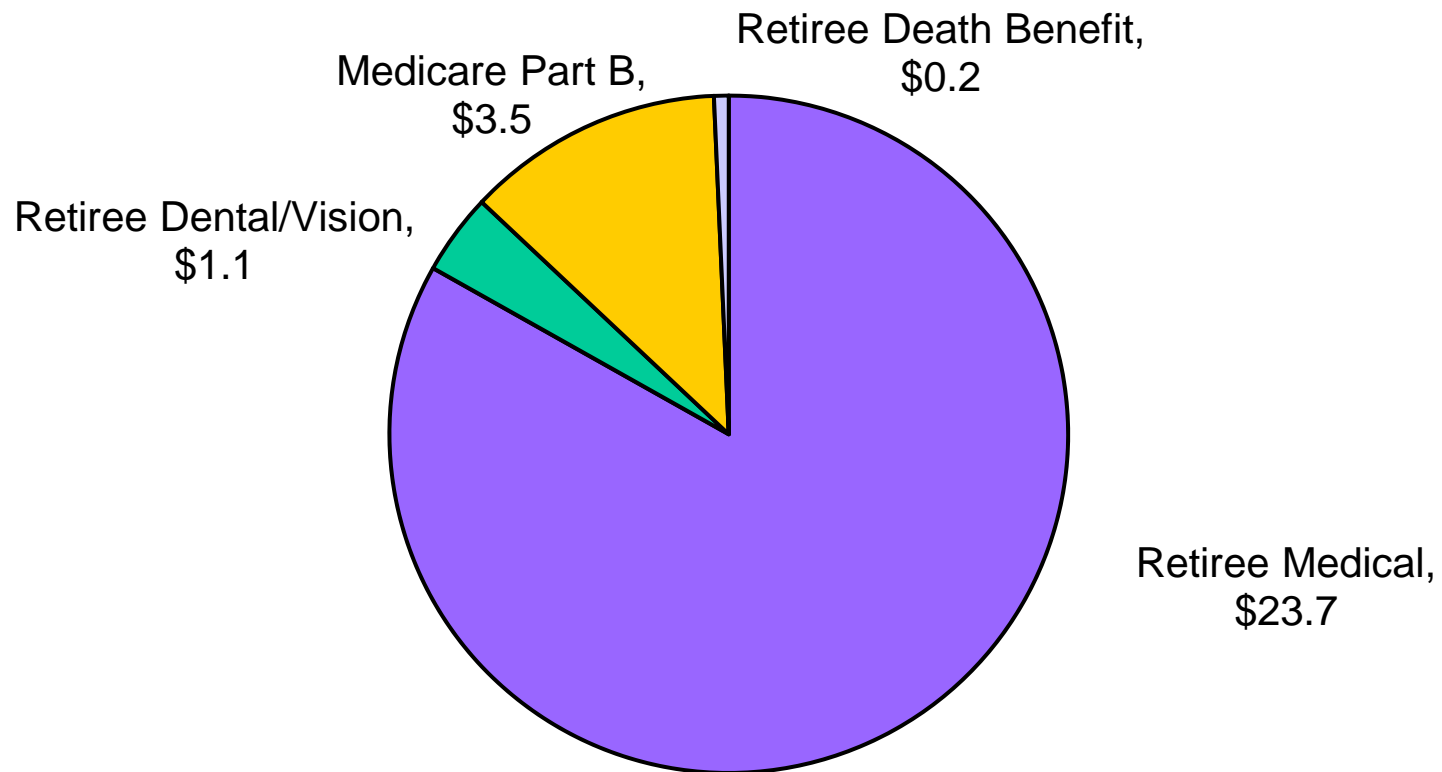
Analysis of Changes

Sources of Change	Actuarial Accrued Liability	County Normal Cost Rate	County ARC Percentage
A. July 1, 2012 Valuation	\$ 26.95	17.55%	32.07%
2013 Experience Study Changes	(0.19)	(0.43%)	(0.54%)
Expected Two-year Change	3.87	0.40%	1.29%
B. July 1, 2014 Valuation Expected	\$ 30.63	17.52%	32.82%
Claim Cost Experience	(4.50)	(3.18%)	(5.55%)
Trend Assumption (Gain)/Loss *	(0.97)	(1.06%)	(1.57%)
General Wage Increase Assumption Change (Gain)/Loss	-	0.00%	0.64%
Discount Rate Change (Gain)/Loss	3.44	2.97%	3.64%
Other Experience (Gain)/Loss	(0.05)	1.25%	2.09%
Inclusion of Assets on 7/1/2014 (Gain)/Loss	-	0.00%	(0.25%)
C. July 1, 2014 Valuation	\$ 28.55	17.50%	31.82%

* Includes impact of July 1, 2015 renewal for all plans except Fire Fighters Local 1014

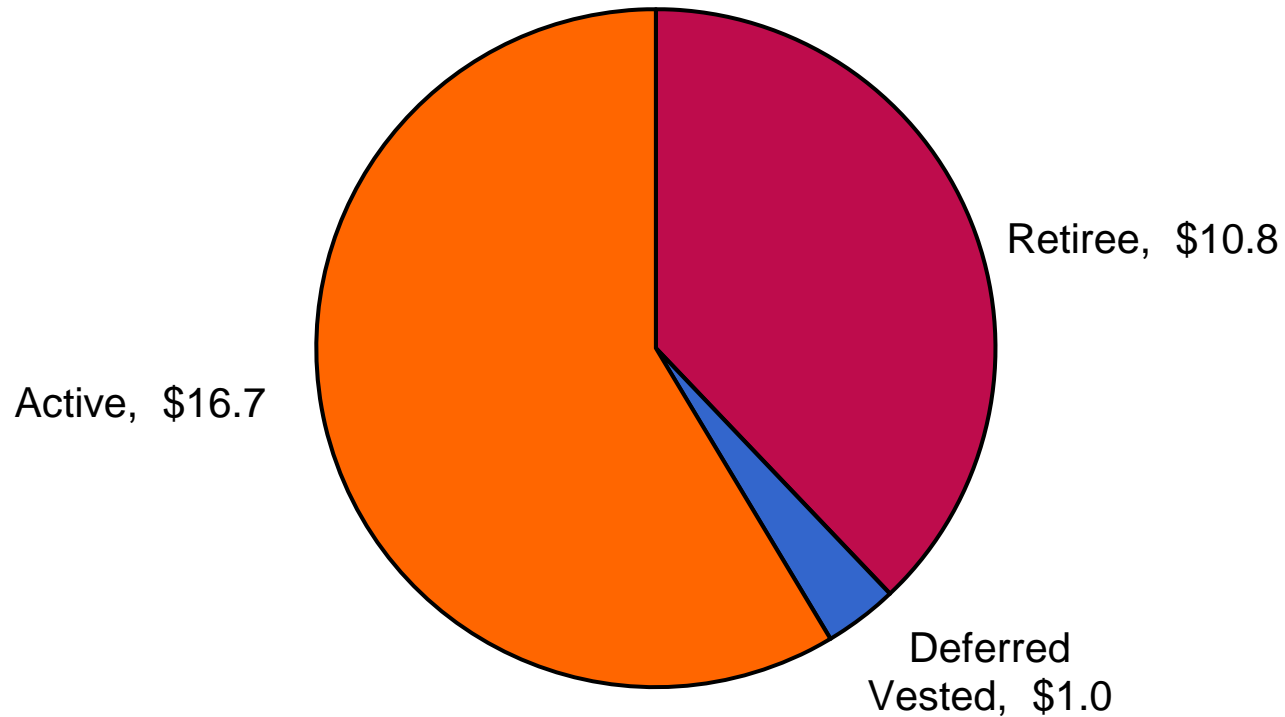
All Actuarial Accrued Liability figures are expressed in billions of dollars.

Actuarial Accrued Liability by Benefit Type



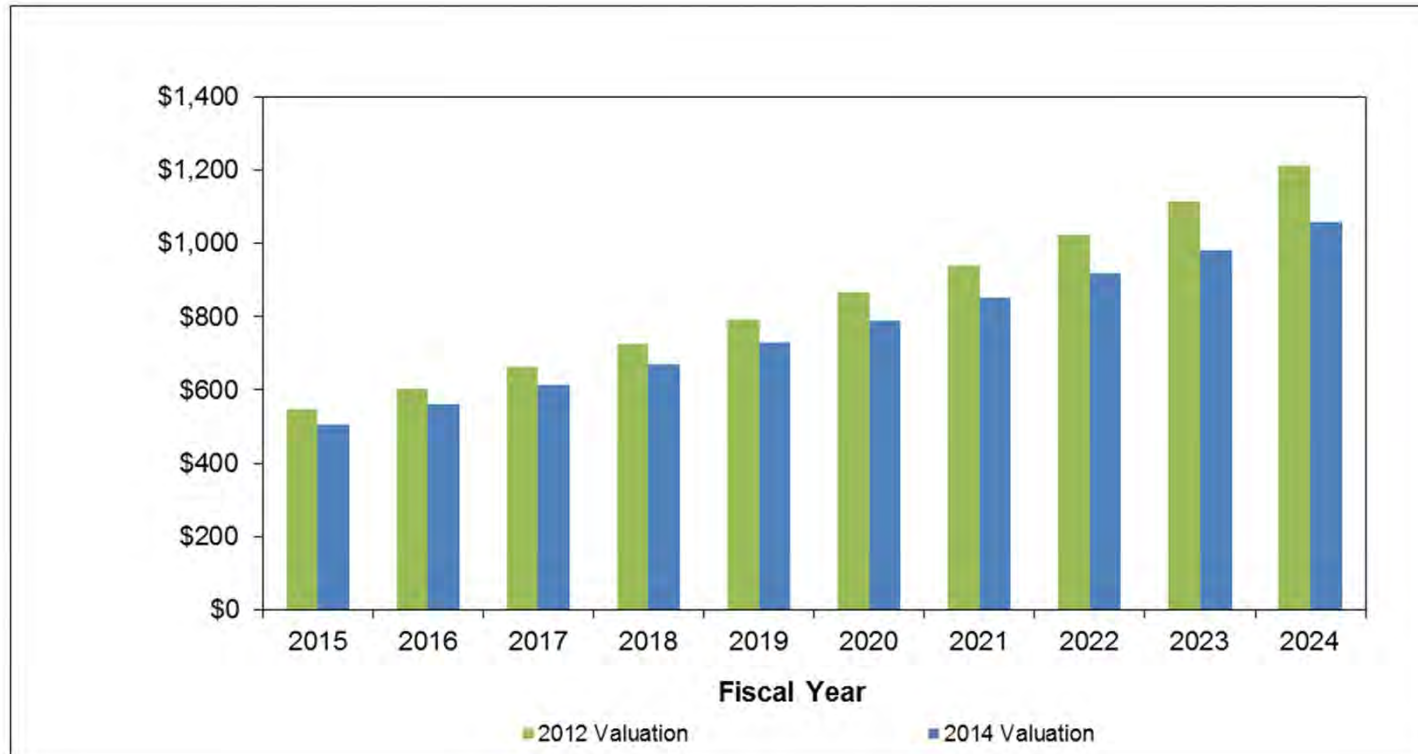
Amounts in billions

Actuarial Accrued Liability by Member Status



Amounts in billions

Projected LA County Paid Benefits



All amounts are expressed in millions of dollars.

QUESTIONS AND COMMENTS



APPENDIX

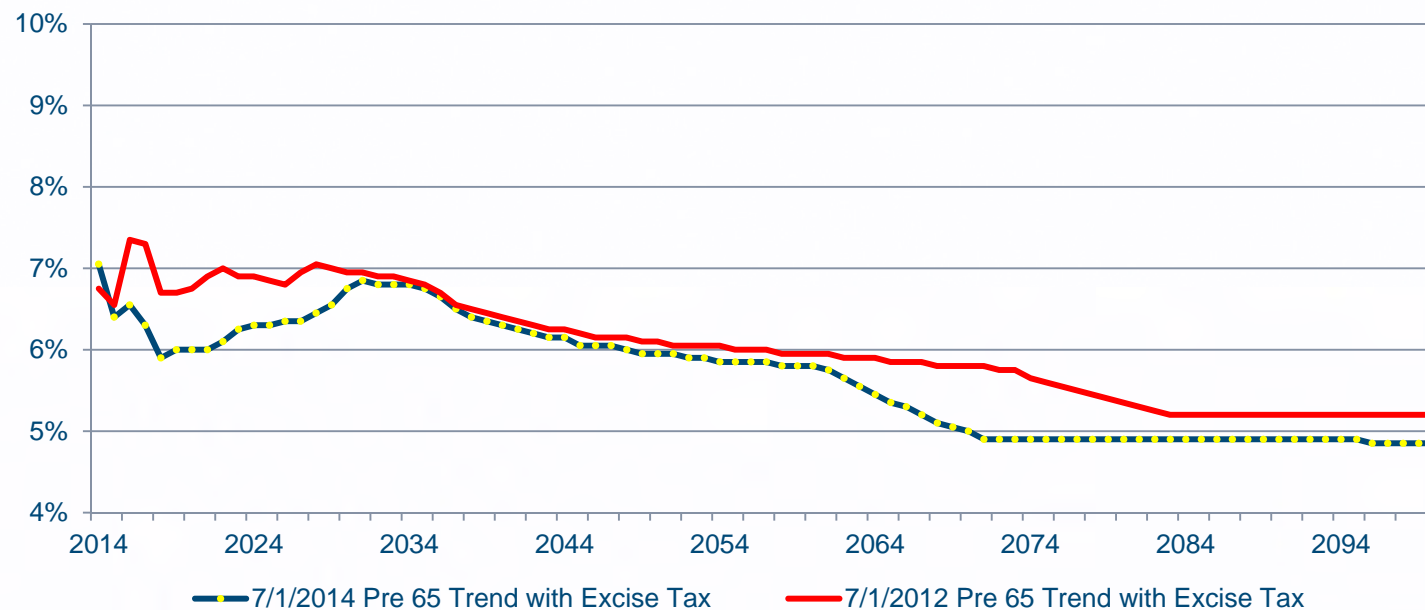
Medical Trend – Excise Tax Adjustments

- “Cadillac” excise tax on high cost health plans potentially applies beginning in 2018
- A discussion of the excise tax impacts will be included in a separate section of the valuation report which will be used to update the CAFR disclosures
- Corporate tax rate adjustment was reflected in the excise tax estimate on a plan by plan basis

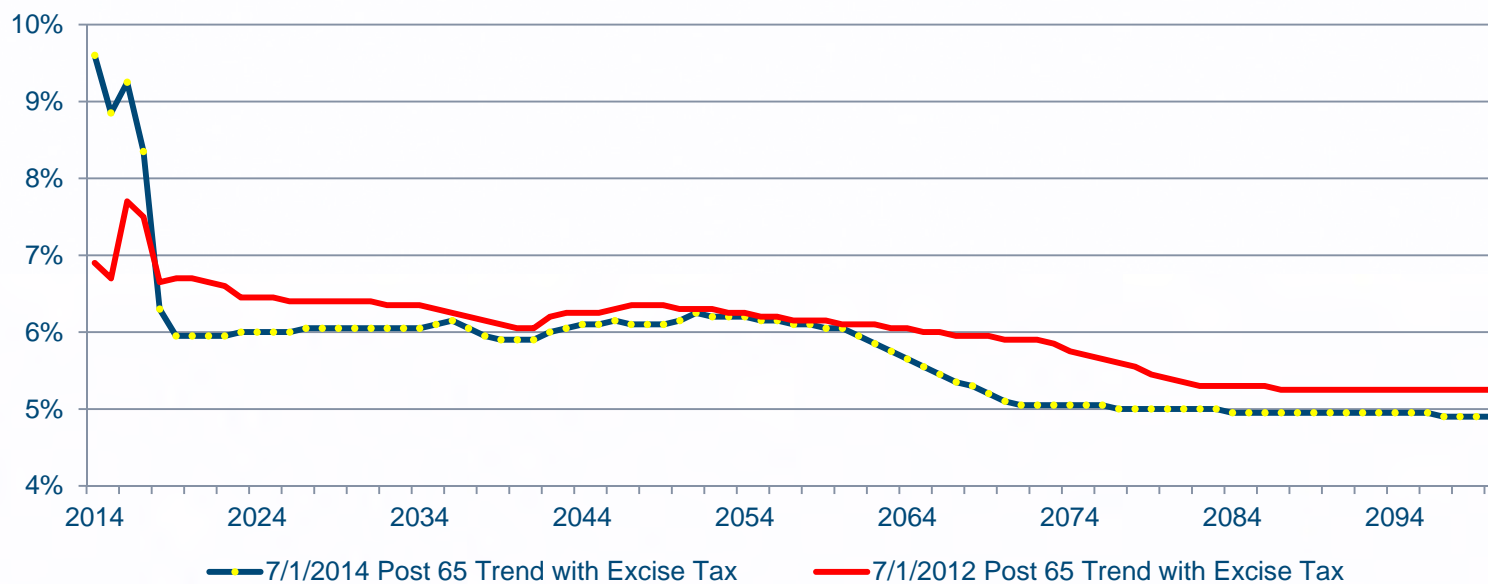
Medical Trend – Excise Tax Adjustments

- Projection of tax by plan
 - Separate single and family thresholds
 - Separate pre and post 65 thresholds
- Develop tax adjusted trend by plan
 - Separate pre and post 65
- Combine trends into composite pre and post 65 trends
 - Weighted by projected total premiums

Medical Trend (w/ Excise Tax Adjustment) Pre 65



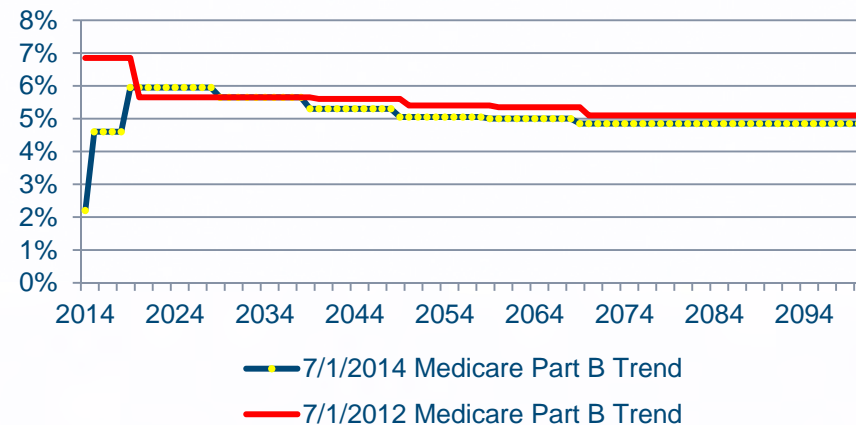
Medical Trend (w/ Excise Tax Adjustment) Post 65



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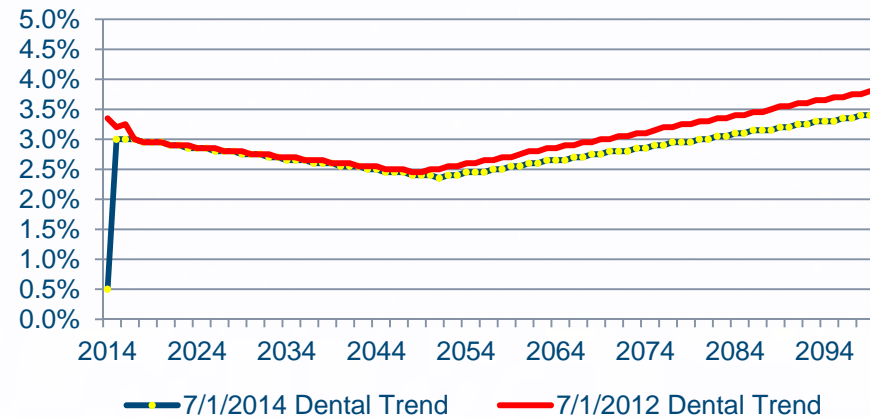
Medicare Part B Trend

- Modified based on
 - 2014 Medicare Trustees Report
 - 2014 CMS Report on Medicare Expenditures with Alternative Payment Updates
 - 2014 and 2015 actual Part B premiums



Dental/Vision Trend

- Underlying trend is assumed to be CPI + 1% (4.00%)
- CPD analysis to model indemnity plan annual maximum



Excise Tax Results

July 1, 2014	Without Excise Tax	With Excise Tax
Actuarial Accrued Liability (\$ billions)	\$ 28.55	\$ 30.71
County Normal Cost Rate	17.50%	19.62%
County ARC as a Percentage of Payroll	31.82%	35.04%

Assumptions

Discount Rate: 3.75% (assumes partial pre-funding of OPEB benefits)
 Medical Trend: Changed to include estimated impact of Excise Tax
 Other Assumptions: Per July 1, 2014 Report

Caveats

This presentation is based on the data, methods, assumptions and plan provisions described in our July 1, 2014 Valuation Report. The statements of reliance and limitations on the use of this material are reflected in those communications and still apply to this presentation.

These statements include reliance on data provided, on actuarial certification, and the purpose of the report.

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LOS ANGELES COUNTY
OTHER POSTEMPLOYMENT BENEFITS PROGRAM

ACTUARIAL VALUATION

July 1, 2014

Prepared By:

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June 22, 2015

Mr. Gregg Rademacher
Chief Executive Officer
LACERA
300 North Lake Avenue, Suite 820
Pasadena, CA 91101

Re: July 1, 2014 Other Postemployment Benefits (OPEB) Actuarial Valuation

Dear Gregg:

As requested, we have prepared an actuarial valuation of the retiree medical, dental/vision, and death benefits covering the retired Los Angeles County (County) workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefit plan. These health-related benefits are collectively referred to in this report as the Los Angeles County (County) Other Postemployment Benefits (OPEB) Program, or the "OPEB program". The major findings of the valuation are contained in this report. This report reflects the benefit provisions in effect as of July 1, 2014, and the retiree health plan premium rates in effect as of July 1, 2014, and July 1, 2015, premium rates received from Aon Hewitt (LACERA's Health Care Benefits Consultant).

In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the County, LACERA and Aon Hewitt. This information includes, but is not limited to: benefit descriptions, membership data, and financial information. We found this information to be reasonably consistent and comparable with data used for other purposes. In some cases, where the data was incomplete, we made assumptions as noted in Table C-11 of Appendix C. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

In developing these recommendations, we have reflected an estimate of fees including the Transitional Reinsurance Fee, the Patient Centered Outcomes Research Institute Fee, and the Insurer Fee associated with the Affordable Care Act (ACA), which was signed into law in March 2010. The OPEB assumptions will reflect changes in future valuations as regulations are released. The Excise Tax is addressed separately in Section 3.

This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

All costs, liabilities, rates of interest, health cost trend rates, and other factors under the OPEB program have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the OPEB program and reasonable expectations); and which, in combination, offer our a reasonable estimate of anticipated experience affecting the OPEB program. Further, in our opinion, the actuarial assumptions in the aggregate are reasonable and are related to the experience of the OPEB program and to reasonable expectations and represent a reasonable estimate of anticipated experience under the OPEB program.

We further certify that the assumptions developed in this report satisfy Actuarial Standards Board (ASB) Standards of Practice, in particular, No. 6 (Measuring Retiree Group Benefit Obligations). The retirement benefit related demographic and economic assumptions used in this report are based on those developed for the June 30, 2014 valuation of the LACERA retirement benefit program. The OPEB demographic and economic assumptions are based on the results of our 2013 OPEB Investigation of Experience, dated March 25, 2014. The assumptions used in the OPEB Investigation of Experience were derived from a combination of assumptions identified during the 2013 LACERA Investigation of Experience for Retirement Benefit Related Assumptions and collaboration among a group of stakeholder representatives. Economic and demographic assumptions from the Retirement Benefit Investigation of Experience, conducted by Milliman and approved by LACERA's Board of Investments, are integrated into the OPEB Investigation of Experience. Assumptions unique to OPEB, were identified, evaluated, and agreed upon collaboratively by the actuaries and consultants representing the OPEB program stakeholders at the time including: Milliman, LACERA's actuary; Segal, LACERA's auditing actuary; Aon Hewitt, LACERA's Health Care Benefits Consultant; Buck Consultants, Los Angeles County's now former actuary; and Rael & Letson, actuary for SEIU Local 721. Types of OPEB specific assumptions include: initial enrollment, plan and tier selection, spouse age difference, and re-enrollment assumptions. The OPEB Investigation of Experience was reviewed by LACERA's Board of Retirement. OPEB specific assumptions that have been updated since the 2013 OPEB Investigation of Experience study include health cost trend rates, claim costs, and economic assumptions. These updated assumptions have been identified, evaluated, and agreed upon collaboratively by the actuaries and consultants currently representing the OPEB program stakeholders including: Milliman, LACERA's actuary; Aon Hewitt, LACERA's Health Care Benefits Consultant; Cheiron, Los Angeles County's actuary; and Rael & Letson, actuary for SEIU Local 721. LACERA's Board of Retirement has the final decision regarding the appropriateness of the assumptions. The assumptions are summarized in Appendix A.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: OPEB program experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and changes in OPEB program provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Actuarial computations under Government Accounting Standards Board (GASB) Statement Numbers 43 and 45 are for purposes of fulfilling financial accounting requirements for LACERA and Los Angeles County (the employer) respectively. LACERA must report under GASB 43 since the benefit payments flow through LACERA's financial accounts. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of GASB No. 43 and No. 45, the OPEB program provisions as described in Appendix B of this report, as well as the County's funding goals. A discussion of the new GASB OPEB statements 74 and 75 applicable to OPEB reporting is in Section 2, Subsection E, Accounting and CAFR Information. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

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- (a) LACERA may provide a copy of Milliman's work, in its entirety, to LACERA's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit LACERA.
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The consultants who worked on this assignment are employee benefit actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to LACERA staff members, Los Angeles County, SEIU Local 721, Aon Hewitt, Segal, Rael & Letson, and Cheiron who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and we look forward to discussing it with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Schmidt".

Robert L. Schmidt, FSA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in red ink, appearing to read "Janet O. Jennings".

Janet O. Jennings, ASA, MAAA
Associate Actuary

RLS/pap

cc: Mr. Robert Hill, LACERA

Los Angeles County Other Post Employment Benefits Program

July 1, 2014 Actuarial Valuation

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Los Angeles County Other Post Employment Benefits Program

July 1, 2014 Actuarial Valuation

Section 1: Executive Summary



2014 Valuation Results

	July 1, 2014	July 1, 2012
Actuarial Accrued Liability (\$ billions)	\$ 28.55	\$ 26.95
County Normal Cost Rate	17.50%	17.55%
County ARC as a Percentage of Payroll	31.82%	32.07%

Overview

We are pleased to present the results of the July 1, 2014 biennial actuarial valuation. Several key points are summarized as follows:

- The Actuarial Accrued Liability (AAL) increased due to a combination of several factors, some of which were offsetting. These included the discount rate change, increases due to the passage of time since our July 1, 2012 valuation, and demographic, trend, and claim cost related experience gains measured as of July 1, 2014.
- The County Normal Cost Rate (NCR) and Annual Required Contribution (ARC) decreased as a percentage of payroll due to the factors mentioned above.

Analysis of Change

The following table illustrates the sources of change between the July 1, 2012 and July 1, 2014 valuations. The AAL figures are expressed in billions of dollars.

Sources of Change	Actuarial Accrued Liability	County Normal Cost Rate	County ARC Percentage
A. July 1, 2012 Valuation	\$ 26.95	17.55%	32.07%
2013 Experience Study Changes	(0.19)	(0.43%)	(0.54%)
Expected Two-year Change	3.87	0.40%	1.29%
B. July 1, 2014 Valuation Expected	\$ 30.63	17.52%	32.82%
Claim Cost Experience	(4.50)	(3.18%)	(5.55%)
Trend Assumption (Gain)/Loss *	(0.97)	(1.06%)	(1.57%)
General Wage Increase Assumption Change (Gain)/Loss	-	0.00%	0.64%
Discount Rate Change (Gain)/Loss	3.44	2.97%	3.64%
Other Experience (Gain)/Loss	(0.05)	1.25%	2.09%
Inclusion of Assets on 7/1/2014 (Gain)/Loss	-	0.00%	(0.25%)
C. July 1, 2014 Valuation	\$ 28.55	17.50%	31.82%

* Includes impact of July 1, 2015 renewal for all plans except Firefighters Local 1014

**Analysis of Change
(continued)**

Section A: The expected two-year change represents expected increases in the AAL and NCR due to interest and benefit accruals, net of benefits paid. The cost percentages are based on the assumed July 1, 2012 valuation payroll of \$6,630.0 million, increased by 3.85% (the payroll increase known at the time of the July 1, 2012 valuation) for two years to \$7,150.3 million (projected as of July 1, 2014).

Section B: The claim cost experience gain includes the impact of lower-than-expected increases in health insurance premiums as of July 1, 2014. The trend assumption gain includes the impact of the July 1, 2015 premiums and the trend assumption changes. The July 1, 2015 premiums are based on premiums received from Aon Hewitt as of March 20, 2015. The discount rate changed from 4.35% in the July 1, 2012 OPEB valuation to 3.75% in the July 1, 2014 OPEB valuation resulting in an AAL loss. The fees associated with ACA are reflected in the medical and dental trend rates. These fees include the Transitional Reinsurance Fee, the Patient Centered Outcomes Research Institute (PCORI) Fee, and the Insurer Fee. The "Other Experience" gain includes the impact of all other demographic and economic experience along with a decrease in the expected payroll. The inclusion of OPEB Trust assets on July 1, 2014 lowers the Unfunded Actuarial Accrued Liability (UAAL). The amortization of this change is included in the ARC resulting in a 0.25% gain in the County ARC percentage. The cost percentages in this section are based on the updated July 1, 2014 valuation payroll of \$6,764.0 million.

Summary Valuation Results

The table on the next page provides a summary of the valuation results by member group. The following key results are included in the table:

- The total Present Value of Future Benefits (PVB). The PVB is based on a projection of all benefits that are expected to be received in the future for all current members (active, vested, and retired) discounted to the valuation date.
- The Present Value of Future Normal Costs. It is the difference between the PVB and the Actuarial Accrued Liability.
- The Actuarial Accrued Liability (AAL). This amount represents the value of the liability that is accrued for periods prior to the valuation date, according to the actuarial cost method used.
- Assets. Since the OPEB program is currently partially funded, this is the asset balance as of July 1, 2014.
- The Annual Required Contribution (ARC). The ARC is based on the County Normal Cost Rate plus a 30-year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL). This is the minimum amortization amount allowed for accounting purposes under current GASB rules. It should be noted that the amortization does not cover interest on the UAAL; in other words, the UAAL will be expected to increase in the following year if all assumptions are met. We assume that the contributions made by the County equal the benefit payments (a pay-as-you-go-funding approach), and thus a Net OPEB Obligation will continue to accumulate in the future.

County Costs for OPEB Benefits¹
Summary of July 1, 2014 Valuation Results
(all dollar amounts in billions)

	<u>LA County</u>			<u>Superior Court</u>	<u>Total</u>
	<u>General</u>	<u>Safety</u>	<u>Subtotal</u>		
1. Present Value of Future Benefits	\$ 32.07	\$ 13.05	\$ 45.12	\$ 1.83	\$ 46.95
2. Present Value of Future Normal Costs	13.36	4.47	17.83	0.57	18.40
3. Actuarial Accrued Liability (1-2)	\$ 18.71	\$ 8.58	\$ 27.29	\$ 1.26	\$ 28.55
4. Assets ²	0.33	0.15	0.48	-	0.48
5. Unfunded Actuarial Accrued Liability (3-4)	\$ 18.38	\$ 8.43	\$ 26.81	\$ 1.26	\$ 28.07
6. ARC ³	\$ 1.45	\$ 0.62	\$ 2.07	\$ 0.08	\$ 2.15
7. ARC expressed as a percentage of payroll					
Normal Cost	15.80%	25.41%	17.74%	12.74%	17.50%
UAAL payment	<u>12.32%</u>	<u>22.37%</u>	<u>14.35%</u>	<u>13.65%</u>	<u>14.32%</u>
Total	28.12%	47.78%	32.09%	26.39%	31.82%

¹ Net of Retiree Paid Premiums. May not match other Tables due to rounding.

² Assets distributed by AAL.

³ Normal cost and 30 year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL).

Comparison of Results to Prior Valuation

Table 1 provides a summary of key valuation results as of July 1, 2014, compared with July 1, 2012, under the Projected Unit Credit Cost Method. The July 1, 2014 results are based on an assumed 3.75% investment rate of return and the July 1, 2012 results are based on an assumed 4.35% investment rate of return. The following key results are included in this table:

- A summary of total membership by type of member as of the valuation date.
- Total payroll as of the valuation date. The two-year increase of 2.0% is lower than the anticipated two-year increase of 7.85% (based on 3.85% compounded annually).
- The expected County paid benefits for the first year following the valuation date. The two-year increase of 9.7% is much less than the expected two-year increase of 19.4% due largely to lower than anticipated health care premiums. This is based on Table 6 of the July 1, 2012 valuation, which expected the 2012-2013 payment level of \$459.3 million to increase to \$548.5 million in 2014-2015 (as compared to the new expected amount \$503.9 million).
- The total Present Value of Future Benefits (PVB).
- The Actuarial Accrued Liability (AAL). The increases in AAL varied by member status and benefit type. The 10.9% increase for retired members is a result of updated trend assumptions, a reduced discount rate, and an increase in the number of retirees and their spouses and dependents. The increases in medical, dental and Part B benefits are also a result of new retirees, updated claim cost, trend, and discount rate assumptions, some of which are offsetting. Medical benefits have not increased as much partially due to a change in Post 65 migration patterns towards lower cost plans. The 16.2% increase for retiree death benefits is a result of a reduced discount rate.
- The Annual Required Contribution (ARC). The ARC increased by 1.2% in dollar terms, and decreased by 0.8% as a percentage of payroll. As seen in the Analysis of Change section on page 1, there were several reasons for these changes, including the passage of time; lower-than-expected health care premiums as of July 1, 2014 and July 1, 2015; the discount rate change; and lower-than-expected payroll increases.

Los Angeles County Other Post Employment Benefits Program

Table 1: July 1, 2014 Summary of County Paid Liabilities and Cost
(All Dollar Amounts in Millions)

	July 1, 2014	July 1, 2012	Percentage Change
A. Total Membership			
1. Active Members	92,393	91,898	0.5%
2. Vested Terminated Members	8,069	7,835	3.0%
3. Retirees and Survivors (Medical Coverage)	45,825	43,897	4.4%
4. Total	146,287	143,630	1.8%
B. Valuation Payroll	\$ 6,764.0	\$ 6,630.0	2.0%
C. Projected County Paid First-Year Benefits	\$ 503.9	\$ 459.3	9.7%
D. Present Value of Future Benefits (PVB) ¹	\$ 46,949.1	\$ 44,760.5	4.9%
E. Actuarial Accrued Liability by Member Group ¹			
1. LA County Members	\$ 27,287.9	\$ 25,733.3	6.0%
2. Superior Court Members	1,258.7	1,219.4	3.2%
3. Total	\$ 28,546.6	\$ 26,952.7	5.9%
F. Actuarial Accrued Liability by Member Status ¹			
1. Active Members	\$ 16,756.2	\$ 16,272.2	3.0%
2. Vested Terminated Members	1,033.4	983.2	5.1%
3. Retired Members	10,757.0	9,697.3	10.9%
4. Total	\$ 28,546.6	\$ 26,952.7	5.9%
G. Actuarial Accrued Liability by Benefit Type ¹			
1. Retiree Medical	\$ 23,714.0	\$ 22,791.9	4.0%
2. Retiree Dental/Vision	1,138.7	1,019.9	11.6%
3. Medicare Part B	3,464.6	2,943.6	17.7%
4. Retiree Death Benefit	229.3	197.3	16.2%
5. Total	\$ 28,546.6	\$ 26,952.7	5.9%
H. Assets	\$ 483.8	\$ -	
I. Unfunded Actuarial Accrued Liability	\$ 28,062.8	\$ 26,952.7	4.1%
J. Annual Required Contribution (ARC) ²	\$ 2,152.3	\$ 2,126.1	1.2%
K. ARC expressed as a percentage of payroll			
1. Normal Cost	17.50%	17.55%	(0.3%)
2. UAAL payment	14.32%	14.52%	(1.4%)
3. Total	31.82%	32.07%	(0.8%)

¹ Net of Retiree Paid Premiums

² Normal cost and 30 year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL)

Los Angeles County Other Post Employment Benefits Program

July 1, 2014 Actuarial Valuation

Section 2: Actuarial Valuation as of July 1, 2014

A. Valuation Methodology



This is a valuation of the retiree medical, dental/vision, and death benefits covering the retired Los Angeles County workers who also participate in the Los Angeles County Employees Retirement Association (LACERA) retirement benefit program. This valuation is performed every two years.

In analyzing the GASB liabilities and ARC, we were asked to divide the results into the following member groups:

- LA County General Members. This is the largest group, covering essentially all LACERA members who are not Safety Members or Superior Court members.
- LA County Safety Members. This group includes members of law enforcement, firefighters, and lifeguards.
- Superior Court Members. This group includes members of the Superior Court, as identified by LACERA staff.

The tables in this report present the unfunded liabilities, ARC, and projected County benefit payments under the Projected Unit Credit (PUC) cost method separately for each of the three groups identified above. This method is described further in Appendix A.

The actuarial assumptions and methods used in the valuation are summarized in Appendix A. The retirement benefit related demographic and economic assumptions used in this report are based on those developed for the June 30, 2014 valuation of the LACERA retirement benefit plan. The OPEB demographic and economic assumptions are based on the results of our 2013 OPEB Investigation of Experience, dated March 25, 2014. These assumptions were identified, evaluated, and agreed upon collaboratively by the actuaries and consultants at the time representing the OPEB program stakeholders including: Milliman, LACERA's actuary; Segal, LACERA's auditing actuary; Aon Hewitt, LACERA's Health Care Benefits Consultant; Buck Consultants, Los Angeles County's former actuary; and Rael & Letson, actuary for SEIU Local 721.

**Valuation
Methodology
(continued)**

The health related assumptions and updates to the economic assumptions used in the report were also agreed upon collaboratively by the following actuaries and consultants: Aon Hewitt, Cheiron, Rael & Letson, and Segal and approved by the Board of Retirement. Thus, the assumptions were the result of a collaborative effort by these various stakeholder groups.

Comprehensive medical benefits, dental/vision benefits, and death benefits are provided to all County employees, including the Superior Court members, who retire and satisfy the eligibility requirements outlined in Appendix B. Retired Local 1014 members are eligible for the Local 1014 Firefighters' retiree medical plan as outlined in Appendix F. Eligibility for the County OPEB program is tied to benefit eligibility under the LACERA retirement benefit program. Thus, all former County employees receiving OPEB program benefits are also members in the retirement benefit plan.

The active and vested terminated member census data for each of the OPEB program member groups is summarized by the LACERA retirement benefit program levels in Appendix C. The retiree and dependent data for each health plan and benefit group is also summarized.

A glossary of terms is provided in Appendix D. Summaries of health benefits are provided in Appendices E, F, G, and H. Additional subtotaling of the liabilities and costs for the South Coast Air Quality Management District (SCAQMD) members are provided in Appendix I.

B. GASB Liabilities and Costs

**Key Liability
Descriptions**

GASB Statements No. 43 and No. 45 cover non-pension postretirement benefits. In summary, the statements hold that benefits should be recognized over the working lifetime of the employee, from the date of hire to the last date of employment. A discussion of the new GASB Statements No. 74 and 75 is in Section 2, Subsection E, Accounting and CAFR Information.

The statements define two measures of OPEB program liabilities, the Actuarial Present Value of Projected Total Benefits (PVB) and the Actuarial Accrued Liability (AAL).

The PVB is the present value of the future postemployment benefits payable by the County to current active members and retirees. This value is net of future retiree contributions. The PVB is shown in Table 1, D. above.

Key Liability Descriptions (continued)

The AAL is the most important measure of liability because it is used to derive the Annual Required Contribution (ARC) and disclosure values. The AAL is the portion of the PVB attributed to periods up to the measurement date. For this report, the AAL is determined under the Projected Unit Credit (PUC) actuarial cost method. The AAL is shown in Table 2 subtotaled by benefit type and member status.

Under GASB requirements, post-employment benefits are accrued during employment. This is why the costs are spread over the period from the date of hire to the date of termination or retirement. For current retirees and terminated vested members, the AAL is equal to the PVB, since there is no future service to be rendered. For active members, the AAL is based on the portion of the PVB that is allocated to prior years based on the actuarial cost method. For the PUC method, the allocation basis is pro-rata on years of service between entry age and assumed exit.

The portion of the PVB that is anticipated to be earned in the year following the valuation date is the Normal Cost (NC). The NC is shown in Table 3.

Annual Required Contribution

The ARC is made up of two components: Normal Cost (NC) and amortization of the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is the AAL net of assets. For purposes of this valuation, the UAAL is amortized over 30 years as a level percentage of payroll. Although this method complies with the GASB minimum amortization payment requirements, it is not sufficient to cover interest on the UAAL. The amortization period is assumed to begin on the valuation date. Note this term, the ARC, is an accounting allocation amount, and may or may not reflect the actual employer contributions towards funding the OPEB program benefits.

Table 4 details the ARC results as of July 1, 2014, the beginning of the 2014/2015 fiscal year.

Background on Accounting Requirements

GASB issued Statement No. 43 in April of 2004. This statement covers Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. GASB issued Statement No. 45 in June of 2004. This statement covers Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. LACERA was required to adopt Statement No. 43 for the fiscal year ended June 30, 2007. For the County, Statement No. 45 was required to be adopted for the fiscal year ended June 30, 2008.

This report was prepared for the purposes of meeting these financial accounting and reporting disclosure requirements. The actual funding of the OPEB program benefits may differ from the amounts used for accounting disclosure purposes. Under the GASB rules, if the employer is not prefunding the benefit obligations, then the assumed discount rate or investment return rate cannot exceed the expected return on the employer's general ledger accounts. Since Los Angeles County is now prefunding a portion of the OPEB program benefits, the discount rate was developed based on a blend of the projected return on general ledger assets and the projected return on the assets used for prefunding. Based on this, a 3.75% interest assumption was selected.

Los Angeles County Other Post Employment Benefits Program

Table 2: July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%

**Retiree Medical Benefits
(All Dollar Amounts in Millions)**

	LA County General	LA County Safety	LA County Subtotal	Superior Court	Total
1. AAL - Total Medical Benefits					
Retirees	\$ 6,030.8	\$ 3,427.9	\$ 9,458.7	\$ 388.3	\$ 9,847.0
Vested Terminateds	927.4	71.5	998.9	113.4	1,112.3
Actives	9,769.9	4,560.1	14,330.0	639.6	14,969.6
Total	\$ 16,728.1	\$ 8,059.5	\$ 24,787.6	\$ 1,141.3	\$ 25,928.9
2. AAL - Retiree Paid Medical Premiums					
Retirees	\$ 519.4	\$ 302.9	\$ 822.3	\$ 41.7	\$ 864.0
Vested Terminateds	381.6	41.8	423.4	44.1	467.5
Actives	627.5	226.1	853.6	29.8	883.4
Total	\$ 1,528.5	\$ 570.8	\$ 2,099.3	\$ 115.6	\$ 2,214.9
3. AAL - County Paid Medical Benefits (1) - (2)					
Retirees	\$ 5,511.4	\$ 3,125.0	\$ 8,636.4	\$ 346.6	\$ 8,983.0
Vested Terminateds	545.8	29.7	575.5	69.3	644.8
Actives	9,142.4	4,334.0	13,476.4	609.8	14,086.2
Total	\$ 15,199.6	\$ 7,488.7	\$ 22,688.3	\$ 1,025.7	\$ 23,714.0

Los Angeles County Other Post Employment Benefits Program

**Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%
Retiree Dental and Vision Benefits
(All Dollar Amounts in Millions)**

	LA County General	LA County Safety	LA County Subtotal	Superior Court	Total
4. AAL - Total Dental & Vision Benefits					
Retirees	\$ 395.0	\$ 165.5	\$ 560.5	\$ 23.1	\$ 583.6
Vested Terminateds	44.6	2.6	47.2	5.1	52.3
Actives	444.6	144.7	589.3	29.3	618.6
Total	\$ 884.2	\$ 312.8	\$ 1,197.0	\$ 57.5	\$ 1,254.5
5. AAL - Retiree Paid Dental & Vision Premiums					
Retirees	\$ 37.2	\$ 15.2	\$ 52.4	\$ 2.7	\$ 55.1
Vested Terminateds	18.3	1.5	19.8	2.0	21.8
Actives	30.3	7.0	37.3	1.6	38.9
Total	\$ 85.8	\$ 23.7	\$ 109.5	\$ 6.3	\$ 115.8
6. AAL - County Paid Dental & Vision Benefits (4) - (5)					
Retirees	\$ 357.8	\$ 150.3	\$ 508.1	\$ 20.4	\$ 528.5
Vested Terminateds	26.3	1.1	27.4	3.1	30.5
Actives	414.3	137.7	552.0	27.7	579.7
Total	\$ 798.4	\$ 289.1	\$ 1,087.5	\$ 51.2	\$ 1,138.7

Los Angeles County Other Post Employment Benefits Program

**Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%
Medicare Part B and Retiree Death Benefit
(All Dollar Amounts in Millions)**

	LA County General	LA County Safety	LA County Subtotal	Superior Court	Total
7. AAL - County Paid Medicare Part B Premiums					
Retirees	\$ 763.3	\$ 288.0	\$ 1,051.3	\$ 44.2	\$ 1,095.5
Vested Terminateds	283.3	34.0	317.3	29.3	346.6
Actives	1,474.7	451.1	1,925.8	96.7	2,022.5
Total	\$ 2,521.3	\$ 773.1	\$ 3,294.4	\$ 170.2	\$ 3,464.6
8. AAL - County Paid Retiree Death Benefit					
Retirees	\$ 116.9	\$ 26.0	\$ 142.9	\$ 7.1	\$ 150.0
Vested Terminateds	10.0	0.6	10.6	0.9	11.5
Actives	55.1	9.1	64.2	3.6	67.8
Total	\$ 182.0	\$ 35.7	\$ 217.7	\$ 11.6	\$ 229.3
9. AAL - County Paid Benefits (3) + (6) + (7) + (8)					
Retirees	\$ 6,749.4	\$ 3,589.3	\$ 10,338.7	\$ 418.3	\$ 10,757.0
Vested Terminateds	865.4	65.4	930.8	102.6	1,033.4
Actives	11,086.5	4,931.9	16,018.4	737.8	16,756.2
Total	\$ 18,701.3	\$ 8,586.6	\$ 27,287.9	\$ 1,258.7	\$ 28,546.6

Los Angeles County Other Post Employment Benefits Program

Table 3: July 1, 2014 Normal Cost at 3.75%
(All Dollar Amounts in Millions)

	LA County General	LA County Safety	LA County Subtotal	Superior Court	Total
1. Total Medical Benefits	\$ 745.3	\$ 319.3	\$ 1,064.6	\$ 35.9	\$ 1,100.5
2. Retiree Paid Medical Premiums	81.5	29.6	111.1	2.7	113.8
3. Net County Paid Medical Benefits (1) - (2)	\$ 663.8	\$ 289.7	\$ 953.5	\$ 33.2	\$ 986.7
4. Total Dental/Vision Benefits	\$ 29.9	\$ 9.1	\$ 39.0	\$ 1.6	\$ 40.6
5. Retiree Paid Dental/Vision Premiums	3.5	0.9	4.4	0.1	4.5
6. Net County Paid Dental/Vision Benefits (4) - (5)	\$ 26.4	\$ 8.2	\$ 34.6	\$ 1.5	\$ 36.1
7. County Paid Medicare Part B Premiums	\$ 118.9	\$ 32.2	\$ 151.1	\$ 5.6	\$ 156.7
8. County Paid Retiree Death Benefit	\$ 3.6	\$ 0.5	\$ 4.1	\$ 0.2	\$ 4.3
9. Total County Normal Cost (3) + (6) + (7) + (8)	\$ 812.7	\$ 330.6	\$ 1,143.3	\$ 40.5	\$ 1,183.8
10. Valuation Payroll	\$ 5,144.8	\$ 1,301.2	\$ 6,446.0	\$ 318.0	\$ 6,764.0
11. County Normal Cost as a Percentage of Payroll	15.80%	25.41%	17.74%	12.74%	17.50%

Los Angeles County Other Post Employment Benefits Program

Table 4: 2014-2015 Annual Required Contribution (ARC) at 3.75%
(All Dollar Amounts in Millions)

	LA County General	LA County Safety	LA County Subtotal	Superior Court	Total
1. Unfunded Actuarial Accrued Liability (UAAL)					
Present Value of Benefits (PVB)	\$ 32,064.3	\$ 13,053.7	\$ 45,118.0	\$ 1,831.1	\$ 46,949.1
Present Value of Future Normal Cost (PVFNC)	<u>13,363.0</u>	<u>4,467.1</u>	<u>17,830.1</u>	<u>572.4</u>	<u>18,402.5</u>
Actuarial Accrued Liability as of July 1, 2014	\$ 18,701.3	\$ 8,586.6	\$ 27,287.9	\$ 1,258.7	\$ 28,546.6
Fund Balance at July 1, 2014	<u>331.6</u>	<u>152.2</u>	<u>483.8</u>	<u>-</u>	<u>483.8</u>
Unfunded Actuarial Accrued Liability	\$ 18,369.7	\$ 8,434.4	\$ 26,804.1	\$ 1,258.7	\$ 28,062.8
2. Amortization of UAAL (Level % of Pay)					
Amortization Period (years)	30	30	30	30	30
Amortization Factor	28.975	28.975	28.975	28.975	28.975
UAAL Amortization Payment	\$ 634.0	\$ 291.1	\$ 925.1	\$ 43.4	\$ 968.5
3. 2014 - 2015 Annual Required Contribution (ARC) on July 1, 2014					
Amortization of UAAL	\$ 634.0	\$ 291.1	\$ 925.1	\$ 43.4	\$ 968.5
Normal Cost	<u>812.7</u>	<u>330.6</u>	<u>1,143.3</u>	<u>40.5</u>	<u>1,183.8</u>
Annual Required Contribution (ARC) (As of July 1, 2014)	\$ 1,446.7	\$ 621.7	\$ 2,068.4	\$ 83.9	\$ 2,152.3
4. July 1, 2014 Valuation Payroll	\$ 5,144.8	\$ 1,301.2	\$ 6,446.0	\$ 318.0	\$ 6,764.0
5. Estimated ARC as a Percentage of Valuation Payroll	28.12%	47.78%	32.09%	26.38%	31.82%

Fund balance distributed by AAL

July 1, 2014 Actuarial Valuation

LACERA OPEB Program



This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

C. Estimated Pay-As-You-Go Costs

Estimated Pay-As-You-Go Costs

Tables 5 and 6 project the estimated annual County OPEB benefit pay-as-you-go costs, net of expected retiree paid premiums for the next ten years.

Table 5 shows the total projected pay-as-you-go costs separately for medical, dental/vision, Medicare Part B, and retiree death benefits. The medical and dental/vision retiree contributions are also summarized. Finally, the net County paid benefits are shown, which are the total projected pay-as-you-go costs minus the retiree contributions.

Table 6 summarizes the projected net County paid benefit costs for each of the three valuation member groups. The total amounts are the same as those in Table 5.

Los Angeles County Other Post Employment Benefits Program

**Table 5: Projected County Paid Benefits by Type
(All Dollar Amounts in Millions)**

Fiscal Year Ending	Medical Total	Dental/Vision Total	Medicare Part B	Death Benefit	Medical Retiree Contribution	Dental/Vision Retiree Contribution	Total County Paid Benefits
6/30/2015	\$ 451.2	\$ 39.7	\$ 49.3	\$ 7.6	\$ (40.0)	\$ (3.9)	\$ 503.9
6/30/2016	509.1	41.6	53.0	7.9	(46.7)	(4.2)	560.7
6/30/2017	561.9	43.9	57.3	8.2	(52.7)	(4.5)	614.1
6/30/2018	617.2	46.3	62.0	8.5	(58.9)	(4.7)	670.4
6/30/2019	675.5	48.8	67.1	8.8	(65.2)	(5.0)	730.0
6/30/2020	731.7	51.4	72.9	9.1	(71.3)	(5.3)	788.5
6/30/2021	790.8	54.1	80.0	9.4	(77.7)	(5.7)	850.9
6/30/2022	853.4	56.9	87.9	9.7	(84.2)	(6.0)	917.7
6/30/2023	913.2	59.8	96.2	10.0	(90.2)	(6.3)	982.7
6/30/2024	984.5	62.8	105.3	10.3	(97.1)	(6.6)	1,059.2

Projection Basis:

All assumptions are met

No future members are reflected

Los Angeles County Other Post Employment Benefits Program

**Table 6: Projected County Paid Benefits by Group
(All Dollar Amounts in Millions)**

Fiscal Year Ending	LA County General	LA County Safety	LA County Subtotal	Superior Court	Total
6/30/2015	\$ 346.1	\$ 137.5	\$ 483.6	\$ 20.3	\$ 503.9
6/30/2016	381.2	156.9	538.1	22.6	560.7
6/30/2017	415.2	174.1	589.3	24.8	614.1
6/30/2018	450.9	192.4	643.3	27.1	670.4
6/30/2019	488.2	212.4	700.6	29.4	730.0
6/30/2020	525.2	231.5	756.7	31.8	788.5
6/30/2021	564.7	251.8	816.5	34.4	850.9
6/30/2022	607.8	272.7	880.5	37.2	917.7
6/30/2023	650.9	291.5	942.4	40.3	982.7
6/30/2024	700.4	314.9	1,015.3	43.9	1,059.2

Projection Basis:

All assumptions are met

No future members are reflected

D. Impact of Alternative Trend Rates on AAL and ARC

To analyze the sensitivity of the health cost trend rates, the chart below shows the impact of a 1% increase or decrease in the assumed health cost trend rates on the GASB values. The retiree death benefits are included, but they are unaffected by the health cost trend rates.

	<u>Valuation Trend Rates</u>	<u>Valuation Trend Rates Plus 1%</u>	<u>Valuation Trend Rates Minus 1%</u>
	(in millions)		
July 1, 2014 AAL	\$ 28,546.6	\$ 35,423.3	\$ 23,373.6
Percentage Increase/(Decrease)		24%	(18%)
2014 – 2015 ARC	\$ 2,152.3	\$ 2,820.4	\$ 1,671.3
Percentage Increase/(Decrease)		31%	(22%)

E. Accounting and CAFR Information

Los Angeles County Other Post Employment Benefits Program Schedule of Funding Progress

(Dollars in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll ¹	UAAL As A Percentage of Covered Payroll
July 1, 2010	-	\$24,031,000	\$24,031,000	0.0%	\$6,695,439	358.9%
July 1, 2012	-	\$26,952,700	\$26,952,700	0.0%	\$6,619,816	407.2%
July 1, 2014	\$483,800	\$28,546,600	\$28,062,800	1.7%	\$6,672,228	420.6%

¹ Covered Payroll is consistent with the retirement program's covered payroll.

Los Angeles County Other Post Employment Benefits Program Schedule of Employer Contributions

(Dollars in Thousands)

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Actual Employer Contributions ²			Percentage of ARC Contributed
		Cash Payment	Transfer from Reserve Account	Total	
2012	\$1,938,400	\$442,099	-	\$442,099	23%
2013	\$2,126,100	\$460,331	-	\$460,331	22%
2014	\$2,126,100	\$466,788	-	\$466,788	22%

² Values from Fiscal Year Ended June 30, 2012, 2013, and 2014 are from the LACERA 2014 CAFR. Actual Employer Contributions are not yet available for Fiscal Year Ended June 30, 2015.

**Los Angeles County Other Post Employment Benefits Program
Demographic Activity of Retired Members and Beneficiaries (OPEB Plan)**

Plan Year Ended	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in Retiree Allowance	Average Annual Allowance
	Count	Annual Allowance*	Count	Annual Allowance	Count	Annual Allowance		
June 30, 2010					43,936	\$391,979,000		\$8,922
June 30, 2012	5,336	\$56,982,000	(3,070)	(\$25,497,000)	46,202	\$423,464,000	8.03%	\$9,165
June 30, 2014	5,335	\$89,205,000	(3,369)	(\$29,925,000)	48,168	\$482,744,000	14.00%	\$10,022

*Includes changes for continuing retirees and beneficiaries

**Los Angeles County Other Post Employment Benefits Program
Actuarial Analysis of Financial Experience - OPEB Program
(Dollars in Billions)**

	Valuation as of July 1			
	2008	2010	2012	2014
Prior Valuation Unfunded Actuarial Accrued Liability	\$ 21.22	\$ 21.86	\$ 24.03	\$ 26.95
Expected Increase (Decrease) from Prior Valuation	3.34	3.48	3.77	3.87
Claim Costs Greater (Less) than Expected	(3.13)	(1.27)	(4.60) *	(5.47) *
Change in Assumptions	0.53	0.29	4.15	3.25
All Other Experience	(0.10)	(0.33)	(0.40)	(0.05)
Ending Unfunded Actuarial Accrued Liability	\$ 21.86	\$ 24.03	\$ 26.95	\$ 28.55

* This amount Includes the trend assumption change.

Discussion of GASB Statements No. 74 and 75

On June 2, 2015, GASB approved Statement Numbers 74 and 75.

GASB Statement Number 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement Number 43.

The effective date for this statement is applicable to LACERA's fiscal year reporting period ending June 30, 2017. LACERA plans to implement the new standard at that time with the July 1, 2016 OPEB valuation.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces GASB Statement Number 45. Though the effective date is one year later than GASB Statement Number 74, it will be addressed with the July 1, 2016 OPEB valuation.

Los Angeles County Other Post Employment Benefits Program

July 1, 2014 Actuarial Valuation

Section 3: GASB Liabilities and Costs as of July 1, 2014 with Excise Tax

An excise tax for high cost health coverage, or “Cadillac” health plans was included as part of ACA. The provision levies a 40% tax on the value of health plan costs that exceed certain thresholds for single coverage or family coverage. The 2018 annual thresholds are \$10,200 for single coverage and \$27,500 for a family plan. For qualified retirees aged 55 to 64 or workers in “high risk” professions such as firefighters and police officers, the thresholds are \$11,850 for single coverage and \$30,950 for a family plan. If, between 2010 and 2018, the cost of health care insurance rises more than 55%, the threshold for the excise tax will be adjusted.

As requested, Milliman has calculated the GASB 43/45 Liabilities and Costs as of July 1, 2014 with the impact of the Excise Tax under ACA. A summary of results and the trend reflecting Excise Tax follows.

In order to determine the costs and liabilities with excise tax, the benefit plans, assumptions, and methods in the appendices apply. The medical trend in Appendix A has been updated in the following table to reflect Excise Tax. We assume that there will be no changes to the current law and that there will be no changes in plan design to help mitigate the impact of the tax.

Los Angeles County Other Post Employment Benefits Program

**Table 7: July 1, 2014 Summary of County Paid Liabilities and Cost with Excise Tax
(All Dollar Amounts in Millions)**

	July 1, 2014 with Excise Tax	July 1, 2014 without Excise Tax	Percentage Change
A. Total Membership			
1. Active Members	92,393	92,393	0.0%
2. Vested Terminated Members	8,069	8,069	0.0%
3. Retirees and Survivors (Medical Coverage)	<u>45,825</u>	<u>45,825</u>	0.0%
4. Total	146,287	146,287	0.0%
B. Valuation Payroll	\$ 6,764.0	\$ 6,764.0	0.0%
C. Projected County Paid First-Year Benefits	\$ 503.9	\$ 503.9	0.0%
D. Present Value of Future Benefits (PVB) ¹	\$ 51,857.9	\$ 46,949.1	10.5%
E. Actuarial Accrued Liability by Member Group ¹			
1. LA County Members	\$ 29,359.5	\$ 27,287.9	7.6%
2. Superior Court Members	<u>1,350.8</u>	<u>1,258.7</u>	7.3%
3. Total	\$ 30,710.3	\$ 28,546.6	7.6%
F. Actuarial Accrued Liability by Member Status ¹			
1. Active Members	\$ 18,409.2	\$ 16,756.2	9.9%
2. Vested Terminated Members	1,092.5	1,033.4	5.7%
3. Retired Members	<u>11,208.6</u>	<u>10,757.0</u>	4.2%
4. Total	\$ 30,710.3	\$ 28,546.6	7.6%
G. Actuarial Accrued Liability by Benefit Type ¹			
1. Retiree Medical	\$ 25,877.7	\$ 23,714.0	9.1%
2. Retiree Dental/Vision	1,138.7	1,138.7	0.0%
3. Medicare Part B	3,464.6	3,464.6	0.0%
4. Retiree Death Benefit	<u>229.3</u>	<u>229.3</u>	0.0%
5. Total	\$ 30,710.3	\$ 28,546.6	7.6%
H. Assets	\$ 483.8	\$ 483.8	0.0%
I. Unfunded Actuarial Accrued Liability	\$ 30,226.5	\$ 28,062.8	7.7%
J. Annual Required Contribution (ARC) ²	\$ 2,370.3	\$ 2,152.3	10.1%
K. ARC expressed as a percentage of payroll			
1. Normal Cost	19.62%	17.50%	12.1%
2. UAAL payment	<u>15.42%</u>	<u>14.32%</u>	7.7%
3. Total	35.04%	31.82%	10.1%

¹ Net of Retiree Paid Premiums

² Normal cost and 30 year level percentage of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL)

Los Angeles County Other Postemployment Benefits Program

Health Cost Trend Assumptions with Excise Tax *

The medical trend in Appendix A has been modified in the following table to reflect Excise Tax.

Fiscal Year Ending		LACERA Medical Trend with Excise Tax	
From	To	Under 65	Over 65
6/30/2015	6/30/2016	7.05%	9.60%
6/30/2016	6/30/2017	6.40%	8.85%
6/30/2017	6/30/2018	6.55%	9.25%
6/30/2018	6/30/2019	6.30%	8.35%
6/30/2019	6/30/2020	5.90%	6.30%
6/30/2020	6/30/2021	6.00%	5.95%
6/30/2021	6/30/2022	6.00%	5.95%
6/30/2022	6/30/2023	6.00%	5.95%
6/30/2023	6/30/2024	6.10%	5.95%
6/30/2024	6/30/2025	6.25%	6.00%
6/30/2025	6/30/2026	6.30%	6.00%
6/30/2026	6/30/2027	6.30%	6.00%
6/30/2027	6/30/2028	6.35%	6.00%
6/30/2037	6/30/2038	6.65%	6.15%
6/30/2047	6/30/2048	6.05%	6.15%
6/30/2057	6/30/2058	5.85%	6.15%
6/30/2067	6/30/2068	5.30%	5.45%
6/30/2077	6/30/2078	4.90%	5.05%
6/30/2087	6/30/2088	4.90%	4.95%
6/30/2097	6/30/2098	4.85%	4.95%
6/30/2100		4.85%	4.90%

Note that after fiscal year ending June 30, 2027, selected years are shown in the table. After fiscal year ending June 30, 2098, the trend rates remain at 4.85% for pre 65 trend and 4.90% for post 65 trend.

* *The first year trend rates for LACERA medical non-firefighter Local 1014 and dental/vision plans have been adjusted to reflect premium increases effective July 1, 2015. ACA Fees including Transitional Reinsurance Fee and Insurer Fee are also included in the medical and dental/vision trends.*

The table below projects the estimated annual County OPEB benefit pay-as-you-go medical costs with and without the Excise Tax, net of expected retiree paid premiums for the next ten years in millions.

Fiscal Year Ending	July 1, 2014 with Excise Tax	July 1, 2014 without Excise Tax
6/30/2015	\$ 411.2	\$ 411.2
6/30/2016	462.4	462.4
6/30/2017	509.2	509.2
6/30/2018	563.8	558.3
6/30/2019	623.3	610.3
6/30/2020	676.1	660.4
6/30/2021	732.1	713.1
6/30/2022	791.7	769.2
6/30/2023	849.3	823.0
6/30/2024	918.2	887.4

Projection Basis:
 All assumptions are met
 No future members are reflected

The table below shows when each plan is projected to reach the Excise Tax threshold.

Plan	First Year Excise Tax applies
Blue Cross I	2018
Blue Cross II	2018
Blue Cross III	2037
Blue Cross Prudent Buyer	2018
Cigna Network Model	2018
Cigna Healthcare for Seniors	2045
Firefighters' Local 1014	2018
Kaiser Basic	2019
Kaiser Over 65	2046
UnitedHealthcare	2018
UnitedHealthcare Medicare Advantage	2049
SCAN	2046

Appendix A: Actuarial Procedures and Assumptions



The actuarial procedures and assumptions used in this valuation are described in this section. Where applicable, the same assumptions are used for the LACERA postemployment health and death benefit plans as for the LACERA retirement benefits. The assumptions that overlap with the LACERA retirement benefits plan assumptions were reviewed and changed June 30, 2013, as a result of the 2013 triennial Retirement Benefit Investigation of Experience Study, approved by the Board of Investments in December 2013. The general wage increase, investment earnings, and implied inflation assumptions were evaluated with the June 30, 2014, retirement benefits plan valuation. The OPEB specific assumptions other than premiums, claim costs, aging, and trend, were reviewed and changed as a result of the 2013 OPEB Investigation of Experience Study approved in the April 2014 Board meeting. The premiums, claim costs, aging, and trend used for this valuation are updated as of July 1, 2014.

The actuarial assumptions used in both the retirement benefit and OPEB program actuarial valuations are intended to estimate the future experience of the members eligible for benefit payments and the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of the benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed. The economic assumptions in this table were evaluated with the June 30, 2014 retirement benefits plan valuation.

Tables A-2 and A-3 show how members are expected to leave retired status due to death.

Table A-4 presents the probability of refund of retirement benefit contributions upon termination of employment while vested.

Table A-5 presents the general wage increase of 3.50% per annum.

Tables A-6 to A-13 present the rates of separation of active service. These were developed from the experience as measured by the 2013 Retirement Benefit Investigation of Experience Study. The rates are the probabilities a member will leave active employment for various reasons.

Tables A-14 to A-19 present enrollment assumptions. These were developed from the 2013 OPEB Investigation of Experience Study to estimate health eligibility and enrollment.

Tables A-20 to A-21 present premium and claim cost assumptions developed from the OPEB program's premium and claim information.

Table A-22 presents the health cost trend rates.

Table A-23 presents the assumed retirement rates for vested terminated members developed from the 2013 OPEB Investigation of Experience.

Actuarial Cost Method

The actuarial valuation is prepared under the Projected Unit Credit (PUC) actuarial cost method. Under the principles of the PUC method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated pro-rata to each year of service between entry age and assumed exit.

For members who transferred between plans, entry age is based on original entry into the LACERA retirement benefits plan.

The portion of this actuarial present value allocated to a valuation year is called the Normal Cost (NC). The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets (if the benefits are funded), and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is amortized as a level percentage of the projected salaries of the active members, both present and future, covered by the LACERA retirement benefits plan over a 30-year period from the valuation date; this is commonly referred to as a "rolling 30-year amortization method". This method does not cover interest on the UAAL.

Records and Data

The data used in this valuation consist of medical and dental/vision premiums, financial information, and the age, service, and salary records for active and inactive members and their survivors. All of the information was supplied by LACERA and Aon Hewitt and was accepted for valuation purposes without audit.

Growth in Membership

For benefit valuation purposes, no growth in the active membership of LACERA is assumed. For funding purposes, if amortization is required, the total payroll of covered members is assumed to grow due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

Investment Earnings and Expenses

GASB 45 requires that the discount rate for OPEB benefits be equal to the expected return on assets used to pay ongoing benefits. In the case of an unfunded plan, it would be the expected return on the County's general funds. In our previous valuations, we used the expected return on the County's general funds to develop the discount rate assumption. For the July 1, 2014 valuation, we have included the OPEB Investment Trust in our analysis to develop the discount rate. Based on the expected return on the County's general funds and the expected return on the OPEB Investment Trust, we have selected a discount rate of 3.75% for use in the July 1, 2014 OPEB valuation.

Health Cost Trend

The rates of the health cost trends for the purposes of the valuation are illustrated in Table A-22. These rates were adopted July 1, 2014.

Future Salaries

The 3.50% per annum rate of increase in the general wage level of membership is in Table A-5. This rate was adopted June 30, 2014.

Retirement

Members in General Plans A-D may retire at age 50 with 10 years of service, or any age with 30 years of service, or age 70 regardless of the number of years of service. General Plan G members are eligible to retire at age 52 with 5 years of service, or age 70 regardless of the number of years of service. Non-contributory Plan E members may retire at age 55 with 10 years of service. Members of Safety Plans A and B may retire at age 50 with 10 years of service, or any age with 20 years of service. Safety Plan C members are eligible to retire at age 50 with 5 years of County service. The retirement rates for active members vary by age and are shown by plan in Tables A-6 through A-13.

All general members who attain or who have attained age 75 in active service and all safety members who have attained age 60 in active service are assumed to retire immediately (except for Safety Plan C members who have not yet attained 5 years of service).

Retirement (cont.)

All deferred vested members are assumed to retire according to Table A-23.

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements in regards to a particular member. For example, a general member hired at age 30 has a probability to withdraw from LACERA due to death, disability, or *other termination of employment* until age 50. After age 50, the member could still withdraw due to death, disability, or *retirement*. Thus, in no year during the member's projected employment would they be eligible for both a probability of other termination of employment and a probability of retirement.

The active members' retirement probabilities were adopted June 30, 2013. The term vested member's retirement probabilities were adopted July 1, 2013, for purposes of the OPEB program valuation only.

Disability

The rates of disability used in the valuation are illustrated in Tables A-6 through A-13. These rates were adopted June 30, 2013.

**Postretirement
Mortality – Other
Than Disabled
Members**

The same postretirement mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-2. Current beneficiary mortality is assumed to be the same assumption as healthy members of the same gender. Future beneficiaries are assumed to be of the opposite gender and have the same mortality as General members. Note that these assumptions include a margin for expected future mortality improvement. These rates were adopted June 30, 2013.

Males

General members: RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with ages set back one year.

Safety members: RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with ages set back two years.

Females General members: RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.
 Safety members: RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with ages set back one year.

Mortality – Disabled Members

For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3. Note that these assumptions include a margin for expected future mortality improvement. These rates were adopted June 30, 2013.

Males General members: Average of RP-2000 Combined and Disabled Mortality Tables for Males, projected to 2025 using Projection Scale AA, with ages set back one year.
 Safety members: RP-2000 Combined Mortality Table for Males, projected to 2025 using Projection Scale AA, with no age adjustment.

Females General members: Average of RP-2000 Combined and Disabled Mortality Tables for Females, projected to 2025 using Projection Scale AA, with ages set back one year.
 Safety members: RP-2000 Combined Mortality Table for Females, projected to 2025 using Projection Scale AA, with no age adjustment.

Mortality While in Active Status

For active members, the mortality rates used in the valuation are illustrated in Tables A-6 through A-13. These rates were adopted June 30, 2013.

Class	Gender	Proposed Table	
General	Male	RP 2000 Employee Male, Proj. 2025*	+1
General	Female	RP 2000 Employee Female, Proj. 2025*	-2
Safety	Male	RP 2000 Employee Male, Proj. 2025*	-5
Safety	Female	RP 2000 Employee Female, Proj. 2025*	-2

* *Static Projection of the RP 2000 tables using Projection Scale AA to 2025.*

Note that Safety members have an additional service-connected mortality rate of 0.01% per year.

**Other Employment
Terminations**

Tables A-6 to A-13 show, for all ages, the rates assumed in this valuation for future termination from active service other than for death, disability, or retirement. These rates do not apply to members eligible for service retirement. These rates were adopted June 30, 2013.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further retirement, medical, and dental/vision benefits, or they may leave their contributions with LACERA. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work or may remain inactive until becoming eligible to receive a retirement benefit under either LACERA or a reciprocal retirement plan. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately.

All terminating members are assumed to not be rehired. Table A-4 gives the assumed probabilities that vested members will withdraw their contributions and elect a refund immediately upon termination and the probability that remaining members will elect a deferred retirement allowance. All non-vested members are assumed to elect a refund and withdraw their contributions. These rates in Table A-4 were adopted June 30, 2013.

Future Transfers

Though a few active members may change pension plans, this valuation assumes the active members remain in the plan they are enrolled in at the time of the valuation. Specifically, we assume there will be no future transfers between retirement benefit plans.

**Retiree Medical and
Dental/Vision
Eligibility and
Enrollment
Assumptions**

Any retired or vested terminated members who have not yet elected a refund of their member contributions and will receive a pension benefit other than a refund are eligible for retiree medical and dental/vision enrollment.

**Retiree Medical and
 Dental/Vision
 Eligibility and
 Enrollment
 Assumptions (cont.)**

The 2013 OPEB Investigation of Experience report was used to set the following assumptions:

Age difference for future retirees and spouses	Table A-1
Probability of initial medical enrollment upon retirement	Table A-14
Probability of medical plan and tier selection upon retirement	Table A-15
Probability of medical plan and tier selection for Pre 65 retirees who become eligible for a Post 65 Plan	Table A-16
Probability of survivor and new dependent enrollment	Table A-17
Probability of dental/vision enrollment upon retirement	Table A-18
Probability of dental/vision plan and tier selection upon retirement	Table A-19
Retirement of vested terminated members	Table A-23
Probability of retirees in group plans who elect Medicare Part D	0%

Table A-1: Summary of Valuation Assumptions as of July 1, 2014

I. Economic Assumptions		
A. General wage increases		3.50%, Table A-5
B. Investment earnings		3.75%
C. Implied Inflation		3.00%
D. Growth in membership		0.00%
E. Medical cost trend		Table A-22
F. Dental and vision cost trend		Table A-22
II. Demographic Assumptions		
A. Retirement		Tables A-6 to A-13
B. Disablement		Tables A-6 to A-13
C. Mortality for active members after termination and service retired members.		Table A-2
Basis – RP-2000 Combined Mortality Table for respective genders, projected to 2025 using Projection Scale AA, and adjusted as follows:		
<u>Class of Members</u>	<u>Age Adjustment</u>	
General – males	-1 year	
General – females	-1 year	
Safety – males	-2 years	
Safety – females	-1 year	
D. Mortality Among Disabled Members		Table A-3
Basis – Average of RP-2000 Combined and Disabled Mortality Tables projected to 2025 using Projection Scale AA, and adjusted as follows:		
General – males	-1 year	
General – females	-1 year	
Basis – RP-2000 Combined Mortality Table, for respective genders projected to 2025 using Projection Scale AA, and adjusted as follows:		
Safety – males	0 years	
Safety – females	0 years	

E. Mortality for Beneficiaries	Table A-2
Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite gender who has taken a service retirement.	
F. Other Terminations of Employment	Tables A-6 to A-13
G. Refund of Contributions on Vested Termination	Table A-4
H. Future male retirees are assumed to be four years older than their female spouses. Future female retirees are assumed to be two years younger than their male spouses. Assumption adopted July 1, 2008.	
III. Retiree Medical and Dental/Vision Enrollment Assumptions	
A. Probability of Initial Medical Enrollment upon Retirement	Table A-14
B. Probability of Medical Plan and Tier Selection Upon Retirement (Pre 65 Male, Pre 65 Female, Post 65 Male, Post 65 Female)	Table A-15
C. Probability of Medical Plan and Tier Selection for Pre 65 Retirees Who become Eligible for a <i>Post 65</i> Plan	Table A-16
D. Probability of Medical Survivor and New Dependent Enrollment	Table A-17
E. Probability of Retirees in Group Plans Who Elect Medicare Part D. We have assumed there is no cost impact due to retirees and dependents enrolling in Part D.	0%
F. Probability of Dental/Vision Enrollment Upon Retirement	Table A-18
G. Probability of Dental/Vision Plan and Tier Selection Upon Retirement	Table A-19
IV. Premium and Claim Cost Analysis	Tables A-20 to A-21
V. Medical and Dental/Vision Trend	Table A-22
VI. Retirement of Vested Terminated Members	Table A-23

Table A-2: Mortality for Members Retired for Service

<u>Age</u>	<u>Safety Male</u>	<u>Safety Female</u>	<u>General Male</u>	<u>General Female</u>
20	0.020%	0.013%	0.020%	0.013%
25	0.026%	0.014%	0.027%	0.014%
30	0.035%	0.018%	0.036%	0.018%
35	0.056%	0.034%	0.062%	0.034%
40	0.083%	0.044%	0.086%	0.044%
45	0.099%	0.071%	0.103%	0.071%
50	0.124%	0.098%	0.130%	0.098%
55	0.176%	0.189%	0.193%	0.189%
60	0.352%	0.392%	0.397%	0.392%
65	0.704%	0.760%	0.793%	0.760%
70	1.256%	1.311%	1.392%	1.311%
75	2.083%	2.136%	2.323%	2.136%
80	3.854%	3.482%	4.393%	3.482%
85	7.340%	5.832%	8.371%	5.832%
90	13.285%	11.053%	14.682%	11.053%

Table A-3: Mortality for Members Retired for Disability

Age	Safety Male	Safety Female	General Male	General Female
20	0.021%	0.013%	0.709%	0.262%
25	0.029%	0.015%	0.827%	0.262%
30	0.039%	0.021%	1.014%	0.285%
35	0.068%	0.036%	1.027%	0.307%
40	0.088%	0.048%	0.990%	0.277%
45	0.109%	0.075%	0.886%	0.291%
50	0.136%	0.109%	0.967%	0.387%
55	0.224%	0.222%	1.127%	0.697%
60	0.451%	0.446%	1.557%	1.112%
65	0.895%	0.856%	2.094%	1.554%
70	1.522%	1.477%	2.791%	2.214%
75	2.660%	2.299%	3.818%	3.119%
80	5.007%	3.849%	6.117%	4.585%
85	9.292%	6.663%	9.845%	6.850%
90	16.592%	12.215%	14.806%	11.601%

**Table A-4: Immediate Refund of Contributions Upon Termination of Employment
 (Excludes Plan E)**

Years of Service	Safety	General
0	100%	100%
1	100%	100%
2	100%	100%
3	100%	100%
4	100%	100%
5	35%	35%
6	35%	35%
7	35%	35%
8	33%	34%
9	31%	34%
10	29%	33%
11	27%	33%
12	25%	32%
13	22%	31%
14	19%	30%
15	16%	30%
16	13%	29%
17	10%	28%
18	6%	25%
19	2%	23%
20	0%	20%
21	0%	18%
22	0%	15%
23	0%	12%
24	0%	9%
25	0%	6%
26	0%	3%
27	0%	0%
28	0%	0%
29	0%	0%
30 & Up	0%	0%

Table A-5: Annual Increase in Salary

The general wage increase assumption is 3.50% per annum which is used for projecting the total future payroll. The amortization of the UAAL is determined as a level percentage of payroll. General wage increases and individual salary increases due to promotion and longevity do not affect the amount of the OPEB program's benefits.

Appendix A: Rates of Separation From Active Service Tables A-6 to A-13

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

Service Retirement:	Member retires after meeting age and service requirements for reasons other than disability.
Other Terminations:	Member terminates and elects a refund of member contributions or a deferred vested retirement benefit.
Service-Connected Disability:	Member receives disability retirement; disability is service-connected.
Nonservice-Connected Disability:	Member receives disability retirement; disability is not service-connected.
Service-Connected Pre-Retirement Death:	Member dies before retirement; death is service-connected.
Nonservice-Connected Pre-Retirement Death:	Member dies before retirement; death is not service-connected.

Each rate represents the probability that a member will separate from service at each age due to the particular cause. For example, a rate of 0.0300 for a member's service retirement at age 50 means we assume that 30 out of 1,000 members who are age 50 will retire at that age.

Each table represents the detailed rates needed for each LACERA plan by gender:

Table A-6: General Plans A, B, & C Males	A-10: General Plan E Males
A-7: General Plans A, B, & C Females	A-11: General Plan E Females
A-8: General Plans D & G Males	A-12: Safety Plans A, B, & C Males
A-9: General Plans D & G Females	A-13: Safety Plans A, B, & C Females

**Table A-6: Rate of Separation From Active Service For General Members
 Plans A, B, & C – Male**

Age	Service Retirement	Other Terminations	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death
18	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
19	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
20	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
21	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
22	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
23	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
24	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
25	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
26	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
27	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
28	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
29	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
30	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
31	0.0000	0.0050	0.0002	0.0001	N/A	0.0005
32	0.0000	0.0050	0.0002	0.0001	N/A	0.0006
33	0.0000	0.0050	0.0002	0.0001	N/A	0.0006
34	0.0000	0.0050	0.0003	0.0001	N/A	0.0007
35	0.0000	0.0050	0.0003	0.0001	N/A	0.0007
36	0.0000	0.0050	0.0004	0.0001	N/A	0.0008
37	0.0000	0.0050	0.0004	0.0001	N/A	0.0008
38	0.0000	0.0050	0.0005	0.0001	N/A	0.0009
39	0.0000	0.0050	0.0005	0.0001	N/A	0.0009
40	0.0300	0.0050	0.0006	0.0002	N/A	0.0009
41	0.0300	0.0050	0.0006	0.0002	N/A	0.0009
42	0.0300	0.0050	0.0007	0.0002	N/A	0.0010
43	0.0300	0.0050	0.0007	0.0003	N/A	0.0010
44	0.0300	0.0050	0.0008	0.0003	N/A	0.0011
45	0.0300	0.0050	0.0009	0.0003	N/A	0.0011
46	0.0300	0.0050	0.0010	0.0004	N/A	0.0012
47	0.0300	0.0050	0.0011	0.0004	N/A	0.0012
48	0.0300	0.0050	0.0012	0.0004	N/A	0.0013
49	0.0300	0.0050	0.0013	0.0004	N/A	0.0014
50	0.0300	0.0050	0.0014	0.0004	N/A	0.0014
51	0.0300	0.0050	0.0015	0.0004	N/A	0.0015
52	0.0300	0.0050	0.0016	0.0004	N/A	0.0016
53	0.0300	0.0050	0.0018	0.0005	N/A	0.0017
54	0.0600	0.0050	0.0020	0.0006	N/A	0.0019
55	0.1000	0.0050	0.0022	0.0006	N/A	0.0021
56	0.1200	0.0050	0.0024	0.0007	N/A	0.0024
57	0.1700	0.0050	0.0026	0.0008	N/A	0.0027
58	0.2200	0.0050	0.0029	0.0009	N/A	0.0029
59	0.2400	0.0050	0.0032	0.0010	N/A	0.0033
60	0.2600	0.0050	0.0036	0.0010	N/A	0.0037
61	0.3100	0.0050	0.0039	0.0011	N/A	0.0041
62	0.3500	0.0050	0.0042	0.0012	N/A	0.0045
63	0.2800	0.0050	0.0042	0.0014	N/A	0.0049
64	0.2800	0.0050	0.0042	0.0015	N/A	0.0053
65	0.2800	0.0050	0.0042	0.0017	N/A	0.0058
66	0.2800	0.0050	0.0042	0.0018	N/A	0.0062
67	0.2800	0.0050	0.0042	0.0020	N/A	0.0064
68	0.2800	0.0050	0.0042	0.0022	N/A	0.0067
69	0.2800	0.0050	0.0042	0.0023	N/A	0.0068
70	0.2800	0.0050	0.0042	0.0025	N/A	0.0071
71	0.2800	0.0050	0.0042	0.0026	N/A	0.0077
72	0.2800	0.0050	0.0042	0.0028	N/A	0.0085
73	0.2800	0.0050	0.0042	0.0030	N/A	0.0094
74	0.2800	0.0050	0.0042	0.0031	N/A	0.0106
75	1.0000	0.0000	0.0000	0.0000	N/A	0.0000

**Table A-7: Rate of Separation From Active Service For General Members
 Plans A, B, & C – Female**

Age	Service Retirement	Other Terminations	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death
18	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
19	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
20	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
21	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
22	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
23	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
24	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
25	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
26	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
27	0.0000	0.0050	0.0001	0.0001	N/A	0.0001
28	0.0000	0.0050	0.0001	0.0001	N/A	0.0002
29	0.0000	0.0050	0.0001	0.0001	N/A	0.0002
30	0.0000	0.0050	0.0001	0.0001	N/A	0.0002
31	0.0000	0.0050	0.0001	0.0001	N/A	0.0002
32	0.0000	0.0050	0.0001	0.0001	N/A	0.0002
33	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
34	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
35	0.0000	0.0050	0.0003	0.0001	N/A	0.0003
36	0.0000	0.0050	0.0003	0.0001	N/A	0.0003
37	0.0000	0.0050	0.0004	0.0001	N/A	0.0004
38	0.0000	0.0050	0.0004	0.0001	N/A	0.0004
39	0.0000	0.0050	0.0005	0.0001	N/A	0.0004
40	0.0300	0.0050	0.0005	0.0002	N/A	0.0004
41	0.0300	0.0050	0.0005	0.0002	N/A	0.0004
42	0.0300	0.0050	0.0006	0.0002	N/A	0.0005
43	0.0300	0.0050	0.0007	0.0003	N/A	0.0005
44	0.0300	0.0050	0.0007	0.0003	N/A	0.0006
45	0.0300	0.0050	0.0008	0.0003	N/A	0.0006
46	0.0300	0.0050	0.0009	0.0004	N/A	0.0007
47	0.0300	0.0050	0.0009	0.0004	N/A	0.0008
48	0.0300	0.0050	0.0010	0.0004	N/A	0.0008
49	0.0300	0.0050	0.0011	0.0004	N/A	0.0008
50	0.0300	0.0050	0.0012	0.0004	N/A	0.0009
51	0.0300	0.0050	0.0012	0.0004	N/A	0.0010
52	0.0300	0.0050	0.0013	0.0004	N/A	0.0011
53	0.0300	0.0050	0.0014	0.0005	N/A	0.0012
54	0.0600	0.0050	0.0015	0.0006	N/A	0.0014
55	0.1000	0.0050	0.0016	0.0006	N/A	0.0016
56	0.1200	0.0050	0.0016	0.0007	N/A	0.0018
57	0.1700	0.0050	0.0017	0.0008	N/A	0.0021
58	0.2200	0.0050	0.0020	0.0009	N/A	0.0024
59	0.2400	0.0050	0.0022	0.0010	N/A	0.0027
60	0.2600	0.0050	0.0024	0.0010	N/A	0.0029
61	0.3100	0.0050	0.0027	0.0011	N/A	0.0032
62	0.3500	0.0050	0.0029	0.0012	N/A	0.0035
63	0.2800	0.0050	0.0031	0.0014	N/A	0.0038
64	0.2800	0.0050	0.0034	0.0015	N/A	0.0041
65	0.2800	0.0050	0.0037	0.0017	N/A	0.0044
66	0.2800	0.0050	0.0040	0.0018	N/A	0.0048
67	0.2800	0.0050	0.0044	0.0020	N/A	0.0051
68	0.2800	0.0050	0.0048	0.0022	N/A	0.0055
69	0.2800	0.0050	0.0052	0.0023	N/A	0.0058
70	0.2800	0.0050	0.0052	0.0025	N/A	0.0061
71	0.2800	0.0050	0.0052	0.0026	N/A	0.0064
72	0.2800	0.0050	0.0052	0.0028	N/A	0.0067
73	0.2800	0.0050	0.0052	0.0030	N/A	0.0068
74	0.2800	0.0050	0.0052	0.0031	N/A	0.0073
75	1.0000	0.0000	0.0000	0.0000	N/A	0.0078

**Table A-8: Rate of Separation From Active Service For General Members
 Plan D and G – Male**

Age	Service Retirement	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death	Years of Service	Other Terminations
18	0.0000	0.0002	0.0001	N/A	0.0002	0	0.0800
19	0.0000	0.0002	0.0001	N/A	0.0002	1	0.0550
20	0.0000	0.0002	0.0001	N/A	0.0002	2	0.0375
21	0.0000	0.0002	0.0001	N/A	0.0002	3	0.0300
22	0.0000	0.0002	0.0001	N/A	0.0003	4	0.0250
23	0.0000	0.0002	0.0001	N/A	0.0003	5	0.0233
24	0.0000	0.0002	0.0001	N/A	0.0003	6	0.0217
25	0.0000	0.0002	0.0001	N/A	0.0003	7	0.0200
26	0.0000	0.0002	0.0001	N/A	0.0003	8	0.0190
27	0.0000	0.0002	0.0001	N/A	0.0003	9	0.0180
28	0.0000	0.0002	0.0001	N/A	0.0004	10	0.0170
29	0.0000	0.0002	0.0001	N/A	0.0004	11	0.0160
30	0.0000	0.0002	0.0001	N/A	0.0004	12	0.0150
31	0.0000	0.0002	0.0001	N/A	0.0005	13	0.0140
32	0.0000	0.0002	0.0001	N/A	0.0006	14	0.0130
33	0.0000	0.0002	0.0001	N/A	0.0006	15	0.0120
34	0.0000	0.0003	0.0001	N/A	0.0007	16	0.0110
35	0.0000	0.0003	0.0001	N/A	0.0007	17	0.0100
36	0.0000	0.0004	0.0001	N/A	0.0008	18	0.0092
37	0.0000	0.0004	0.0001	N/A	0.0008	19	0.0084
38	0.0000	0.0005	0.0001	N/A	0.0009	20	0.0076
39	0.0000	0.0005	0.0001	N/A	0.0009	21	0.0068
40	0.0200	0.0006	0.0002	N/A	0.0009	22	0.0060
41	0.0200	0.0006	0.0002	N/A	0.0009	23	0.0056
42	0.0200	0.0007	0.0002	N/A	0.0010	24	0.0052
43	0.0200	0.0007	0.0003	N/A	0.0010	25	0.0048
44	0.0200	0.0008	0.0003	N/A	0.0011	26	0.0044
45	0.0200	0.0009	0.0003	N/A	0.0011	27	0.0040
46	0.0200	0.0010	0.0004	N/A	0.0012	28	0.0040
47	0.0200	0.0011	0.0004	N/A	0.0012	29	0.0040
48	0.0200	0.0012	0.0004	N/A	0.0013	30 & Above	0.0000
49	0.0200	0.0013	0.0004	N/A	0.0014		
50	0.0200	0.0014	0.0004	N/A	0.0014		
51	0.0200	0.0015	0.0004	N/A	0.0015		
52	0.0200	0.0016	0.0004	N/A	0.0016		
53	0.0200	0.0018	0.0005	N/A	0.0017		
54	0.0200	0.0020	0.0006	N/A	0.0019		
55	0.0250	0.0022	0.0006	N/A	0.0021		
56	0.0250	0.0024	0.0007	N/A	0.0024		
57	0.0300	0.0026	0.0008	N/A	0.0027		
58	0.0350	0.0029	0.0009	N/A	0.0029		
59	0.0500	0.0032	0.0010	N/A	0.0033		
60	0.0600	0.0036	0.0010	N/A	0.0037		
61	0.0700	0.0039	0.0011	N/A	0.0041		
62	0.1000	0.0042	0.0012	N/A	0.0045		
63	0.0900	0.0042	0.0014	N/A	0.0049		
64	0.1200	0.0042	0.0015	N/A	0.0053		
65	0.2000	0.0042	0.0017	N/A	0.0058		
66	0.2000	0.0042	0.0018	N/A	0.0062		
67	0.1800	0.0042	0.0020	N/A	0.0064		
68	0.1600	0.0042	0.0022	N/A	0.0067		
69	0.1600	0.0042	0.0023	N/A	0.0068		
70	0.2000	0.0042	0.0025	N/A	0.0071		
71	0.2000	0.0042	0.0026	N/A	0.0077		
72	0.2000	0.0042	0.0028	N/A	0.0085		
73	0.2000	0.0042	0.0030	N/A	0.0094		
74	0.2000	0.0042	0.0031	N/A	0.0106		
75	1.0000	0.0042	0.0000	N/A	0.0119		

**Table A-9: Rate of Separation From Active Service For General Members
 Plan D and G – Female**

Age	Service Retirement	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death	Years of Service	Other Terminations
18	0.0000	0.0001	0.0001	N/A	0.0001	0	0.0800
19	0.0000	0.0001	0.0001	N/A	0.0001	1	0.0550
20	0.0000	0.0001	0.0001	N/A	0.0001	2	0.0375
21	0.0000	0.0001	0.0001	N/A	0.0001	3	0.0300
22	0.0000	0.0001	0.0001	N/A	0.0001	4	0.0250
23	0.0000	0.0001	0.0001	N/A	0.0001	5	0.0233
24	0.0000	0.0001	0.0001	N/A	0.0001	6	0.0217
25	0.0000	0.0001	0.0001	N/A	0.0001	7	0.0200
26	0.0000	0.0001	0.0001	N/A	0.0001	8	0.0190
27	0.0000	0.0001	0.0001	N/A	0.0001	9	0.0180
28	0.0000	0.0001	0.0001	N/A	0.0002	10	0.0170
29	0.0000	0.0001	0.0001	N/A	0.0002	11	0.0160
30	0.0000	0.0001	0.0001	N/A	0.0002	12	0.0150
31	0.0000	0.0001	0.0001	N/A	0.0002	13	0.0140
32	0.0000	0.0001	0.0001	N/A	0.0002	14	0.0130
33	0.0000	0.0002	0.0001	N/A	0.0003	15	0.0120
34	0.0000	0.0002	0.0001	N/A	0.0003	16	0.0110
35	0.0000	0.0003	0.0001	N/A	0.0003	17	0.0100
36	0.0000	0.0003	0.0001	N/A	0.0003	18	0.0092
37	0.0000	0.0004	0.0001	N/A	0.0004	19	0.0084
38	0.0000	0.0004	0.0001	N/A	0.0004	20	0.0076
39	0.0000	0.0005	0.0001	N/A	0.0004	21	0.0068
40	0.0200	0.0005	0.0002	N/A	0.0004	22	0.0060
41	0.0200	0.0005	0.0002	N/A	0.0004	23	0.0056
42	0.0200	0.0006	0.0002	N/A	0.0005	24	0.0052
43	0.0200	0.0007	0.0003	N/A	0.0005	25	0.0048
44	0.0200	0.0007	0.0003	N/A	0.0006	26	0.0044
45	0.0200	0.0008	0.0003	N/A	0.0006	27	0.0040
46	0.0200	0.0009	0.0004	N/A	0.0007	28	0.0040
47	0.0200	0.0009	0.0004	N/A	0.0008	29	0.0040
48	0.0200	0.0010	0.0004	N/A	0.0008	30 & Above	0.0000
49	0.0200	0.0011	0.0004	N/A	0.0008		
50	0.0200	0.0012	0.0004	N/A	0.0009		
51	0.0200	0.0012	0.0004	N/A	0.0010		
52	0.0200	0.0013	0.0004	N/A	0.0011		
53	0.0200	0.0014	0.0005	N/A	0.0012		
54	0.0200	0.0015	0.0006	N/A	0.0014		
55	0.0250	0.0016	0.0006	N/A	0.0016		
56	0.0250	0.0016	0.0007	N/A	0.0018		
57	0.0300	0.0017	0.0008	N/A	0.0021		
58	0.0350	0.0020	0.0009	N/A	0.0024		
59	0.0500	0.0022	0.0010	N/A	0.0027		
60	0.0600	0.0024	0.0010	N/A	0.0029		
61	0.0700	0.0027	0.0011	N/A	0.0032		
62	0.1000	0.0029	0.0012	N/A	0.0035		
63	0.0900	0.0031	0.0014	N/A	0.0038		
64	0.1200	0.0034	0.0015	N/A	0.0041		
65	0.2000	0.0037	0.0017	N/A	0.0044		
66	0.2000	0.0040	0.0018	N/A	0.0048		
67	0.1800	0.0044	0.0020	N/A	0.0051		
68	0.1600	0.0048	0.0022	N/A	0.0055		
69	0.1600	0.0052	0.0023	N/A	0.0058		
70	0.2000	0.0052	0.0025	N/A	0.0061		
71	0.2000	0.0052	0.0026	N/A	0.0064		
72	0.2000	0.0052	0.0028	N/A	0.0067		
73	0.2000	0.0052	0.0030	N/A	0.0068		
74	0.2000	0.0052	0.0031	N/A	0.0073		
75	1.0000	0.0000	0.0000	N/A	0.0078		



This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

**Table A-10: Rate of Separation From Active Service For General Members
 Plan E – Male**

Age	Service Retirement	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death	Years of Service	Other Terminations
18	0.0000	N/A	N/A	N/A	0.0002	0	0.1400
19	0.0000	N/A	N/A	N/A	0.0002	1	0.0750
20	0.0000	N/A	N/A	N/A	0.0002	2	0.0550
21	0.0000	N/A	N/A	N/A	0.0002	3	0.0400
22	0.0000	N/A	N/A	N/A	0.0003	4	0.0300
23	0.0000	N/A	N/A	N/A	0.0003	5	0.0277
24	0.0000	N/A	N/A	N/A	0.0003	6	0.0253
25	0.0000	N/A	N/A	N/A	0.0003	7	0.0230
26	0.0000	N/A	N/A	N/A	0.0003	8	0.0220
27	0.0000	N/A	N/A	N/A	0.0003	9	0.0210
28	0.0000	N/A	N/A	N/A	0.0004	10	0.0200
29	0.0000	N/A	N/A	N/A	0.0004	11	0.0190
30	0.0000	N/A	N/A	N/A	0.0004	12	0.0180
31	0.0000	N/A	N/A	N/A	0.0005	13	0.0174
32	0.0000	N/A	N/A	N/A	0.0006	14	0.0168
33	0.0000	N/A	N/A	N/A	0.0006	15	0.0162
34	0.0000	N/A	N/A	N/A	0.0007	16	0.0156
35	0.0000	N/A	N/A	N/A	0.0007	17	0.0150
36	0.0000	N/A	N/A	N/A	0.0008	18	0.0144
37	0.0000	N/A	N/A	N/A	0.0008	19	0.0138
38	0.0000	N/A	N/A	N/A	0.0009	20	0.0132
39	0.0000	N/A	N/A	N/A	0.0009	21	0.0126
40	0.0000	N/A	N/A	N/A	0.0009	22	0.0120
41	0.0000	N/A	N/A	N/A	0.0009	23	0.0116
42	0.0000	N/A	N/A	N/A	0.0010	24	0.0112
43	0.0000	N/A	N/A	N/A	0.0010	25	0.0108
44	0.0000	N/A	N/A	N/A	0.0011	26	0.0104
45	0.0000	N/A	N/A	N/A	0.0011	27	0.0100
46	0.0000	N/A	N/A	N/A	0.0012	28	0.0100
47	0.0000	N/A	N/A	N/A	0.0012	29	0.0100
48	0.0000	N/A	N/A	N/A	0.0013	30 & Above	0.0100
49	0.0000	N/A	N/A	N/A	0.0014		
50	0.0000	N/A	N/A	N/A	0.0014		
51	0.0000	N/A	N/A	N/A	0.0015		
52	0.0000	N/A	N/A	N/A	0.0016		
53	0.0000	N/A	N/A	N/A	0.0017		
54	0.0000	N/A	N/A	N/A	0.0019		
55	0.0300	N/A	N/A	N/A	0.0021		
56	0.0250	N/A	N/A	N/A	0.0024		
57	0.0250	N/A	N/A	N/A	0.0027		
58	0.0250	N/A	N/A	N/A	0.0029		
59	0.0300	N/A	N/A	N/A	0.0033		
60	0.0450	N/A	N/A	N/A	0.0037		
61	0.0600	N/A	N/A	N/A	0.0041		
62	0.0900	N/A	N/A	N/A	0.0045		
63	0.0900	N/A	N/A	N/A	0.0049		
64	0.1600	N/A	N/A	N/A	0.0053		
65	0.2500	N/A	N/A	N/A	0.0058		
66	0.1800	N/A	N/A	N/A	0.0062		
67	0.1700	N/A	N/A	N/A	0.0064		
68	0.1600	N/A	N/A	N/A	0.0067		
69	0.1600	N/A	N/A	N/A	0.0068		
70	0.2000	N/A	N/A	N/A	0.0071		
71	0.2000	N/A	N/A	N/A	0.0077		
72	0.2000	N/A	N/A	N/A	0.0085		
73	0.2000	N/A	N/A	N/A	0.0094		
74	0.2000	N/A	N/A	N/A	0.0106		
75	1.0000	N/A	N/A	N/A	0.0119		

**Table A-11: Rate of Separation From Active Service For General Members
 Plan E – Female**

Age	Service Retirement	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death	Years of Service	Other Terminations
18	0.0000	N/A	N/A	N/A	0.0001	0	0.1400
19	0.0000	N/A	N/A	N/A	0.0001	1	0.0750
20	0.0000	N/A	N/A	N/A	0.0001	2	0.0550
21	0.0000	N/A	N/A	N/A	0.0001	3	0.0400
22	0.0000	N/A	N/A	N/A	0.0001	4	0.0300
23	0.0000	N/A	N/A	N/A	0.0001	5	0.0277
24	0.0000	N/A	N/A	N/A	0.0001	6	0.0253
25	0.0000	N/A	N/A	N/A	0.0001	7	0.0230
26	0.0000	N/A	N/A	N/A	0.0001	8	0.0220
27	0.0000	N/A	N/A	N/A	0.0001	9	0.0210
28	0.0000	N/A	N/A	N/A	0.0002	10	0.0200
29	0.0000	N/A	N/A	N/A	0.0002	11	0.0190
30	0.0000	N/A	N/A	N/A	0.0002	12	0.0180
31	0.0000	N/A	N/A	N/A	0.0002	13	0.0174
32	0.0000	N/A	N/A	N/A	0.0002	14	0.0168
33	0.0000	N/A	N/A	N/A	0.0003	15	0.0162
34	0.0000	N/A	N/A	N/A	0.0003	16	0.0156
35	0.0000	N/A	N/A	N/A	0.0003	17	0.0150
36	0.0000	N/A	N/A	N/A	0.0003	18	0.0144
37	0.0000	N/A	N/A	N/A	0.0004	19	0.0138
38	0.0000	N/A	N/A	N/A	0.0004	20	0.0132
39	0.0000	N/A	N/A	N/A	0.0004	21	0.0126
40	0.0000	N/A	N/A	N/A	0.0004	22	0.0120
41	0.0000	N/A	N/A	N/A	0.0004	23	0.0116
42	0.0000	N/A	N/A	N/A	0.0005	24	0.0112
43	0.0000	N/A	N/A	N/A	0.0005	25	0.0108
44	0.0000	N/A	N/A	N/A	0.0006	26	0.0104
45	0.0000	N/A	N/A	N/A	0.0006	27	0.0100
46	0.0000	N/A	N/A	N/A	0.0007	28	0.0100
47	0.0000	N/A	N/A	N/A	0.0008	29	0.0100
48	0.0000	N/A	N/A	N/A	0.0008	30 & Above	0.0100
49	0.0000	N/A	N/A	N/A	0.0008		
50	0.0000	N/A	N/A	N/A	0.0009		
51	0.0000	N/A	N/A	N/A	0.0010		
52	0.0000	N/A	N/A	N/A	0.0011		
53	0.0000	N/A	N/A	N/A	0.0012		
54	0.0000	N/A	N/A	N/A	0.0014		
55	0.0300	N/A	N/A	N/A	0.0016		
56	0.0250	N/A	N/A	N/A	0.0018		
57	0.0250	N/A	N/A	N/A	0.0021		
58	0.0250	N/A	N/A	N/A	0.0024		
59	0.0300	N/A	N/A	N/A	0.0027		
60	0.0450	N/A	N/A	N/A	0.0029		
61	0.0600	N/A	N/A	N/A	0.0032		
62	0.0900	N/A	N/A	N/A	0.0035		
63	0.0900	N/A	N/A	N/A	0.0038		
64	0.1600	N/A	N/A	N/A	0.0041		
65	0.2500	N/A	N/A	N/A	0.0044		
66	0.1800	N/A	N/A	N/A	0.0048		
67	0.1700	N/A	N/A	N/A	0.0051		
68	0.1600	N/A	N/A	N/A	0.0055		
69	0.1600	N/A	N/A	N/A	0.0058		
70	0.2000	N/A	N/A	N/A	0.0061		
71	0.2000	N/A	N/A	N/A	0.0064		
72	0.2000	N/A	N/A	N/A	0.0067		
73	0.2000	N/A	N/A	N/A	0.0068		
74	0.2000	N/A	N/A	N/A	0.0073		
75	1.0000	N/A	N/A	N/A	0.0078		

**Table A-12: Rate of Separation From Active Service For Safety Members
 Plans A, B, & C – Male**

Age	Service Retirement	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death	Years of Service	Other Terminations
18	0.0000	0.0027	0.0000	0.0001	0.0000	0	0.0300
19	0.0000	0.0027	0.0000	0.0001	0.0000	1	0.0250
20	0.0000	0.0027	0.0000	0.0001	0.0002	2	0.0200
21	0.0000	0.0027	0.0000	0.0001	0.0002	3	0.0150
22	0.0000	0.0027	0.0000	0.0001	0.0002	4	0.0120
23	0.0000	0.0027	0.0000	0.0001	0.0002	5	0.0113
24	0.0000	0.0027	0.0000	0.0001	0.0002	6	0.0107
25	0.0000	0.0027	0.0000	0.0001	0.0002	7	0.0100
26	0.0000	0.0027	0.0000	0.0001	0.0002	8	0.0092
27	0.0000	0.0027	0.0000	0.0001	0.0002	9	0.0084
28	0.0000	0.0027	0.0000	0.0001	0.0003	10	0.0076
29	0.0000	0.0027	0.0000	0.0001	0.0003	11	0.0068
30	0.0000	0.0027	0.0000	0.0001	0.0003	12	0.0060
31	0.0000	0.0027	0.0000	0.0001	0.0003	13	0.0054
32	0.0000	0.0027	0.0000	0.0001	0.0003	14	0.0048
33	0.0000	0.0029	0.0000	0.0001	0.0003	15	0.0042
34	0.0000	0.0031	0.0000	0.0001	0.0004	16	0.0036
35	0.0000	0.0032	0.0000	0.0001	0.0004	17	0.0030
36	0.0000	0.0034	0.0000	0.0001	0.0004	18	0.0024
37	0.0000	0.0036	0.0000	0.0001	0.0005	19	0.0018
38	0.0000	0.0038	0.0000	0.0001	0.0006	20 & Above	0.0000
39	0.0000	0.0040	0.0000	0.0001	0.0006		
40	0.0100	0.0041	0.0000	0.0001	0.0007		
41	0.0100	0.0043	0.0000	0.0001	0.0007		
42	0.0100	0.0045	0.0000	0.0001	0.0008		
43	0.0100	0.0049	0.0000	0.0001	0.0008		
44	0.0100	0.0052	0.0000	0.0001	0.0009		
45	0.0100	0.0056	0.0000	0.0001	0.0009		
46	0.0100	0.0059	0.0000	0.0001	0.0009		
47	0.0100	0.0063	0.0000	0.0001	0.0009		
48	0.0100	0.0072	0.0000	0.0001	0.0010		
49	0.0100	0.0081	0.0000	0.0001	0.0010		
50	0.0100	0.0090	0.0000	0.0001	0.0011		
51	0.0200	0.0108	0.0000	0.0001	0.0011		
52	0.0250	0.0126	0.0000	0.0001	0.0012		
53	0.0300	0.0180	0.0000	0.0001	0.0012		
54	0.1000	0.0270	0.0000	0.0001	0.0013		
55	0.2400	0.0900	0.0000	0.0001	0.0014		
56	0.1800	0.0720	0.0000	0.0001	0.0014		
57	0.2000	0.1080	0.0000	0.0001	0.0015		
58	0.2400	0.1260	0.0000	0.0001	0.0016		
59	0.4000	0.1800	0.0000	0.0001	0.0017		
60	1.0000	0.0000	0.0000	0.0000	0.0019		

**Table A-13: Rate of Separation From Active Service For Safety Members
 Plans A, B, & C – Female**

Age	Service Retirement	Service-Connected Disability	Nonservice-Connected Disability	Service-Connected Pre-Retirement Death	Nonservice-Connected Pre-Retirement Death	Years of Service	Other Terminations
18	0.0000	0.0033	0.0000	0.0001	0.0001	0	0.0300
19	0.0000	0.0033	0.0000	0.0001	0.0001	1	0.0250
20	0.0000	0.0033	0.0000	0.0001	0.0001	2	0.0200
21	0.0000	0.0033	0.0000	0.0001	0.0001	3	0.0150
22	0.0000	0.0033	0.0000	0.0001	0.0001	4	0.0120
23	0.0000	0.0033	0.0000	0.0001	0.0001	5	0.0113
24	0.0000	0.0033	0.0000	0.0001	0.0001	6	0.0107
25	0.0000	0.0033	0.0000	0.0001	0.0001	7	0.0100
26	0.0000	0.0033	0.0000	0.0001	0.0001	8	0.0092
27	0.0000	0.0033	0.0000	0.0001	0.0001	9	0.0084
28	0.0000	0.0038	0.0000	0.0001	0.0002	10	0.0076
29	0.0000	0.0041	0.0000	0.0001	0.0002	11	0.0068
30	0.0000	0.0046	0.0000	0.0001	0.0002	12	0.0060
31	0.0000	0.0050	0.0000	0.0001	0.0002	13	0.0054
32	0.0000	0.0054	0.0000	0.0001	0.0002	14	0.0048
33	0.0000	0.0060	0.0000	0.0001	0.0003	15	0.0042
34	0.0000	0.0067	0.0000	0.0001	0.0003	16	0.0036
35	0.0000	0.0072	0.0000	0.0001	0.0003	17	0.0030
36	0.0000	0.0078	0.0000	0.0001	0.0003	18	0.0024
37	0.0000	0.0085	0.0000	0.0001	0.0004	19	0.0018
38	0.0000	0.0088	0.0000	0.0001	0.0004	20 & Above	0.0000
39	0.0000	0.0091	0.0000	0.0001	0.0004		
40	0.0100	0.0095	0.0000	0.0001	0.0004		
41	0.0100	0.0097	0.0000	0.0001	0.0004		
42	0.0100	0.0101	0.0000	0.0001	0.0005		
43	0.0100	0.0104	0.0000	0.0001	0.0005		
44	0.0100	0.0108	0.0000	0.0001	0.0006		
45	0.0100	0.0111	0.0000	0.0001	0.0006		
46	0.0100	0.0114	0.0000	0.0001	0.0007		
47	0.0100	0.0118	0.0000	0.0001	0.0008		
48	0.0100	0.0122	0.0000	0.0001	0.0008		
49	0.0100	0.0135	0.0000	0.0001	0.0008		
50	0.0100	0.0203	0.0000	0.0001	0.0009		
51	0.0200	0.0237	0.0000	0.0001	0.0010		
52	0.0250	0.0270	0.0000	0.0001	0.0011		
53	0.0300	0.0338	0.0000	0.0001	0.0012		
54	0.1000	0.0405	0.0000	0.0001	0.0014		
55	0.2400	0.0473	0.0000	0.0001	0.0016		
56	0.1800	0.0810	0.0000	0.0001	0.0018		
57	0.2000	0.0810	0.0000	0.0001	0.0021		
58	0.2400	0.0810	0.0000	0.0001	0.0024		
59	0.4000	0.0810	0.0000	0.0001	0.0027		
60	1.0000	0.0000	0.0000	0.0000	0.0029		

Table A-14: Probability of Initial Medical Enrollment

Males and Females:

<u>Years of Service</u>	<u>Assumed Enrollment %</u>
< 10	9%
10-14	47%
15-19	66%
20-24	82%
25+, Disabled	95%

Table A-15: Probability of Medical Plan and Tier Selection Upon Initial Enrollment
Non-Local 1014 Firefighters Retirees

Deduction Code	Plan	Tier	Pre 65		Post 65	
			Male	Female	Male	Female
201	Anthem Blue Cross Prudent Buyer Plan	Retiree Only	1.0%	1.0%		
202	Anthem Blue Cross Prudent Buyer Plan	Retiree and Spouse	2.0%	1.0%		
203	Anthem Blue Cross Prudent Buyer Plan	Retiree and Family	1.0%			
204	Anthem Blue Cross Prudent Buyer Plan	Retiree and Children				
205	Anthem Blue Cross Prudent Buyer Plan	Minor Survivor				
211	Anthem Blue Cross I	Retiree Only		1.0%		1.0%
212	Anthem Blue Cross I	Retiree and Spouse	1.0%	1.0%		
213	Anthem Blue Cross I	Retiree, Spouse and Children				
214	Anthem Blue Cross I	Retiree and Children				
215	Anthem Blue Cross I	Minor Survivor				
221	Anthem Blue Cross II	Retiree Only	6.0%	9.0%	2.0%	3.0%
222	Anthem Blue Cross II	Retiree and Spouse	15.0%	7.0%	5.0%	1.0%
223	Anthem Blue Cross II	Retiree, Spouse and Children	10.0%	1.0%		
224	Anthem Blue Cross II	Retiree and Children				
225	Anthem Blue Cross II	Minor Survivor				
240	Anthem Blue Cross III	One Medicare		1.0%	7.0%	11.0%
241	Anthem Blue Cross III	Retiree and Spouse 1 Medicare				
242	Anthem Blue Cross III	Retiree and Spouse 1 Medicare			6.0%	1.0%
243	Anthem Blue Cross III	Retiree and Spouse 2 Medicare			7.0%	4.0%
244	Anthem Blue Cross III	Retiree and Children 1 Medicare				
245	Anthem Blue Cross III	Retiree and Children 1 Medicare				
246	Anthem Blue Cross III	Retiree and Family 1 Medicare				
247	Anthem Blue Cross III	Retiree and Family 1 Medicare				
248	Anthem Blue Cross III	Retiree and Family 2 Medicare				
249	Anthem Blue Cross III	Retiree and Family 2 Medicare				
250	Anthem Blue Cross III	Retiree and Family 3 Medicare				
301	Cigna Network Model Plan	Retiree Only				
302	Cigna Network Model Plan	Retiree and Spouse				
303	Cigna Network Model Plan	Retiree and Family				
304	Cigna Network Model Plan	Retiree and Children				
305	Cigna Network Model Plan	Minor Survivor				
321	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree Only				
322	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Spouse				
324	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Spouse (Both Risk)				
325	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Children				
327	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Family (1 Medicare)				
329	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Family (2 Medicare)				
401	Kaiser (CA)	Retiree Basic (Under 65)	13.0%	33.0%		
402	Kaiser (CA)	Retiree Cost ("M" Coverage)				
403	Kaiser (CA)	Retiree Risk (Senior Advantage)			20.0%	36.0%
404	Kaiser (CA)	Retiree Excess I			1.0%	3.0%
405	Kaiser (CA)	Retiree Excess II - Part B			2.0%	4.0%
406	Kaiser (CA)	Excess III - Medicare Not Provided (MNP)				1.0%
411	Kaiser (CA)	Family Basic	37.0%	27.0%		
412	Kaiser (CA)	One Cost ("M" Coverage), Others Basic				
413	Kaiser (CA)	One Advantage, Others Basic			18.0%	4.0%
414	Kaiser (CA)	One Excess I, Others Basic			2.0%	
415	Kaiser (CA)	Two+ Cost ("M" Coverage)				
416	Kaiser (CA)	One Advantage, One Cost ("M" Coverage)				
417	Kaiser (CA)	One Excess I, One Cost ("M" Coverage)				
418	Kaiser (CA)	Two+ Advantage			13.0%	15.0%
419	Kaiser (CA)	One Excess I, One Advantage			1.0%	1.0%
420	Kaiser (CA)	Two+ Excess I			1.0%	
421	Kaiser (CA)	Survivor				
422	Kaiser (CA)	One Excess II - Part B, One Basic			2.0%	1.0%
423	Kaiser (CA)	One Excess III (MNP), One Basic			1.0%	
424	Kaiser (CA)	One Cost ("M" Coverage), One Excess II - Part B				
425	Kaiser (CA)	One Cost ("M" Coverage), One Excess III (MNP)				
426	Kaiser (CA)	One Risk, One Excess II - Part B				
427	Kaiser (CA)	One Risk, One Excess III (MNP)				
428	Kaiser (CA)	One Excess I, One Excess II - Part B				
429	Kaiser (CA)	One Excess I, One Excess III (MNP)				
430	Kaiser (CA)	Two Excess II - Part B				
431	Kaiser (CA)	One Excess II - Part B, One Excess III (MNP)				
432	Kaiser (CA)	Two Excess III - Both (MNP)				

Deduction Code	Plan	Tier	Pre 65		Post 65	
			Male	Female	Male	Female
450	Kaiser - Colorado Basic	Retiree Basic				
451	Kaiser - Colorado	Retiree Risk				
452	Kaiser (Other)	Retiree Only				
453	Kaiser - Colorado	Retiree Basic (Two Party)				
454	Kaiser - Colorado	Retiree Basic Family				
455	Kaiser - Colorado	One Risk, One Basic				
456	Kaiser (Other)	Retiree and Spouse				
457	Kaiser - Colorado	Two Retiree Risk				
458	Kaiser - Colorado	One Risk, Two or More Dependents				
459	Kaiser - Colorado	Two Risk, Two or More Dependents				
460	Kaiser (Other)	Retiree and Spouse				
440	Kaiser - Georgia	One Medicare Member with Part B only				
441	Kaiser - Georgia	One Medicare Member with Part A only				
442	Kaiser - Georgia	One Member without Medicare Part A&B				
443	Kaiser - Georgia	One Medicare Member (Renal Failure)				
444	Kaiser - Georgia	One Medicare Member + One Medicare with Part B only				
445	Kaiser - Georgia	One Medicare Member + One Medicare with Part A only				
446	Kaiser - Georgia	One Medicare Member + One Medicare without Part A&B				
461	Kaiser - Georgia Basic	Basic				
462	Kaiser - Georgia	Retiree Risk				
463	Kaiser - Georgia	Retiree (Two Party)				
464	Kaiser - Georgia	Retiree Basic Family				
465	Kaiser - Georgia	One Retiree Risk, One Basic				
466	Kaiser - Georgia	Two Retiree Risk				
467	Kaiser - Georgia	One Retiree Risk, Two Retiree Basic				
468	Kaiser - Georgia	Two Retiree Risk, One Basic				
469	Kaiser - Georgia	Three Retiree Risk, One Basic				
470	Kaiser - Georgia	Any other Family, at least one Retiree Risk				
471	Kaiser - Hawaii	Retiree Basic (Under 65)				
472	Kaiser - Hawaii	Retiree Risk				
473	Kaiser - Hawaii	Retiree Over 65 without Medicare A&B				
474	Kaiser - Hawaii Basic	Retiree Basic (Two Party)				
475	Kaiser - Hawaii	Retiree Basic Family (Under 65)				
476	Kaiser - Hawaii	One Retiree Risk, One Basic				
477	Kaiser - Hawaii	Over 65 without Medicare A&B, One Basic				
478	Kaiser - Hawaii	Two Retiree Risk				
479	Kaiser - Hawaii	One Risk, One Over 65 without Medicare A&B				
481	Kaiser - Oregon	Retiree Basic (Under 65)				
482	Kaiser - Oregon	Retiree Risk				
483	Kaiser - Oregon	Retiree Over 65 unassigned Medicare A&B				
484	Kaiser - Oregon	Retiree Basic (Two Party)				
485	Kaiser - Oregon Basic	Retiree Basic Family (Under 65)				
486	Kaiser - Oregon	One Retiree Risk, One Basic				
487	Kaiser - Oregon	Retiree Cost				
488	Kaiser - Oregon	Two Retiree Risk				
489	Kaiser - Oregon	Retiree w/ Part A only				
490	Kaiser - Oregon	Retiree w/ Part B only				
491	Kaiser - Oregon	One Risk, One Medicare Part A only				
492	Kaiser - Oregon	One Risk, One Over 65 No Medicare				
493	Kaiser - Oregon	One Risk, Two Basic				
494	Kaiser - Oregon	Two Risk, One Basic				
495	Kaiser - Oregon	Two Over 65 unassigned Medicare				
496	Kaiser - Oregon	Two Medicare Part A only				
497	Kaiser - Oregon	One Basic, One Medicare Part A only				
498	Kaiser - Oregon	One Basic, One over 65 unassigned Medicare A&B				
611	SCAN Health Plan	Retiree Only			1.0%	1.0%
613	SCAN Health Plan	Retiree & 1 Dependent (2 Medicare)			1.0%	1.0%
701	United Healthcare Medicare Advantage	Retiree Only			2.5%	7.5%
702	United Healthcare Medicare Advantage	Retiree & 1 Dependent (1 Medicare)		2.0%	3.5%	1.0%
703	United Healthcare Medicare Advantage	Retiree & 1 Dependent (2 Medicare)			3.0%	3.5%
704	United Healthcare Medicare Advantage	Retiree & 2 + Deps. (1 Medicare)			1.0%	
705	United Healthcare Medicare Advantage	Retiree & 2 + Deps. (2 Medicare)				
706	United Healthcare Medicare Advantage	Minor Survivor				
707	United Healthcare	Single	3.5%	10.0%		
708	United Healthcare	Two-Party	7.0%	5.0%		
709	United Healthcare	Family	3.5%	1.0%		
Total			100.0%	100.0%	100.0%	100.0%
Probability of enrolling at least one dependent			76.5%	45.0%	64.5%	32.5%



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Firefighters Local 1014 Retirees

Deduction Code	Plan	Tier	Pre 65		Post 65	
			Male	Female	Male	Female
801	Firefighters Local 1014	Med-Member under 65	7.0%	7.0%		
802	Firefighters Local 1014	Med-Member +1 under 65	57.0%	57.0%		
803	Firefighters Local 1014	Med-Member +2 under 65	36.0%	36.0%		
804	Firefighters Local 1014	Med-Member with Medicare			7.0%	7.0%
805	Firefighters Local 1014	Med-Member +1; 1 MDC				
806	Firefighters Local 1014	Med-Member +1; 2 MDC			57.0%	57.0%
807	Firefighters Local 1014	Med-Member +2; 1 MDC				
808	Firefighters Local 1014	Med-Member +2; 2 MDC			36.0%	36.0%
809	Firefighters Local 1014	Med-Surv. Sp. Under 65				
810	Firefighters Local 1014	Med-Surv. Sp. +1 Under 65				
811	Firefighters Local 1014	Med-Surv. Sp. +2 Under 65				
812	Firefighters Local 1014	Med-Surv. Sp. With MDC				
813	Firefighters Local 1014	Med-Surv. Sp. +1 1 MDC				
814	Firefighters Local 1014	Med-Surv. Sp. +2; 1 MDC				
815	Firefighters Local 1014	Med-Surv. Sp. +1; 2 MDC				
Total			100.0%	100.0%	100.0%	100.0%
Probability of enrolling at least one dependent			93.0%	93.0%	93.0%	93.0%



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Table A-16: Probability of Medical Plan and Tier Selection for Pre 65 Retirees Who Become Eligible for a Post 65 Plan

We assume that Pre 65 retirees and dependents will choose Post 65 plans at age 65 according to the following table:

From Pre Age 65 Eligible Plan	To Post Age 65 Eligible Plan
Anthem Blue Cross I	40% Anthem Blue Cross I 60% Anthem Blue Cross III
Anthem Blue Cross II	40% Anthem Blue Cross II 60% Anthem Blue Cross III
Anthem Blue Cross Prudent Buyer	55% Anthem Blue Cross Prudent Buyer 45% Anthem Blue Cross III
Cigna Network Model	53% Cigna Network Model 2% Cigna Medicare Select Plus Rx (AZ) 1% Anthem Blue Cross II 12% Anthem Blue Cross III 22% UnitedHealthcare – Medicare Advantage 6% Senior Advantage 4% SCAN Health Plan
UnitedHealthcare	85% UnitedHealthcare – Medicare Advantage 4% Cigna Network Model 6% Anthem Blue Cross III 2% SCAN Health Plan 2% Senior Advantage 1% Excess II
Kaiser Permanente Retiree Basic	81% Senior Advantage 4% Retiree Excess I 7% Retiree Excess II- Part B 6% Excess III (MNP) 2% Anthem Blue Cross III
Kaiser Permanente Family Basic	78% Two + Advantage 2% One Excess I, One Advantage 8% One Advantage, One Excess II – Part B 10% One Advantage, One Excess III (MNP) 0.5% Two Excess II - Part B 1% Anthem Blue Cross III 0.5% UnitedHealthcare – Medicare Advantage
Firefighters Local 1014 Pre Age 65 Plan	100% Firefighters Local Post Age 65 Plan

We assume the following Post Medicare Only Plans are for enrollees who are entitled for Medicare Parts A & B:

- Anthem Blue Cross III
- Cigna Medicare Select Plus Rx (AZ)
- SCAN
- Kaiser Senior Advantage
- UnitedHealthcare – Medicare Advantage

We assume that 100% of the retirees are eligible for Medicare with Part B Premium Reimbursement for the following plans:

- UnitedHealthcare - Medicare Advantage
- Firefighters Local 1014 Post Medicare Plan
- Anthem Blue Cross III
- Cigna Medicare Select Plus Rx (AZ)
- SCAN
- Kaiser Senior Advantage

We assume all other plans' retirees do not elect Part B Premium Reimbursement.

Effective January 1, 2007, Medicare Part B premiums vary depending on income status. For the non-Local 1014 members, the County does not pay the higher premiums, and we assume that there will be no shift in enrollment.

Table A-17: Survivor and New Dependent Enrollment

The valuation methods and assumptions are adjusted with the following considerations from LACERA discussions:

Scenario I

If a dependent or spouse dies, the retiree may enroll a new spouse/domestic partner and/or a new dependent.

- We assume 3% will enroll a new spouse / domestic partner.
- We assume 3% of the retirees will enroll a new dependent.

Scenario II

If a retiree who has a retirement plan option which qualifies as eligible for continuing retirement benefits to the survivor dies and the spouse has retiree medical, Part B, or dental/vision coverage, the existing spouse or dependent may continue to be enrolled and may also enroll a new spouse/domestic partner and/or a new dependent.

- We assume 50% of the retirees with spouses have a spouse continuance option.
- We assume 10% of the surviving spouse/domestic partners with a continuance option will enroll a new spouse.
- Therefore, we assume 5% (or 50% of the 10%) of the surviving spouses' new spouses will enroll and receive the County subsidy.
- We assume 2% of the surviving spouse/domestic partners will enroll a new dependent.

Scenario III

If a retiree who has a retirement plan option which qualifies as eligible for continuing retirement benefits to the survivor dies and the spouse does NOT have retiree medical coverage, we assume no additional spouse/domestic partner or dependent will be enrolled.

Table A-18: Probability of Initial Dental/Vision Enrollment

Males and Females

<u>Years of Service</u>	<u>Assumed Enrollment %</u>
< 10	11%
10-14	51%
15-19	68%
20-24	83%
25+	95%
Disabled	100%

Table A-19: Probability of Dental/Vision Plan and Tier Selection Upon Dental/Vision Retirement Enrollment

Tier	<u>Cigna Indemnity Dental/Vision</u>			<u>Cigna HMO Dental/Vision</u>		
	<u>Retiree Only</u>	<u>Retiree and Dependents</u>	<u>Survivor</u>	<u>Retiree Only</u>	<u>Retiree and Dependents</u>	<u>Survivor</u>
Deduction Code	501	502	503	901	902	903
Percentage						
Male	21%	65%	0%	5%	9%	0%
Female	46%	37%	0%	11%	6%	0%

Table A-20: Premium Information

The following premium information is for retirees living in California who have less than 10 years of service and have to pay the full amount. Members who have more than 10 years of service receive a subsidy from the County. Details can be found in Appendix B. The premium rates in Table A-20 include the carriers' administration fees and LACERA's per retiree monthly administration fee. The per retiree monthly administration fee was \$5.00 effective July 1, 2014 and July 1, 2015.

**Pre and Post Age 65 Monthly Rates Effective July 1, 2014
 UnitedHealthcare is Pre Age 65 Only**

Tier	Anthem Blue Cross - Plan I	Anthem Blue Cross - Plan II	Anthem Blue Cross - Prudent Buyer	Cigna	United Healthcare
Retiree Only	\$ 918.46	\$ 918.46	\$ 666.96	\$ 1,236.73	
Retiree & Spouse	\$ 1,655.99	\$ 1,655.99	\$ 1,312.37	\$ 2,233.40	
Retiree & Family	\$ 1,953.41	\$ 1,953.41	\$ 1,481.10	\$ 2,637.64	
Retiree & Children	\$ 1,215.26	\$ 1,215.26	\$ 857.26	\$ 1,641.45	
Minor Survivor	\$ 304.23	\$ 304.23	\$ 181.87	\$ 409.49	\$ 261.24
UnitedHealthcare Single					\$915.18
UnitedHealthcare Two-Party					\$ 1,671.68
UnitedHealthcare Family					\$ 1,982.16

**Pre and Post Age 65 Monthly Rates Effective July 1, 2015
 UnitedHealthcare is Pre Age 65 Only**

Tier	Anthem Blue Cross - Plan I	Anthem Blue Cross - Plan II	Anthem Blue Cross - Prudent Buyer	Cigna	United Healthcare
Retiree Only	\$ 1,062.79	\$ 1,062.79	\$ 840.86	\$ 1,278.59	
Retiree & Spouse	\$ 1,916.85	\$ 1,916.85	\$ 1,655.82	\$ 2,309.12	
Retiree & Family	\$ 2,261.26	\$ 2,261.26	\$ 1,868.87	\$ 2,726.15	
Retiree & Children	\$ 1,406.48	\$ 1,406.48	\$ 1,081.15	\$ 1,697.94	
Minor Survivor	\$ 351.51	\$ 351.51	\$ 228.33	\$ 423.95	\$ 268.86
UnitedHealthcare Single					\$942.25
UnitedHealthcare Two-Party					\$ 1,721.25
UnitedHealthcare Family					\$ 2,040.96

Post Age 65 Monthly Rates Effective July 1, 2014

Tier	Anthem Blue Cross - Plan III	SCAN	United Healthcare Medicare Advantage
One Medicare	\$ 370.89		
Retiree & Spouse- 1 Medicare	\$ 1,185.98		
Retiree & Spouse- 2 Medicare	\$ 738.28		
Retiree & Children- 1 Medicare	\$ 664.18		
Retiree & Family- 1 Medicare	\$ 1,479.18		
Retiree & Family- 2 Medicare	\$ 1,031.42		
Retiree & Family- 3 Medicare	\$ 1,155.92		
Retiree Only		\$ 293.00	\$ 299.40
Retiree & 1 Dependent (1 Medicare)			\$ 1,209.58
Retiree & 1 Dependent (2 Medicare)		\$ 581.00	\$ 593.80
Retiree & 2 + Deps. (1 Medicare)			\$ 1,366.38
Retiree & 2 + Deps. (2 Medicare)			\$ 750.60

Post Age 65 Monthly Rates Effective July 1, 2015

Tier	Anthem Blue Cross - Plan III	SCAN	United Healthcare Medicare Advantage
One Medicare	\$ 428.70		
Retiree & Spouse- 1 Medicare	\$ 1,372.57		
Retiree & Spouse- 2 Medicare	\$ 854.14		
Retiree & Children- 1 Medicare	\$ 768.33		
Retiree & Family- 1 Medicare	\$ 1,712.10		
Retiree & Family- 2 Medicare	\$ 1,193.59		
Retiree & Family- 3 Medicare	\$ 1,337.77		
Retiree Only		\$ 341.00	\$ 314.12
Retiree & 1 Dependent (1 Medicare)			\$ 1,251.37
Retiree & 1 Dependent (2 Medicare)		\$ 677.00	\$ 623.24
Retiree & 2 + Deps. (1 Medicare)			\$ 1,412.83
Retiree & 2 + Deps. (2 Medicare)			\$ 784.70

Kaiser California Monthly Rates

Effective Date	July 1, 2014	July 1, 2015
Retiree Basic (Under 65)	\$848.36	\$868.90
Retiree Risk (Senior Advantage)	\$237.06	\$239.60
Retiree Excess I	\$978.24	\$978.24
Retiree Excess II - Part B	\$869.06	\$890.15
Excess III- Medicare Not Provided (MNP)	\$1,534.70	\$1,611.19
Family Basic	\$1,691.72	\$1,732.80
One Advantage, One Basic	\$1,080.42	\$1,103.50
One Excess I, One Basic	\$1,821.60	\$1,842.14
One Excess II - Part B, One Basic	\$1,712.42	\$1,754.05
One Excess III (MNP), One Basic	\$2,378.06	\$2,475.09
Two+ Advantage	\$469.12	\$474.20
One Excess I, One Advantage	\$1,210.30	\$1,212.84
One Advantage, One Excess II - Part B	\$1,101.12	\$1,124.75
One Advantage, One Excess III (MNP)	\$1,766.76	\$1,845.79
Two+ Excess I	\$1,951.48	\$1,951.48
One Excess I, One Excess II - Part B	\$1,842.30	\$1,863.39
One Excess I, One Excess (MNP) III	\$2,507.94	\$2,584.43
Two Excess II - Part B	\$1,733.12	\$1,775.30
One Excess II - Part B, One Excess III (MNP)	\$2,398.76	\$2,496.34
Two Excess III - Both (MNP)	\$3,064.40	\$3,217.38
Survivor	\$848.36	\$868.90

Firefighters Local 1014 Monthly Rates

Effective Date	July 1, 2014 – July 31, 2014	August 1, 2014 – June 30, 2015
Medical Member Under 65	\$922.78	\$897.30
Medical Member + 1 Under 65	\$1,663.85	\$1,617.90
Medical Member + 2 Under 65	\$1,962.66	\$1,908.46
Medical Member with Medicare	\$922.78	\$897.30
Medical Member + 1; 1 MDC	\$1,663.85	\$1,617.90
Medical Member + 1; 2 MDC	\$1,663.85	\$1,617.90
Medical Member + 2; 1 MDC	\$1,962.66	\$1,908.46
Medical Member + 2; 2 MDC	\$1,962.66	\$1,908.46
Medical Surviving Spouse Under 65	\$922.78	\$897.30
Medical Surviving Spouse + 1 Under 65	\$1,663.85	\$1,617.90
Medical Surviving Spouse + 2 Under 65	\$1,962.66	\$1,908.46
Medical Surviving Spouse with MDC	\$922.78	\$897.30
Medical Surviving Spouse + 1; 1 MDC	\$1,663.85	\$1,617.90
Medical Surviving Spouse + 2; 1 MDC	\$1,962.66	\$1,908.46
Medical Surviving Spouse + 1; 2 MDC	\$1,663.85	\$1,617.90

July 1, 2015 Firefighters Local 1014 premium rates are not available for this valuation.

Dental/Vision Monthly Rates

<u>Effective Date</u>	July 1, 2014		July 1, 2015	
	Cigna Dental <u>HMO/Vision</u>	Cigna Indemnity <u>Dental/Vision</u>	Cigna Dental <u>HMO/Vision</u>	Cigna Indemnity <u>Dental/Vision</u>
<u>Tier</u>				
Retiree Only	\$40.80	\$46.55	\$42.23	\$46.61
Retiree & Dependents	\$86.11	\$99.61	\$89.36	\$99.76
Minor Survivor	\$41.34	\$57.81	\$42.80	\$57.90

COUNTY CONTRIBUTIONS TOWARDS RETIREE HEALTH BENEFITS

Medical

If a retiree has 10 years of retirement service credit, the County contributes 40% of the health care plan premium or 40% of the benchmark plan rate (Anthem Blue Cross Plans I and II), whichever is less. For each year of retirement service credit beyond 10 years, the County contributes an additional 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plan; this means that if the premium for the chosen plan and coverage option exceeds the benchmark premium, the retiree is required to pay the difference, even if the retiree has 25 years of service. Likewise, if the retiree has 25 years of service and the plan premium is less than the benchmark rate, the County contributes 100% of the plan premium only, not the benchmark plan rate.

Dental/Vision

The contribution percentages follow the same contribution proportions based on years of service as the medical plans where the benchmark plan is the indemnity plan.

Service-Connected Disability

Any retiree with a service-connected disability retirement with less than 13 years of service will receive a different County contribution for both medical and dental/vision plans. The County contributes 50% of the lesser of the benchmark plan rate or the premium of the plan the retiree is enrolled in. If a retiree with service-connected disability retirement has 13 or more years of service, the County subsidy is the same as a retiree with service retirement.

FIREFIGHTERS LOCAL 1014 CONTRIBUTIONS TOWARDS RETIREE HEALTH BENEFITS

Medical, Dental/Vision, and Service-Connected Disability

Contributions are the same as for the County.

Table A-21: Claim Cost Analysis

All of the plans' premium rates have been determined based on retiree only information. Active premium rates are established independently. Therefore, no implicit subsidy exists between active and retiree rates. However, some plans pooled the Medicare enrolled and non-Medicare enrolled retirees to determine the rates. The following plans did not pool Medicare and non-Medicare retirees (or have an insignificant Medicare enrollment), so we can assume the premium rates are representative of the average claim costs used to develop the age and gender adjusted claim costs:

- Anthem Blue Cross I and II (Combined)
- Anthem Blue Cross III
- Anthem Blue Cross Prudent Buyer
- Cigna Medicare Select Plus Rx (AZ)
- UnitedHealthcare
- UnitedHealthcare Medicare Advantage
- SCAN Health Plan
- Kaiser and Kaiser Interregional
 - Basic
 - Senior Advantage
 - Medicare Cost Supplement
 - Excess I
 - Excess II
 - Excess III
- Cigna Indemnity Dental/Vision
- Cigna HMO Dental/Vision

The following plans pooled Medicare and non-Medicare retirees to determine premium rates. Therefore, we adjusted the premium rates to compensate for the coordination with Medicare in making our claim cost assumption.

- Cigna Network Model Plan
- Firefighters Local 1014 Plan

For current active members projected to retire in the future, we used the enrollment assumptions in Table A-15 to develop weighted average claim costs as of July 1, 2014. The weighted average claim costs used for future retirees and dependents are shown in the following tables.

Note that the medical claim costs for pre 65 retirees are different than for post 65 retirees due to different plan selection assumptions.

A. Future Retirees Retiring Before Age 65

Age	Retiree			Spouse/Surv Spouse + Dependents		
	Male	Female	Total	Male	Female	Total
25 \$	270.91	\$ 567.85	\$ 421.27	\$ 283.16	\$ 399.82	\$ 374.43
30 \$	430.74	\$ 747.16	\$ 590.96	\$ 310.00	\$ 454.53	\$ 423.08
35 \$	632.03	\$ 827.31	\$ 730.91	\$ 325.02	\$ 454.64	\$ 426.43
40 \$	811.38	\$ 950.34	\$ 881.74	\$ 386.14	\$ 488.57	\$ 466.28
45 \$	754.63	\$ 881.39	\$ 818.82	\$ 441.59	\$ 540.78	\$ 519.19
50 \$	663.18	\$ 771.44	\$ 718.00	\$ 517.58	\$ 600.16	\$ 582.19
55 \$	706.66	\$ 760.50	\$ 733.92	\$ 616.82	\$ 669.89	\$ 658.34
60 \$	866.35	\$ 864.99	\$ 865.66	\$ 758.33	\$ 775.11	\$ 771.46
65 (Pre 65) \$	1,093.71	\$ 1,069.82	\$ 1,081.61	\$ 954.65	\$ 954.73	\$ 954.71
65 (Post 65) \$	346.90	\$ 307.43	\$ 326.39	\$ 303.43	\$ 332.04	\$ 323.36
70 \$	436.26	\$ 388.92	\$ 411.66	\$ 381.59	\$ 420.06	\$ 408.39
75 \$	506.10	\$ 450.76	\$ 477.35	\$ 442.68	\$ 486.85	\$ 473.45
80 \$	547.51	\$ 486.52	\$ 515.82	\$ 478.90	\$ 525.47	\$ 511.34
85 \$	575.69	\$ 512.59	\$ 542.91	\$ 503.55	\$ 553.62	\$ 538.43
90 \$	593.63	\$ 530.02	\$ 560.58	\$ 519.24	\$ 572.44	\$ 556.30
95 \$	593.63	\$ 530.02	\$ 560.58	\$ 519.24	\$ 572.44	\$ 556.30

B. Future Retirees Retiring After Age 65

Age	Retiree			Spouse/Dependents		
	Male	Female	Total	Male	Female	Total
25	N/A	N/A	N/A	\$ 289.82	\$ 416.22	\$ 388.71
30	N/A	N/A	N/A	\$ 317.29	\$ 473.17	\$ 439.25
35	N/A	N/A	N/A	\$ 332.66	\$ 473.29	\$ 442.69
40	N/A	N/A	N/A	\$ 395.22	\$ 508.61	\$ 483.93
45	N/A	N/A	N/A	\$ 451.97	\$ 562.96	\$ 538.81
50	N/A	N/A	N/A	\$ 529.74	\$ 624.78	\$ 604.10
55	N/A	N/A	N/A	\$ 631.32	\$ 697.37	\$ 683.00
60	N/A	N/A	N/A	\$ 776.15	\$ 806.91	\$ 800.22
65 (Pre 65)	N/A	N/A	N/A	\$ 977.08	\$ 993.89	\$ 990.23
65 (Post 65) \$	302.99	\$ 272.10	\$ 286.94	\$ 241.14	\$ 303.36	\$ 284.49
70 \$	381.05	\$ 344.22	\$ 361.91	\$ 303.26	\$ 383.77	\$ 359.35
75 \$	442.06	\$ 398.95	\$ 419.66	\$ 351.81	\$ 444.79	\$ 416.58
80 \$	478.23	\$ 430.60	\$ 453.48	\$ 380.59	\$ 480.07	\$ 449.89
85 \$	502.84	\$ 453.67	\$ 477.29	\$ 400.18	\$ 505.79	\$ 473.75
90 \$	518.51	\$ 469.09	\$ 492.83	\$ 412.65	\$ 522.99	\$ 489.52
95 \$	518.51	\$ 469.09	\$ 492.83	\$ 412.65	\$ 522.99	\$ 489.52

The Firefighters Local 1014 and dental/vision claim costs are shown in the tables on the following page.

Firefighters Local 1014 Plan Monthly Medical Claim Costs

Age	Retiree			Spouse/Surv Spouse + Dependents		
	Male	Female	Total	Male	Female	Total
25	\$ 417.24	\$ 853.43	\$ 419.00	\$ 429.29	\$ 618.36	\$ 615.55
30	\$ 663.39	\$ 1,122.91	\$ 665.24	\$ 469.98	\$ 702.97	\$ 699.51
35	\$ 973.41	\$ 1,243.38	\$ 974.50	\$ 492.75	\$ 703.14	\$ 700.02
40	\$ 1,249.63	\$ 1,428.28	\$ 1,250.35	\$ 585.41	\$ 755.61	\$ 753.08
45	\$ 1,162.22	\$ 1,324.65	\$ 1,162.87	\$ 669.47	\$ 836.36	\$ 833.88
50	\$ 1,021.37	\$ 1,159.40	\$ 1,021.93	\$ 784.67	\$ 928.20	\$ 926.07
55	\$ 1,088.33	\$ 1,142.96	\$ 1,088.55	\$ 935.13	\$ 1,036.04	\$ 1,034.54
60	\$ 1,334.27	\$ 1,300.01	\$ 1,334.13	\$ 1,149.67	\$ 1,198.77	\$ 1,198.04
65 (Pre 65)	\$ 1,684.44	\$ 1,607.84	\$ 1,684.13	\$ 1,447.30	\$ 1,476.56	\$ 1,476.12
65 (Post 65)	\$ 468.00	\$ 453.00	\$ 467.95	\$ 468.00	\$ 453.00	\$ 453.05
70	\$ 588.56	\$ 573.07	\$ 588.51	\$ 588.56	\$ 573.07	\$ 573.13
75	\$ 682.79	\$ 664.18	\$ 682.73	\$ 682.79	\$ 664.18	\$ 664.25
80	\$ 738.65	\$ 716.87	\$ 738.58	\$ 738.65	\$ 716.87	\$ 716.96
85	\$ 776.67	\$ 755.28	\$ 776.60	\$ 776.67	\$ 755.28	\$ 755.36
90	\$ 800.87	\$ 780.96	\$ 800.80	\$ 800.87	\$ 780.96	\$ 781.04
95	\$ 800.87	\$ 780.96	\$ 800.80	\$ 800.87	\$ 780.96	\$ 781.04

Future Retirees Monthly Dental/Vision Claim Costs

Age	Retiree			Spouse/Surv Spouse + Dependents		
	Male	Female	Total	Male	Female	Total
25	\$ 25.37	\$ 31.23	\$ 28.31	\$ 27.77	\$ 34.27	\$ 32.29
30	\$ 27.65	\$ 32.19	\$ 29.92	\$ 30.26	\$ 35.32	\$ 33.78
35	\$ 28.36	\$ 33.06	\$ 30.72	\$ 31.04	\$ 36.27	\$ 34.68
40	\$ 29.51	\$ 34.51	\$ 32.02	\$ 32.30	\$ 37.87	\$ 36.17
45	\$ 32.24	\$ 36.73	\$ 34.49	\$ 35.29	\$ 40.30	\$ 38.77
50	\$ 36.36	\$ 40.07	\$ 38.22	\$ 39.79	\$ 43.97	\$ 42.70
55	\$ 40.57	\$ 42.88	\$ 41.73	\$ 44.40	\$ 47.05	\$ 46.25
60	\$ 44.85	\$ 45.44	\$ 45.15	\$ 49.09	\$ 49.86	\$ 49.62
65	\$ 47.61	\$ 46.45	\$ 47.03	\$ 52.10	\$ 50.97	\$ 51.31
70	\$ 48.83	\$ 46.21	\$ 47.52	\$ 53.44	\$ 50.71	\$ 51.54
75	\$ 48.83	\$ 46.21	\$ 47.52	\$ 53.44	\$ 50.71	\$ 51.54
80	\$ 48.83	\$ 46.21	\$ 47.52	\$ 53.44	\$ 50.71	\$ 51.54
85	\$ 48.83	\$ 46.21	\$ 47.52	\$ 53.44	\$ 50.71	\$ 51.54
90	\$ 48.83	\$ 46.21	\$ 47.52	\$ 53.44	\$ 50.71	\$ 51.54
95	\$ 48.83	\$ 46.21	\$ 47.52	\$ 53.44	\$ 50.71	\$ 51.54

For current retired members, spouses, and dependents, the claim costs are based on the actual premiums by deduction code, adjusted for age and gender. The tables that follow show the age 65 adjusted claim costs. Adjustments by age and gender are based on the same methodology used in the tables above.

Non Local 1014 Fire Fighters Male Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
201	Anthem Blue Cross Prudent Buyer	Retiree Only	\$ 636.02				\$ 556.27			\$ 428.47		
202	Anthem Blue Cross Prudent Buyer	Retiree and Spouse	\$ 636.02	\$ 507.00	\$ 733.37		\$ 556.27	\$ 556.27		\$ 428.47	\$ 428.47	
203	Anthem Blue Cross Prudent Buyer	Retiree and Family	\$ 636.02	\$ 507.00	\$ 733.37		\$ 556.27	\$ 556.27		\$ 428.47	\$ 428.47	
204	Anthem Blue Cross Prudent Buyer	Retiree and Children	\$ 636.02	\$ 507.00	\$ 733.37		\$ 556.27			\$ 428.47		
205	Anthem Blue Cross Prudent Buyer	Minor Survivor				\$ 733.37			\$ 733.37			
211	Anthem Blue Cross I	Retiree Only	\$ 502.04				\$ 439.09			\$ 339.01		
212	Anthem Blue Cross I	Retiree and Spouse	\$ 502.04	\$ 400.20	\$ 578.89		\$ 439.09	\$ 439.09		\$ 339.01	\$ 339.01	
213	Anthem Blue Cross I	Retiree, Spouse and Children	\$ 502.04	\$ 400.20	\$ 578.89		\$ 439.09	\$ 439.09		\$ 339.01	\$ 339.01	
214	Anthem Blue Cross I	Retiree and Children	\$ 502.04	\$ 400.20	\$ 578.89		\$ 439.09			\$ 339.01		
215	Anthem Blue Cross I	Minor Survivor				\$ 578.89			\$ 578.89			\$ 578.89
221	Anthem Blue Cross II	Retiree Only	\$ 998.32				\$ 873.14			\$ 512.63		
222	Anthem Blue Cross II	Retiree and Spouse	\$ 998.32	\$ 795.81	\$ 1,151.14		\$ 873.14	\$ 873.14		\$ 512.63	\$ 512.63	
223	Anthem Blue Cross II	Retiree, Spouse and Children	\$ 998.32	\$ 795.81	\$ 1,151.14		\$ 873.14	\$ 873.14		\$ 512.63	\$ 512.63	
224	Anthem Blue Cross II	Retiree and Children	\$ 998.32	\$ 795.81	\$ 1,151.14		\$ 873.14			\$ 512.63		
225	Anthem Blue Cross II	Minor Survivor				\$ 1,151.14			\$ 1,151.14			\$ 1,151.14
240	Anthem Blue Cross III	One Medicare					\$ 272.28			\$ 272.28		
241	Anthem Blue Cross III	Retiree and Spouse 1 Medicare	\$ 1,111.97	\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
242	Anthem Blue Cross III	Retiree and Spouse 1 Medicare	\$ 1,111.97	\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
243	Anthem Blue Cross III	Retiree and Spouse 2 Medicare					\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
244	Anthem Blue Cross III	Retiree and Children 1 Medicare		\$ 886.41	\$ 1,282.18		\$ 272.28			\$ 272.28	\$ 272.28	
245	Anthem Blue Cross III	Retiree and Children 1 Medicare		\$ 886.41	\$ 1,282.18		\$ 272.28			\$ 272.28	\$ 272.28	
246	Anthem Blue Cross III	Retiree and Family 1 Medicare	\$ 1,111.97	\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
247	Anthem Blue Cross III	Retiree and Family 1 Medicare	\$ 1,111.97	\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
248	Anthem Blue Cross III	Retiree and Family 2 Medicare		\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
249	Anthem Blue Cross III	Retiree and Family 2 Medicare		\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
250	Anthem Blue Cross III	Retiree and Family 3 Medicare		\$ 886.41	\$ 1,282.18		\$ 272.28	\$ 272.28		\$ 272.28	\$ 272.28	
301	Cigna Network Model Plan	Retiree Only	\$ 1,446.89				\$ 897.30			\$ 591.30		
302	Cigna Network Model Plan	Retiree and Spouse	\$ 1,446.89	\$ 1,153.39	\$ 1,668.38		\$ 897.30	\$ 897.30		\$ 591.30	\$ 591.09	
303	Cigna Network Model Plan	Retiree and Family	\$ 1,446.89	\$ 1,153.39	\$ 1,668.38		\$ 897.30	\$ 897.30		\$ 591.30	\$ 591.09	
304	Cigna Network Model Plan	Retiree and Children	\$ 1,446.89	\$ 1,153.39	\$ 1,668.38		\$ 897.30			\$ 591.30		
305	Cigna Network Model Plan	Minor Survivor				\$ 1,668.38			\$ 1,668.38			
321	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree Only					\$ 261.15					
322	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Spouse					\$ 261.15	\$ 261.15		\$ 261.15	\$ 261.15	
324	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Spouse (Both Risk)					\$ 261.15	\$ 261.15				
401	Kaiser (CA)	Retiree Basic (Under 65)	\$ 1,163.05							\$ 290.44		
403	Kaiser (CA)	Retiree Risk (Senior Advantage)					\$ 175.91					
404	Kaiser (CA)	Retiree Excess I					\$ 725.91					
405	Kaiser (CA)	Retiree Excess II - Part B					\$ 644.89					
406	Kaiser (CA)	Excess III - Medicare Not Provided (MNP)					\$ 1,138.83					
411	Kaiser (CA)	Family Basic	\$ 1,163.05	\$ 927.13	\$ 1,341.09					\$ 251.74	\$ 244.92	



Non Local 1014 Fire Fighters Male Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
413	Kaiser (CA)	One Advantage, One Basic	\$ 1,163.05	\$ 927.13	\$ 1,341.09		\$ 175.91	\$ 172.49		\$ 175.91	\$ 244.92	
414	Kaiser (CA)	One Excess I, One Basic	\$ 1,163.05	\$ 927.13	\$ 1,341.09		\$ 175.91	\$ 172.49		\$ 175.91	\$ 244.92	
418	Kaiser (CA)	Two+ Advantage					\$ 175.91	\$ 172.49				
419	Kaiser (CA)	One Excess I, One Advantage					\$ 450.17	\$ 448.69				
420	Kaiser (CA)	Two+ Excess I					\$ 175.91	\$ 172.49				
421	Kaiser (CA)	Survivor				\$ 1,341.09			\$ 1,341.09			\$ 1,341.09
422	Kaiser (CA)	One Excess II - Part B, One Basic	\$ 1,163.05	\$ 927.13	\$ 1,341.09		\$ 644.89	\$ 642.25		\$ 644.89	\$ 244.92	
423	Kaiser (CA)	One Excess III (MNP), One Basic	\$ 1,163.05	\$ 927.13	\$ 1,341.09		\$ 1,138.83	\$ 1,137.01		\$ 1,138.83	\$ 244.92	
426	Kaiser (CA)	One Advantage, One Excess II - Part B					\$ 409.66	\$ 408.11				
427	Kaiser (CA)	One Advantage, One Excess III (MNP)					\$ 656.63	\$ 655.49				
428	Kaiser (CA)	One Excess, One Excess II - Part B					\$ 684.66	\$ 683.57				
429	Kaiser (CA)	One Excess, One Excess III (MNP)					\$ 931.63	\$ 930.95				
430	Kaiser (CA)	Two Excess II - Part B					\$ 644.89	\$ 642.25				
431	Kaiser (CA)	One Excess II - Part B, One Excess III (MNP)					\$ 891.12	\$ 890.37				
432	Kaiser (CA)	Two Excess III - Both (MNP)					\$ 1,138.83	\$ 1,137.01				
450	Kaiser - Colorado Basic	Retiree Basic	\$ 1,182.05							\$ 240.11		
451	Kaiser - Colorado	Retiree Risk					\$ 240.11					
453	Kaiser - Colorado	Retiree Basic (Two Party)	\$ 1,182.05	\$ 1,350.20						\$ 240.11	\$ 238.61	
454	Kaiser - Colorado	Retiree Basic Family	\$ 1,182.05	\$ 1,350.20	\$ 4,620.05					\$ 240.11	\$ 238.61	
455	Kaiser - Colorado	One Risk, One Basic	\$ 1,182.05	\$ 1,106.64			\$ 240.11	\$ 238.61		\$ 240.11	\$ 238.61	
457	Kaiser - Colorado	Two Retiree Risk					\$ 240.11	\$ 238.61				
458	Kaiser - Colorado	One Risk, Two or More Dependents	\$ 1,182.05	\$ 1,106.64	\$ 5,578.55		\$ 240.11	\$ 238.61		\$ 240.11	\$ 238.61	
459	Kaiser - Colorado	Two Risk, Two or More Dependents			\$ 5,923.13		\$ 240.11	\$ 238.61		\$ 240.11	\$ 238.61	
441	Kaiser - Georgia	One Medicare Member with Part A only					\$ 641.02					
442	Kaiser - Georgia	One Member without Medicare Part A&B					\$ 641.02					
445	Kaiser - Georgia	One Medicare Member + One Medicare with Part A only					\$ 641.02	\$ 261.92				
461	Kaiser - Georgia Basic	Basic	\$ 1,127.38							\$ 263.22		
462	Kaiser - Georgia	Retiree Risk					\$ 263.22					
463	Kaiser - Georgia	Retiree (Two Party)	\$ 1,127.38	\$ 1,055.19	\$ 5,647.72		\$ 263.22	\$ 261.92		\$ 263.22	\$ 261.92	
464	Kaiser - Georgia	Retiree Basic Family	\$ 1,127.38	\$ 1,055.19	\$ 5,647.79					\$ 263.22	\$ 261.92	
465	Kaiser - Georgia	One Retiree Risk, One Basic	\$ 462.93	\$ 1,055.19	\$ 5,647.72		\$ 263.22	\$ 261.92		\$ 263.22	\$ 261.92	
466	Kaiser - Georgia	Two Retiree Risk					\$ 263.22	\$ 261.92				
471	Kaiser - Hawaii	Retiree Basic (Under 65)	\$ 1,133.95							\$ 247.63		
472	Kaiser - Hawaii	Retiree Risk					\$ 247.63					
473	Kaiser - Hawaii	Retiree Over 65 without Medicare A&B					\$ 987.76					
474	Kaiser - Hawaii Basic	Retiree Basic (Two Party)	\$ 1,133.95	\$ 1,061.35						\$ 247.63	\$ 246.19	
475	Kaiser - Hawaii	Retiree Basic Family (Under 65)	\$ 1,133.95	\$ 1,061.35	\$ 5,680.79					\$ 247.63	\$ 246.19	
476	Kaiser - Hawaii	One Retiree Risk, One Basic	\$ 1,133.95	\$ 1,061.35	\$ 5,680.79		\$ 247.63	\$ 246.19		\$ 247.63	\$ 246.19	
477	Kaiser - Hawaii	Over 65 without Medicare A&B, One Basic	\$ 1,133.95	\$ 1,061.35	\$ 5,680.79		\$ 987.76	\$ 993.01		\$ 987.76	\$ 993.01	
478	Kaiser - Hawaii	Two Retiree Risk					\$ 247.63	\$ 246.19				



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Non Local 1014 Fire Fighters Male Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
481	Kaiser - Oregon	Retiree Basic (Under 65)	\$ 1,208.83							\$ 329.72		
482	Kaiser - Oregon	Retiree Risk							\$ 329.72			
483	Kaiser - Oregon	Retiree Over 65 unassigned Medicare A&B							\$ 829.36			
484	Kaiser - Oregon	Retiree Basic (Two Party)	\$ 1,208.83	\$ 1,131.85						\$ 329.72	\$ 329.02	
485	Kaiser - Oregon Basic	Retiree Basic Family (Under 65)	\$ 1,208.83	\$ 2,263.70	\$ 6,058.06					\$ 329.72	\$ 329.02	
486	Kaiser - Oregon	One Retiree Risk, One Basic	\$ 1,208.83	\$ 1,131.85	\$ 6,058.06				\$ 329.72	\$ 329.02	\$ 329.72	\$ 329.02
488	Kaiser - Oregon	Two Retiree Risk							\$ 329.72	\$ 329.02		
489	Kaiser - Oregon	Retiree w/ Part A only							\$ 709.08			
491	Kaiser - Oregon	One Risk, One Medicare Part A only							\$ 709.08	\$ 329.02		
493	Kaiser - Oregon	One Risk, Two Basic	\$ 1,208.83	\$ 1,131.85					\$ 329.72	\$ 329.02	\$ 329.72	\$ 329.02
494	Kaiser - Oregon	Two Risk, One Basic	\$ 1,208.83	\$ 1,131.85	\$ 6,058.06				\$ 329.72	\$ 330.50	\$ 329.72	\$ 330.50
495	Kaiser - Oregon	Two Over 65 unassigned Medicare							\$ 829.36	\$ 833.18		
496	Kaiser - Oregon	Two Medicare Part A only							\$ 709.08	\$ 711.81		
497	Kaiser - Oregon	One Basic, One Medicare Part A only	\$ 1,208.83	\$ 1,131.85					\$ 709.08	\$ 711.81	\$ 709.08	\$ 711.81
498	Kaiser - Oregon	One Basic, One over 65 unassigned Medicare A&B	\$ 1,208.83	\$ 1,131.85					\$ 829.36	\$ 833.18	\$ 829.36	\$ 833.18
611	SCAN Health Plan	Retiree Only							\$ 202.90			
613	SCAN Health Plan	Retiree & 1 Dependent (2 Medicare)							\$ 202.90	\$ 202.90		
701	United Healthcare	Retiree Only	\$ 1,230.34						\$ 229.23			
702	United Healthcare	Retiree & 1 Dependent (1 Medicare)	\$ 1,230.34	\$ 980.77	\$ 1,418.68				\$ 229.23	\$ 229.23		
703	United Healthcare	Retiree & 1 Dependent (2 Medicare)							\$ 229.23	\$ 229.23		
704	United Healthcare	Retiree & 2 + Deps. (1 Medicare)	\$ 1,230.34	\$ 980.77	\$ 1,418.68				\$ 229.23	\$ 229.23		
705	United Healthcare	Retiree & 2 + Deps. (2 Medicare)	\$ 1,230.34	\$ 980.77	\$ 1,418.68				\$ 229.23	\$ 229.23		
706	United Healthcare	Minor Survivor				\$ 1,418.68				\$ 1,418.68		
707	United Healthcare	Single	\$ 1,230.34								\$ 261.10	
708	United Healthcare	Two-Party	\$ 1,230.34	\$ 980.77	\$ 1,418.68						\$ 261.10	\$ 261.00
709	United Healthcare	Family	\$ 1,230.34	\$ 980.77	\$ 1,418.68						\$ 261.10	\$ 261.00



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Fire Fighters Local 1014 Male Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
801	Firefighters' Local 1014	Med-Member under 65	\$ 1,684.44				\$ 468.00			\$ 468.00		
802	Firefighters' Local 1014	Med-Member +1 under 65	\$ 1,684.44	\$ 1,342.76	\$ 1,942.29		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
803	Firefighters' Local 1014	Med-Member +2 under 65	\$ 1,684.44	\$ 1,342.76	\$ 1,942.29		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
804	Firefighters' Local 1014	Med-Member or Surviving Sp with Medicare					\$ 468.00		\$ 468.00	\$ 468.00		\$ 468.00
805	Firefighters' Local 1014	Med-Member +1; 1 MDC		\$ 1,342.76	\$ 1,942.29		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
806	Firefighters' Local 1014	Med-Member +1; 2 MDC					\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
807	Firefighters' Local 1014	Med-Member +2; 1 MDC		\$ 1,342.76	\$ 1,942.29		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
808	Firefighters' Local 1014	Med-Member +2; 2 MDC					\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
809	Firefighters' Local 1014	Med-Surv. Sp. Under 65				\$ 1,342.76		\$ 468.00	\$ 468.00		\$ 468.00	\$ 468.00
810	Firefighters' Local 1014	Med-Surv. Sp. +1 Under 65	\$ 1,342.76	\$ 1,942.29	\$ 1,342.76		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
811	Firefighters' Local 1014	Med-Surv. Sp. +2 Under 65	\$ 1,342.76	\$ 1,942.29	\$ 1,342.76		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
812	Firefighters' Local 1014	Med-Surv. Sp. With MDC					\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
813	Firefighters' Local 1014	Med-Surv. Sp. +1; 1 MDC	\$ 1,342.76	\$ 1,942.29	\$ 1,342.76		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
814	Firefighters' Local 1014	Med-Surv. Sp. +2; 1 MDC	\$ 1,342.76	\$ 1,942.29	\$ 1,342.76		\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00
815	Firefighters' Local 1014	Med-Surv. Sp. +1; 2 MDC					\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00	\$ 468.00

Dental/Vision Male Retirees

Deduction Code	Plan	Tier	Age 65 Adjusted Claim Costs		
			Retiree	Sp/Dep	Surv
501	Cigna Indemnity Dental/Vision	Retiree Only	\$ 48.48		
502	Cigna Indemnity Dental/Vision	Family	\$ 48.48	\$ 52.62	
503	Cigna Indemnity Dental/Vision	Minor Survivor			\$ 48.48
901	Cigna Dental HMO/Vision	Retiree Only	\$ 42.25		
902	Cigna Dental HMO/Vision	Family	\$ 42.25	\$ 48.40	
903	Cigna Dental HMO/Vision	Minor Survivor			\$ 42.25



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Non Local 1014 Fire Fighters Female Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
201	Anthem Blue Cross Prudent Buyer	Retiree Only	\$ 607.09				\$ 538.43			\$ 414.73		
202	Anthem Blue Cross Prudent Buyer	Retiree and Spouse	\$ 607.09	\$ 517.25	\$ 486.47		\$ 538.43	\$ 538.43		\$ 414.73	\$ 414.73	
203	Anthem Blue Cross Prudent Buyer	Retiree and Family	\$ 607.09	\$ 517.25	\$ 486.47		\$ 538.43	\$ 538.43		\$ 414.73	\$ 414.73	
204	Anthem Blue Cross Prudent Buyer	Retiree and Children	\$ 607.09	\$ 517.25	\$ 486.47		\$ 538.43			\$ 414.73		
205	Anthem Blue Cross Prudent Buyer	Minor Survivor				\$ 486.47			\$ 486.47			
211	Anthem Blue Cross I	Retiree Only	\$ 479.21				\$ 425.01			\$ 328.13		
212	Anthem Blue Cross I	Retiree and Spouse	\$ 479.21	\$ 408.29	\$ 384.00		\$ 425.01	\$ 425.01		\$ 328.13	\$ 328.13	
213	Anthem Blue Cross I	Retiree, Spouse and Children	\$ 479.21	\$ 408.29	\$ 384.00		\$ 425.01	\$ 425.01		\$ 328.13	\$ 328.13	
214	Anthem Blue Cross I	Retiree and Children	\$ 479.21	\$ 408.29	\$ 384.00		\$ 425.01			\$ 328.13		
215	Anthem Blue Cross I	Minor Survivor				\$ 384.00			\$ 384.00			\$ 384.00
221	Anthem Blue Cross II	Retiree Only	\$ 952.92				\$ 845.14			\$ 496.19		
222	Anthem Blue Cross II	Retiree and Spouse	\$ 952.92	\$ 811.90	\$ 763.59		\$ 845.14	\$ 845.14		\$ 496.19	\$ 496.19	
223	Anthem Blue Cross II	Retiree, Spouse and Children	\$ 952.92	\$ 811.90	\$ 763.59		\$ 845.14	\$ 845.14		\$ 496.19	\$ 496.19	
224	Anthem Blue Cross II	Retiree and Children	\$ 952.92	\$ 811.90	\$ 763.59		\$ 845.14			\$ 496.19		
225	Anthem Blue Cross II	Minor Survivor				\$ 763.59			\$ 763.59			\$ 763.59
240	Anthem Blue Cross III	One Medicare					\$ 263.55			\$ 263.55		
241	Anthem Blue Cross III	Retiree and Spouse 1 Medicare	\$ 1,061.40	\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
242	Anthem Blue Cross III	Retiree and Spouse 1 Medicare	\$ 1,061.40	\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
243	Anthem Blue Cross III	Retiree and Spouse 2 Medicare					\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
244	Anthem Blue Cross III	Retiree and Children 1 Medicare		\$ 904.32	\$ 850.51		\$ 263.55			\$ 263.55	\$ 263.55	
245	Anthem Blue Cross III	Retiree and Children 1 Medicare		\$ 904.32	\$ 850.51		\$ 263.55			\$ 263.55	\$ 263.55	
246	Anthem Blue Cross III	Retiree and Family 1 Medicare	\$ 1,061.40	\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
247	Anthem Blue Cross III	Retiree and Family 1 Medicare	\$ 1,061.40	\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
248	Anthem Blue Cross III	Retiree and Family 2 Medicare		\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
249	Anthem Blue Cross III	Retiree and Family 2 Medicare		\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
250	Anthem Blue Cross III	Retiree and Family 3 Medicare		\$ 904.32	\$ 850.51		\$ 263.55	\$ 263.55		\$ 263.55	\$ 263.55	
301	Cigna Network Model Plan	Retiree Only	\$ 1,381.10				\$ 868.52			\$ 572.33		
302	Cigna Network Model Plan	Retiree and Spouse	\$ 1,381.10	\$ 1,176.71	\$ 1,106.69		\$ 868.52	\$ 868.52		\$ 572.33	\$ 572.13	
303	Cigna Network Model Plan	Retiree and Family	\$ 1,381.10	\$ 1,176.71	\$ 1,106.69		\$ 868.52	\$ 868.52		\$ 572.33	\$ 572.13	
304	Cigna Network Model Plan	Retiree and Children	\$ 1,381.10	\$ 1,176.71	\$ 1,106.69		\$ 868.52			\$ 572.33		
305	Cigna Network Model Plan	Minor Survivor				\$ 1,106.69			\$ 1,106.69			
321	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree Only					\$ 252.77					
322	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Spouse					\$ 252.77	\$ 252.77		\$ 252.77	\$ 252.77	
324	Cigna Medicare Select Plus Rx (AZ)	Risk-Retiree & Spouse (Both Risk)					\$ 252.77	\$ 252.77				
401	Kaiser (CA)	Retiree Basic (Under 65)	\$ 1,110.16							\$ 281.13		
403	Kaiser (CA)	Retiree Risk (Senior Advantage)					\$ 170.27					
404	Kaiser (CA)	Retiree Excess I					\$ 702.63					
405	Kaiser (CA)	Retiree Excess II - Part B					\$ 624.21					
406	Kaiser (CA)	Excess III - Medicare Not Provided (MNP)					\$ 1,102.31					
411	Kaiser (CA)	Family Basic	\$ 1,110.16	\$ 945.87	\$ 889.59					\$ 243.67	\$ 237.07	



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Non Local 1014 Fire Fighters Female Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
413	Kaiser (CA)	One Advantage, One Basic	\$ 1,110.16	\$ 945.87	\$ 889.59		\$ 170.27	\$ 166.96		\$ 170.27	\$ 237.07	
414	Kaiser (CA)	One Excess I, One Basic	\$ 1,110.16	\$ 945.87	\$ 889.59		\$ 702.63	\$ 700.20		\$ 702.63	\$ 237.07	
418	Kaiser (CA)	Two+ Advantage					\$ 170.27	\$ 166.96				
419	Kaiser (CA)	One Excess I, One Advantage					\$ 435.73	\$ 434.30				
420	Kaiser (CA)	Two+ Excess I					\$ 702.63	\$ 700.20				
421	Kaiser (CA)	Survivor				\$ 889.59			\$ 889.59			\$ 889.59
422	Kaiser (CA)	One Excess II - Part B, One Basic	\$ 1,110.16	\$ 945.87	\$ 889.59		\$ 624.21	\$ 621.65		\$ 624.21	\$ 237.07	
423	Kaiser (CA)	One Excess III (MNP), One Basic	\$ 1,110.16	\$ 945.87	\$ 889.59		\$ 1,102.31	\$ 1,100.55		\$ 1,102.31	\$ 237.07	
426	Kaiser (CA)	One Advantage, One Excess II - Part B					\$ 396.52	\$ 395.02				
427	Kaiser (CA)	One Advantage, One Excess III (MNP)					\$ 635.57	\$ 634.47				
428	Kaiser (CA)	One Excess, One Excess II - Part B					\$ 662.70	\$ 661.65				
429	Kaiser (CA)	One Excess, One Excess III (MNP)					\$ 901.75	\$ 901.10				
430	Kaiser (CA)	Two Excess II - Part B					\$ 624.21	\$ 621.65				
431	Kaiser (CA)	One Excess II - Part B, One Excess III (MNP)					\$ 862.54	\$ 861.82				
432	Kaiser (CA)	Two Excess III - Both (MNP)					\$ 1,102.31	\$ 1,100.55				
450	Kaiser - Colorado Basic	Retiree Basic	\$ 1,128.29							\$ 232.41		
451	Kaiser - Colorado	Retiree Risk					\$ 232.41					
453	Kaiser - Colorado	Retiree Basic (Two Party)	\$ 1,128.29	\$ 1,377.49						\$ 232.41	\$ 230.95	
454	Kaiser - Colorado	Retiree Basic Family	\$ 1,128.29	\$ 1,377.49	\$ 3,064.63					\$ 232.41	\$ 230.95	
455	Kaiser - Colorado	One Risk, One Basic	\$ 1,128.29	\$ 1,129.01			\$ 232.41	\$ 230.95		\$ 232.41	\$ 230.96	
457	Kaiser - Colorado	Two Retiree Risk					\$ 232.41	\$ 230.96				
458	Kaiser - Colorado	One Risk, Two or More Dependents	\$ 1,128.29	\$ 1,129.01	\$ 3,700.44		\$ 232.41	\$ 230.96		\$ 232.41	\$ 230.96	
459	Kaiser - Colorado	Two Risk, Two or More Dependents			\$ 3,929.01		\$ 232.41	\$ 230.96		\$ 232.41	\$ 230.96	
441	Kaiser - Georgia	One Medicare Member with Part A only					\$ 620.46					
442	Kaiser - Georgia	One Member without Medicare Part A&B					\$ 620.46					
445	Kaiser - Georgia	One Medicare Member + One Medicare with Part A only					\$ 620.46	\$ 253.52				
461	Kaiser - Georgia Basic	Basic	\$ 1,076.11							\$ 254.78		
462	Kaiser - Georgia	Retiree Risk					\$ 254.78					
463	Kaiser - Georgia	Retiree (Two Party)	\$ 1,076.11	\$ 1,076.51	\$ 3,746.32		\$ 254.78	\$ 253.52		\$ 254.78	\$ 253.52	
464	Kaiser - Georgia	Retiree Basic Family	\$ 1,076.11	\$ 1,076.51	\$ 3,746.37					\$ 254.78	\$ 253.52	
465	Kaiser - Georgia	One Retiree Risk, One Basic	\$ 441.88	\$ 1,076.51	\$ 3,746.32		\$ 254.78	\$ 253.52		\$ 254.78	\$ 253.52	
466	Kaiser - Georgia	Two Retiree Risk					\$ 254.78	\$ 253.52				
471	Kaiser - Hawaii	Retiree Basic (Under 65)	\$ 1,082.38							\$ 239.69		
472	Kaiser - Hawaii	Retiree Risk					\$ 239.69					
473	Kaiser - Hawaii	Retiree Over 65 without Medicare A&B					\$ 956.08					
474	Kaiser - Hawaii Basic	Retiree Basic (Two Party)	\$ 1,082.38	\$ 1,082.81						\$ 239.69	\$ 238.29	
475	Kaiser - Hawaii	Retiree Basic Family (Under 65)	\$ 1,082.38	\$ 1,082.81	\$ 3,768.26					\$ 239.69	\$ 238.29	
476	Kaiser - Hawaii	One Retiree Risk, One Basic	\$ 1,082.38	\$ 1,082.82	\$ 3,768.26		\$ 239.69	\$ 238.29		\$ 239.69	\$ 238.29	
477	Kaiser - Hawaii	Over 65 without Medicare A&B, One Basic	\$ 1,082.38	\$ 1,082.81	\$ 3,768.26		\$ 956.08	\$ 961.16		\$ 956.08	\$ 961.16	
478	Kaiser - Hawaii	Two Retiree Risk					\$ 239.69	\$ 238.29				



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Non Local 1014 Fire Fighters Female Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
481	Kaiser - Oregon	Retiree Basic (Under 65)	\$ 1,153.85							\$ 319.15		
482	Kaiser - Oregon	Retiree Risk							\$ 319.15			
483	Kaiser - Oregon	Retiree Over 65 unassigned Medicare A&B							\$ 802.76			
484	Kaiser - Oregon	Retiree Basic (Two Party)	\$ 1,153.85	\$ 1,154.73						\$ 319.15	\$ 318.47	
485	Kaiser - Oregon Basic	Retiree Basic Family (Under 65)	\$ 1,153.85	\$ 2,309.46	\$ 4,018.51					\$ 319.15	\$ 318.47	
486	Kaiser - Oregon	One Retiree Risk, One Basic	\$ 1,153.85	\$ 1,154.73	\$ 4,018.51				\$ 319.15	\$ 318.47	\$ 319.15	\$ 318.47
488	Kaiser - Oregon	Two Retiree Risk							\$ 319.15	\$ 318.47		
489	Kaiser - Oregon	Retiree w/ Part A only							\$ 686.34			
491	Kaiser - Oregon	One Risk, One Medicare Part A only							\$ 686.34	\$ 318.47		
493	Kaiser - Oregon	One Risk, Two Basic	\$ 1,153.85	\$ 1,154.73					\$ 319.15	\$ 318.47	\$ 319.15	\$ 318.47
494	Kaiser - Oregon	Two Risk, One Basic	\$ 1,153.85	\$ 1,154.73	\$ 4,018.51				\$ 319.15	\$ 319.90	\$ 319.15	\$ 319.90
495	Kaiser - Oregon	Two Over 65 unassigned Medicare							\$ 802.76	\$ 806.46		
496	Kaiser - Oregon	Two Medicare Part A only							\$ 686.34	\$ 688.98		
497	Kaiser - Oregon	One Basic, One Medicare Part A only	\$ 1,153.85	\$ 1,154.73					\$ 686.34	\$ 688.98	\$ 686.34	\$ 688.98
498	Kaiser - Oregon	One Basic, One over 65 unassigned Medicare A&B	\$ 1,153.85	\$ 1,154.73					\$ 802.76	\$ 806.46	\$ 802.76	\$ 806.46
611	SCAN Health Plan	Retiree Only							\$ 196.40			
613	SCAN Health Plan	Retiree & 1 Dependent (2 Medicare)							\$ 196.40	\$ 196.40		
701	United Healthcare	Retiree Only	\$ 1,174.39						\$ 221.87			
702	United Healthcare	Retiree & 1 Dependent (1 Medicare)	\$ 1,174.39	\$ 1,000.60	\$ 941.06				\$ 221.87	\$ 221.87		
703	United Healthcare	Retiree & 1 Dependent (2 Medicare)							\$ 221.87	\$ 221.87		
704	United Healthcare	Retiree & 2 + Deps. (1 Medicare)	\$ 1,174.39	\$ 1,000.60	\$ 941.06				\$ 221.87	\$ 221.87		
705	United Healthcare	Retiree & 2 + Deps. (2 Medicare)	\$ 1,174.39	\$ 1,000.60	\$ 941.06				\$ 221.87	\$ 221.87		
706	United Healthcare	Minor Survivor				\$ 941.06				\$ 941.06		
707	United Healthcare	Single	\$ 1,174.39							\$ 252.72		
708	United Healthcare	Two-Party	\$ 1,174.39	\$ 1,000.60	\$ 941.06					\$ 252.72	\$ 252.63	
709	United Healthcare	Family	\$ 1,174.39	\$ 1,000.60	\$ 941.06					\$ 252.72	\$ 252.63	



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Fire Fighters Local 1014 Female Retirees

Deduct Code	Plan	Tier	Pre 65 Claim Costs				Post 65 Claim Costs for Post 65 Retirees			Post 65 Claim Costs for Pre 65 Retirees		
			Retiree	Spouse	Child	Surv	Retiree	Spouse	Surv	Retiree	Spouse	Surv
801	Firefighters' Local 1014	Med-Member under 65	\$ 1,607.84				\$ 453.00			\$ 453.00		
802	Firefighters' Local 1014	Med-Member +1 under 65	\$ 1,607.84	\$ 1,369.90	\$ 1,288.38		\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00
803	Firefighters' Local 1014	Med-Member +2 under 65	\$ 1,607.84	\$ 1,369.90	\$ 1,288.38		\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00
804	Firefighters' Local 1014	Med-Member or Surviving Sp with Medicare					\$ 453.00		\$ 453.00	\$ 453.00		\$ 453.00
805	Firefighters' Local 1014	Med-Member +1; 1 MDC		\$ 1,369.90	\$ 1,288.38		\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00
806	Firefighters' Local 1014	Med-Member +1; 2 MDC					\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00
807	Firefighters' Local 1014	Med-Member +2; 1 MDC		\$ 1,369.90	\$ 1,288.38		\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00
808	Firefighters' Local 1014	Med-Member +2; 2 MDC					\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00	\$ 453.00
809	Firefighters' Local 1014	Med-Surv. Sp. Under 65				\$ 1,369.90		\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00
810	Firefighters' Local 1014	Med-Surv. Sp. +1 Under 65		\$ 1,369.90	\$ 1,288.38	\$ 1,369.90		\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00
811	Firefighters' Local 1014	Med-Surv. Sp. +2 Under 65		\$ 1,369.90	\$ 1,288.38	\$ 1,369.90		\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00
812	Firefighters' Local 1014	Med-Surv. Sp. With MDC						\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00
813	Firefighters' Local 1014	Med-Surv. Sp. +1; 1 MDC		\$ 1,369.90	\$ 1,288.38	\$ 1,369.90		\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00
814	Firefighters' Local 1014	Med-Surv. Sp. +2; 1 MDC		\$ 1,369.90	\$ 1,288.38	\$ 1,369.90		\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00
815	Firefighters' Local 1014	Med-Surv. Sp. +1; 2 MDC						\$ 453.00	\$ 453.00		\$ 453.00	\$ 453.00

Dental/Vision Female Retirees

Deduction Code	Plan	Tier	Age 65 Adjusted Claim Costs		
			Retiree	Sp/Dep	Surv
501	Cigna Indemnity Dental/Vision	Retiree Only	\$ 47.49		
502	Cigna Indemnity Dental/Vision	Family	\$ 47.49	\$ 51.54	
503	Cigna Indemnity Dental/Vision	Minor Survivor			\$ 47.49
901	Cigna Dental HMO/Vision	Retiree Only	\$ 41.38		
902	Cigna Dental HMO/Vision	Family	\$ 41.38	\$ 47.41	
903	Cigna Dental HMO/Vision	Minor Survivor			\$ 41.38



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Table A-22: Health Cost Trend Assumptions *

The following table presents the trend assumptions without the impact of the Excise Tax.

Fiscal Year Ending		LACERA Medical		Part B	Dental Under	Weighted
From	To	Under 65	Over 65	Premiums	and Over 65	Average
6/30/2015	6/30/2016	7.05%	9.60%	2.20%	0.50%	7.41%
6/30/2016	6/30/2017	6.40%	8.85%	4.60%	3.00%	7.31%
6/30/2017	6/30/2018	6.00%	7.90%	4.60%	3.00%	6.71%
6/30/2018	6/30/2019	5.60%	6.90%	4.60%	3.00%	6.06%
6/30/2019	6/30/2020	5.70%	6.05%	4.60%	2.95%	5.63%
6/30/2020	6/30/2021	5.70%	5.65%	5.95%	2.95%	5.53%
6/30/2021	6/30/2022	5.70%	5.70%	5.95%	2.95%	5.57%
6/30/2022	6/30/2023	5.70%	5.70%	5.95%	2.90%	5.57%
6/30/2023	6/30/2024	5.70%	5.70%	5.95%	2.90%	5.57%
6/30/2024	6/30/2025	5.70%	5.70%	5.95%	2.85%	5.57%
6/30/2025	6/30/2026	5.70%	5.70%	5.95%	2.85%	5.58%
6/30/2026	6/30/2027	5.70%	5.70%	5.95%	2.85%	5.58%
6/30/2027	6/30/2028	5.70%	5.70%	5.95%	2.80%	5.58%
6/30/2037	6/30/2038	5.80%	5.80%	5.65%	2.65%	5.66%
6/30/2047	6/30/2048	5.50%	5.50%	5.30%	2.45%	5.38%
6/30/2057	6/30/2058	5.40%	5.40%	5.05%	2.45%	5.28%
6/30/2067	6/30/2068	5.00%	5.00%	5.00%	2.70%	4.96%
6/30/2077	6/30/2078	4.70%	4.70%	4.85%	2.90%	4.70%
6/30/2087	6/30/2088	4.70%	4.70%	4.85%	3.15%	4.70%
6/30/2097	6/30/2098	4.70%	4.70%	4.85%	3.35%	4.71%
6/30/2100		4.70%	4.70%	4.85%	3.35%	4.71%

Note that after fiscal year ending June 30, 2028, selected years are shown in the table. The trend for the years not shown grade ratably into the next value shown in the table. After fiscal year ending June 30, 2078, the medical trend rates remain at 4.70%.

* The first year trend rates for LACERA medical and dental/vision plans reflect premium increases effective July 1, 2015. Projected changes in Health Care Reform Fees including Transitional Reinsurance Fee and Insurer Fee are also included in the medical and dental/vision trends.

Table A-23: Retirement of Vested Terminated Members

Annual Rates			
Age	General Plans A, B, C & D	General Plan E	Safety Plans A&B
<40	0.0%	0.0%	0.0%
40	0.0%	0.0%	6.0%
41	0.0%	0.0%	6.0%
42	0.0%	0.0%	23.0%
43	0.0%	0.0%	23.0%
44	0.0%	0.0%	23.0%
45	0.0%	0.0%	24.0%
46	0.0%	0.0%	24.0%
47	0.0%	0.0%	24.0%
48	0.0%	0.0%	24.0%
49	0.0%	0.0%	24.0%
50	27.0%	0.0%	23.0%
51	9.0%	0.0%	16.0%
52	9.0%	0.0%	17.0%
53	9.0%	0.0%	18.0%
54	9.0%	0.0%	22.0%
55	10.0%	25.0%	22.0%
56	10.0%	7.0%	22.0%
57	10.0%	7.0%	26.0%
58	10.0%	7.0%	29.0%
59	12.0%	7.0%	29.0%
60	14.0%	8.0%	35.0%
61	16.0%	10.0%	35.0%
62	19.0%	12.5%	35.0%
63	20.0%	15.0%	35.0%
64	27.0%	24.0%	35.0%
65	33.0%	35.0%	100.0%
66	29.0%	21.0%	100.0%
67	30.0%	18.0%	100.0%
68	28.0%	15.0%	100.0%
69	28.0%	16.0%	100.0%
70	28.0%	20.0%	100.0%
71	29.0%	25.0%	100.0%
72	30.0%	28.0%	100.0%
73	31.0%	30.0%	100.0%
74	31.0%	33.0%	100.0%
75 or older	100.0%	100.0%	100.0%

Appendix B: Summary of Program Provisions



The following description of retiree health and death benefits is intended to be only a brief summary. For details, reference should be made to the County and LACERA agreements, and employee booklets.

All actuarial calculations are based on our understanding of the statutes governing LACERA as contained in the County Employees Retirement Law (CERL) of 1937 and the California Public Employees' Pension Reform Act of 2013 (PEPRA), with provisions adopted by the LACERA Board of Retirement, effective through July 1, 2013. The benefit and contribution provisions of this law are summarized briefly below. This summary does not attempt to cover all the detailed provisions of the law.

ELIGIBILITY FOR RETIREE HEALTH AND DEATH BENEFITS

Employees are eligible for the LACERA administered Healthcare Benefits Program if they are a member of LACERA and retire from the County of Los Angeles or Participating agencies of the County of Los Angeles. Health care benefits are also offered to qualifying survivors of deceased active employees who are eligible to retire at the time of death and to qualifying survivors of retired members. Since eligibility for retiree qualifying health and death benefits is dependent on receipt of a retirement benefit, the eligibility and other aspects of the retirement benefits are applicable for retirement health and death benefits. Participation in the Healthcare Benefits Program is for life in most instances.

New retirees have 60 days from the date of retirement, to sign up for medical and dental/vision coverage. If a retiree applies for coverage after the 60 day window, there is a waiting period of 6 months for medical enrollment and 1 year for dental/vision enrollment.

If a retiree's spouse or domestic partner is also a LACERA retiree there cannot be dual coverage. If the spouse or domestic partner is covering the retiree under medical or dental/vision, the retiree may not also enroll as a retiree in medical or dental/vision.

LACERA MEMBERSHIP

Permanent employees of Los Angeles County (County) and participating districts who work $\frac{3}{4}$ time or more are eligible for membership in LACERA.

Employees eligible for safety membership (law enforcement, fire fighters and specific lifeguards) become safety members on the first day of the month after date of hire. Employees who become members on or after January 1, 2013, will enter into Safety Plan C.

All other employees become general members on the first day of the month after date of hire, or the first day of the month after they make an election of either Plan D or Plan E, depending on the law in effect at that time. Employees who become members on or after January 1, 2013 will enter into General Plan G.

Elective officers become members on the first day of the month after filing a declaration with the Board of Retirement.

RETIREMENT PLANS

The County has established nine defined benefit plans. The following outlines the dates these plans were available, based on a member's date of entry into LACERA:

Safety Member Plans:

- Plan A: Inception to August 1977
- Plan B: September 1977 through December 2012
- Plan C: January 2013 to present

General Member Plans:

- Plan A: Inception through August 1977
- Plan B: September 1977 through September 1978
- Plan C: October 1978 through May 1979
- Plan D: June 1979 through December 2012
- Plan E: January 1982 through December 2012
- Plan G: January 2013 to present

NOTE: After review of a new member's account, a member with prior membership or reciprocity may be enrolled into one of the pre-PEPRA plans, if they meet eligibility requirements.

SERVICE RETIREMENT ELIGIBILITY

Plans A-D: General Members:
Age 50 with 10 years of County service;
Any age with 30 years of service; or
Age 70 regardless of service.

Non-Contributory Plan E: Age 55 with 10 years of service.

Plan G: Age 52 with 5 years of service, or age 70 regardless of service.

Plans A-B: Safety Members:
Age 50 with 10 years of County service;
Any age with 20 years of service.

Plan C: Safety Members:
Age 50 with 5 years of service.

VESTING REQUIREMENT

Plans A-D, G:
5 years of County and reciprocal service. Member contributions must be left on deposit.

Plan E: 10 years of County and reciprocal service.

SERVICE-CONNECTED DISABILITY RETIREMENT ELIGIBILITY

Plans A-D, G: Any age or years of service; disability must result from occupational injury or disease, and member must be permanently incapacitated for the performance of duty.

Plan E: Not available under Plan E.

NONSERVICE-CONNECTED DISABILITY RETIREMENT ELIGIBILITY

- Plans A-D, G:** Any age with 5 years of service and permanently incapacitated for the performance of duty.
- Plan E:** Not available under Plan E.

SERVICE-CONNECTED PRE-RETIREMENT DEATH ELIGIBILITY

- Plans A-D, G:** Active members who die in service as a result of injury or disease arising out of and in the course of employment.
- Plan E:** Not available under Plan E.

NONSERVICE-CONNECTED PRE-RETIREMENT DEATH ELIGIBILITY

- Plans A-D, G:** Active members who die while in service or while physically or mentally incapacitated for the performance of duty.
- Plan E:** Not available under Plan E.

ELIGIBLE SURVIVING DEPENDENTS

In order for a survivor of a LACERA active member to receive health benefits, the LACERA active member has to be eligible for retirement at date of death. In order for a survivor of a retired LACERA member to be eligible to receive health benefits, the retired member needed to have had a retirement plan option which qualified as eligible for continuing retirement benefits to the survivor. If one of these requirements is met, the following survivors are eligible for health benefits:

- A surviving spouse or domestic partner
- Surviving children who are unmarried and natural or legally adopted or stepchildren. Must be under age 19 or up to age 22, if enrolled as full-time students
- A new spouse or domestic partner
- A newborn child, or legally adopted children

COUNTY CONTRIBUTIONS TOWARDS RETIREE HEALTH BENEFITS

Medical

If a retiree has 10 years of retirement service credit, the County contributes 40% of the health care plan premium or 40% of the benchmark plan rate (Anthem Blue Cross Plans I and II), whichever is less. For each year of retirement service credit beyond 10 years, the County contributes an additional 4% per year, up to a maximum of 100% for a member with 25 years of service credit.

The County contribution can never exceed the premium of the benchmark plan; this means that if the premium for the chosen plan and coverage option exceeds the benchmark premium, the retiree is required to pay the difference, even if the retiree has 25 years of service. Likewise, if the retiree has 25 years of service and the plan premium is less than the benchmark rate, the County contributes 100% of the plan premium only, not the benchmark plan rate.

Dental / Vision

The contribution percentages follow the same contribution proportions based on years of service as the medical plans where the benchmark plan is the indemnity plan.

Disability

Any retiree with a service connected disability retirement with less than 13 years of service will receive a different County contribution for both medical and dental / vision plans. The County contributes 50% of the lesser of the benchmark plan rate or the premium of the plan the retiree is enrolled in. If a retiree with service connected disability retirement has 13 or more years of service, the County subsidy is the same as a non-disabled retiree.

Firefighters Local 1014 Contributions Towards Retiree Health Benefits

Medical, Dental / Vision, and Disability

Contributions are the same as for the County employees.

DEATH/BURIAL BENEFIT

There is a one-time lump sum \$5,000 death benefit payable to the designated beneficiary upon the death of retirees. Actives and Vested Terminated Inactives are eligible for this benefit once they retire. Spouses and Dependents are not eligible for this death benefit upon their death. This benefit does not go through the 401(h) or any other funding vehicle; rather, is paid by LACERA and billed directly to the County on a monthly basis.

HEALTH BENEFIT PLAN DESCRIPTIONS ARE IN APPENDIX E, F, G and H

Appendix E

Medical Plan Descriptions:

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison.pdf
http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_ooa.pdf
http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_medicare.pdf

Appendix F

Fire Fighters Local 1014 Medical Description: Selected pages from:

http://www.local1014medical.org/docs/2012spd_v5%20%283%29.pdf

Appendix G

Dental and Vision Plan Description:

http://www.lacera.com/healthcare/pdf/healthcare_rates/dental_vision_charts.pdf

Appendix H

Medicare Part B Reimbursement Plan Description:

http://www.lacera.com/healthcare/Medicare/medicare_a_b.html

DISCUSSION OF SUBSEQUENT EVENTS

Coverage of Children to age 26

An extension of the dependent children age limit to 26, as a result of CA SB 1088, has been approved by the Plan Sponsor, the County of Los Angeles, retroactive to July 1, 2014. A one-time open enrollment period from April 15, 2015 to June 15, 2015 was conducted. Since this one-time open enrollment period is subsequent to this valuation cycle, this report does not include the change. We believe the addition of this provision will not have a material impact on the valuation results. For more details regarding member coverage, refer to www.lacera.com.

New Benchmark Tier

In June 2014, the Los Angeles County Board of Supervisors (County) authorized a new retiree health insurance program for new County employees who are hired after June 30, 2014 and are eligible for LACERA membership. The program, titled Tier 2, offers benefits covering hospital services, medical services, and dental/vision services to County retirees and their eligible dependents. We will include the new Tier 2 benefit structure as part of the July 1, 2016 valuation. For more details regarding plan benefits, refer to www.lacera.com.

Appendix C: Valuation Data and Schedules



Data on LACERA's retirement benefit program membership as of June 30, 2014 was supplied to us by LACERA's Systems Division staff. Active and vested terminated data is used from the 2014 retirement benefit program valuation. Data for retired members, survivors, and dependents was provided separately for this OPEB valuation. On the following tables, we present a summary of LACERA membership at June 30, 2014 for active, vested terminated, and retired members.

- Exhibit C-1: Summary of Active Members
- Exhibit C-2: Summary of Vested Terminated Members
- Exhibit C-3: Summary of Retired Members, Spouses, and Dependents
- Exhibit C-4: Age and Service Distribution of Active Members
- Exhibit C-5: Age and Service Distribution of Vested Terminated Members
- Exhibit C-6: Age and Service Distributions of Retired Members in Medical Plans
- Exhibit C-7: Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans
- Exhibit C-8: Age and Service Distributions of Retired Members in Dental/Vision Plans
- Exhibit C-9: Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans
- Exhibit C-10: Medical and Dental/Vision Plan Distributions of Retired Members, Survivors, Spouses, and Dependents Pre and Post Age 65
- Exhibit C-11: Treatment of Incomplete Data

Note that Exhibits C-1 through C-9 were prepared using an "age nearest birthday" basis for calculating ages as used by our valuation system. Exhibit C-10 was prepared using an "attained age" basis to reflect when someone becomes 65.

Exhibit C-1: Summary of Active Members

	Sex	Members	Annual Salary	Average Age	Average Credited Service
General Members- LA County*					
Plan A	M	125	\$ 12,901,788	65.9	36.8
	F	280	21,888,396	64.0	35.8
Plan B	M	34	3,136,368	63.6	36.4
	F	90	7,491,936	60.4	33.9
Plan C	M	37	3,374,964	61.8	36.0
	F	85	6,883,284	60.6	34.5
Plan D	M	16,025	1,213,013,748	47.3	14.0
	F	31,422	2,152,383,048	46.6	14.1
Plan E	M	7,226	527,148,000	51.9	18.2
	F	14,684	893,346,060	51.5	19.3
Plan G	M	1,985	98,725,740	35.8	0.7
	F	3,770	172,568,832	35.0	0.7
Total		75,763	\$ 5,112,862,164	47.5	14.7

Safety Members- LA County*

Plan A	M	9	\$ 1,668,036	62.0	39.9
	F	1	103,464	64.0	43.7
Plan B	M	7,551	755,506,944	42.8	16.6
	F	1,647	158,563,632	40.3	13.8
Plan C	M	212	13,979,400	30.0	0.5
	F	63	4,113,252	28.8	0.3
Total		9,483	\$ 933,934,728	42.0	15.7

Safety Members- Local 1014

Plan A	M	13	\$ 1,567,044	59.5	33.3
	F	-	-	-	-
Plan B	M	2,847	304,662,996	44.9	17.1
	F	51	5,145,192	41.8	14.2
Plan C	M	117	6,092,904	29.9	0.6
	F	4	179,880	29.0	0.3
Total		3,032	\$ 317,648,016	44.3	16.4

* LA County does not include Safety Local 1014, Superior Court, and SCAQMD members. LA County includes General Local 1014 members because on retirement they enroll in LA County coverage.

Exhibit C-1 (continued): Summary of Active Members

	Sex	Members	Annual Salary	Average Age	Average Credited Service
General Members- Superior Court					
Plan A	M	11	\$ 1,525,980	70.6	32.1
	F	14	1,665,384	62.1	32.6
Plan B	M	2	238,416	63.0	13.3
	F	11	1,334,532	58.9	37.4
Plan C	M	-	-	-	-
	F	8	800,580	58.3	34.2
Plan D	M	577	53,672,268	49.3	17.7
	F	2,084	190,820,964	49.5	18.3
Plan E	M	372	34,504,992	50.6	19.2
	F	976	81,680,100	51.5	21.4
Plan G	M	18	1,149,996	41.5	0.3
	F	41	2,478,540	39.5	0.3
Total		4,114	\$ 369,871,752	50.0	18.9
General Members- SCAQMD					
Plan A	M	-	\$ -	-	-
	F	-	-	-	-
Plan B	M	-	-	-	-
	F	1	58,836	57.0	36.7
Plan C	M	-	-	-	-
	F	-	-	-	-
Plan D	M	-	-	-	-
	F	-	-	-	-
Plan E	M	-	-	-	-
	F	-	-	-	-
Plan G	M	-	-	-	-
	F	-	-	-	-
Total		1	\$ 58,836	57.0	36.7
All General Members					
Plan A	M	136	\$ 14,427,768	66.3	36.4
	F	294	23,553,780	63.9	35.6
Plan B	M	36	3,374,784	63.5	35.1
	F	102	8,885,304	60.2	34.3
Plan C	M	37	3,374,964	61.8	36.0
	F	93	7,683,864	60.4	34.5
Plan D	M	16,602	1,266,686,016	47.4	14.2
	F	33,506	2,343,204,012	46.8	14.4
Plan E	M	7,598	561,652,992	51.8	18.3
	F	15,660	975,026,160	51.5	19.4
Plan G	M	2,003	99,875,736	35.9	0.7
	F	3,811	175,047,372	35.0	0.7
Total		79,878	\$ 5,482,792,752	47.6	14.9
All Safety Members					
Plan A	M	22	\$ 3,235,080	60.5	36.0
	F	1	103,464	64.0	43.7
Plan B	M	10,398	1,060,169,940	43.4	16.7
	F	1,698	163,708,824	40.4	13.8
Plan C	M	329	20,072,304	30.0	0.5
	F	67	4,293,132	28.9	0.3
Total		12,515	\$ 1,251,582,744	42.6	15.8
Grand Total		92,393	\$ 6,734,375,496	47.0	15.0

This excludes 73 active pension members who are receiving retiree healthcare benefits.



This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Exhibit C-2: Summary of Vested Terminated Members

	<u>Sex</u>	<u>Members</u>	<u>Average Age</u>
General Members- LA County*			
Plan A	M	27	67.5
	F	61	64.0
Plan B	M	5	62.6
	F	16	63.6
Plan C	M	4	62.3
	F	12	60.4
Plan D	M	1,141	48.2
	F	2,167	46.6
Plan E	M	1,055	55.5
	F	2,370	55.1
Plan G	M	1	28.0
	F	5	40.6
Total		<u>6,864</u>	<u>51.5</u>

Safety Members- LA County*			
Plan A	M	4	63.3
	F	-	-
Plan B	M	372	42.7
	F	113	42.0
Plan C	M	-	-
	F	-	-
Total		<u>489</u>	<u>42.7</u>

Safety Members- Local 1014			
Plan A	M	-	-
	F	-	-
Plan B	M	36	40.3
	F	10	35.3
Plan C	M	-	-
	F	-	-
Total		<u>46</u>	<u>39.2</u>

* LA County Group does not include Safety Local 1014, Superior Court, and SCAQMD Members. LA County Group does include General Local 1014 members because on retirement they enroll in LA County coverage.

Exhibit C-2 (continued): Summary of Vested Terminated Members

General Members- Superior Court			
Plan A	M	2	62.0
	F	9	61.9
Plan B	M	-	-
	F	2	59.5
Plan C	M	-	-
	F	1	60.0
Plan D	M	72	47.6
	F	243	48.6
Plan E	M	101	52.2
	F	240	52.8
Plan G	M	-	-
	F	-	-
Total		670	50.8

General Members- SCAQMD			
Plan A	M	-	-
	F	-	-
Plan B	M	-	-
	F	-	-
Plan C	M	-	-
	F	-	-
Plan D	M	-	-
	F	-	-
Plan E	M	-	-
	F	-	-
Plan G	M	-	-
	F	-	-
Total		-	-

All General Members			
Plan A	M	29	67.1
	F	70	63.8
Plan B	M	5	62.6
	F	18	63.1
Plan C	M	4	62.3
	F	13	60.4
Plan D	M	1,213	48.2
	F	2,410	46.8
Plan E	M	1,156	55.2
	F	2,610	54.9
Plan G	M	1	28.0
	F	5	40.6
Total		7,534	51.4

All Safety Members			
Plan A	M	4	63.3
	F	-	-
Plan B	M	408	42.5
	F	123	41.5
Plan C	M	-	-
	F	-	-
Total		535	42.4
Grand Total		8,069	50.8

Retirement data includes 4,576 non-vested terminated members.
 This excludes 22 vested terminated retirement members who are receiving retiree healthcare benefits.
 This excludes 4 vested terminated retirement members who died before 7/1/2014.

Exhibit C-3: Summary of Retired Members, Spouses, and Dependents

		Count			Average Age		
		Retirees and Survivors	Spouses and Dependents	Total	Retirees and Survivors	Spouses and Dependents	Total
Medical							
	Gender	Count			Average Age		
		Retirees and Survivors	Spouses and Dependents	Total	Retirees and Survivors	Spouses and Dependents	Total
LA County	M	18,899	6,580	25,479	72.1	63.2	69.8
	F	23,221	13,536	36,757	73.4	63.5	69.8
	Total	42,120	20,116	62,236	72.8	63.4	69.8
Local 1014	M	1,401	102	1,503	69.5	22.8	66.3
	F	234	1,284	1,518	76.7	61.5	63.8
	Total	1,635	1,386	3,021	70.5	58.7	65.1
Superior Court	M	540	439	979	73.9	66.1	70.4
	F	1,470	329	1,799	72.4	62.9	70.7
	Total	2,010	768	2,778	72.8	64.7	70.6
SCAQMD	M	36	5	41	81.4	62.4	79.1
	F	24	23	47	81.2	74.5	77.9
	Total	60	28	88	81.3	72.3	78.5
Total Medical	M	20,876	7,126	28,002	72.0	62.8	69.6
	F	24,949	15,172	40,121	73.4	63.3	69.6
	Total	45,825	22,298	68,123	72.7	63.2	69.6
Dental/Vision							
	Gender	Count			Average Age		
		Retirees and Survivors	Spouses and Dependents	Total	Retirees and Survivors	Spouses and Dependents	Total
LA County	M	19,271	8,042	27,313	72.0	60.2	68.5
	F	23,671	14,960	38,631	73.3	61.2	68.6
	Total	42,942	23,002	65,944	72.7	60.9	68.6
Local 1014	M	1,372	117	1,489	69.4	22.5	65.7
	F	215	1,332	1,547	76.6	60.9	63.1
	Total	1,587	1,449	3,036	70.4	57.8	64.4
Superior Court	M	531	543	1,074	74.0	63.3	68.6
	F	1,496	378	1,874	72.3	58.5	69.5
	Total	2,027	921	2,948	72.7	61.3	69.2
SCAQMD	M	34	8	42	82.0	46.8	75.3
	F	22	24	46	81.1	74.6	77.7
	Total	56	32	88	81.6	67.7	76.6
Total Dental/Vision	M	21,208	8,710	29,918	71.9	59.9	68.4
	F	25,404	16,694	42,098	73.3	61.1	68.5
	Total	46,612	25,404	72,016	72.6	60.7	68.4
Death Benefit *							
	Gender	Count			Average Age		
		Retirees	Spouses and Dependents	Total	Retirees	Spouses and Dependents	Total
LA County	M	22,526	NA	22,526	71.3	NA	71.3
	F	24,033	NA	24,033	71.9	NA	71.9
	Total	46,559	NA	46,559	71.6	NA	71.6
Local 1014	M	1,399	NA	1,399	69.5	NA	69.5
	F	5	NA	5	70.4	NA	70.4
	Total	1,404	NA	1,404	69.5	NA	69.5
Superior Court	M	703	NA	703	72.6	NA	72.6
	F	1,725	NA	1,725	70.8	NA	70.8
	Total	2,428	NA	2,428	71.3	NA	71.3
SCAQMD	M	37	NA	37	81.7	NA	81.7
	F	6	NA	6	78.2	NA	78.2
	Total	43	NA	43	81.2	NA	81.2
Total Death Benefit	M	24,665	NA	24,665	71.3	NA	71.3
	F	25,769	NA	25,769	71.8	NA	71.8
	Total	50,434	NA	50,434	71.5	NA	71.5

* Totals do not include 353 people that are both a Retiree and a Survivor, but have elected their Retiree Medical benefits as a Survivor.

Exhibit C-4: Age and Service Distribution of Active Members

Age	Members' Years of Service								Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Above	
Under 18	-	-	-	-	-	-	-	-	-
18-19	1	-	-	-	-	-	-	-	1
20-24	640	7	-	-	-	-	-	-	647
25-29	3,377	1,332	11	-	-	-	-	-	4,720
30-34	3,238	5,232	757	42	-	-	-	-	9,269
35-39	2,041	4,885	3,340	963	64	-	-	-	11,293
40-44	1,375	3,442	3,611	3,123	1,091	82	-	-	12,724
45-49	982	2,494	2,689	2,847	3,390	1,756	152	-	14,310
50-54	842	1,951	2,072	1,991	2,725	3,159	1,306	122	14,168
55-59	566	1,548	1,693	1,543	1,900	2,156	1,667	1,000	12,073
60-64	290	968	1,114	1,087	1,362	1,286	946	1,471	8,524
65-69	77	444	566	506	591	468	263	451	3,366
70-74	18	85	157	163	209	125	53	104	914
75-79	1	18	39	59	58	42	20	49	286
80-84	1	10	8	13	19	10	10	27	98
85 & Over	-	-	-	-	-	-	-	-	-
Total Count	13,449	22,416	16,057	12,337	11,409	9,084	4,417	3,224	92,393

This excludes 73 active retirement program members who are receiving retiree healthcare benefits.



Exhibit C-5: Age and Service Distribution of Vested Terminated Members

Age	Members' Years of Service								Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Above	
Under 18	-	-	-	-	-	-	-	-	-
18-19	-	-	-	-	-	-	-	-	-
20-24	2	-	-	-	-	-	-	-	2
25-29	31	47	1	-	-	-	-	-	79
30-34	96	205	36	-	-	-	-	-	337
35-39	213	383	125	19	-	-	-	-	740
40-44	197	518	303	75	19	-	-	-	1,112
45-49	159	448	594	223	91	19	1	-	1,535
50-54	131	297	579	259	145	65	17	1	1,494
55-59	79	233	478	180	101	65	17	6	1,159
60-64	76	183	471	182	84	61	53	60	1,170
65-69	21	77	153	66	23	5	2	3	350
70-74	8	8	31	17	4	2	-	-	70
75-79	5	4	4	2	-	2	1	-	18
80-84	1	-	-	-	-	-	-	-	1
85 & Over	-	2	-	-	-	-	-	-	2
Total Count	1,019	2,405	2,775	1,023	467	219	91	70	8,069

Retirement program data includes 4,576 non vested terminated members.

This table excludes 22 vested terminated retirement members who are receiving retiree healthcare benefits.

This table excludes 4 vested terminated retirement members who died before 7/1/2014.



Exhibit C-6: Age and Service Distributions of Retired Members in Medical Plans

**LA County
 Retirees and Survivors with Medical Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	3	2	1	2	8	16
35-39	-	-	-	-	-	-	-	15	15
40-44	-	-	2	-	1	-	1	51	55
45-49	-	-	2	5	13	4	3	174	201
50-54	-	-	17	16	40	83	50	336	542
55-59	-	-	55	73	153	487	596	561	1,925
60-64	2	4	145	174	340	898	2,314	856	4,733
65-69	3	14	332	495	697	1,599	4,504	1,449	9,093
70-74	2	23	457	601	795	1,801	3,647	1,383	8,709
75-79	6	15	354	522	696	1,615	2,310	1,031	6,549
80-84	6	23	309	489	705	1,215	1,425	740	4,912
85-89	2	24	264	412	501	735	912	450	3,300
90-94	1	6	203	242	207	301	493	163	1,616
95-99	2	1	62	63	72	74	95	37	406
100 & Over	-	-	6	8	13	7	10	4	48
Total Count	24	110	2,208	3,103	4,235	8,820	16,362	7,258	42,120

**Local 1014
 Retirees and Survivors with Medical Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	-	-	-	-	1	1
35-39	-	-	-	-	-	-	-	1	1
40-44	-	-	-	-	-	-	-	1	1
45-49	-	-	-	-	-	1	-	5	6
50-54	-	-	-	1	1	4	2	9	17
55-59	-	-	1	1	2	32	70	120	226
60-64	-	-	-	-	2	29	52	176	259
65-69	-	-	1	-	2	13	44	225	285
70-74	-	-	-	-	-	8	34	246	288
75-79	-	-	-	-	3	10	16	152	181
80-84	-	-	-	-	2	18	30	159	209
85-89	-	-	-	1	3	19	27	70	120
90-94	-	-	1	-	-	4	14	16	35
95-99	-	-	-	-	-	3	1	2	6
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	-	-	3	3	15	141	290	1,183	1,635



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Exhibit C-6 (continued): Age and Service Distributions of Retired Members in Medical Plans

**Superior Court
 Retirees and Survivors with Medical Coverage**

Age	Retirees' Years of Service						Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29		
Under 35	-	-	-	-	2	-	-	2
35-39	-	-	-	-	-	-	1	1
40-44	-	-	-	-	-	-	1	1
45-49	-	-	-	-	-	-	2	2
50-54	-	-	3	3	7	5	2	27
55-59	-	3	6	8	13	25	31	108
60-64	-	1	10	12	25	45	123	249
65-69	1	1	18	35	53	90	206	445
70-74	3	3	28	33	46	89	150	387
75-79	-	4	15	28	43	68	93	279
80-84	-	2	22	27	39	52	59	219
85-89	-	-	11	23	20	33	62	161
90-94	-	2	12	14	14	20	31	99
95-99	-	1	3	4	3	5	9	26
100 & Over	-	-	-	2	1	-	1	4
Total Count	4	17	128	189	266	432	767	2,010

**SCAQMD
 Retirees and Survivors with Medical Coverage**

Age	Retirees' Years of Service						Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29		
Under 35	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	-
50-54	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	-	-
60-64	-	-	-	-	-	-	1	1
65-69	2	1	-	-	-	1	1	6
70-74	-	-	-	-	-	-	3	4
75-79	-	-	-	-	1	2	7	11
80-84	-	-	2	2	3	1	6	15
85-89	-	-	3	2	3	4	2	14
90-94	-	-	3	2	2	1	-	8
95-99	-	-	-	-	-	-	1	1
100 & Over	-	-	-	-	-	-	-	-
Total Count	2	1	8	6	9	9	21	60



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Exhibit C-6 (continued): Age and Service Distributions of Retired Members in Medical Plans

**All Members
 Retirees and Survivors with Medical Coverage**

Age	Retirees' Years of Service							Disabled	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	3	4	1	2	9	19
35-39	-	-	-	-	-	-	-	17	17
40-44	-	-	2	-	1	-	1	53	57
45-49	-	-	2	5	13	5	3	181	209
50-54	-	-	20	20	48	92	54	352	586
55-59	-	3	62	82	168	544	697	703	2,259
60-64	2	5	155	186	367	972	2,490	1,065	5,242
65-69	6	16	351	530	752	1,703	4,755	1,716	9,829
70-74	5	26	485	634	841	1,898	3,834	1,665	9,388
75-79	6	19	369	550	743	1,695	2,426	1,212	7,020
80-84	6	25	333	518	749	1,286	1,520	918	5,355
85-89	2	24	278	438	527	791	1,003	532	3,595
90-94	1	8	219	258	223	326	538	185	1,758
95-99	2	2	65	67	75	82	106	40	439
100 & Over	-	-	6	10	14	7	11	4	52
Total Count	30	128	2,347	3,301	4,525	9,402	17,440	8,652	45,825



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Exhibit C-7: Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

LA County
 Spouses and Dependents with Medical Coverage

Age	Retirees' Years of Service								Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above	Disableds	
Under 35	1	1	39	58	114	353	667	585	1,818
35-39	-	-	-	1	5	15	22	27	70
40-44	-	-	7	3	12	22	47	66	157
45-49	-	-	9	13	26	73	112	142	375
50-54	-	-	14	18	42	198	332	280	884
55-59	1	3	27	45	109	441	729	427	1,782
60-64	-	5	69	86	190	619	1,529	588	3,086
65-69	2	6	132	207	328	718	1,962	745	4,100
70-74	2	9	139	231	322	710	1,472	556	3,441
75-79	1	8	116	174	258	579	800	319	2,255
80-84	1	7	57	108	158	348	449	162	1,290
85-89	-	2	36	78	89	155	208	59	627
90-94	1	1	20	32	27	39	63	13	196
95-99	-	-	6	7	3	8	3	2	29
100 & Over	-	-	-	-	2	2	2	-	6
Total Count	9	42	671	1,061	1,685	4,280	8,397	3,971	20,116

Local 1014
 Spouses and Dependents with Medical Coverage

Age	Retirees' Years of Service								Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above	Disableds	
Under 35	-	-	-	-	1	23	46	108	178
35-39	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	1	-	4	5
45-49	-	-	-	-	-	1	1	7	9
50-54	-	-	-	1	3	27	62	78	171
55-59	-	-	1	-	-	23	41	158	223
60-64	-	-	1	-	2	8	33	166	210
65-69	-	-	-	-	-	9	34	200	243
70-74	-	-	-	-	3	11	9	117	140
75-79	-	-	-	-	1	8	13	104	126
80-84	-	-	-	1	2	15	9	39	66
85-89	-	-	-	-	-	2	8	3	13
90-94	-	-	-	-	-	-	1	1	2
95-99	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	-	-	2	2	12	128	257	985	1,386



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Exhibit C-7 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

**Superior Court
 Spouses and Dependents with Medical Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	2	3	5	8	12	25	16	71
35-39	-	-	1	-	-	-	2	1	4
40-44	-	-	-	1	-	2	-	1	4
45-49	-	-	-	1	1	1	2	1	6
50-54	-	-	2	2	2	4	8	1	19
55-59	-	1	2	2	9	13	17	7	51
60-64	-	-	3	6	11	42	52	11	125
65-69	1	2	8	9	19	42	73	16	170
70-74	-	3	9	7	22	32	47	9	129
75-79	-	-	6	4	12	21	33	4	80
80-84	-	-	6	8	6	14	20	5	59
85-89	-	-	5	4	8	5	13	-	35
90-94	-	-	2	3	4	2	2	-	13
95-99	-	-	-	1	1	-	-	-	2
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	1	8	47	53	103	190	294	72	768

**SCAQMD
 Spouses and Dependents with Medical Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	-	-	-	-	1	1
35-39	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	1	1
50-54	-	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	1	-	1
60-64	-	1	-	-	-	-	-	-	1
65-69	1	-	-	1	-	-	2	1	5
70-74	-	-	1	-	-	-	3	1	5
75-79	-	-	-	-	1	3	-	1	5
80-84	-	-	2	1	-	1	2	-	6
85-89	-	-	1	-	-	-	1	-	2
90-94	-	-	-	-	-	-	1	-	1
95-99	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	1	1	4	2	1	4	10	5	28



Exhibit C-7 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Medical Plans

**All Members
 Spouses and Dependents with Medical Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	1	3	42	63	123	388	738	710	2,068
35-39	-	-	1	1	5	15	24	28	74
40-44	-	-	7	4	12	25	47	71	166
45-49	-	-	9	14	27	75	115	151	391
50-54	-	-	16	21	47	229	402	359	1,074
55-59	1	4	30	47	118	477	788	592	2,057
60-64	-	6	73	92	203	669	1,614	765	3,422
65-69	4	8	140	217	347	769	2,071	962	4,518
70-74	2	12	149	238	347	753	1,531	683	3,715
75-79	1	8	122	178	272	611	846	428	2,466
80-84	1	7	65	118	166	378	480	206	1,421
85-89	-	2	42	82	97	162	230	62	677
90-94	1	1	22	35	31	41	67	14	212
95-99	-	-	6	8	4	8	3	2	31
100 & Over	-	-	-	-	2	2	2	-	6
Total Count	11	51	724	1,118	1,801	4,602	8,958	5,033	22,298



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Exhibit C-8: Age and Service Distributions of Retired Members in Dental/Vision Plans

LA County
 Retirees and Survivors with Dental/Vision Coverage

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	3	2	1	2	10	18
35-39	-	-	-	-	-	-	-	22	22
40-44	-	-	2	-	1	-	1	66	70
45-49	-	-	2	5	15	4	2	205	233
50-54	-	1	26	23	42	81	50	379	602
55-59	-	1	71	89	165	487	594	620	2,027
60-64	4	14	168	203	348	899	2,301	901	4,838
65-69	5	23	374	526	735	1,606	4,512	1,533	9,314
70-74	6	31	469	624	823	1,805	3,661	1,431	8,850
75-79	6	26	337	542	714	1,619	2,319	1,047	6,610
80-84	7	25	325	500	707	1,224	1,434	748	4,970
85-89	5	21	277	413	518	741	921	437	3,333
90-94	2	10	212	236	212	303	492	162	1,629
95-99	-	-	58	52	74	71	96	36	387
100 & Over	-	-	3	7	10	6	10	3	39
Total Count	35	152	2,324	3,223	4,366	8,847	16,395	7,600	42,942

Local 1014
 Retirees and Survivors with Dental/Vision Coverage

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	1	1
40-44	-	-	-	-	-	-	-	1	1
45-49	-	-	-	-	-	1	-	4	5
50-54	-	-	-	1	1	4	2	8	16
55-59	-	-	1	1	2	31	68	119	222
60-64	-	-	-	-	2	29	50	172	253
65-69	-	-	1	-	3	12	44	224	284
70-74	-	-	-	-	-	8	33	243	284
75-79	-	-	-	-	3	9	16	147	175
80-84	-	-	-	-	2	18	29	152	201
85-89	-	-	-	-	1	19	25	64	109
90-94	-	-	-	-	-	3	14	13	30
95-99	-	-	-	-	-	3	1	2	6
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	-	-	2	2	14	137	282	1,150	1,587



Exhibit C-8 (continued): Age and Service Distributions of Retired Members in Dental/Vision Plans

Superior Court
 Retirees and Survivors with Dental/Vision Coverage

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	-	2	-	-	-	2
35-39	-	-	-	-	-	-	-	1	1
40-44	-	-	-	-	-	-	-	1	1
45-49	-	-	-	-	-	-	-	2	2
50-54	-	-	3	2	7	5	2	11	30
55-59	-	4	7	8	12	26	28	22	107
60-64	-	-	12	12	25	47	120	36	252
65-69	1	-	27	40	52	91	204	43	458
70-74	2	2	26	34	47	90	151	34	386
75-79	-	4	18	26	38	70	93	29	278
80-84	-	4	24	24	36	52	58	19	217
85-89	-	2	15	25	20	33	63	10	168
90-94	-	1	13	14	13	20	31	6	98
95-99	-	-	2	4	3	5	9	1	24
100 & Over	-	-	-	1	1	-	1	-	3
Total Count	3	17	147	190	256	439	760	215	2,027

SCAQMD
 Retirees and Survivors with Dental/Vision Coverage

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	-	-
50-54	-	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	-	-	-
60-64	-	-	-	-	-	-	1	-	1
65-69	1	1	-	-	-	1	1	1	5
70-74	-	-	-	-	-	-	3	1	4
75-79	-	-	-	-	1	2	7	1	11
80-84	-	-	1	1	2	1	6	1	12
85-89	-	-	2	2	3	4	2	-	13
90-94	-	-	3	3	2	1	-	-	9
95-99	-	-	-	-	-	-	1	-	1
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	1	1	6	6	8	9	21	4	56



Exhibit C-8 (continued): Age and Service Distributions of Retired Members in Dental/Vision Plans

**All Members
 Retirees and Survivors with Dental/Vision Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	3	4	1	2	10	20
35-39	-	-	-	-	-	-	-	24	24
40-44	-	-	2	-	1	-	1	68	72
45-49	-	-	2	5	15	5	2	211	240
50-54	-	1	29	26	50	90	54	398	648
55-59	-	5	79	98	179	544	690	761	2,356
60-64	4	14	180	215	375	975	2,472	1,109	5,344
65-69	7	24	402	566	790	1,710	4,761	1,801	10,061
70-74	8	33	495	658	870	1,903	3,848	1,709	9,524
75-79	6	30	355	568	756	1,700	2,435	1,224	7,074
80-84	7	29	350	525	747	1,295	1,527	920	5,400
85-89	5	23	294	440	542	797	1,011	511	3,623
90-94	2	11	228	253	227	327	537	181	1,766
95-99	-	-	60	56	77	79	107	39	418
100 & Over	-	-	3	8	11	6	11	3	42
Total Count	39	170	2,479	3,421	4,644	9,432	17,458	8,969	46,612



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Exhibit C-9: Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

LA County
 Spouses and Dependents with Dental/Vision Coverage

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	4	6	126	148	244	619	1,208	949	3,304
35-39	-	2	2	4	6	25	33	44	116
40-44	-	-	8	5	16	26	57	83	195
45-49	-	-	11	13	31	80	119	175	429
50-54	-	1	18	28	47	200	335	319	948
55-59	2	4	31	54	123	442	738	452	1,846
60-64	1	4	79	108	210	633	1,536	657	3,228
65-69	3	11	164	232	352	767	2,047	807	4,383
70-74	-	4	151	249	361	756	1,573	583	3,677
75-79	1	7	123	199	294	635	850	347	2,456
80-84	3	7	70	135	180	376	491	184	1,446
85-89	1	3	41	88	106	170	230	64	703
90-94	-	2	23	36	36	42	75	14	228
95-99	-	1	6	7	6	11	5	1	37
100 & Over	-	-	-	-	2	2	2	-	6
Total Count	15	52	853	1,306	2,014	4,784	9,299	4,679	23,002

Local 1014
 Spouses and Dependents with Dental/Vision Coverage

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	-	-	2	31	50	155	238
35-39	-	-	-	-	-	-	2	3	5
40-44	-	-	-	1	-	1	-	11	13
45-49	-	-	-	-	-	3	3	12	18
50-54	-	-	1	-	1	14	37	53	106
55-59	-	-	1	-	1	25	46	131	204
60-64	-	-	-	-	2	14	38	184	238
65-69	-	-	-	-	-	7	29	192	228
70-74	-	-	-	-	3	14	13	135	165
75-79	-	-	-	-	1	6	18	106	131
80-84	-	-	-	-	1	16	13	48	78
85-89	-	-	-	-	-	3	7	10	20
90-94	-	-	-	-	-	1	2	1	4
95-99	-	-	-	-	-	-	1	-	1
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	-	-	2	1	11	135	259	1,041	1,449



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Exhibit C-9 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

**Superior Court
 Spouses and Dependents with Dental/Vision Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	1	2	6	8	16	28	55	32	148
35-39	-	-	1	-	1	-	2	2	6
40-44	-	-	-	1	1	4	1	1	8
45-49	-	-	-	1	1	2	2	2	8
50-54	1	-	2	-	2	4	8	3	20
55-59	-	1	2	2	13	14	17	8	57
60-64	-	-	4	7	12	43	51	11	128
65-69	-	2	14	13	21	45	76	19	190
70-74	-	-	9	10	23	33	54	12	141
75-79	-	1	10	7	12	22	34	6	92
80-84	-	-	8	9	7	14	23	7	68
85-89	-	-	5	4	8	4	12	-	33
90-94	-	-	3	5	5	4	2	-	19
95-99	-	-	-	1	2	-	-	-	3
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	2	6	64	68	124	217	337	103	921

**SCAQMD
 Spouses and Dependents with Dental/Vision Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	-	-	1	-	-	-	1	1	3
35-39	-	1	-	-	-	-	-	-	1
40-44	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	1	1
50-54	-	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	1	-	1
60-64	-	1	-	-	-	-	-	-	1
65-69	1	-	-	1	-	-	2	1	5
70-74	-	-	-	-	-	-	4	1	5
75-79	-	-	-	-	2	3	-	1	6
80-84	-	-	2	1	-	1	2	-	6
85-89	-	-	1	-	-	-	1	-	2
90-94	-	-	-	-	-	-	1	-	1
95-99	-	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-	-
Total Count	1	2	4	2	2	4	12	5	32



Exhibit C-9 (continued): Age and Service Distributions of Spouses and Dependents of Retired Members in Dental/Vision Plans

**All Members
 Spouses and Dependents with Dental/Vision Coverage**

Age	Retirees' Years of Service							Disableds	Total Count
	0-4	5-9	10-14	15-19	20-24	25-29	30 & Above		
Under 35	5	8	133	156	262	678	1,314	1,137	3,693
35-39	-	3	3	4	7	25	37	49	128
40-44	-	-	8	7	17	31	58	95	216
45-49	-	-	11	14	32	85	124	190	456
50-54	1	1	21	28	50	218	380	375	1,074
55-59	2	5	34	56	137	481	802	591	2,108
60-64	1	5	83	115	224	690	1,625	852	3,595
65-69	4	13	178	246	373	819	2,154	1,019	4,806
70-74	-	4	160	259	387	803	1,644	731	3,988
75-79	1	8	133	206	309	666	902	460	2,685
80-84	3	7	80	145	188	407	529	239	1,598
85-89	1	3	47	92	114	177	250	74	758
90-94	-	2	26	41	41	47	80	15	252
95-99	-	1	6	8	8	11	6	1	41
100 & Over	-	-	-	-	2	2	2	-	6
Total Count	18	60	923	1,377	2,151	5,140	9,907	5,828	25,404



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Exhibit C-10: Medical and Dental/Vision Plan Distributions of Retired Members, Survivors, Spouses, and Dependents Pre and Post Age 65

	Retirees and Survivors			Spouses and Dependents			Total		
	Pre 65	Post 65	Total	Pre 65	Post 65	Total	Pre 65	Post 65	Total
Medical Plans									
Anthem Blue Cross I	231	1,390	1,621	220	325	545	451	1,715	2,166
Anthem Blue Cross II	1,995	2,674	4,669	1,944	965	2,909	3,939	3,639	7,578
Anthem Blue Cross III	256	10,250	10,506	937	3,796	4,733	1,193	14,046	15,239
Anthem Blue Cross Prudent Buyer Plan	490	1,054	1,544	477	300	777	967	1,354	2,321
Cigna Medicare Select Plus Rx (AZ)	2	42	44	11	16	27	13	58	71
Cigna Network Model Plan	181	566	747	176	154	330	357	720	1,077
Kaiser (Other)	62	302	364	51	94	145	113	396	509
Kaiser (CA)	4,361	16,725	21,086	4,125	5,514	9,639	8,486	22,239	30,725
United Healthcare	1,046	2,186	3,232	943	771	1,714	1,989	2,957	4,946
SCAN Health Plan	1	376	377	2	91	93	3	467	470
Firefighters' Local 1014	528	1,107	1,635	822	564	1,386	1,350	1,671	3,021
Total Medical	9,153	36,672	45,825	9,708	12,590	22,298	18,861	49,262	68,123
Medicare Part B Coverage									
LA County									
Receiving Reimbursement	294	26,374	26,668	114	8,502	8,616	408	34,876	35,284
Not Receiving Reimbursement	7,894	7,558	15,452	8,471	3,029	11,500	16,365	10,587	26,952
Total	8,188	33,932	42,120	8,585	11,531	20,116	16,773	45,463	62,236
Firefighters' Local 1014									
Receiving Reimbursement	24	1,082	1,106	83	479	562	107	1,561	1,668
Not Receiving Reimbursement	504	25	529	739	85	824	1,243	110	1,353
Total	528	1,107	1,635	822	564	1,386	1,350	1,671	3,021
Superior Court									
Receiving Reimbursement	17	1,216	1,233	3	354	357	20	1,570	1,590
Not Receiving Reimbursement	419	358	777	292	119	411	711	477	1,188
Total	436	1,574	2,010	295	473	768	731	2,047	2,778
SCAQMD									
Receiving Reimbursement	-	44	44	1	15	16	1	59	60
Not Receiving Reimbursement	1	15	16	5	7	12	6	22	28
Total	1	59	60	6	22	28	7	81	88
All Members									
Receiving Reimbursement	335	28,716	29,051	201	9,350	9,551	536	38,066	38,602
Not Receiving Reimbursement	8,818	7,956	16,774	9,507	3,240	12,747	18,325	11,196	29,521
Grand Total Medicare Part B	9,153	36,672	45,825	9,708	12,590	22,298	18,861	49,262	68,123
Dental/Vision Plans									
LA County									
Cigna Indemnity Dental/Vision	6,493	31,506	37,999	8,671	11,862	20,533	15,164	43,368	58,532
Cigna Dental HMO/Vision	1,317	3,626	4,943	1,395	1,074	2,469	2,712	4,700	7,412
Total	7,810	35,132	42,942	10,066	12,936	23,002	17,876	48,068	65,944
Firefighters' Local 1014									
Cigna Indemnity Dental/Vision	482	1,063	1,545	793	611	1,404	1,275	1,674	2,949
Cigna Dental HMO/Vision	16	26	42	29	16	45	45	42	87
Total	498	1,089	1,587	822	627	1,449	1,320	1,716	3,036
Superior Court									
Cigna Indemnity Dental/Vision	325	1,478	1,803	332	492	824	657	1,970	2,627
Cigna Dental HMO/Vision	70	154	224	43	54	97	113	208	321
Total	395	1,632	2,027	375	546	921	770	2,178	2,948
SCAQMD									
Cigna Indemnity Dental/Vision	1	53	54	6	25	31	7	78	85
Cigna Dental HMO/Vision	-	2	2	1	-	1	1	2	3
Total	1	55	56	7	25	32	8	80	88
All Members									
Cigna Indemnity Dental/Vision	7,301	34,100	41,401	9,802	12,990	22,792	17,103	47,090	64,193
Cigna Dental HMO/Vision	1,403	3,808	5,211	1,468	1,144	2,612	2,871	4,952	7,823
Grand Total Dental/Vision	8,704	37,908	46,612	11,270	14,134	25,404	19,974	52,042	72,016

Exhibit C-10 (continued): Medical and Dental/Vision Plan Distributions of Retired Members, Survivors, Spouses, and Dependents Pre and Post Age 65

	Retirees			Spouses			Total		
	Pre 65	Post 65	Total	Pre 65	Post 65	Total	Pre 65	Post 65	Total
<u>Death Benefit *</u>									
<u>LA County</u>	10,647	35,912	46,559	NA	NA	NA	10,647	35,912	46,559
Firefighters' Local 1014	497	907	1,404	NA	NA	NA	497	907	1,404
Superior Court	636	1,792	2,428	NA	NA	NA	636	1,792	2,428
SCAQMD	<u>1</u>	<u>42</u>	<u>43</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>1</u>	<u>42</u>	<u>43</u>
Grand Total Death Benefit	11,781	38,653	50,434	NA	NA	NA	11,781	38,653	50,434

* Totals do not include 353 people that are both a Retiree and a Survivor, but have elected their Retiree Medical benefits as a Survivor.

Exhibit C-11: Treatment of Incomplete Data

ID	Size	Situation	Assumption and Resolution
1	6 medical 0 dental	Retirees had a spouse or child on the record with a Date of Birth (DOB), but dependent type was not "S" (spouse) or "C" (child).	If dependent DOB was more than 20 years after the retiree's Date of Birth, assigned the dependent as a child. Otherwise, the dependent was designated as a spouse.
2	0 medical 2 dental	Dependent with Dependent Type "S" had DOB as blank or later than 7/1/1992.	These spouses were given a DOB according to the marriage age difference assumption used in this valuation.
3	0 medical 14 dental	Dependents did not have a valid Gender.	All spouses were assigned gender opposite that of the original member. Half of the children were designated as males and half as females.
4	75 medical 74 dental 21 life-only	Retirees have Group IND of "O" (Outside District).	Changed indicator to "N" (General). These are members from outside districts who will have postemployment benefits from LA County.
5	261 medical N/A dental	There were no children listed in Retiree and Family or Retiree and Children deduction codes.	To be consistent with the tier, children were added. Children were designated as 18 years old since the average age of LACERA children under 24 is 18; half were listed as male and half as female. Children were not added for Kaiser plans, based on previous discussions with LACERA.
6	1,522 medical 887 dental	There was no spouse listed in Retiree and Spouse, Retiree & Family, or Retiree +1 deduction codes.	To be consistent with the tier, spouses were added. Even in the Retiree+1 case, a spouse was added rather than a child as this is a more conservative addition. Spouses were given a gender opposite of the retiree and DOB was determined according to the marriage age difference assumption used in this valuation.
7	256 medical 175 dental	Tier is Retiree Only, but a dependent was listed.	Dependents were deleted from the data.
8	162 medical 161 dental	Members were deceased before 7/1/2014.	Removed records from the data.

Appendix D: Glossary



The following definitions are excerpts from other actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to LACERA. Defined terms are capitalized throughout this Appendix.

Actuarial Accrued Liability	That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of postemployment plan benefits and expenses which is not provided for by future Normal Costs.
Actuarial Assumptions	Assumptions as to the occurrence of future events affecting OPEB costs, such as: mortality, withdrawal, disablement, retirement; changes in medical costs; and other relevant items.
Actuarial Cost Method	A procedure for determining the Actuarial Present Value of OPEB program benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
Actuarial Gain (Loss)	A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.
Actuarial Present Value	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.
Actuarial Valuation	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for an OPEB plan.
Actuarial Value of Assets	The value of cash, investments and other property belonging to an OPEB plan, as used by the actuary for the purpose of an Actuarial Valuation.
Amortization Payment	That portion of the ARC that is designed to recognize interest on and to amortize the Unfunded Actuarial Accrued Liability.

Annual Required Contributions (“ARC”)	This is the employer’s periodic required contribution to a defined benefit OPEB plan, calculated in accordance with the set of requirements for calculating actuarially determined OPEB information included in financial reports.
Attribution Period	The period of an employee’s service to which the expected postretirement benefit obligation for that employee is assigned. The beginning of the attribution period is the employee’s date of hire. The end of the attribution period is the time of assumed exit from OPEB active member status.
Benefit Payments	The monetary or in-kind benefits or benefit coverage to which participants may be entitled under a post employment benefit plan, including health care benefits and life insurance not provided through a retirement program.
GASB 43	The statement that establishes financial reporting standards for postemployment benefit <u>plans</u> other than retirement programs.
GASB 45	The statement that establishes financial reporting standards for <u>employers</u> that sponsor postemployment benefits other than retirement programs.
Net OPEB Obligation	This is the cumulative difference since the effective date of this statement between annual OPEB cost and the employer’s contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB related debt.
Normal Cost	That portion of the Actuarial Present Value of OPEB plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.
Other Postemployment Benefits (“OPEB”)	This refers to postemployment benefits other than retirement program benefits, including healthcare benefits regardless of the type of plan that provides them, and all other postemployment benefits provided separately from a retirement program, excluding benefits defined as termination benefits or offers.

Present Value of Future Benefits	<p>This is the value, as of the applicable date, of future payments for benefits and expenses under the Plan, where each payment is:</p> <ul style="list-style-type: none">(a) Multiplied by the probability of the event occurring on which the payment is conditioned, such as the probability of survival, death, disability, termination of employment, etc.; and(b) Discounted at the assumed discount rate.
Projected Benefits	<p>Those OPEB plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.</p>
Substantive Plan	<p>The terms of the OPEB plan as understood by an employer that provides postretirement benefits and the employees who render services in exchange for those benefits. The substantive plan is the basis for the accounting for the plan.</p>
Trend Rate	<p>The rate of increase in per person health costs paid by a plan as a result of factors such as price increases, utilization of healthcare services, plan design, and technological developments.</p>
Unfunded Actuarial Accrued Liability	<p>The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.</p>

Appendix E: Medical Plan Comparisons

Comparisons are from the following areas of the LACERA website:

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison.pdf

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_ooa.pdf

http://www.lacera.com/healthcare/pdf/healthcare_rates/plan_comparison_medicare.pdf

COMPARISON OF MEDICAL PLANS

Effective July 1, 2014

Indemnity Medical Plans

- Anthem Blue Cross I
- Anthem Blue Cross II
- Anthem Blue Cross Prudent Buyer Plan

Health Maintenance Organizations (HMOs)

- Cigna Network Model Plan (Arizona and California only)
- Kaiser Permanente (California only)
- UnitedHealthcare

This chart represents a summary of benefits only. Additional benefit information is provided by each insurance carrier. This chart does not replace or modify the official documents that legally govern each plan's operation.

The benefits offered by all LACERA-administered health plans change when an enrolled member permanently moves outside the provider network area. Moving to a location outside the coverage area can impact your plan's rates and coverage levels.

Indemnity Insurance Plans

	Anthem Blue Cross I	Anthem Blue Cross II
Calendar Year Deductibles/Copayments	\$100 – individual; \$100 – family	\$500 – individual; \$1,500 – family
Annual Maximum Out-of-Pocket Expenses (for most services)	N/A	\$2,500, including deductible (Does not include amounts over allowable charges)
Lifetime Maximum Benefits	\$1,000,000	\$1,000,000
Hospital Benefits		
Room and Board	\$75 per day maximum ¹ ; \$150 per day maximum special care unit ¹	90% for PPO hospital ² ; 80% non-PPO for semi-private room; special care unit up to 2.5 times semi-private room rate
Surgical Services	80% ¹	80%
Hospital Services and Supplies	100% ¹	90% PPO hospital ² ; 80% non-PPO hospital
Hospital Admission Authorization Requirements	Preadmission authorization required in advance (on first business day following emergency admission) unless covered by Medicare Part A. \$200 deductible for unauthorized hospital admission or late notice	Preadmission authorization required in advance (on first business day following emergency admission) unless covered by Medicare Part A. \$200 deductible for unauthorized hospital admission or late notice
Nursing Benefits		
Skilled Nursing Facility Care	70% (in-network) or 50% (out-of-network) up to \$150 per day for up to 100 days per calendar year ¹	70% (in-network) or 50% (out-of-network) up to 100 days per calendar year ¹
Private Duty Nurses	80% in accordance with requirements	80% in accordance with requirements
Home Healthcare	100% in accordance with requirements ¹	100% in accordance with requirements ¹
Hospice Care	100% up to plan limitations, in accordance with requirements ¹	100% in accordance with requirements ¹
Emergency Benefits		
Inpatient	\$75 per day ¹ maximum; \$150 per day maximum special care unit ¹	90% PPO hospital ² ; 80% non-PPO hospital
Outpatient	100% at a hospital only ¹	80%
Ambulance	80% for transportation to first hospital where care is given	80% for transportation to first hospital where care is given
Outpatient Benefits		
Doctor's Office Visits	80%	80%
Preadmission X-Ray and Lab Tests	100% ¹	100% ¹
Routine Checkups, CA only		
—Adult	\$25 copay; covered in-network only; maximum of \$250	\$25 copay; covered in-network only; maximum of \$250
—Children Under 17	\$25 copay in-network; 80% out-of-network	\$25 copay in-network; 80% out-of-network
Immunizations	Not covered except for children under age 17	Not covered except for children under age 17
Outpatient Surgical Services	100% ¹	100% ¹ (80% hospital facility fees)
Physical Therapy	80% in accordance with requirements	80% in accordance with requirements
Speech Therapy	80% in accordance with requirements	80% in accordance with requirements
Maternity	80% in accordance with requirements	80% in accordance with requirements
Prescription Drug Benefits		
Prescription Drugs	Retail: 80% in-network; 60% out-of-network Mail order: \$10 generic/\$30 brand/\$50 non-preferred brand/ \$150 specialty copay for 90-day supply (Copay prorated for less than 90-day supply)	Retail: 80% in-network; 60% out-of-network Mail order: \$10 generic/\$30 brand/\$50 non-preferred brand/ \$150 specialty copay for 90-day supply (Copay prorated for less than 90-day supply)
Mental Health and Substance Abuse Benefits		
Inpatient	\$75 per day ¹ maximum; \$150 per day maximum intensive care ¹	90% PPO; 80% non-PPO
Outpatient	80% of covered expenses	80% of covered expenses
Vision Benefits		
Eye Exams	Covered after accident only ³	Covered after accident only ³
Lenses	Covered after accident ³ and after eye surgery	Covered after accident ³ and after eye surgery
Frames	Covered after accident ³ or eye surgery only	Covered after accident ³ or eye surgery only
Hearing Care Benefits		
Hearing Exams	Covered after accident only ³	Covered after accident only ³
Hearing Aids	Covered after accident only ³	Covered after accident only ³

Comparison of Medical Plans

HMOs

Anthem Blue Cross Prudent Buyer Plan	Cigna Network Model Plan
\$100 – individual; \$200 – family	None
N/A	\$1,500 – individual; \$3,000 – family
\$1,000,000	Unlimited
80% Prudent Buyer; 70% non-Prudent Buyer with \$75 per day maximum; \$150 per day intensive care (for non-Prudent Buyer)	No charge
80% Prudent Buyer; 70% non-Prudent Buyer	No charge for inpatient or outpatient
80% Prudent Buyer; 70% non-Prudent Buyer (up to \$250 per day for non-Prudent Buyer)	No charge
Authorization by a Prudent Buyer physician required. Non-Prudent Buyer physicians must contact Anthem Blue Cross	Authorization by a Cigna HealthCare physician required within 48 hours in case of emergency outside service area
80% of semi-private room rate for up to 100 days per confinement period	No charge; limit 60 days per contract year (limit 100 days per contract year for CA only)
80% in accordance with requirements	No charge if authorized by a Cigna HealthCare physician (100 visits per contract year together with Home Healthcare)
100% in accordance with requirements	No charge; limited 60 visits per contract year (100 visits per contract year for CA only) together with Private Duty Nursing
100% up to plan limitations, in accordance with requirements ¹	No charge
80% Prudent Buyer; 70% non-Prudent Buyer	No charge
80% Prudent Buyer; 70% non-Prudent Buyer	\$50 copay; waived if admitted; \$25 copay for urgent care center
80%	No charge when true emergency authorized by a Cigna HealthCare physician
80% Prudent Buyer; 70% non-Prudent Buyer	\$5 copay
100% Prudent Buyer; 70% non-Prudent Buyer	No charge
\$25 copay; covered in-network only; maximum of \$250 \$25 copay in-network; out-of-network covered up to \$200	\$5 copay
Not covered except for children under age 17	No charge (after \$5 office visit copay, if applicable)
100% ¹ Prudent Buyer (Hospital facility fees: 80% Prudent Buyer; 70% non-Prudent Buyer)	No charge
80% Prudent Buyer; 70% non-Prudent Buyer	\$20 copay; limited 20 days for all therapies combined (unlimited days based on medical necessity for CA only)
80% in accordance with requirements	\$20 copay; limited 20 days for all therapies combined (unlimited days based on medical necessity for CA only)
80% Prudent Buyer; 70% Non-Prudent Buyer; in accordance with requirements	\$5 copay for initial visit to confirm pregnancy; no charge for subsequent maternity visits
Retail: 80% in-network; out-of network coverage may vary. Contact Anthem Blue Cross for more information. Mail order: \$10 generic/\$30 brand/\$50 non-preferred brand/\$150 specialty for a 90-day supply /specialty copay prorated for less than 90-day supply	Retail: \$7 copay for 30-day supply; Mail order: \$14 copay for 90-day supply
80% Prudent Buyer; 70% non-Prudent Buyer	No charge for an unlimited number of days
80% Prudent Buyer; 70% non-Prudent Buyer	No charge for an unlimited number of visits
Not covered	\$10 copay; limit one exam every 12 months through Cigna Vision
One pair, after eye surgery	Covered after cataract surgery
Not covered	Not covered
Not covered	Not covered
Not covered	Not covered

Kaiser Permanente	UnitedHealthcare⁴
None	None
Maximum copays of \$1,500 per individual, \$3,000 per family	Maximum copays of \$2,000 per individual, \$6,000 per family
Unlimited	Unlimited
No charge	No charge
No charge for inpatient; \$5 copay for outpatient	No charge for inpatient or outpatient
No charge	No charge
Authorization by a Kaiser physician required within 24 hours or as soon as reasonably possible in case of emergency outside service area	Authorization by a participating UnitedHealthcare medical group or physician required. Within 24 hours in case of emergency
No charge; limit 100 days per benefit period	No charge; up to 100 days per benefit period
No charge if authorized by Kaiser physician	No charge (if medically necessary)
No charge if authorized by Kaiser physician	No charge; 100 visits maximum per calendar year
No charge if authorized by Kaiser physician (up to 100 2-hour visits per calendar year)	No charge when authorized by a UnitedHealthcare participating physician or medical group. Prognosis of life expectancy of one year or less.
No charge	No charge
\$5 at Kaiser facility; waived if admitted directly to the hospital	\$50; waived on admission
No charge if emergency	No charge when medically necessary
\$5 copay	\$5 copay
No charge	No charge with an office visit
\$5 copay	\$5 copay; no charge for age 2 and under
No charge if generally available	\$5 copay; no charge for age 2 and under
\$5 copay	No charge
\$5 copay	Inpatient: no charge; outpatient: \$5 copay
\$5 copay	Inpatient: no charge; outpatient: \$5 copay
\$5 copay	No charge; office visit copays are waived after initial office visit copay
\$7 copay for up to 100-day supply; can be in person, through mail order, by telephone, or online at www.kp.org/myhealthmanager	Retail: \$7 copay for 30-day supply; Mail order: \$7 copay for 90-day supply
No charge; for an unlimited number of days	No charge; for an unlimited number of days (both Mental Health and Substance Abuse)
\$5 copay per visit; for an unlimited number of visits	Mental Health: \$5 copay; for an unlimited number of visits, must be authorized through UnitedHealthcare Behavioral Health ⁵ Substance Abuse: No charge; for an unlimited number of visits
\$5 copay	\$5 copay through PCP ⁵
Not covered	Not covered
Not covered	Not covered
\$5 copay	\$5 copay
Not covered	\$5,000 maximum benefit every 3 years. Limited to a single hearing aid (including repair/replacement every 3 years).

Carrier Notes:

Anthem Blue Cross Plans I, II, and Prudent Buyer

Coinsurance payment is the percentage of eligible charges after you meet the plan deductible, unless otherwise noted. **All plan reimbursements are based on negotiated rates or usual and customary charges.**

Usual and Customary charges are the maximum amounts the plan will pay for a service based on what providers in that geographic area charge for similar services or supplies.

¹ Indicates deductible waived.

Anthem Blue Cross II

² For non-Medicare members only.

Anthem Blue Cross I and II

³ Treatment must be due to an accidental injury while insured and treatment must be received within two years of accident.

HMOs

Medical care must be received from HMO or contracted provider, physician or facility.

Mental Health Benefits for California Base Contracts: refer to evidence of coverage.

UnitedHealthcare

⁴ Solutions for Caregivers – no charge for advice, information and referrals. See the Caregiver flyer in the packet sent to retirees from the carrier for additional services.

⁵ Your PCP is your Preferred Care Provider in the UnitedHealthcare HMO.

COMPARISON OF MEDICAL PLANS

Effective July 1, 2014

Health Maintenance Organizations (HMOs) and Medicare Advantage Prescription Drug (MA-PD) HMOs

- Kaiser – Colorado
- Kaiser – Georgia
- Kaiser – Hawaii
- Kaiser – Oregon

This chart represents a summary of benefits only. Additional benefit information is provided by each insurance carrier. This chart does not replace or modify the official documents, which legally govern each plan's operation.

The health plans and benefit designs available from the LACERA-administered options change when an enrolled member permanently moves outside the provider network area. Moving to a location outside the coverage area will impact your eligibility to be enrolled in the health plan, the benefit designs available and the rates you pay.

Note: The benefit levels contained in this booklet are subject to approval by the Centers for Medicare and Medicaid Services (CMS) and may be adjusted during the plan year.

BASIC (UNDER 65 OR OVER 65 WITHOUT MEDICARE COVERAGE) HMOs

	Kaiser – Colorado	Kaiser – Georgia
Calendar Year Deductible/Copayment	None	None
Annual Maximum Out-of-Pocket Expenses (for most services)	Individual – \$2,000 Family – \$4,500	Individual – \$2,000 Family – \$4,000
Lifetime Maximum Benefits	None	None
Hospital Benefits		
Room and Board	\$250 copay per admission	\$250 copay per admission
Surgical Services	Inpatient – no charge Outpatient – \$50 copay	Inpatient – no charge Outpatient – \$100 copay
Hospital Services and Supplies	Durable medical equipment covered at 80%	Durable medical equipment covered at 80%
Hospital Admission Authorization Requirements	No authorization needed when referred by a Kaiser Permanente physician	Authorization required for hospital admissions
Nursing Benefits		
Skilled Nursing Facility Care	No charge; 100 days per period	\$250 copay per admission; 100 days per year
Private Duty Nurses	No charge if in service area only and referred by a network provider	No charge if authorized
Home Health Care	No charge if authorized	No charge if authorized
Hospice Care	No charge	No charge if authorized
Emergency Benefits		
Inpatient	\$100 copay (waived if admitted)	\$100 (waived if admitted)
Outpatient	\$100 copay	\$100 (waived if admitted)
Ambulance	20% copay; max. of \$500 per trip	\$100 copay
Outpatient Benefits		
Doctor's Office Visits	\$5 copay (\$25 copay for after-hours care; \$15 copay for specialist visit)	\$15 copay
Preadmission Diagnostic X-ray and Lab Tests	Included in office visit copay	No charge
Routine Checkups		
– Adults	No charge	No charge
– Children Under 17	No charge	No charge
Immunizations	\$5 copay; no charge if preventive	\$15 copay; no charge if preventive
Outpatient Surgical Services	\$50 copay	\$100 copay
Physical Therapy	\$250 copay inpatient; \$5 copay outpatient; limited to 20 visits per year	\$15 copay
Speech Therapy	\$250 copay inpatient; \$5 copay outpatient; limited to 20 visits per year	\$15 copay
Maternity	\$5 copay	\$15 copay for 1st visit; no charge thereafter
Prescription Drug Benefits		
Prescription Drugs	\$10 copay for up to 60-day supply	\$15 generic/\$30 brand copay for up to 30-day supply at Kaiser; \$25 generic/\$40 brand copay for up to 30-day supply at Rite Aid or Walgreens
Mental Health Benefits		
Inpatient	\$250 per admission	\$250 copay
Outpatient	\$5 copay	\$15 copay
Substance Abuse Benefits		
Inpatient	\$250 per admission	\$250 copay per admission (detox only)
Outpatient	\$5 copay	\$15 copay
Residential Day	\$250/admission	Not covered
Vision/Hearing Care Benefits		
Eye Exams	\$5 copay	\$15 copay
Lenses	\$150 credit toward lenses, contact lenses or frames combined every 2 years	\$100 credit toward lenses, contact lenses or frames combined every 2 years
Frames		
Hearing Exam	\$5 copay	\$15 copay (if exam copay applies)
Hearing Aids	Not covered	Not covered

U & C = Usual and customary: The maximum amount the plan will pay for a service based on what providers in that geographic area charge for similar services or supplies.

Kaiser – Hawaii	Kaiser – Oregon
None	None
Individual – \$2,500 Family (3 or more) – \$7,500	Individual – \$600 Family – \$1,200
Unlimited	None
\$50/day	No charge
No charge	Inpatient – no charge Outpatient – \$5 copay
No charge	No charge
Authorization required by a Kaiser Permanente Medical Group physician	Authorization required by a Kaiser Permanente physician
No charge; 100 days per year	No charge; 100 days per year
Not covered	Not covered
No charge if authorized	No charge if authorized; limited to 130 days
No charge if authorized	No charge
\$50/visit within service area; 20% copay outside of service area	\$75 copay (waived if admitted)
\$50/visit within service area; 20% copay outside of service area	\$75 copay (waived if admitted)
No charge	\$75 copay
\$15 copay	\$5 copay
No charge	No charge
No charge	No charge
No charge	No charge for routine
\$15 copay	\$5 copay
\$15 copay	\$5 copay; up to 20 visits per therapy, per calendar year
\$15 copay	\$5 copay; up to 20 visits per therapy, per calendar year
No charge (after confirmation of pregnancy)	Hospitalization – no charge; doctor’s office visit – no charge
\$10 copay for up to 30-day supply	\$5 copay for up to 30-day supply
\$50/day*	No charge
\$15 copay*	\$5 copay
\$50/day	No charge
\$15 copay	\$5 copay
20% of applicable charges up to 60 days per calendar year	No charge
\$15 copay	\$5 copay
Not covered	Not covered
Not covered	Not covered
\$15 copay	\$5 copay
\$500 allowance	Covered for children only

*When prescribed by a physician, services for serious mental illness will be provided in accordance with state law.

RETIREE WITH MEDICARE MA-PD HMOs

	Kaiser – Colorado	Kaiser – Georgia
Calendar Year Deductible/Copayment	None	None
Annual Maximum Out-of-Pocket Expenses (for most services)	Individual – \$2,500	Individual – \$2,000
Lifetime Maximum Benefits	None	None
Hospital Benefits		
Room and Board	\$250 copay per admission	\$250 copay per admission
Surgical Services	Inpatient – no charge; outpatient – \$50 copay	Inpatient – no charge; outpatient – \$100 copay
Hospital Services and Supplies	Durable medical equipment covered at 80%	No charge
Hospital Admission Authorization Requirements	No authorization needed when referred by a Kaiser Permanente physician	Authorization required for hospital admissions
Nursing Benefits		
Skilled Nursing Facility Care	No charge; 100 days per period	\$250 copay per admission; 100 days per period
Private Duty Nurses	No charge in service area	No charge if authorized
Home Health Care	No charge in service area	No charge if authorized
Hospice Care	No charge (only home-based hospice care)	No charge
Emergency Benefits		
Inpatient	\$50 copay (waived if admitted)	\$50 copay (waived if admitted)
Outpatient	\$50 copay	\$50 copay (waived if admitted)
Ambulance	20% copay; max. of \$500 per trip	\$100 copay
Outpatient Benefits		
Doctor's Office Visits	\$5 copay (\$15 copay for specialist visit)*	\$15 copay
Preadmission Diagnostic X-ray and Lab Tests	Included in office visit copay	Copay varies
Routine Checkups		
– Adults	No charge	No charge
– Children Under 17	No charge	No charge
Immunizations	\$5 copay; no charge if preventive	\$15 copay; no charge if preventive
Outpatient Surgical Services	\$50 copay	\$100 copay
Physical Therapy	\$250 copay inpatient; \$5 copay outpatient	\$15 copay outpatient
Speech Therapy	\$250 copay inpatient; \$5 copay outpatient	\$15 copay outpatient
Maternity	No charge	No charge
Prescription Drug Benefits		
Prescription Drugs	\$10 copay for up to 60-day supply	\$15 generic/\$30 brand copay for up to 30-day supply at Kaiser; \$25 generic/\$40 brand copay for 30-day supply at Rite Aid or Walgreens
Mental Health Benefits		
Inpatient	\$250 per admission	\$250 per admission
Outpatient	\$5 copay	\$15 copay
Substance Abuse Benefits		
Inpatient	\$250 per admission	\$250 per admission; detox and rehab
Outpatient	\$5 copay	\$15 copay
Vision/Hearing Care Benefits		
Eye Exams	\$5 copay	\$15 copay
Lenses	\$150 credit toward lenses, contact lenses or frames combined every 2 years	\$100 credit toward lenses and/or frames combined every 2 years
Frames		
Hearing Exam	\$5 copay	\$15 copay
Hearing Aids	Not covered	Not covered

U & C = Usual and customary; The maximum amount the plan will pay for a service based on what providers in that geographic area charge for similar services or supplies.
 *All office-administered prescription drugs covered by Medicare Part B (except preventive immunizations and diagnostic drugs) will be subject to 20% coinsurance. This coinsurance will apply to the annual maximum out-of-pocket expenses.

Kaiser – Hawaii	Kaiser – Oregon
None	None
Individual – \$2,500 Family – \$7,500	Individual – \$600
Unlimited	None
\$50/day	No charge
No charge	No charge
No charge	No charge
Authorization required by a Kaiser Permanente Medical Group physician	Authorization required by a Kaiser Permanente physician
No charge; 100 days per year	No charge; 100 days for Medicare benefits period
Not covered	Not covered
No charge if authorized	No charge
No charge if authorized	No charge
\$50 per visit	\$50 copay (waived if admitted)
\$50 per visit	\$50 copay (waived if admitted)
No charge	\$50 copay
\$15 copay	\$5 copay
No charge	No charge
No charge	No charge
No charge	Not covered
No charge	No charge
\$15 copay	\$5 copay
\$15 copay	\$5 copay; no limit on number of visits or treatment period. Significant improvement required within a reasonable and generally predictable period
\$15 copay	\$5 copay; no limit on number of visits or treatment period. Significant improvement required within a reasonable and generally predictable period
No charge (after confirmation of pregnancy)	No charge
\$10 copay for up to 30-day supply	\$5 copay for a 30-day supply
\$50/day**	No charge
\$15 copay**	\$5 copay
\$50/day	No charge
\$15 copay	\$5 copay
\$15 copay	\$5 copay
Not covered	\$150 credit toward the purchase of lenses, frames, and/or contact lenses every 24 months
Not covered	\$150 credit toward the purchase of lenses, frames, and/or contact lenses every 24 months
\$15 copay	\$5 copay
\$500 allowance to purchase hearing aids; provided every 3 years	Not covered

**When prescribed by a physician, services for serious mental illness will be provided in accordance with state law.

COMPARISON OF MEDICAL PLANS

For those enrolled in Medicare Parts A and B

Effective July 1, 2014

Medicare Supplement Plan

- Anthem Blue Cross III

Medicare Advantage Prescription Drug (MA-PD) HMOs

- Kaiser Permanente Senior Advantage
- UnitedHealthcare Group Medicare Advantage HMO
- SCAN Health Plan

This chart represents a summary of benefits only. Additional benefit information is provided by each insurance carrier. This chart does not replace or modify the official documents that legally govern each plan's operation.

The benefits offered by all LACERA-administered health plans change when an enrolled member permanently moves outside the provider network area. Moving to a location outside the coverage area can impact your plan's rates and coverage levels.

Comparison of Medical Plans

(For Medicare-Eligible Members Enrolled in Medicare Parts A and B)

Medicare Supplement		Medicare Advantage Prescription Drug (MA-PD) HMOs		
Anthem Blue Cross III		Kaiser Permanente Senior Advantage	SCAN ¹	UnitedHealthcare Group Medicare Advantage HMO
Outpatient Benefits				
Doctor's Office Visit	20% of Medicare-approved charges	\$5 copay	\$5 copay	\$5 copay
Preadmission X-ray and Lab Tests	20% of Medicare-approved charges	No charge	No charge	No charge with an office visit copay
Routine Checkups	Not covered	No charge	\$5 copay	No charge
Immunizations	Not covered	No charge	No charge	No charge with an office visit copay
Outpatient Surgical Services	20% of Medicare-approved charges	\$5 copay per procedure	No charge	No charge
Physical Therapy	20% of Medicare-approved charges	\$5 copay	\$5 copay	No charge with an office visit copay
Speech Therapy	20% of Medicare-approved charges	\$5 copay	\$5 copay	No charge with an office visit copay
Maternity	Covered the same as an illness for services covered by Medicare	\$5 copay	Covered as any illness	\$5 copay
Chiropractic Care	20% of Medicare-approved charges	\$5 copay for Medicare-covered services ³	\$5 copay for Medicare-covered services ³	\$5 copay for Medicare-covered services ³
Transportation	Not covered	Not covered	No charge for unlimited number of rides to medical or dental appointments	Not covered
Prescription Drug Benefits				
Prescription Drugs	Retail: 80% in-network, 60% out-of-network Mail order: \$10 generic/\$30 brand/\$50 non-preferred brand/\$150 specialty copay for mail order for 90-day supply ⁴	\$7 copay for up to 100-day supply; covers dental prescriptions	Retail: \$7 generic/\$15 brand Mail order: \$7 generic/\$15 brand for 90-day supply	\$7 copay for 31-day supply (or for 90-day mail order supply for maintenance medications only)
Mental Health and Substance Abuse Benefits				
Inpatient	Plan pays all Medicare inpatient deductibles for approved Medicare days; 190-day lifetime maximum	No charge; for unlimited number of days	No charge; 190-day lifetime maximum in Medicare facility ²	No charge; 190-day lifetime maximum if admitted to Medicare-approved psychiatric hospital
Outpatient	20% of Medicare-approved charges; up to 50 professional visits per year	\$5 copay for each visit per calendar year for an unlimited number of visits	\$5 copay for each visit per calendar year. No charge for severe mental illness	\$5 copay; unlimited visits
Substance Abuse	20% of Medicare-approved charges	Inpatient: No charge as per plan limitations; Outpatient: \$5 per individual visit; \$2 per group visit	\$5 copay; unlimited visits	Same as Mental Health Inpatient and Outpatient
Vision Benefits				
Eye Exams	Not covered	\$5 copay	\$5 copay for Medicare-covered, medically-necessary eye exam	\$5 copay
Lenses	Not covered unless 1st lens after eye surgery	Eyewear (frames/lenses/contacts) purchased from plan optical sales every 24 months; \$150 allowance	Not covered	Not covered
Frames	Not covered unless after eye surgery		Not covered	Not covered
Hearing Care Benefits				
Hearing Exams	One per calendar year; 80%	\$5 copay	\$5 copay	\$5 copay ⁶
Hearing Aids	50% up to \$300 lifetime maximum	Not covered	\$300 allowance per aid, every 24 months (\$600 total)	Not covered

Comparison of Medical Plans (For Medicare-Eligible Members Enrolled in Medicare Parts A and B)

Medicare Supplement		Medicare Advantage Prescription Drug (MA-PD) HMOs		
	Anthem Blue Cross III	Kaiser Permanente Senior Advantage	SCAN ¹	UnitedHealthcare Group Medicare Advantage HMO
Calendar Year Deductibles	None	None	None	None
Annual Maximum Out-Of-Pocket Expenses (for most services)	None	Maximum copayments of \$1,500 – individual \$3,000 – family	\$3,400	\$6,700
Lifetime Maximum Benefits	Unlimited	Unlimited	Unlimited	Unlimited
Hospital Benefits				
Room and Board	Plan pays all Medicare inpatient deductibles for approved Medicare days	No charge	No charge	No charge
Surgical Services	Plan pays all Medicare inpatient deductibles for approved Medicare days	No charge	No charge	No charge
Hospital Services and Supplies	Plan pays all Medicare inpatient deductibles for approved Medicare days	No charge	No charge	No charge
Nursing Benefits				
Skilled Nursing Facility Care	Plan pays Medicare daily deductible for days 21–100; no coverage beyond 100 days	No charge; 100 days per benefit period in a Medicare-certified facility	No charge; 100 days per benefit period in a Medicare-certified facility	No charge; 100 days per benefit period in a Medicare-certified facility
Private Duty Nurses	Not covered	No charge if authorized by a Kaiser physician	No charge when medically necessary only, per Medicare guidelines	No charge when medically necessary only, per Medicare guidelines
Home Healthcare	100% of all remaining costs not covered by Medicare	No charge for Medicare-covered Home Health and no charge for part-time intermittent care if authorized by a Kaiser physician	No charge for Medicare-covered Home Health. See (!) below for expanded coverage info	No charge when medically necessary only, per Medicare guidelines
Hospice Care	100% of all remaining costs not covered by Medicare	No charge if authorized by a Kaiser physician	No charge	No charge, provided care is in accordance with Medicare guidelines
Emergency Benefits				
Inpatient	Plan pays all Medicare inpatient deductibles for approved Medicare days	\$5 copay; waived if admitted	No charge	No charge
Outpatient	20% of Medicare-approved charges	\$5 copay; waived if admitted	\$25 copay; waived if admitted	\$50 copay; waived if admitted
Ambulance	20% of Medicare-approved charges	No charge for emergency	No charge	No charge (if medically necessary)

¹ SCAN includes expanded coverage for Independent Living Power™ services. Qualifying members are eligible for up to \$500 per month of these additional services.

- No charge for personal care coordination via phone
- \$15 copay per month for emergency response system
- \$15 copay per visit for alternative caregiver visit to a member's home when his or her regular caregiver is not available
- \$15 copay per visit for adult day care to provide relief for regular caregiver
- No copay for up to five days in a facility when regular caregiver is unavailable
- \$15 copay per visit for transportation escort to medical, dental, optometric or other necessary appointments
- \$15 copay per visit for personal care such as assistance with bathing, dressing, eating, getting in and out of bed, moving about/walking and grooming
- \$15 copay per visit for homemaker services such as light cleaning, grocery shopping, laundry and meal preparation
- No copay for home-delivered meals
- No copay for inpatient custodial care up to 5 days in a facility. Medicare will not pay for a stay in a facility if the services received are primarily for those purposes.
- Healthways SilverSneakers® Fitness Program available at no extra cost.

² Note: Visit or day limits do not apply to certain mental healthcare described in the evidence of coverage.

³ Manual manipulation of the spine to correct subluxation that can be demonstrated by X-ray, when the manipulation is prescribed by plan physician and performed by plan provider.

⁴ Copayment for specialty drugs will be prorated if you receive less than a 90-day supply

⁵ UnitedHealthcare Group Medicare Advantage HMO includes coverage for Solutions for Caregiver's services — No charge for advice, information and referrals. See the Caregiver flyer included in the materials received after enrollment in the plan for additional services.

⁶ UnitedHealthcare Group Medicare Advantage HMO Audiology screenings are offered through contracted audiologists in the Epic network. The Epic network includes all locations in the Newport Audiology network.

Appendix F: Firefighters Local 1014 Medical Plan

The description of the Firefighters Local 1014 Medical Plan is from selected pages of the following website:

http://www.local1014medical.org/docs/2012spd_v5%20%283%29.pdf



Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

Annual Deductible	First \$200 of allowable expenses per person; \$600 Maximum per family	
	In-Network	Out-of-Network
Annual Out-of-Pocket Limit (Amounts for In-Network and Out-of-Network are combined for the Annual Out-of-Pocket Limit)	10% of allowable expenses after satisfaction of the deductible, maximum \$1,000 per person or family per year (after you pay the deductible)	30% of allowable expenses after satisfaction of the deductible, maximum \$1,500 per person or family per year ¹ (after you pay the deductible)
Preventive Care	In-Network	Out-of-Network
Well- baby care	100%, no deductible, for the baby's first 2 years	100%, no deductible, for the baby's first 2 years ¹
Immunizations	100%, no deductible, paid through the wellness benefit for ages 2 and over.	100%, no deductible, paid through the wellness benefit for ages 2 and over. ¹
Wellness Benefit	100%, no deductible; annual preventive exam and screenings, including "fit for life" exam, and immunizations.	100%, no deductible; annual preventive exam and screenings, including "fit for life" exam, and immunizations. ¹
Cancer Screenings	100%, no deductible for PAP, mammogram, PSA and colonoscopy covered according to American Cancer Society guidelines	100%, no deductible for PAP, mammogram, PSA and colonoscopy covered according to American Cancer Society guidelines ¹
Medically Necessary Care	In-Network	Out-of-Network
Ambulance	90% after deductible, up to annual out-of-pocket limit, 100% thereafter ¹	
Doctor's office visits	90% after deductible, up to annual out-of-pocket limit, 100% thereafter	70% after deductible, up to annual out-of-pocket limit, 100% thereafter ¹
Emergency room	90% after deductible, up to annual out-of-pocket limit, 100% thereafter; \$50 additional copay per visit (waived if referred by a physician or admitted as an inpatient)	70% after deductible, up to annual out-of-pocket limit, 100% thereafter; \$50 additional copay per visit (waived if referred by a physician or admitted as an inpatient) ¹
Hospital care (Providers must request Pre-authorization from Anthem Blue Cross)	90% after deductible, up to annual out-of-pocket limit, 100% thereafter	70% after deductible, up to annual out-of-pocket limit, 100% thereafter ¹
Maternity (No preauthorization required for uncomplicated obstetrical care)	90% after deductible, up to annual out-of-pocket limit, 100% thereafter	70% after deductible, up to annual out-of-pocket limit, 100% thereafter ¹
Surgery (Providers must request Preauthorization from Anthem Blue Cross for all inpatient surgery and any outpatient procedure that might be considered experimental, investigational or cosmetic. Organ and tissue transplants and any weight loss surgery is covered under Anthem Blue Cross Center of Expertise (COE) only.)	90% after deductible, up to annual out-of-pocket limit, 100% thereafter	70% after deductible, up to annual out-of-pocket limit, 100% thereafter ¹



Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

Medically Necessary Care	In-Network	Out-of-Network
X-Rays and lab tests	90% after deductible, up to annual out-of-pocket limit, 100% thereafter; (excludes periodic health exams)	70% after deductible, up to annual out-of-pocket limit, 100% thereafter; (excludes periodic health exams) ¹
Prescription Drugs (outpatient)²	Short-Term (30-Day Supply) From a Retail Pharmacy or Mail order	
	In-Network	Out-of-Network¹
Generic	\$10 copay	You pay the entire cost of your prescription up front and submit a claim for reimbursement. You may be reimbursed for 100% of the cost minus the copay. Out-of-network copays are the same as the in-network copays. ¹
Brand name (when generic is unavailable)	\$20 copay	
Brand name (when generic is available)	\$30 copay PLUS the cost difference between the brand name drug and the generic drug	
	Maintenance (Up to a 90-Day Supply)	
	From a Retail Pharmacy	From Medco Home Delivery
Generic	\$25 copay	
Brand name (when generic is unavailable)	\$50 copay	
Brand name (when generic is available)	\$75 copay PLUS the cost difference between the brand name drug and the generic drug.	
VSP Vision Care	In-Network	Out-of-Network
Copayment	\$25 when services are rendered	
Exams	Once every 12 months	Up to \$45 once every 12 months
Prescription lenses	Covered once every 12 months. Includes lined bifocal, trifocal, or progressive lenses; polycarbonate lenses, anti-reflective coating and tints, including photochromic.	Covered once every 12 months. Up to \$45 single vision lenses, \$65 lined bifocal, \$85 lined trifocal lenses, or \$85 progressive lenses. \$5 for tints.
Frames	Covered once every 12 months, up to \$175, plus 20% off additional costs.	Up to \$47 once every 12 months
Contacts	When you choose contacts instead of glasses, a \$200 allowance applies once every 12 months to the cost of contacts. In addition there is a separate benefit to cover the contact lens fitting and evaluation exam.	Up to \$105 once every 12 months



Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

Mental Health/Substance Abuse Care	In-Network	Out-of-Network
Outpatient care	90% after deductible, up to annual out-of-pocket limit, 100% thereafter.	70% after deductible, up to annual out-of-pocket maximum, 100% thereafter. ¹
Inpatient care <i>(Both in-network and out-of-network requires preauthorization from Anthem Blue Cross)</i>	90% after deductible, up to annual out-of-pocket limit, 100% thereafter.	70% after deductible, up to annual out-of-pocket limit, 100% thereafter. ¹
Additional Benefits	In-Network	Out-of-Network
Acupuncture	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year.	70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year. ¹
Chiropractic care	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year.	70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits combined total of chiropractic and acupuncture visits per calendar year. ¹
Physical therapy	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits per calendar year.	70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 30 visits per calendar year. ¹
Occupational therapy	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 6 visits per calendar year.	70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 6 visits per calendar year. ¹
Home health care <i>(Requires preauthorization by Local 1014's Patient Care Coordinator)</i>	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum 100 visits per calendar year ¹	
Hospice care <i>(Requires preauthorization by Local 1014's Patient Care Coordinator)</i> (per diem rates)	90% after deductible, up to annual out of pocket limit; 100% thereafter. Hospice care limited to 180 days and a \$20,000 lifetime maximum ¹	
Skilled Nursing Facility <i>(Providers must request Preauthorization from Anthem Blue Cross)</i>	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; 70 day limit per occurrence	
Transitional Nursing Benefit <i>(Requires preauthorization by Local 1014's Patient Care Coordinator)</i>	90% after deductible, up to annual out-of-pocket limit; 100% thereafter; 400 hour lifetime limit.	70% after deductible, up to annual out-of-pocket limit; 100% thereafter; maximum \$100 per hour and 400 hour lifetime limit. ¹

Benefits-at-a-Glance

(For Details, Please Turn to **What the Plan Covers** and **What the Plan Does Not Cover**)

Dental Benefits	
Adult and Child Orthodontia	100% no deductible, limited to \$2,000 lifetime per individual.
Excess Dental Coverage	100% no deductible, limited to \$1,000 per individual per year for allowable dental expenses after the annual maximum benefit of the underlying indemnity or PPO dental coverage is exceeded. HMO dental plans have no stated annual maximum.
Dental Accident Coverage	100% no deductible, limited to \$10,000 as the result of any one accident for allowable dental expenses within 180 days of the accident.

¹ Allowable expenses for Out-of-Network services are limited to Reasonable and Customary charges, which are defined as the fees and charges customarily accepted as payment for medically necessary health care services and supplies in a specific geographical area.

² The Plan covers prescription drugs only for the treatment of a condition as approved by the Food and Drug Administration. Many infused and injectable drugs as well as some oral medications require preauthorization by Local 1014's Patient Care Coordinator. Your pharmacist will know which drugs need preauthorization.

³ See glossary for definition



Appendix G: Dental and Vision Plan Description

The dental and vision plan description is from the following area of the LACERA website:

http://www.lacera.com/healthcare/pdf/healthcare_rates/dental_vision_charts.pdf

DENTAL PLAN

	Cigna Indemnity Dental	Cigna Dental HMO
Individual annual deductible	\$25	None
Family annual deductible	\$50	None
Individual annual maximum benefit	\$1,500	Unlimited
Exams & cleanings	20%*	\$0**
Amalgam – 1 surface, permanent	20%*	\$0**
Amalgam – 2 surface, permanent	20%*	\$0**
Amalgam – 3 surface, permanent	20%*	\$0**
Amalgam – 4 surface, permanent	20%*	\$0**
Resin or composite – anterior	20%*	\$0**
Anterior root canal – permanent	20%*	\$10**
Scaling/root planing – per quad	20%*	\$35**
Simple extraction	20%*	\$10**
Surgical extraction	20%*	\$15 – \$50**
Crown – porcelain to high noble metal	20%*	\$220**
Crown – stainless steel	20%*	\$10**
Post – prefab or crown buildup	20%*	\$40/\$55/\$65**
Orthodontic therapy – child	Not covered	\$2,240**
Orthodontic therapy – adult	Not covered	\$2,840**

* Member pays 20% of usual and customary charges (the maximum amount the plan will pay for a service, based on what providers in that geographic area charge for similar services or supplies). The plan pays 80% after deductible. Procedures with **high** noble gold are covered at 50%, after deductible.

** Member pays this amount, plus additional charges specified in the plan brochure. For post/crown buildup work, the copy amounts apply to different steps in the procedure.

VISION PLAN

Benefit	In-Network Benefits	Out-of-Network Benefits
Spectacle exam*** (Once every 12 months)	\$20 copay; then covered in full. For contact lens fitting and professional services, member pays additional charges	\$25 reimbursement maximum
Lenses (Once every 12 months)		
■ Single vision	\$40 copay; then covered in full	\$35 reimbursement maximum
■ Bifocal	\$40 copay; then covered in full	\$45 reimbursement maximum
■ Trifocal	\$40 copay; then covered in full	\$70 reimbursement maximum
■ Lenticular	\$40 copay; then covered in full	\$130 reimbursement maximum
■ Progressive	\$40 copay; then up to \$70 allowance	\$70 reimbursement maximum
Frames (Once every 24 months)	\$50 allowance	\$35 reimbursement maximum
Contact lenses (lifetime maximum benefit)		
■ Hard lenses	\$180 allowance	\$150 reimbursement maximum
■ Soft lenses	\$230 allowance	\$225 reimbursement maximum

*** Spectacle exam includes routine exam, including dilation and refraction.

Appendix H: Medicare Part B Reimbursement Plan Description

The Medicare Part B reimbursement plan description is from the following area of the LACERA website:

http://www.lacera.com/healthcare/Medicare/medicare_a_b.html



Search

[Search by Topic](#)

[Brochures & Forms](#)

HEALTHCARE

Medicare Parts A & B Eligibility

Medicare Part B Reimbursement

ALERT - Medicare Part D

The Value of Medicare Part B

[LACERA - Healthcare Home](#) > [Medicare Enrollment](#) > [Medicare Parts A & B Eligibility](#)

MEDICARE PARTS A & B ELIGIBILITY

ELIGIBILITY REQUIREMENTS FOR MEDICARE PART A

(Hospital Insurance Coverage)

Medicare Part A is **free** to any person **age 65 or older** who is either:

- Eligible to receive a monthly Social Security benefit, or
- Eligible based on wages on which sufficient Medicare payroll taxes were paid.

You **automatically apply** for Medicare Part A when you apply for Social Security benefits. Your spouse may also qualify for Part A coverage at age 65, based on your eligibility for Social Security. To be eligible for Part A, you **do not** have to enroll in Part B. If you are not eligible for free Part A coverage, you may purchase this coverage.

Medicare Part A is **free** to any person **under age 65** who is **disabled** and has either:

- Received Social Security disability benefits for 24 months as a worker, surviving spouse, or adult child of a retired, disabled, or deceased worker; or
- Accumulated a sufficient number of Social Security credits to be insured for Medicare and meets the requirements of the Social Security disability program.

Effective January 2015, the Medicare Part A premium amount decreased to \$407.00 per month (\$426.00 in 2014) for people who are not eligible for premium-free hospital insurance and have fewer than 40 quarters of Medicare-covered employment. Visit [Medicare](#) for more information.

ELIGIBILITY REQUIREMENTS FOR MEDICARE PART B

(Supplementary medical insurance coverage for physicians, labs, testing)

When you enroll in Medicare Part A, you are **automatically enrolled** in Medicare Part B unless you decline it. This rule applies to persons age 65 or older and also to those who are disabled under age 65.

If you pay a premium for Plan A, you must enroll in Part B if you also desire that coverage. The Part B coverage is ordinarily deducted from your Social Security benefit.

If you select a LACERA-administered Medicare plan, you **may be reimbursed** by LACERA for the Part B premium amount. This reimbursement program is subject to annual review by the Board of Supervisors.

If you or your spouse has fewer than 40 quarters of Medicare-covered employment, you must pay a monthly premium for Part A.

On December 9, 2014, the Board of Supervisors approved the Medicare Part B Premium Reimbursement Program for 2015 for LACERA-administered Medicare Plan enrollees. [Read more about Part B.](#)

STOP MEDICARE FRAUD

[Get valuable tips](#) on preventing Medicare fraud.

Diabetics: Beware of Medicare scams.

Medicare never makes calls offering supplies or services.



Check out our multifaceted health improvement program.

[Read More...](#)



[Register or Sign In](#)

12/10/14

Call Center: 800-786-6464 (M-F 7 AM - 5:30 PM) • Fax: 626-564-6155 • Email: welcome@lacera.com
Member Service Center: (M-F 7 AM - 5 PM) • [Appointment and Workshop Reservation System](#)
Location: 300 N. Lake Ave. Pasadena, CA 91101 • Mailing Address: PO Box 7060 Pasadena, CA 91109-7060

Los Angeles County Other Post Employment Benefits Program

Appendix I: Results for South Coast Air Quality Management District (SCAQMD)



We were asked by LACERA to provide subtotal results for the South Coast Air Quality Management District (SCAQMD). The plan provisions, assumptions, methods, and census are consistent with Appendix A through Appendix H. The census detail in Appendix C is subdivided for SCAQMD. The tables in this appendix are in the same sequence as the main report.

We utilized the SCAQMD percentage provided by LACERA which is determined based on County and SCAQMD years of service. We assume that the SCAQMD obligation is equal to this percentage multiplied by the employer portion of the obligation.

Los Angeles County Other Post Employment Benefits Program

Table 1: July 1, 2014 Summary of SCAQMD Paid Liabilities and Cost

SCAQMD	July 1, 2014	July 1, 2012	Percentage Change
A. Total Membership			
1. Active Members	1	1	0.0%
2. Vested Terminated Members	-	-	
3. Retirees and Survivors (Medical Coverage)	60	63	-4.8%
4. Total	<u>61</u>	<u>64</u>	-4.7%
B. Total Payroll	\$ 59,921	\$ 60,063	-0.2%
C. Expected SCAQMD Paid First-Year Benefits	\$ 267,685	\$ 248,393	7.8%
D. Present Value of Future Benefits (PVB) ¹	\$ 4,681,086	\$ 4,450,747	5.2%
E. Actuarial Accrued Liability by Member Status ¹			
1. Active Members	\$ 341,896	\$ 346,560	-1.3%
2. Vested Terminated Members	-	-	
3. Retired Members	4,310,575	4,059,695	6.2%
4. Total	<u>\$ 4,652,471</u>	<u>\$ 4,406,255</u>	5.6%
F. Actuarial Accrued Liability by Benefit Type ¹			
1. Retiree Medical	\$ 3,717,799	\$ 3,572,782	4.1%
2. Retiree Dental/Vision	209,913	219,985	-4.6%
3. Medicare Part B	622,394	529,408	17.6%
4. Retiree Life Insurance	102,365	84,080	21.7%
5. Total	<u>\$ 4,652,471</u>	<u>\$ 4,406,255</u>	5.6%
G. Assets	\$ -	\$ -	
H. Unfunded Actuarial Accrued Liability	\$ 4,652,471	\$ 4,406,255	5.6%
I. Annual Required Contribution (ARC) ²	\$ 168,919	\$ 166,766	1.3%
J. ARC expressed as a percentage of payroll			
1. Normal Cost	13.94%	15.71%	-11.3%
2. UAAL Payment	<u>267.96%</u>	<u>261.94%</u>	2.3%
3. Total	<u>281.90%</u>	<u>277.65%</u>	1.5%

¹ Net of Retiree Paid Premiums. Decrease is a result of deaths, aging, and data changes.

² Normal cost and 30 year level percent of payroll amortization of the Unfunded Actuarial Accrued Liability (UAAL). Assumes an unfunded plan.

Los Angeles County Other Post Employment Benefits Program

Table 2: July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%
Retiree Medical Benefits

	<u>SCAQMD</u>
1. AAL - Total Medical Benefits	
Retirees	\$ 8,194,749
Vested Terminateds	-
Actives	<u>286,428</u>
Total	\$ 8,481,177
2. AAL - County and Retiree Paid Medical Premiums	
Retirees	\$ 4,763,378
Vested Terminateds	-
Actives	-
Total	\$ 4,763,378
3. AAL - SCAQMD Paid Medical Benefits (1) - (2)	
Retirees	\$ 3,431,371
Vested Terminateds	-
Actives	<u>286,428</u>
Total	\$ 3,717,799

Los Angeles County Other Post Employment Benefits Program

Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75%
Retiree Dental and Vision Benefits

	<u>SCAQMD</u>
4. AAL - Total Dental & Vision Benefits	
Retirees	\$ 480,203
Vested Terminateds	-
Actives	<u>14,866</u>
Total	\$ 495,069
5. AAL - County and Retiree Paid Dental & Vision Premiums	
Retirees	\$ 285,156
Vested Terminateds	-
Actives	<u>-</u>
Total	\$ 285,156
6. AAL - SCAQMD Paid Dental & Vision Benefits (4) - (5)	
Retirees	\$ 195,047
Vested Terminateds	-
Actives	<u>14,866</u>
Total	\$ 209,913

Los Angeles County Other Post Employment Benefits Program

Table 2 (Cont): July 1, 2014 Actuarial Accrued Liability (AAL) at 3.75% Medicare Part B and Retiree Life Insurance

	<u>SCAQMD</u>
7. AAL - SCAQMD Paid Medicare Part B Premiums	
Retirees	\$ 583,433
Vested Terminateds	-
Actives	<u>38,961</u>
Total	\$ 622,394
8. AAL - SCAQMD Paid Retiree Death Benefit	
Retirees	\$ 100,724
Vested Terminateds	-
Actives	<u>1,641</u>
Total	\$ 102,365
9. AAL - SCAQMD Paid Benefits (3) + (6) + (7) + (8)	
Retirees	\$ 4,310,575
Vested Terminateds	-
Actives	<u>341,896</u>
Total	\$ 4,652,471

Los Angeles County Other Post Employment Benefits Program

Table 3: July 1, 2014 Normal Cost at 3.75%

	<u>SCAQMD</u>
1. Total Medical Benefits	\$ 6,987
2. County and Retiree Paid Medical Premiums	-
3. Net SCAQMD Paid Medical Benefits (1) - (2)	\$ 6,987
4. Total Dental/Vision Benefits	\$ 362
5. County and Retiree Paid Dental/Vision Premiums	-
6. Net SCAQMD Paid Dental/Vision Benefits (4) - (5)	\$ 362
7. SCAQMD Paid Medicare Part B Premiums	\$ 962
8. SCAQMD Paid Retiree Death Benefit	\$ 40
9. Total SCAQMD Normal Cost (3) + (6) + (7) + (8)	\$ 8,351
10. Valuation Payroll	\$ 59,921
11. SCAQMD Normal Cost as a Percentage of Payroll	13.94%

Los Angeles County Other Post Employment Benefits Program

Table 4: 2014-2015 Annual Required Contribution (ARC) at 3.75%

	SCAQMD
1. Unfunded Actuarial Accrued Liability (UAAL)	
Present Value of Benefits (PVB)	\$ 4,681,086
Present Value of Future Normal Cost (PVFNC)	28,615
Actuarial Accrued Liability as of July 1, 2014	\$ 4,652,471
Fund Balance at July 1, 2010 ¹	-
Unfunded Actuarial Accrued Liability	\$ 4,652,471
2. Amortization of UAAL (Level % of Pay)	
Amortization Period (years) ²	30
Amortization Factor	28.975
UAAL Amortization Payment	\$ 160,568
3. 2014 - 2015 Annual Required Contribution (ARC) on July 1, 2014	
Amortization of UAAL	\$ 160,568
Normal Cost	8,351
Annual Required Contribution (ARC) (As of July 1, 2014)	\$ 168,919
4. July 1, 2014 Valuation Payroll	\$ 59,921
5. Estimated ARC as a Percentage of Valuation Payroll	281.90%

¹ This assumes an unfunded plan.

² As a cost sharing multiple employer OPEB plan, the ARC is calculated using the same methods and assumptions for all participating employer groups. Therefore, the amounts shown above represent a pro-rata allocation of the Program liabilities and costs attributable to SCAQMD member service and their demographic characteristics.

Los Angeles County Other Post Employment Benefits Program

Table 5: Projected SCAQMD Paid Benefits by Type

SCAQMD

Fiscal Year Ending	Medical Total	Dental/Vision Total	Medicare Part B	Death Benefit	Medical County and Retiree Contribution	Dental/Vision County and Retiree Contribution	Total SCAQMD Paid Benefits
6/30/2015	\$ 539,959	\$ 46,719	\$ 43,862	\$ 10,660	\$ (344,833)	\$ (28,682)	\$ 267,685
6/30/2016	580,740	45,247	43,256	10,375	(365,845)	(27,590)	286,183
6/30/2017	582,402	43,513	43,282	10,033	(366,744)	(26,379)	286,107
6/30/2018	596,841	41,777	41,954	9,537	(371,428)	(25,168)	293,513
6/30/2019	604,051	39,983	40,506	8,967	(370,888)	(23,919)	298,700
6/30/2020	603,375	38,127	38,955	8,363	(364,978)	(22,637)	301,205
6/30/2021	594,260	36,222	38,339	7,705	(355,813)	(21,345)	299,368
6/30/2022	585,440	34,281	37,172	7,069	(344,602)	(20,051)	299,309
6/30/2023	562,020	32,331	37,312	6,460	(331,297)	(18,757)	288,069
6/30/2024	534,614	30,413	38,019	5,875	(316,650)	(17,495)	274,776

Projection Basis:

All assumptions are met

No future members are reflected

Los Angeles County Other Post Employment Benefits Program

Table 6: Impact of Alternative Trend Rates on AAL and ARC

SCAQMD			
	<u>Valuation Trend Rates</u>	<u>Valuation Trend Rates Plus 1%</u>	<u>Valuation Trend Rates Minus 1%</u>
July 1, 2014 AAL	\$ 4,652,471	\$ 5,168,801	\$ 4,213,873
Percentage Increase/(Decrease)		11%	(9%)
2014 – 2015 ARC	\$ 168,919	\$ 188,401	\$ 152,461
Percentage Increase/(Decrease)		12%	(10%)

**FOR INFORMATION ONLY**

June 29, 2015

To: Each Member

Board of Retirement

From: Gregg Rademacher
Chief Executive Officer

For: July 9, 2015 Board of Retirement Meeting

Subject: **Retirement Benefits Strategic Plan for Fiscal Years Ending 2015-2017
Final Results Update**

At the February 12, 2015 meeting, the Board of Retirement adopted a strategic planning process timeline that includes reviewing the current year results at the July meeting. Attached please find our Retirement Benefits Strategic Plan for Fiscal Years Ending 2015 through 2017.

This report contains our strategic initiatives:

- Implementing PEPRA,
- Modernization of Information Technology,
- Quality Ecosystem, and
- Scrubbing Legacy Data.

The report captures a multi-year look into various projects within these four initiatives and provides commentary on select projects. Additionally, attached for your reference is the following year's strategic plan. The strategic plan is a living document and we roll it forward from year to year with updates as we create, complete, modify, and, at times, postpone projects. Staff will be available during the Board meeting to address questions.

Key Accomplishments

- **Disability Integration Project:** Staff successfully completed two key milestones in the Disability Integration Project, integrating the legacy Disability Tracker system data into Workspace, and distributing the Disability Investigation Summary packages electronically. The team continues to focus on creating workflow procedures and expects to meet the future milestone target dates.
- **Progress on the Final Calculation Engine Project – PEPRA Retirement Estimates:** The team working on the Calculation Engine project reached the major milestones of completing the system programming and receiving actuary certification for the

retirement benefit calculations in Workspace. Staff rolled the beta version out in June and will be rolling out the production version in early July – including the portal. Included in this part of the project was the modification of the system to support PEPPRA retirement benefit plan calculations – thus completing two major milestones in one. Finally, staff took this opportunity to update the tables used to calculate optional retirement benefit amounts to account for the proper reduction of a member's base unmodified benefit amount to properly fund future expected COLA increases for survivors and beneficiaries under Options 2-4, and the Unmodified+Plus Option.

- Retroactive Earnings Coordination:** Since the Auditor-Controller rolled out the new eHR payroll system in 2010 we have manually calculated and collected contributions on retroactive earnings posted to members' accounts. In order to efficiently manage this process, we dedicated an entire team from our Benefits Division to this project which impacted our ability to meet other goals such as the data scrubbing. In addition, the resulting delay in collecting these contributions placed an added burden on Member Services as they received inquiries and appeals for these retroactive collection efforts. Systems successfully coordinated with the Auditor-Controller to assist them in updating their programming to collect contributions on retroactive earnings as part of their normal business processes. The AC went live with their updates in June 2015.

Current Year Dashboard

The following table is an executive summary of the milestones identified to be completed in Fiscal Year 2014 – 2015 and milestones from past and future years where progress was made.

Retirement Benefits Strategic Plan Current Year Snapshot

	In Process	Substantially Complete	Complete
Implementing PEPPRA			
Define Pensionable Compensation (2012-2013)			
Reciprocity Integration (2012-2013)			
LACERA.com Revision (2013-2014)			
Paycode Detection/Enforcement (2013-2014)			
Knowledge Base Update			
Modify Information System: Retirement			
Revise Pre-Retirement Workshop			
Form Letter Review – Inventory & Library			
Brochure Review			

Retirement Benefits Strategic Plan Current Year Snapshot

	In Process	Substantially Complete	Complete
Modernization of Information Technology			
LACERA.com			
Secure Message Center			
Portal Redesign			
Workspace			
Disability Data Integration: Tracker (2013-2014)			
Disability Document Management			
Disability Process Management			
Retroactive Earnings Coordination			
Job Ticket Prototyping			
Job Ticket Production			
Update Estimate Program (2015-2016)			
Final Calculation Engine			
Build New Final Calculation Engine			
Obtain Actuary Certification			
Unplug Black Box – Implement FCE			
Information System Co-Location			
Expand Capabilities			
Knowledge & Content Management			
BOI Back File Implementation			
Committee Back File Implementation			
E-Board Packages - Disability Report			
Board Package Web Posting			
Secure Document Portal - Disability Medical			
Quality Ecosystem			
In-Line Quality Audits			
Review and Improve Program			
Advanced CERL Education (ACE)			
Develop ACE Program			
Member Communications			
Restructure Outreach Workshop			
Outreach Web Video – New Member			

Retirement Benefits Strategic Plan Current Year Snapshot

	In Process	Substantially Complete	Complete
Scrubbing Legacy Data			
Data Projects			
Back Contributions Uncollected – 1,000			
Service Contract Not Resident – 1,000			
Recalculate Contracts Uncompleted – 4,000			

Dashboard Perspective

- **Implementing PEPPRA:** Staff made significant progress with our PEPPRA implementation in terms of information management and dissemination. The end of the fiscal year saw the complete review and editing of the Knowledge Base used to document business rules and provide contextual understanding to benefits administration. Likewise, staff has made progress on implementing PEPPRA compliant retirement estimate systems with the recent rollout of the latest version of Workspace and the upcoming update of the My LACERA portal. Staff was overly optimistic on the ability to identify and update all member communication letters since no centralized repository exists. Staff is taking a systematic approach of updating and revising letters as they are identified. With a few exceptions, such as the Pre-Retirement Guide, most brochures have been updated and are PEPPRA compliant. Looking forward to the coming year, staff intends to conduct a PEPPRA implementation "needs assessment" and develop a new tactical implementation plan.
- **Modernization of Information Technology:** Many of the Systems related goals are interconnected. Progress on one goal often means progress on a second goal, but due to the complexity of the projects, the visibility of progress sometimes may not be apparent. Staff focused on three main areas during this fiscal year:

 - Integrating Disability work processes into Workspace,
 - The Final Calculation Engine project, and
 - The Workspace Worktree rollout.

The Final Calculation Engine is the "actuarial" software programs that calculate benefit amounts. This project touches on many other projects, such as Workspace, the elimination of the green screens, PEPPRA retirement benefit calculations, and the retirement benefit estimate re-design. The Final Calculation Engine had to receive the priority focus and consumed quite a bit of resources across multiple divisions.

Workspace Worktree is a critical milestone in our Job Ticket project. Two critical legacy information systems, Member Document Library, and Client In Basket, will be replaced by Workspace Worktree. These legacy systems are elements of our member servicing information systems and progress is continuing.

- Quality Ecosystem:** The ACE program has been delayed on two fronts. First, staff resource constraints resulting from the team managing staff retirements, staff temporary opportunity reassignments to other divisions, as well as a leave of absence. Second, through our initial efforts, staff realized they underestimated the complexity of the project and how long it would take to develop the level of courses we plan to offer. Staff is revisiting the plan to create a realistic time table.
- Scrubbing Legacy Data:** The primary delay in this area is due to temporarily reassigning staff to the Retroactive Contribution Collection unit to identify, calculate, and collect missing contributions that the County's new eHR system failed to recognize and collect. With any new information system, one can expect to dedicate resources to fix unintended consequences. Fortunately, the County Auditor-Controller found a software solution. Regrettably, the solution was a bit more complex to implement than they had originally planned and took longer than anticipated. As such, LACERA data scrubbing staff were redirected to work on the missing contribution project. We anticipate reassigning staff to the data scrubbing projects in August 2015. In addition, the Quality Assurance staff, which normally participate in the overall management of the data scrubbing projects, were called upon to complete end-to-end testing of the Final Calculation Engine rebuild.

Strategic Planning Process Timeline

Looking to the future, the Board will begin the Retirement Benefits Strategic Plan planning process in October 2015 for the 2017-2019 plan. For your reference below is our planning calendar:

Meeting	Purpose	Notes
October OOC	Plan Development	Review current plan, discuss strategic direction, alignment
October Mgt. Offsite	Plan Development	Staff perspective, draft plan
January OOC	Plan Development	Introduce draft plan in advance of Board Offsite
January Offsite	Plan Development	Propose draft plan for discussion
February Board	Plan Adoption	Propose final draft for adoption
July Board	Plan Review	Review prior year results

STRATEGIC PLAN

Year End Results Update

Retirement Benefits
FOR FISCAL YEARS ENDING 2015-2017



L/CERA

OUR HISTORY

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the safety and general members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four outside Districts:

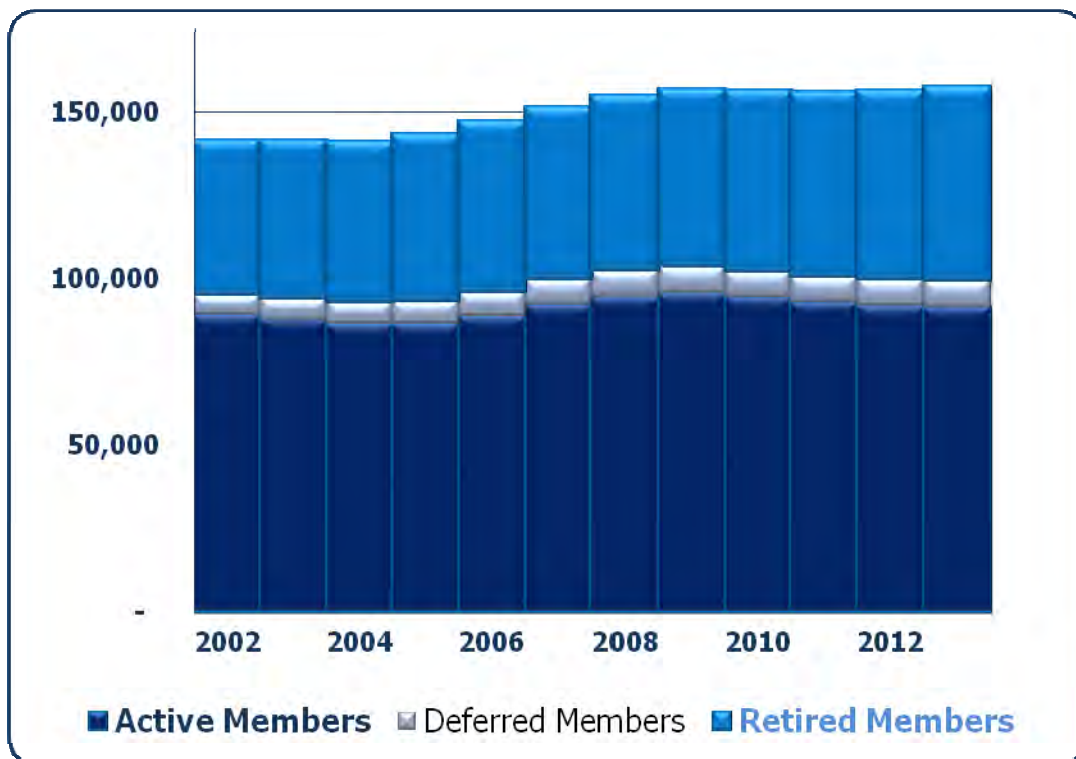
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), and the bylaws, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of LACERA members.

The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and adopting its annual administrative budget.

OUR MEMBERS

When we look at the members we serve, we see more than 160,000 individuals, each with a unique set of circumstances. And we see opportunity. For our active members, we see their opportunity to eventually retire with a secure future and we see our opportunity to provide them with the knowledge they need to make strategic choices throughout their careers that will enhance their retirements. For our retirees, we see more than the disbursement of a monthly benefit. We see the opportunity to provide the peace of mind that comes with knowing they will not outlive their hard-earned retirement allowances and that their eligible designated survivors will receive any benefits to which they are entitled.



OUR MISSION

Produce, Protect, and Provide the Promised Benefits

We see our mission as vast, yet personal. Although it is framed by statutes and diligently executed by highly-trained professionals, it is implemented each day on a personal level, with a personal touch. We see efficient service through education and compassion. We also see a prudently invested retirement fund, strategically positioned for long term growth.

OUR CORE VALUES

PROFESSIONALISM • We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT • Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATIONS • Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS • Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY • We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK • We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

• PRUDENT FIDUCIARY •

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

• RESPONSIVE QUALITY SERVICE •

To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

• COMMUNICATION •

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

• QUALITY WORKFORCE •

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

• MANAGE GROWTH AND CHANGE •

To manage growth and change through planning, innovation, and the maximum use of available technology.

STRATEGIC INITIATIVES

Implementing PEPRA



The Public Employees' Pension Reform Act of 2013 (PEPRA) requires LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols.

Task	Implementation	In Process	Substantially Complete	Complete
Conduct Actuarial Analysis	FY 2012-13			
Establish PEPRA Plan Tiers	FY 2012-13			
Define Pensionable Compensation	FY 2012-13			
Create PEPRA Plan Sworn Statement	FY 2012-13			
Create PEPRA Plan Tier SPDs	FY 2012-13			
Revise New Member Workshop	FY 2012-13			
Staff Training PEPRA Plans	FY 2012-13			
Modify Information Systems - Earnings	FY 2012-13			
Modify Information Systems - Enrollment	FY 2012-13			
Revise Returning to Membership	FY 2012-13			
Employer Payroll Audits	FY 2012-13			
Update Operating Instructions - MS	FY 2012-13			
Update Desk Procedures - CP	FY 2012-13			
Update Training Class Material	FY 2012-13			
ARC Contract Case Load	FY 2012-13			
Reciprocity Integration	FY 2012-13			

Task	Implementation	In Process	Substantially Complete	Complete
LACERA.com Revision	FY 2013-14			
Review Written Communications	FY 2013-14			
Review Electronic Communications	FY 2013-14			
Revise Mid Career Workshop	FY 2013-14			
Revise Legacy Plan SPDs	FY 2013-14			
Paycode Detection and Enforcement	FY 2013-14			
Knowledge Base Update	FY 2014-15			
Modify Information Systems - Retirement	FY 2014-15			
Revise Pre-Retirement Workshop	FY 2014-15			
Form Letter Review – Inventory & Library	FY 2014-15			
Brochure Review	FY 2014-15			
MyLACERA Planning Advice	FY 2015-16			
Revise Outreach Web Video	FY 2015-16			
Project Debrief	FY 2015-16			

Prior Year Milestones:

Define Pensionable Compensation – Complete: Staff completed the review of all LA County pay codes culminating in the non-monetary codes in the Auditor-Controller's eHR system. The last batch of pay codes were presented to the Board of Retirement for approval in the first quarter of this fiscal year. Staff also met with several bargaining units to provide education on the PERPA requirements for pensionable compensation pay codes and how LACERA reviews those codes and makes recommendations to the Board of Retirement.

Reciprocity Integration – Complete: The Workspace Reciprocity process was developed to handle the business rules for PEPRAs members who establish reciprocity.

Current Year Milestones:

Knowledge Base Update – Substantially Complete: Staff has completed the review editing of over 100 pages of documentation in the current Knowledge Base. Staff is now in the process of adding the edited documents to the knowledge Base for access by staff.

Modify Information Systems Retirement – In Process: Staff focused on modifying the information systems required to support contract calculations and retirement processing for PEPRA members including:

- Staff deployed the PEPRA calculation tables and calculators to the Claims Processing and Member Services staff allowing them to calculate Previous Service purchases for C-Safety and G-General.
- The Annual Statistics (actuarial file) was modified to provide the 3 year FAC for PEPRA members.
- Staff deployed a beta version of Workspace that supports PERPA retirement benefit calculations in June 2015. The production version is schedule to go live in July and will include an update to the My LACERA portal allowing members to run PEPRA retirement estimates for the first time.

Revise Mid Career Workshop – In Process: Staff has evaluated the current Mid Career Workshop and is working on developing a revised program that incorporates PEPRA related issues. There are still some outstanding items surrounding reciprocity that are being reviewed that will need to be settled prior to completion of this part of the goal.

Revise Pre-Retirement Workshop – In Process: Staff has completed the review of the current pre-retirement workshop and determined that no updates are needed at this time since this workshop is designed to be presented to members near retirement. Staff estimates we will not need a PEPRA compliant version for another two years. In

the meantime we have folded this goal into the larger Retirement University and Neighborhood Workshop initiatives to create a series of workshops that members can take in person or online which is discussed later in the plan in the Member Communication plan.



Modernization of Information Technology

Information Technology plays a crucial role in every aspect of serving our membership. Our commitment to technological solutions dates back to the late 1980's when we built our own retirement processing data center, databases, and data programs. This effort continues with the transition to modern databases, graphical user interfaces, electronic documents and disaster redundancy. We are on the cusp of reaching another Information Technology milestone by completing the Workspace platform used to service membership accounts and delivering this service via the internet.

• LACERA.com •

Our website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Task	Implementation	In Process	Substantially Complete	Complete
Basic Information	FY 2010-11			
ARC Estimate	FY 2010-11			
Security Log-In	FY 2011-12			
Direct Deposit	FY 2011-12			
Tax Withholding	FY 2012-13			
Beneficiary Update	FY 2013-14			
Secure Message Center	FY 2014-15			
Portal Redesign	FY 2014-15			
Retirement Election	FY 2015-16			
New Member Enrollment	FY 2015-16			
Retiree Healthcare	FY 2016-17			

Portal Redesign – In Process: Staff developed a project plan including the definition of roles and responsibilities for the project. Staff has completed the essential framework for the re-designed portal. The framework is the structure and navigation of the new pages within the portal. The new framework includes enhanced security measures, streamlined navigation and functionality as well improvements behind the scenes to make site maintenance more manageable. The Communications team is currently working on graphic design and updating the content.

Secure Message Center – Deferred: The Secure Message Center was deferred in favor of the My LACERA redesign. Currently in progress the new My LACERA will provide a better platform for the Secure Message Center. The Secure Message Center will be designed and implemented following the release of the new My LACERA. The revised target date for the Message Center is April 2016 and is included in next year's Strategic Plan.

• Workspace •

The information system will facilitate member service while protecting membership information. The system environment and programs will be continually evaluated and updated. We are focusing on bringing the Disability Retirement Services systems within the structured Workspace environment and improving the process management. Additionally, we look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system. Looking to the future, we will be improving our Estimate program and our ability to service members with multiple plans that include a break in service (a.k.a. Multiple Plan Streams) on an automated basis.

Task	Implementation	In Process	Substantially Complete	Complete
Replace Green Screens	FY 2013-14			
Retire CICS	FY 2013-14			
Disability Data Integration: Tracker	FY 2013-14			
Disability Document Management	FY 2014-15			
Disability Process Management	FY 2014-15			
Disability Retire Legacy System: Tracker	FY 2015-16			
Retroactive Earnings Coordination (eHR)	FY 2014-15			
Job Ticket Planning	FY 2013-14			
Job Ticket Prototyping	FY 2014-15			
Job Ticket Production	FY 2014-15			
Update Estimate Program	FY 2015-16			
Multiple Plan Streams	FY 2016-17			

Workspace continues to be developed and refined as the primary member services and processing platform. We have made significant progress in the following areas:

Replace Green Screens – Substantially Complete: Staff continues to work on retiring the remaining 18 green screens. The work on these screens was delayed because we have been working on changes to Workspace/My LACERA Benefit Estimate

calculations in response to the implementation of the new actuarial tables approved as part of the 2014 Valuation study and the need to rollout the ability to provide benefit estimates for PERPA members. We expect to retire 5 of the 18 screens by August 2015, with the remaining to be retired around October 2015.

Disability Data Integration: Tracker – Completed: Staff completed the second milestone in the overall Disability Technology project by integrating the Disability Tracker database into Workspace and implanted new Workspace screens, functions, and letters that allow the Disability Retirement Services staff to use Workspace for tracking disability cases.

Disability Process Management - In Process: Staff is making progress identifying and analyzing workflow processes that can be integrated into Workspace. The team has already included some workflow procedures such as the production of certain automated letters at various stages of the process. As staff finalized more of the process management in the coming months they will begin to focus on developing and tracking metrics.

Job Ticket Prototyping – In Process: Staff deployed a production version of the new Worktree into production. The Worktree is the foundation and arguably most import step of the Job Ticket Process. The Worktree includes a unique tracking number for each piece of work allowing staff to shift production management from a Document Centric to Transaction Centric model. We anticipate leveraging transaction number(s) into defined work process(es) at a level of granularity and specificity that we were not able to do in the past. The ability to control, route, measure, diagnose and track work will improve our ability to improve the timeliness and quality of work.

Many new pages and functions have been implemented in Workspace to replace the functionality of two older applications that will be retired as part of this process – the Member Document Library and the Client Inbasket. To date 59 out of 194 processes have been converted including: address changes, agency deductions, beneficiary

changes, birth, death, and marriage certificate processing, direct deposit, pension verifications, tax elections, as well as some Benefits queues such as new enrollment and returning members. Staff in Systems, Member Services, and Benefits are working together to fine tune the functionality of these new processes. We expect all processes to be moved over to Workspace by the end of September 2015.

Update Estimate Program – In Process: This project is being implemented in conjunction with the "Final Calculation Engine" development project on page 15. System analysis continues with documenting and finalizing the current business rules. Staff expects to begin working on a re-designed Retirement Benefit Estimate and Election form in the first quarter of fiscal year 2015-2016.

Retroactive Earnings Coordination – Complete: The steady influx of retroactive earnings continues to be a major focus in Benefits, Quality Assurance, and Systems. We are pleased to report a successful collaboration with the County Auditor-Controller (AC) to set up a process where the AC can deduct contributions directly from the Retroactive Earnings disbursement. This is a major improvement that alleviates much of the need to manually process and collect back contributions. In the meantime, staff continues to process and collect contributions for retroactive earnings processed prior to the upgrades to the County's payroll system.

• Final Calculation Engine •

The final calculation of a members' benefit is an integral and necessary step to pay the promised benefit to our retiree(s). The final calculation is performed by a calculation engine that was implemented in 1991 by our plan actuary. The mathematical models, formula and related calculation rules are encapsulated in a "black box" of source code that cannot be easily manipulated. However, the introduction of PEPRA retirement plans requires a major modification to the Final Calculation Engine. Seeking greater functionality and agility, our development will move the design, implementation and maintenance from a third party vendor to LACERA staff.

Task	Implementation	In Process	Substantially Complete	Complete
Research and Document Requirements	FY 2013-14			
Build New Final Calculation Engine (FCE)	FY 2014-15			
Obtain Actuary Certification	FY 2014-15			
Unplug Black Box – Implement FCE	FY 2014-15			

Build New Final Calc Engine – In Process: The Calc Engine is being built and tested using a modular approach rather than a wholesale one-time replacement of the existing "black box". Staff finalized specifications and obtained the actuary certifications for the design specifications. Staff in multiple divisions coordinated and conducted independent testing of functionality for the first modules to be put into beta production which included table retrieval and the PEPRA benefit calculations. In addition to the defined test cases, staff ran tests on an expanded scenarios list to add an extra assurance layer. These modules are currently being tested by Member Services and Claims Processing in a beta environment and are scheduled to be placed into production in July 2015.

Obtain Actuary Certification – In Process: Both actuaries, Milliman and Segal, have independently provided certification letters for the PEPRA benefit calculation module.

• Information System Co-Location•

Information System co-location takes disaster recovery and business resumption to the next level. By making the critical data systems immediately available in the event of a disaster, it can drastically reduce the overall recovery time and improve resiliency.

The co-location facility is a geographically diverse, alternate data center that can operate essential systems and databases. Unlike the typical disaster recovery site which requires ramp-up and restoration time, the co-location site, with its replicated systems from LACERA, is always operating and instantly available. This capability will mitigate certain recovery risks and improve our membership response time in the event of a disaster.

The co-location model and its utilization will be an ongoing, dynamic process. Because of technology limitations, we will maintain a combination of disaster recovery and co-location strategies, while converting systems to co-location wherever it is practical.

Task	Implementation	In Process	Substantially Complete	Complete
Research Requirements	FY 2011-12			
Establish Relationship	FY 2012-13			
Enable Systems	FY 2013-14			
Expand Capabilities	FY 2014-15			

Expand Capabilities – In Process: We have established connectivity with our back-up facility. Staff optimized the bandwidth to efficiently replicate services and data. The member databases are being securely replicated to our back-up facility in Mesa Arizona.

• Knowledge & Content Management •

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information known as our Knowledge Base (KBASE).

Task	Implementation	In Process	Substantially Complete	Complete
Board of Retirement Back file	FY 2011-12			
Board of Investments Back file – RFP	FY 2013-14			
BoI Back file – Implement	FY 2014-15			
Committee Back file – RFP	FY 2013-14			
Committee Back file – Implement	FY 2014-15			
Pilot ECMS for KBASE	FY 2011-12			
Implement ECMS for KBASE	FY 2013-14			
E-Board Packages – Board of Retirement	FY 2012-13			
E-Board Packages – Board of Investments	FY 2013-14			
E-Board Package Disability Investigation Report	FY 2014-15			
E-Board Package Disability Medical Cases	FY 2015-16			
Board Package Web Posting	FY 2014-15			
Secure Document Portal Disability Medical et al.	FY 2014-15			
Disability Case Back file – Evaluate	FY 2015-16			
Business Documents – Evaluate	FY 2016-17			

Staff is diligently working to expand the electronic management of documents and records.

Committee Back file and Board of Investments Back file – In Process: All committee and Board of Investments documents have been merged into a single project. The first round of testing was successful and staff moved into production mode in May. The first packages were delivered and have entered the quality control

phase of the project. Staff designed a robust quality control process for all returned packages. Quality Control staff discovered inconsistencies in the final product, and as a result, staff recalled the documents and is in the process of reviewing the methodology for prepping and indexing the documents. Once this process has been re-tooled, the vendor will be provided an additional batch to test before we resume production. As a result of identifying this "opportunity for improvement", staff estimates the project will be completed by the second quarter of the 2015-2016 fiscal year.

E-Board Package – Disability Investigation Report - Completed: Staff began pushing the Disability Investigation Reports to Board member iPads in March 2015.

Board Package Web Posting - Complete: We are pleased to report posting the first full Board of Retirement Disability meeting package on-line for the July 2015 Board meeting, followed by the on-line posting of all other Board/Committee meetings. This public Board agenda package is the exact same agenda package that is required to be posted for public view in the lobby and available at the Board meetings. The public posting does not include closed session items. For example, the Disability consent and non-consent lists are not posted on-line since they are addressed in closed session. The public will see a "document unavailable" image if they attempt to view closed/executive session materials. We will begin with a silent roll out to beta test the posting process in a live environment for a few months. After we have beta tested the process for a month or two, we will place an announcement on lacera.com.



Quality Ecosystem

Quality is paramount to the success of this organization. Quality must be ingrained in everything we do. Quality must be developed, nurtured and evolve as our staff, systems, processes and services transform. Our plan includes multiple initiatives to feed, care and grow our quality ecosystem.

• In-Line Quality Audits •

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place. Embedding a quality auditor into the work process provides a substantial opportunity to identify and correct errors before they impact our members.

Task	Implementation	In Process	Substantially Complete	Complete
Develop In-Line Quality Program	FY 2012-13			
Standardize and Test Audit Program	FY 2012-13			
Train In-Line Auditors	FY 2012-13			
Implement In-Line Audits	FY 2012-13			
Review and Improve Program	FY 2013-14			

Review and Improve Program - Complete: Next year's Strategic Plan includes increasing the in-line audit percentage over the next two years so approximately 75% to 80% of all audit work is audited/corrected prior to reaching the member.

• Advanced CERL Education (ACE) Certification •

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Claims Processing, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (class room and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

Task	Implementation	In Process	Substantially Complete	Complete
Develop ACE Program	FY 2014-15			
Implement	FY 2015-16			
Graduate Inaugural Class	FY 2015-16			

Develop ACE Program – In Process: Staff has had several planning meetings and has outlined the basic structure of the program. In addition, staff began preliminary work on developing the advanced core benefit training portions of the program. Due to the complexity of the project, staff changes, and the need to increase focus on quality control efforts, the project has been delayed. Staff expects the project to resume in fiscal year 2016-2017.

• Member Communications •

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

Task	Implementation	In Process	Substantially Complete	Complete
Outreach Web Video – Retirement	FY 2011-12			
Outreach Workshop Restructure	FY 2014-15			
Outreach Web Video - New Member	FY 2014-15			
Active Member Benefit Statement	FY 2015-16			
Retirement Estimate Document	FY 2015-16			

Outreach Workshop Restructure – In Process: The restructuring of our Communications division and the addition of project managers to the division has provided us the opportunity to reassign this project to Communications. The reassignment to Communications allows us to improve our project plan for restructuring the workshops as well as increasing the amount of multi-media content on-line and embedded in the new Retirement University Courses.

The essential course structure has been developed. Communications selected the "Retirement Options" course to be developed first. The first course will be a mix of live action, animated video, and print media. It will available online and eventually as part of our suite of courses that members will be able to take in person at LACERA and at other venues. Staff completed the artwork conceptual designs and script development for the video portions.

Outreach Web Video – New Member – In Process: The previous New Member Workshop provided by Outreach is designed to provide an overview of the retirement plans and to assist members in choosing to elect Plan D or Plan E. In August 2013, LACERA posted the New Hire video explaining the new member process. This satisfied one portion of what the Outreach New Member Workshop provided, but did not go into depth on the benefits. With the California State mandated Plan G and Safety Plan C the need to provide comparisons between plans was removed and the urgency to provide the overview diminished. As a result, staff determined it would be better to focus on developing the Outreach Workshop Restructure plan explained above. Staff will fold this objective into the overall workshop restructuring plan. The proposed 2016-2017 FY Strategic Plan will provide a comprehensive workshop restructure time table



Scrubbing Legacy Data

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data for perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three year strategic plan places a high priority in scrubbing our legacy data.

• Member Data Evaluation •

A multi-year project plan to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation	In Process	Substantially Complete	Complete
Employee 1996 Contribution - 7,000	FY 2010-11			
eHR Rate Change – 900	FY 2011-12			
New Member Plan Elections - 7,400	FY 2011-12			
Multiple Sworn Statements - 1,500	FY 2011-12			
Missing Service Credit - 1,000	FY 2013-14			
Back Contributions Uncollected - 1,000	FY 2014-15			
Service Contract not Resident - 1,000	FY 2014-15			
Recalculate Contracts Uncompleted - 4,000	FY 2014-15			

We continue to focus on resolving these data issues. The case analysis and project planning is complete. We are now evaluating a new consolidated approach that

merges the remaining 10,000 cases into a single report with multiple data issues per member. Our hypothesis is that it will enable staff to perform a more efficient and holistic analysis of the member account, thus, allowing us to address all errors at the same time rather than stringing them out over multiple projects.

GR:RH:JP
Strategic Plan Retirement Benefits 2015 End of Fiscal Year Update.docx

STRATEGIC PLAN

Retirement Benefits FOR FISCAL YEARS ENDING 2016-2018



L/CERA

OUR HISTORY

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the safety and general members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four outside Districts:

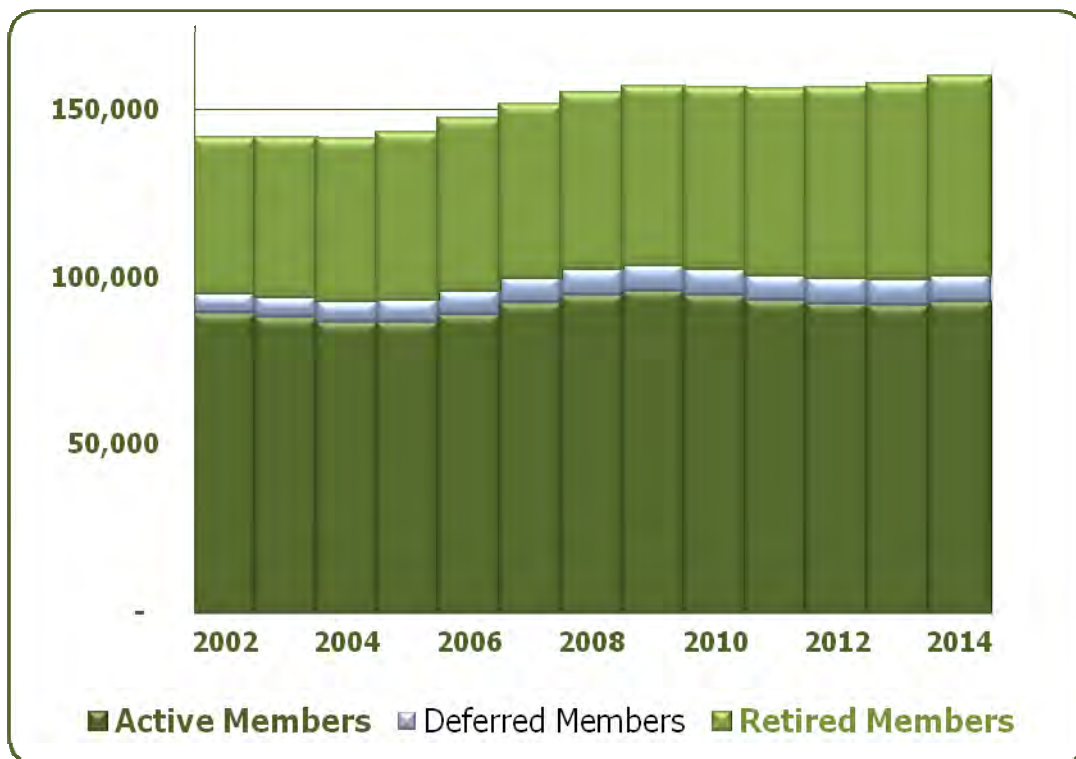
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013, and the regulations, bylaws, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of LACERA members.

The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and adopting its annual administrative budget.

OUR MEMBERS

When we look at the members we serve, we see more than 160,000 individuals, each with a unique set of circumstances. And we see opportunity. For our active members, we see their opportunity to eventually retire with a secure future and we see our opportunity to provide them with the knowledge they need to make strategic choices throughout their careers that will enhance their retirements. For our retirees, we see more than the disbursement of a monthly benefit. We see the opportunity to provide the peace of mind that comes with knowing they will not outlive their hard-earned retirement allowances and that their eligible designated survivors will receive any benefits to which they are entitled.



OUR MISSION

Produce, Protect, and Provide the Promised Benefits

We see our mission as vast, yet personal. Although it is framed by statutes and diligently executed by highly-trained professionals, it is implemented each day on a personal level, with a personal touch. We see efficient service through education and compassion. We also see a prudently invested retirement fund, strategically positioned for long term growth.

OUR CORE VALUES

PROFESSIONALISM • We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

RESPECT • Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

OPEN COMMUNICATION • Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

FAIRNESS • Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

INTEGRITY • We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

TEAMWORK • We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

OUR OBJECTIVES

● PRUDENT FIDUCIARY ●

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

● RESPONSIVE QUALITY SERVICE ●

To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

● COMMUNICATION ●

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

● QUALITY WORKFORCE ●

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

● MANAGE GROWTH AND CHANGE ●

To manage growth and change through planning, innovation, and the maximum use of available technology.

STRATEGIC INITIATIVES



Modernization of Information Technology

Information Technology plays a crucial role in every aspect of serving our membership. Our commitment to technological solutions dates back to the late 1980's when we built our own retirement processing data center, databases, and data programs. This effort continues with the transition to modern databases, graphical user interfaces, electronic documents and disaster redundancy.

• Disability Retirement •

We are focusing our organizational energy on delivering a completed disability application. This is a multi dimensional effort requiring us to revise Board policy, streamline staff procedures, evaluate staffing deployment, change operational expectations, improve accountability, create new measurement structures, and develop new assistive technology tools.

Task	Implementation
Disability Process Modification	FY 2013-14
Disability Data Integration: Tracker	FY 2013-14
Disability Document Management	FY 2014-15
Disability Process Management	FY 2015-16
Management and Board Metrics Reporting	FY 2015-16
Digital Appeal Packages	FY 2015-16
Appeal Process Management	FY 2015-16
Writ Process Management	FY 2016-17
Retire Legacy System: Tracker	FY 2016-17

• Workspace •

The information system will facilitate member service while protecting membership information. The system environment and programs will be continually evaluated and updated. We look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system. Looking to the future, we will be improving our Estimate program and our ability to service members with multiple plans that include a break in service (a.k.a. Multiple Plan Streams) on an automated basis.

Task	Implementation
Job Ticket Planning	FY 2013-14
Job Ticket Prototyping	FY 2014-15
Job Ticket Production	FY 2015-16
Replace Green Screens	FY 2015-16
Retire CICS	FY 2015-16
Update Estimate Program	FY 2016-17
Multiple Plan Streams	FY 2016-17

• Electronic Board Package Delivery •

Provide Board members and staff an option to receive their meeting materials in a secure electronic format.

Task	Implementation
E-Board Packages – Board of Retirement	FY 2012-13
E-Board Packages – Board of Investments	FY 2013-14
E-Board Package – Disability Investigation Report	FY 2014-15
E-Board Package – Disability Medical Cases	FY 2015-16

• LACERA.com •

Our website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Process	Implementation
Security Log-In	FY 2011-12
Direct Deposit	FY 2011-12
Tax Withholding	FY 2012-13
Beneficiary Update	FY 2013-14
Secure Message Center	FY 2015-16
Portal Redesign	FY 2015-16
Retirement Election	FY 2016-17
New Member Enrollment	FY 2016-17

• Knowledge & Content Management •

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

Task	Implementation
Board of Retirement Back file - Implement	FY 2011-12
Board of Investments & Committee Back file – RFP	FY 2013-14
BoI & Committee Back file – Implement	FY 2014-15
Disability Medical Document Portal –Infrastructure	FY 2014-15
Disability Medical Document Portal – Training	FY 2015-16
Board Package Web Posting	FY 2015-16
Disability Case Back file – Evaluate	FY 2016-17

• Retiree Healthcare Program •

In 1987 we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and more recently our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

Task	Implementation
Develop Needs Assessment	FY 2016-17



Quality Ecosystem

Quality is paramount to the success of this organization. Quality must be ingrained in everything we do. Quality must be developed, nurtured and evolve as our staff, systems, processes and services transform. Our plan includes multiple initiatives to feed, care and grow our quality ecosystem.

• In-Line Quality Audits •

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place. Embedding a quality auditor into the work process provides a substantial opportunity to identify and correct errors before they impact our members.

Task	Implementation
Develop In-Line Quality Program	FY 2012-13
Standardize and Test Audit Program	FY 2012-13
Train In-Line Auditors	FY 2012-13
Implement In-Line Audits	FY 2012-13
Increase the In-Line Audit ratio to 60%	FY 2015-16
Increase the In-Line Audit ratio to 75%	FY 2016-17

• **Advanced CERL Education (ACE) Certification** •

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Claims Processing, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (class room and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

Task	Implementation
Develop ACE Program	FY 2015-16
Implement	FY 2016-17
Graduate Inaugural Class	FY 2017-18

• Member Communications •

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

Task	Implementation
Outreach Web Video - Retirement	FY 2011-12
Outreach Web Video - New Member	FY 2014-15
Outreach Workshop Restructure	FY 2015-16
Active Member Benefit Statement	FY 2016-17
Retirement Estimate Document	FY 2016-17



Scrubbing Legacy Data

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data for perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three year strategic plan places a high priority in scrubbing our legacy data.

• Member Data Evaluation •

A multi-year project plan to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation
Employee 1996 Contribution - 7,200	FY 2010-11
eHR Rate Change - 900	FY 2011-12
New Member Plan Elections - 7,400	FY 2011-12
Multiple Sworn Statements - 2,800	FY 2014-15
MOU Retroactive Salary Adjustments - 26,000	FY 2014-15
Missing Service Credit - 1,000	FY 2015-16
Back Contributions Uncollected - 1,000	FY 2015-16
Service Contract not Resident - 1,000	FY 2015-16
Recalculate Contracts Uncompleted - 4,000	FY 2016-17



Implementing PEPRA

The Public Employees' Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to take a fresh look at the additional implementation efforts yet to be completed.

Task	Implementation
PEPRA Implementation Needs Assessment	FY 2015-16
PEPRA Implementation Tactical Plan	FY 2015-16

GR:RH:JP
Strategic Plan Retirement Benefits 2016 Proposal.docx



June 19, 2015

TO: Each Member
Board of Retirement

FROM:  Cassandra Smith, Director
Retiree Healthcare Division

FOR: Board of Retirement Meeting of July 9, 2015

SUBJECT: **LACERA - MILLIMAN MEDICARE RETIREE DRUG SUBSIDY
PROGRAM AGREEMENT**

RECOMMENDATION

- 1) Authorize the Chief Executive Officer to amend the current LACERA-Milliman RDS Agreement allowing Milliman to continue auditing the Anthem Blue Cross Plans I, II, III, Prudent Buyer Medicare Part D RDS until no significant errors are found.
- 2) Establish a policy of auditing LACERA's participation in the Medicare Part D RDS program every two (2) years.

EXECUTIVE SUMMARY

LACERA has actively participated and filed for Retiree Drug Subsidies (RDS) under the Federal Medicare RDS Program since the program's implementation in 2005. Under the RDS program, for each allowable cost, approved plan sponsors may qualify for a 28% subsidy for each Medicare Part D claim submitted which meets CMS' eligibility, cost threshold, and cost limits.

A motion was submitted by Supervisor Yaroslavsky on the Board of Supervisors agenda in August 2012 requesting the Los Angeles County Chief Executive Officer to work with LACERA to audit the Medicare Retiree Drug Subsidy (RDS) claims submitted by the LACERA-administered insurance plan carriers on LACERA's behalf.

A request for proposal (RFP) was issued in August 2013 seeking a consulting firm to audit LACERA's participation in the Medicare Part D Retiree Drug Subsidy Program (RDS Program). Milliman was selected and worked with LACERA and Anthem Blue

Cross to accomplish the auditing of plan years 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, and 2011-2012. The audits of Cigna, Kaiser and SCAN plans were discontinued

We are very happy to report that the audits for all of the Anthem Blue Cross plan years have now been completed and successfully re-opened, bringing the grand total of RDS subsidies received by LACERA to approximately \$39.7 million.

BACKGROUND

In August 2013, LACERA issued a request for proposal (RFP) seeking a consulting firm to audit our Medicare Part D Retiree Drug Subsidy Program (RDS Program) claims submitted by our insurance carriers for completeness, accuracy, and compliance with the Centers for Medicare and Medicaid Services (CMS) rules and regulations for plan years 2006-2007, 2007-2008, 2008-2009, and 2009-2010. The Board of Retirement hired Milliman Consulting to conduct the RDS Program audits. Throughout the audit process, staff and Milliman regularly reported each of their plan year findings to your Board.

Milliman recommended not re-opening the Cigna Network Model and Kaiser Permanente submissions for the 2008-2009 plan years. Additionally, CMS declined LACERA's requests for re-opening of the 2006-2007 and 2007-2008 plan years; therefore, staff recommended that we discontinue auditing both the Cigna and Kaiser Permanente plans.

During the process of Milliman auditing the Anthem Blue Cross Plans I, II, and III and the Prudent Buyer Plan, it was discovered and validated that the mail order and specialty pharmacy mail order claims data had not been included in our initial reporting to CMS. This oversight resulted in an underpayment of retiree drug subsidies due LACERA for the 2005-2006 and 2006-2007 plan years. Staff then recommended that a revision to the project's Scope of Work be made replacing both Cigna and Kaiser Permanente plan re-openings with the auditing and re-opening of the Anthem Blue Cross 2005-2006 and 2006-2007 plan years in efforts to recoup the underpayments. This revision was approved by your Board in September 2014.

AUDIT RESULTS

The auditing of the approved plan years yielded additional subsidies. The following chart shows the total additional subsidies received by LACERA as a result of the Medicare Part D RDS audit project by plan year and plan name:

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Anthem Blue Cross	\$2,587,427	\$5,314,982	\$6,418,545	\$6,111,615	\$6,455,575	\$6,401,302	\$6,394,029
Cigna HMO	Closed	CMS denied	CMS denied	**			
SCAN	Closed	CMS denied					
Kaiser HMO	Closed	CMS denied	CMS denied	**			

**Recommended no re-opening; discontinue auditing of plan

For the plan years audited, LACERA was determined to be eligible for a total additional amount of approximately \$39.7 million.

FUTURE RDS AUDITS

To continue supporting the RDS audit/reconciliation processes, while allowing staff time to draft and issue a request for proposal for the auditing of future RDS applications, staff is recommending that the Chief Executive Officer be allowed to amend the current LACERA-Milliman RDS Agreement. This amendment would allow Milliman to continue auditing the Anthem Blue Cross Plans I, II, II and Prudent Buyer plans until issues identified during the current RDS audit agreement has been resolved. If it is determined that there is a need to re-open, staff will bring the determination back to your Board. Based on Milliman's current quote, the cost for re-opening, if deemed necessary, is approximately \$19,000.

We have no reason to believe that our carriers intentionally provide inaccurate data to CMS on our behalf, but mistakes were identified during this project. Therefore, periodic audits are both wise and necessary. Accordingly, during this RDS audit process, your Board expressed the desire to audit LACERA's participation in the Medicare Part D Retiree Drug Subsidy program on a regular basis. Staff agrees and is recommending your Board approve a biennial schedule for future RDS audits.

If sufficient errors and/or issues are identified during the audit process and a recommendation is determined by the vendor selected to conduct the audit suggesting a re-opening of the RDS application is made, staff will report back to your Board to seek your Board's approval to proceed with a re-opening. If the vendor does not recommend re-opening, staff will inform your Board of the findings. The decision to re-open a subsidy application shall be largely dependent upon the results of the audit claims review.

CONCLUSION

Our fiduciary responsibility is of the utmost importance. We are committed to fulfilling our duty by participating and obtaining the maximum subsidy allowed to the plan sponsor under the RDS Program based on our eligible retirees, their eligible dependents, and conforming to CMS rules and guidelines.

Although there is no reason to believe that our carriers have not been providing accurate data on our behalf, staff agrees that periodically auditing the RDS claim submissions will determine if LACERA received the maximum RDS subsidy amount.

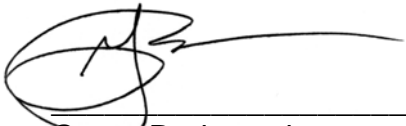
RECOMMENDATION

- 1) Authorize the Chief Executive Officer to amend the current LACERA-Milliman RDS Agreement allowing Milliman to continue auditing the Anthem Blue Cross Plans I, II, III, Prudent Buyer Medicare Part D RDS until no significant errors are found.

- 2) Establish a policy of auditing LACERA's participation in the Medicare Part D RDS program every two (2) years.

CS

REVIEWED AND APPROVED



Gregg Rademacher
Chief Executive Officer



FOR INFORMATION ONLY

June 24, 2015

TO: Each Member
Board of Retirement

FROM: Cassandra Smith, ^{CS} Director
Retiree Healthcare Division

FOR: July 9, 2015 Board of Retirement Meeting

SUBJECT: Anthem Blue Cross Plan 2006-2007 and 2011-2012 Medicare Part D RDS
Resubmissions

EXECUTIVE SUMMARY

Milliman's Medicare Part D claims analysis for Anthem Blue Cross Plan I, II, III and Prudent Buyer plans determined that LACERA may be entitled to additional estimated subsidies amount of \$5.3 million for the 2006-2007 plan year and \$6.3 million for the 2011-2012 plan year.

Staff submitted the re-open requests for 2006-2007 and 2011-2012 to CMS, and on February 4, 2015, LACERA received an email notification from CMS approving our re-open request on February 5, 2015.

Anthem determined and Milliman confirmed that an additional subsidy of \$5,314,982 over the actual subsidy of \$3,643,495 was due to LACERA for the 2006-2007 plan year, and \$6,394,029 over the actual subsidy of \$4,006,336 was due to LACERA for the 2011-2012 plan year. Staff completed the final step of the RDS Reconciliation process for both on June 15, 2015, and anticipates that CMS will transfer the funds for the additional subsidy amounts within 30 days.

BACKGROUND

Staff informed your board in March that Milliman completed their audit of the Anthem Blue Cross 2006-2007 and 2011-2012 RDS Programs, estimating that LACERA may be entitled to an additional subsidy of approximately \$5.3 million for 2006-2007 and \$6.3million for 2011-2012. As a result, they recommended resubmitting the RDS cost

report and covered retiree list (CRL) for all four Anthem plans for the 2007-2008 and 2011-2012 plan years.

Staff transmitted a re-open request for plan years 2006-2007 and 2011-2012 to CMS on January 16, 2015. The re-open request for 2006-2007 was approved by CMS on February 4, 2015, and the re-open request for 2011-2012 was approved by CMS on February 5, 2015.

Validation of Resubmission Results (2006-2007)

Anthem calculated new cost data for the resubmission that indicates LACERA's subsidy amount will total \$8,958,477 for the 2006-2007 plan year, based on the new covered retiree list (CRL) and updated drug lists. This is an additional subsidy of \$5,314,982 over the actual subsidy of \$3,643,495 LACERA received from CMS through the reconciliation process. Milliman's calculation of the subsidy amount was 0.3% higher (see attached) than Anthem's amounts. Milliman attributed this to members who switched between the four plans during the year. Despite the small variance, Milliman validated Anthem's results.

Resubmission Process (2006-2007)

LACERA, Anthem, and Milliman completed the following steps for the 2006-2007 resubmission:

- 1) Anthem and LACERA worked together to prepare an updated covered retiree list (CRL) with all CMS required fields for submission based on the member list provided to Anthem on December 24, 2014.
- 2) Anthem submitted the new CRL to CMS. CMS provided the new final CRL.
- 3) Anthem and Caremark updated the cost data to include the following:
 - a. Additional members approved on the new final CRL.
 - b. Updates to Anthem's 2006 and 2007 exclusion lists that included additional Part D drugs.
 - c. Part B drugs using CMS' simplified methodology.
- 4) Anthem and Milliman both prepared new cost data based on steps 1, 2, and 3 above.
- 5) Milliman compared their results with the new cost data and validated the amounts prior to Anthem's submission.

Final Steps (2006-2007)

Anthem transmitted the new cost data to CMS. LACERA completed the final RDS Reconciliation Step of the resubmission on June 15, 2015, and CMS will make a payment determination to validate the payment request. CMS will then send the subsidy payment via electronic funds transfer (EFT) and notify LACERA of the payment, typically within 30 days of the request.

Validation of Resubmission Results (2011-2012)

Anthem calculated new cost data for the resubmission that indicates LACERA's subsidy amount will total \$10,400,365 for the 2011-2012 plan year, based on the new covered retiree list (CRL) and updated drug lists. This is an additional subsidy of \$6,394,029 over the actual subsidy of \$4,006,336 LACERA received from CMS through the reconciliation process. Milliman's calculation of the subsidy amount was 0.1% higher (see attached) than Anthem's amounts. Milliman attributed this to members who switched between the four plans during the year. Despite the small variance, Milliman validated Anthem's results.

Resubmission Process (2011-2012)

LACERA, Anthem, and Milliman completed the following steps for the 2011-2012 resubmission:

- 1) Anthem and LACERA worked together to prepare an updated covered retiree list (CRL) with all CMS required fields for submission based on the member list provided to Anthem on December 22, 2014.
- 2) Anthem submitted the new CRL to CMS. CMS provided the new final CRL.
- 3) Anthem and Caremark updated the cost data to include the following:
 - a. Additional members approved on the new final CRL.
 - b. Updates to Anthem's 2011 and 2012 exclusion lists that included additional Part D drugs.
 - c. Part B drugs using CMS' simplified methodology.
- 4) Anthem and Milliman both prepared new cost data based on steps 1, 2, and 3 above.

- 5) Milliman compared their results with the new cost data and validated the amounts prior to Anthem's submission.

Final Steps (2011-2012)

Anthem transmitted the new cost data to CMS. LACERA completed the final RDS Reconciliation Step of the resubmission on June 15, 2015, and CMS will make a payment determination to validate the payment request. CMS will then send the subsidy payment via electronic funds transfer (EFT) and notify LACERA of the payment, typically within 30 days of the request.

CONCLUSION

Milliman's analysis of claims for Anthem Blue Cross Plan I, II, III and Prudent Buyer plans determined that LACERA may be entitled to additional estimated subsidies amount of \$5.3 million for the 2006-2007 plan year and \$6.3 million for the 2011-2012 plan year.

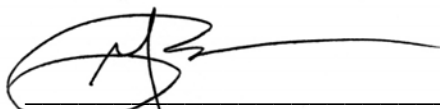
The reopening request was sent by LACERA to CMS on January 16, 2015. After providing additional information requested by CMS, the request was ultimately approved on February 4, 2015 for the 2006-2007 plan year and on January 16, 2015 and approved on February 5, 2015 for the 2011-2012 plan year.

Anthem determined and Milliman confirmed that an additional subsidy of \$5,314,982 over the actual subsidy of \$3,643,495 was due to LACERA for the 2006-2007 plan year, and \$6,394,029 over the actual subsidy of \$4,006,336 was due to LACERA for the 2011-2012 plan year. Staff completed the final step of the RDS Reconciliation process on June 15, 2015 for both plan years, and anticipates that CMS will transfer the funds for the additional subsidy amount within 30 days.

CS:ho

Attachment

Reviewed and Approved



Gregg Rademacher
Chief Executive Officer



4370 La Jolla Village Dr.
Suite 700
San Diego, CA 92122

(858) 558-8400 tel
(858) 597-0111 fax

www.milliman.com

June 3, 2015

Cassandra Smith, Retiree Healthcare Director
LACERA Retiree Healthcare Division
300 North Lake Avenue, Suite 840
Pasadena, California 91101

RE: LACERA 2006-2007 Medicare Part D Retiree Drug Subsidy Resubmission

Dear Cassandra:

Milliman, Inc. (Milliman) was retained by Los Angeles County Employees Retirement Association (LACERA) to conduct an audit of LACERA's Retiree Drug Subsidy (RDS) of claims incurred between July 1, 2006 and June 30, 2007 for the program managed by Anthem Blue Cross (Anthem). As a result of the audit, LACERA has decided to request a reopening of RDS Application 14446 from the Centers for Medicare & Medicaid Services (CMS) for the 2006-2007 plan year. The reopening request was sent to CMS on January 16, 2015 and approved by CMS on February 4, 2015. The letter below provides our validation of the resubmission amounts developed by Anthem for submission to CMS. According to Anthem's new cost data, LACERA will be receiving an additional subsidy of \$5,314,982 for a total subsidy of \$8,958,477 for plan year 2006-2007.

Validation of Resubmission Results

Anthem has developed new cost data that indicates that LACERA's subsidy amount will total \$8,958,477 for the 2006-2007 plan year, based on the new covered retiree list (CRL) and updated drug lists. This is an additional subsidy of \$5,314,982 over the actual subsidy of \$3,643,495 LACERA received from CMS through the reconciliation process.

Table 1 below compares Anthem and Milliman's additional subsidy amounts and is based on the new CRL that was approved by CMS. When calculating the new subsidy amount our estimation was 0.3% higher than Anthem's amounts. We believe the small difference in the retiree cost and subsidy amounts is attributed to members who switched between the four plans during the year, which our methodology is unable to capture. In our opinion, Anthem's results are valid.



	<u>Gross Retiree Cost (GRC)</u> <u>(2)</u>	<u>Threshold Reduction</u> <u>(THR)</u>	<u>Limit Reduction</u> <u>(LR)</u>	<u>Gross Eligible (GE) = GRC - (THR + LR)</u>	<u>Actual Cost Adjustment</u> <u>(ACA) (3)</u>	<u>Allowable Retiree Cost (ARC)</u> <u>= GE - ACA</u>	<u>Subsidy Amount (SA) =</u> <u>ARC x 0.28</u>
Milliman Estimation (1)							
Plan I	\$6,714,510	\$584,475	\$927,981	\$5,202,054	\$83,670	\$5,118,384	\$1,433,148
Plan II	\$5,630,473	\$454,131	\$1,243,367	\$3,932,974	\$63,258	\$3,869,716	\$1,083,521
Plan III	\$27,899,871	\$2,412,467	\$4,594,287	\$20,893,117	\$336,045	\$20,557,072	\$5,755,980
Prudent Buyer	\$3,170,142	\$336,473	\$304,251	\$2,529,418	\$0	\$2,529,418	\$708,237
Total	\$43,414,996	\$3,787,546	\$7,069,886	\$32,557,564	\$482,973	\$32,074,591	\$8,980,886
Anthem Cost Reports							
Plan I	\$6,767,353	\$588,571	\$925,929	\$5,252,853	\$84,486	\$5,168,366	\$1,447,143
Plan II	\$5,790,616	\$463,869	\$1,290,357	\$4,036,390	\$64,921	\$3,971,469	\$1,112,011
Plan III	\$27,586,657	\$2,374,928	\$4,591,803	\$20,619,925	\$331,650	\$20,288,275	\$5,680,717
Prudent Buyer	\$3,222,514	\$351,813	\$304,251	\$2,566,451	\$0	\$2,566,451	\$718,606
Total	\$43,367,140	\$3,779,181	\$7,112,340	\$32,475,619	\$481,057	\$31,994,561	\$8,958,477
Difference (4)	\$47,856	\$8,365	-\$42,454	\$81,945	\$1,915	\$80,030	\$22,408
Percentage Difference (4)	0.1%	0.2%	-0.6%	0.3%		0.3%	0.3%
<p>(1) Plan I, Plan II, and Plan III includes only claims provided by Caremark from members on the CRL from 2/28/2015. These claims contain both Caremark data and Anthem retail data. Prudent Buyer Plan only includes Anthem claims provided by Anthem.</p> <p>(2) Includes Medicare B vs. D adjustment of 0.3% per Option 6 of CMS' Part B vs. D guidance.</p> <p>(3) Rebate reduction of 1.6084% was applied to Plan I, Plan II, and Plan III.</p> <p>(4) Positive values in the Subsidy Amount represent possible payment due from CMS to LACERA.</p>							

Resubmission Process

LACERA, Anthem, and Milliman completed the following steps for the 2006-2007 resubmission:

- 1.) Anthem and LACERA worked together to prepare a new CRL with all CMS required fields for submission based on our member list provided to LACERA on December 24, 2014 (DRAFT 2006-2007 MODIFIED CRL AND DRUG LISTING.xlsx).
- 2.) Anthem submitted the new CRL to CMS. CMS provided the new final CRL.
- 3.) Anthem and Caremark updated the cost data to include the following:
 - a. Additional members approved on the new final CRL
 - b. Updates to Anthem's 2006 and 2007 exclusion lists that included additional Part D drugs. The drugs are detailed on file entitled "2006-2007 NDC List for Anthem - DRAFT.xlsx." This file was provided to LACERA on December 24, 2014.
 - c. Part B drugs from CMS' simplified methodology was provided to LACERA on December 24, 2014 (2006-2007 NDC List for Anthem - DRAFT.xlsx).
- 4.) Anthem and Milliman both prepared new cost data based on steps 1, 2, and 3 above.
- 5.) Milliman then compared their results with the new cost data provided by Anthem to validate the new cost data. See Table 1 above.



Next Steps

Anthem will transmit the new cost data to CMS. Once RDS Reconciliation Step 12 of the resubmission is complete, CMS will make a payment determination to validate the payment request. CMS will then send the subsidy payment via electronic funds transfer (EFT) and notify LACERA of the payment, typically within 30 days of the request.

Limitations

In our analysis, we relied on the data provided by Anthem, Caremark, CMS, and LACERA to produce the cost report estimates. Our estimates are based on the information listed, and the actual subsidy will depend on CMS' payment determination. Other than as described in this report, we have not independently verified this data or other information. If the data is inaccurate or incomplete, our results may be inaccurate. Please review our results carefully and let me know if you see anything that concerns you.

Milliman's work product was prepared exclusively for the LACERA for a specific and limited purpose. It is a complex technical analysis that assumes a high level of knowledge concerning the plan's operations. This report may not be distributed to third parties without Milliman's prior written consent. No third party recipient of Milliman's work product should rely upon Milliman's work product other than as described in this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. Milliman is not providing legal advice.

The information included in this report was developed under the terms of the Consulting Services Agreement between LACERA and Milliman, signed February 7, 2014.

We appreciate the opportunity to work with LACERA on this resubmission. If you have any questions concerning this letter, please call me at (858) 202-5017.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian N. Anderson".

Brian N. Anderson, MBA
Consultant

cc: Leilani Ignacio, LACERA
Richard Bendall, LACERA
Rebekah Bayram, Milliman
Patrick Cambel, Milliman
Angela Reed, Milliman



4370 La Jolla Village Dr.
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June 3, 2015

Cassandra Smith, Retiree Healthcare Director
LACERA Retiree Healthcare Division
300 North Lake Avenue, Suite 840
Pasadena, California 91101

RE: LACERA 2011-2012 Medicare Part D Retiree Drug Subsidy Resubmission

Dear Cassandra:

Milliman, Inc. (Milliman) was retained by Los Angeles County Employees Retirement Association (LACERA) to conduct an audit of LACERA's Retiree Drug Subsidy (RDS) of claims incurred between July 1, 2011 and June 30, 2012 for the program managed by Anthem Blue Cross (Anthem). As a result of the audit, LACERA has decided to request a reopening of RDS Application 262496 from the Centers for Medicare & Medicaid Services (CMS) for the 2011-2012 plan year. The reopening request was sent to CMS on January 16, 2015 and approved by CMS on February 5, 2015. The letter below provides our validation of the resubmission amounts developed by Anthem for submission to CMS. According to Anthem's new cost data, LACERA will be receiving an additional subsidy of \$6,394,029 for a total subsidy of \$10,400,365 for plan year 2011-2012.

Validation of Resubmission Results

Anthem has developed new cost data that indicates that LACERA's subsidy amount will total \$10,400,365 for the 2011-2012 plan year, based on the new covered retiree list (CRL) and updated drug lists. This is an additional subsidy of \$6,394,029 over the actual subsidy of \$4,006,336 LACERA received from CMS through the reconciliation process.

Table 1 below compares Anthem and Milliman's additional subsidy amounts and is based on the new CRL that was approved by CMS. When calculating the new subsidy amount our estimation was 0.1% higher than Anthem's amounts. We believe the small difference in the retiree cost and subsidy amounts is attributed to members who switched between the four plans during the year, which our methodology is unable to capture. In our opinion, Anthem's results are valid.



**Table 1: Retiree Drug Subsidy (RDS) Resubmission
July 1, 2011 to June 30, 2012**

Los Angeles County Employees Retirement Association (LACERA)

	<u>Gross Retiree Cost (GRC)</u> (2)	<u>Threshold Reduction</u> (THR)	<u>Limit Reduction</u> (LR)	<u>Gross Eligible (GE) = GRC - (THR + LR)</u>	<u>Actual Cost Adjustment</u> (ACA) (3)	<u>Allowable Retiree Cost (ARC) = GE - ACA</u>	<u>Subsidy Amount (SA) = ARC x 0.28</u>
Milliman Estimation (1)							
Plan I	\$5,276,799	\$490,984	\$981,069	\$3,804,745	\$240,738	\$3,564,008	\$997,922
Plan II	\$8,592,053	\$660,644	\$2,462,460	\$5,468,949	\$346,037	\$5,122,912	\$1,434,415
Plan III	\$39,784,584	\$3,547,387	\$8,243,906	\$27,993,291	\$1,771,220	\$26,222,072	\$7,342,180
Prudent Buyer	\$2,974,809	\$332,060	\$368,651	\$2,274,099	\$0	\$2,274,099	\$636,748
Total	\$56,628,245	\$5,031,075	\$12,056,086	\$39,541,084	\$2,357,994	\$37,183,090	\$10,411,265
Anthem Cost Reports							
Plan I	\$5,430,575	\$507,229	\$1,002,385	\$3,920,961	\$248,091	\$3,672,869	\$1,028,403
Plan II	\$9,046,617	\$706,629	\$2,522,305	\$5,817,683	\$368,102	\$5,449,581	\$1,525,883
Plan III	\$39,143,312	\$3,475,366	\$8,200,784	\$27,467,163	\$1,737,931	\$25,729,232	\$7,204,185
Prudent Buyer	\$3,005,102	\$338,852	\$373,771	\$2,292,479	\$0	\$2,292,479	\$641,894
Total	\$56,625,605	\$5,028,075	\$12,099,244	\$39,498,286	\$2,354,124	\$37,144,162	\$10,400,365
Difference (4)	\$2,639	\$3,000	-\$43,159	\$42,798	\$3,870	\$38,928	\$10,900
Percentage Difference (4)	0.0%	0.1%	-0.4%	0.1%		0.1%	0.1%

(1) Plan I, Plan II, and Plan III includes only claims provided by Caremark from members on the CRL from 2/28/2015. These claims contain both Caremark data and Anthem retail data. Prudent Buyer Plan only includes Anthem claims provided by Anthem.

(2) Includes Medicare B vs. D adjustment of 0.3% per Option 6 of CMS' Part B vs. D guidance.

(3) Rebate reduction of 6.3273% was applied to Plan I, Plan II, and Plan III.

(4) Positive values in the Subsidy Amount represent possible payment due from CMS to LACERA.

Resubmission Process

LACERA, Anthem, and Milliman completed the following steps for the 2011-2012 resubmission:

- 1.) Anthem and LACERA worked together to prepare a new CRL with all CMS required fields for submission based on our member list provided to LACERA on December 22, 2014 (DRAFT 2011-2012 MODIFIED CRL AND DRUG LISTING.xlsx).
- 2.) Anthem submitted the new CRL to CMS. CMS provided the new final CRL.
- 3.) Anthem and Caremark updated the cost data to include the following:
 - a. Additional members approved on the new final CRL
 - b. Updates to Anthem's 2011 and 2012 exclusion lists that included additional Part D drugs. The drugs are detailed on file entitled "2011-2012 NDC List for Anthem - DRAFT.xlsx." This file was provided to LACERA on December 22, 2014.
 - c. Part B drugs from CMS' simplified methodology was provided to LACERA on December 22, 2014 (2011-2012 NDC List for Anthem - DRAFT.xlsx).
- 4.) Anthem and Milliman both prepared new cost data based on steps 1, 2, and 3 above.
- 5.) Milliman then compared their results with the new cost data provided by Anthem to validate the new cost data. See Table 1 above.



Next Steps

Anthem will transmit the new cost data to CMS. Once RDS Reconciliation Step 12 of the resubmission is complete, CMS will make a payment determination to validate the payment request. CMS will then send the subsidy payment via electronic funds transfer (EFT) and notify LACERA of the payment, typically within 30 days of the request.

Limitations

In our analysis, we relied on the data provided by Anthem, Caremark, CMS, and LACERA to produce the cost report estimates. Our estimates are based on the information listed, and the actual subsidy will depend on CMS' payment determination. Other than as described in this report, we have not independently verified this data or other information. If the data is inaccurate or incomplete, our results may be inaccurate. Please review our results carefully and let me know if you see anything that concerns you.

Milliman's work product was prepared exclusively for the LACERA for a specific and limited purpose. It is a complex technical analysis that assumes a high level of knowledge concerning the plan's operations. This report may not be distributed to third parties without Milliman's prior written consent. No third party recipient of Milliman's work product should rely upon Milliman's work product other than as described in this report. Such recipients should engage qualified professionals for advice appropriate to their own specific needs. Milliman is not providing legal advice.

The information included in this report was developed under the terms of the Consulting Services Agreement between LACERA and Milliman, signed February 7, 2014.

We appreciate the opportunity to work with LACERA on this resubmission. If you have any questions concerning this letter, please call me at (858) 202-5017.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian N. Anderson".

Brian N. Anderson, MBA
Consultant

cc: Leilani Ignacio, LACERA
Richard Bendall, LACERA
Rebekah Bayram, Milliman
Patrick Cambel, Milliman
Angela Reed, Milliman

June 19, 2015

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *But for Les Robbins*
Alan Bernstein, Vice Chair
William de la Garza
Vivian H. Gray
Ronald Okum, Alternate

FOR: July 9, 2015 Board of Retirement Meeting

SUBJECT: **U.S. House Bill 711 – Equal Treatment of Public Servants Act of 2015**

RECOMMENDATION

That the Board of Retirement adopt a “Watch” position on HR 711, which would enact the “Equal Treatment of Public Servants Act of 2015.”

DISCUSSION

U. S. House Bill 711, also known as the “Equal Treatment of Public Servants Act of 2015,” seeks to amend the Windfall Elimination Provision (WEP). The bill does not address the Government Pension Offset (GPO). In contrast to HR 973, a similar bill that calls for a repeal of both the WEP and GPO, this bill provides for a reduction of the effect of WEP but does not completely eliminate it. (A separate memo for HR 973 is being submitted to your Board concurrently.)

The bill amends Title II of the Social Security Act and has three components.

First, it replaces the formula under the Windfall Elimination Provision with a new formula for the treatment of noncovered earnings in determining Social Security benefits for individuals who become eligible for benefits after 2016.

The new formula is as follows:

Benefit = Primary Insurance Amount x (Covered Earnings / Total Covered and Noncovered Earnings)

The existing formula to determine the Primary Insurance Amount does not take into account earnings from noncovered employment. The new formula will include

Noncovered Earnings with Covered Earnings in order to approximate an individual's earnings from all employment. Thus, the effect of the new formula is to prorate and make payable that portion of the Primary Insurance Amount earned through covered employment.

Second, the bill also establishes a formula to modify the WEP for current beneficiaries (those who became eligible for benefits before 2016). The formula increases an individual's WEP-adjusted benefit by a percentage, not to exceed 50 percent.

The formula's percentage increase is based on expected savings generated as a result of the enactment of HR 711. Under existing provisions, individuals are only subject to WEP if they actually receive a noncovered pension. This bill instead provides that the Primary Insurance Amount is prorated based on Covered Earnings, regardless of whether the individual actually receives a noncovered pension. According to an actuarial analysis performed in 2014 on HR 5697, an earlier version of HR 711, savings will result from small benefit reductions from a relatively large number of individuals who are not subject to WEP beginning in 2016.

Third, the bill also provides for collection of overpayments for benefits that were not WEP-adjusted for individuals who had noncovered employment.

LACERA members are affected by WEP since the County no longer participates in the Social Security program.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on HR 711, which would enact the "Equal Treatment of Public Servants Act of 2015."

Attachments

**LEGISLATIVE ANALYSIS
U.S. HOUSE BILL 711**

AUTHOR: Rep. Brady, Kevin

INTRODUCED: February 4, 2015

SPONSOR: Author

SUMMARY: U. S. House Bill 711, also known as the "Equal Treatment of Public Servants Act of 2015," seeks to amend the Windfall Elimination Provision (WEP). The bill does not address the Government Pension Offset (GPO).

The bill amends Title II of the Social Security Act and replaces the formula under the Windfall Elimination Provision with a modified formula for the treatment of noncovered earnings in determining Social Security benefits for individuals who become eligible for benefits after 2016.

The new formula is as follows:

Benefit = Primary Insurance Amount x (Covered Earnings / Total Covered and Noncovered Earnings)

It also establishes a second formula to modify the WEP for current beneficiaries (those who became eligible for benefits before 2016).

The second formula increases an individual's WEP-adjusted benefit by a percentage, not to exceed 50 percent.

The bill also provides for collection of overpayments for benefits that were not WEP-adjusted for individuals who had noncovered employment.

ANALYSIS: The existing formula to determine the Primary Insurance Amount does not take into account earnings from noncovered employment. The new formula will include Noncovered Earnings with Covered Earnings in order to approximate an individual's earnings from all employment. Thus, the effect of the new formula is to prorate and make payable that portion of the Primary Insurance Amount earned through covered employment.

The second formula's percentage increase is based on expected savings generated as a result of the enactment of HR 711. Under existing provisions, individuals are only subject to WEP if they actually receive a noncovered pension. This bill instead provides that the Primary Insurance Amount is prorated based on Covered Earnings, regardless of whether the individual actually receives a

noncovered pension. According to an actuarial analysis performed in 2014 on HR 5697, an earlier version of HR 711, savings will result from small benefit reductions from a relatively large number of individuals who are not subject to WEP beginning in 2016.

LACERA members are affected by WEP since the County no longer participates in the Social Security program.

**IBLC
RECOMMENDATION:**

Watch (06-11-15)

**STAFF
RECOMMENDATION:**

Watch

PREPARED BY:

Barry W. Lew, Legislative Affairs Officer

DATED:

June 19, 2015

114TH CONGRESS
1ST SESSION

H. R. 711

To amend title II of the Social Security Act to repeal the windfall elimination provision and protect the retirement of public servants.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 4, 2015

Mr. BRADY of Texas (for himself and Mr. NEAL) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to repeal the windfall elimination provision and protect the retirement of public servants.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Equal Treatment of
5 Public Servants Act of 2015”.

1 **SEC. 2. REPLACEMENT OF THE WINDFALL ELIMINATION**
2 **PROVISION WITH A FORMULA EQUALIZING**
3 **BENEFITS FOR CERTAIN INDIVIDUALS WITH**
4 **NON-COVERED EMPLOYMENT.**

5 (a) IN GENERAL.—Section 215(a) of the Social Secu-
6 rity Act (42 U.S.C. 415(a)) is amended by inserting after
7 paragraph (7) the following:

8 “(8)(A) In the case of an individual whose primary
9 insurance amount would be computed under paragraph
10 (1) of this subsection—

11 “(i) who becomes eligible for old-age insurance
12 benefits after 2016 or would attain age 62 after
13 2016 and becomes eligible for disability insurance
14 benefits after 2016,

15 “(ii) who subsequently becomes entitled to such
16 benefits, and

17 “(iii) who has earnings derived from noncovered
18 service performed in a year after 1977,

19 the primary insurance amount of such individual shall be
20 computed or recomputed under this paragraph.

21 “(B) The primary insurance amount of an individual
22 described in subparagraph (A), as computed or recom-
23 puted under this paragraph, shall be the product derived
24 by multiplying—

1 “(i) the individual’s primary insurance amount,
2 as determined under paragraph (1) of this sub-
3 section and subparagraph (C) of this paragraph, by

4 “(ii) a fraction—

5 “(I) the numerator of which is the individ-
6 ual’s average indexed monthly earnings (deter-
7 mined without regard to subparagraph (C)),
8 and

9 “(II) the denominator of which is an
10 amount equal to the individual’s average in-
11 dexed monthly earnings (as determined under
12 subparagraph (C)),

13 rounded, if not a multiple of \$0.10, to the next lower mul-
14 tiple of \$0.10.

15 “(C)(i) For purposes of determining an individual’s
16 primary insurance amount pursuant to clauses (i) and
17 (ii)(II) of subparagraph (B), the individual’s average in-
18 dexed monthly earnings shall be determined by treating
19 all recorded noncovered earnings (as defined in clause
20 (ii)(I)) derived by the individual from noncovered service
21 performed in each year after 1977 as ‘wages’ (as defined
22 in section 209 for purposes of this title), which shall be
23 treated as included in the individual’s adjusted total cov-
24 ered earnings (as defined in clause (ii)(II)) for such cal-
25 endar year together with amounts consisting of ‘wages’ (as

1 so defined without regard to this subparagraph) paid dur-
2 ing such calendar year and self-employment income (as
3 defined in section 211(b)) for taxable years ending with
4 or during such calendar year.

5 “(ii) For purposes of this subparagraph—

6 “(I) The term ‘recorded noncovered earnings’
7 means earnings derived from noncovered service
8 (other than noncovered service as a member of a
9 uniformed service (as defined in section 210(m))) for
10 which satisfactory evidence is determined by the
11 Commissioner to be available in the records of the
12 Commissioner.

13 “(II) The term ‘adjusted total covered earnings’
14 means, in connection with an individual for any cal-
15 endar year, the sum of the wages paid to the indi-
16 vidual during such calendar year (as adjusted under
17 subsection (b)(3)) plus the self-employment income
18 derived by the individual during any taxable year
19 ending with or during such calendar year (as ad-
20 justed under subsection (b)(3)).

21 “(iii) The Commissioner of Social Security shall pro-
22 vide by regulation for methods for determining whether
23 satisfactory evidence is available in the records of the
24 Commissioner for earnings for noncovered service (other
25 than noncovered service as a member of a uniformed serv-

1 ice (as defined in section 210(m))) to be treated as re-
2 corded noncovered earnings. Such methods shall provide
3 for reliance on earnings information which is provided to
4 the Commissioner by employers and which, as determined
5 by the Commissioner, constitute a reasonable basis for
6 treatment of earnings for noncovered service as recorded
7 noncovered earnings. In making determinations under this
8 clause, the Commissioner shall also take into account any
9 documentary evidence of earnings derived from non-
10 covered service by an individual which is provided by the
11 individual to the Commissioner and which the Commis-
12 sioner considers appropriate as a reasonable basis for
13 treatment of such earnings as recorded noncovered earn-
14 ings, except that such evidence provided by the individual
15 shall be taken into account only to the extent that such
16 evidence does not relate to earnings for service with re-
17 spect to which information regarding earnings has already
18 been obtained by the Commissioner from the employer and
19 only to the extent that such evidence does not result in
20 a reduction in the individual's primary insurance amount
21 as calculated under subparagraph (B).

22 “(D) Upon the death of an individual whose primary
23 insurance amount is computed or recomputed under this
24 paragraph, such primary insurance amount shall be com-

1 puted or recomputed under paragraph (1) of this sub-
2 section.”.

3 (b) MODIFICATION OF WINDFALL ELIMINATION
4 PROVISION FOR CURRENT BENEFICIARIES; RECOVERY OF
5 CERTAIN OVERPAYMENTS.—Section 215(a)(7) of such
6 Act (42 U.S.C. 415(a)(7)) is amended by adding at the
7 end the following:

8 “(F)(i) Notwithstanding subparagraph (A), for pur-
9 poses of determining the amount of monthly insurance
10 benefits for months after December 2016, the primary in-
11 surance amount of an individual described in subpara-
12 graph (A), or an individual described in subparagraph (G)
13 whose primary insurance amount was calculated or recal-
14 culated under subparagraph (B), shall be deemed to be
15 equal to the sum of—

16 “(I) the primary insurance amount of such indi-
17 vidual computed or recomputed under subparagraph
18 (B); plus

19 “(II) the applicable percentage (determined
20 under clause (ii)) of the amount by which the pri-
21 mary insurance amount of such individual computed
22 or recomputed under subparagraph (B) is exceeded
23 by the primary insurance amount of such individual
24 that would be determined without regard to this
25 paragraph.

1 “(ii) The applicable percentage determined under this
2 clause shall be a percentage (but not more than 50 per-
3 cent) which shall be determined by the Commissioner on
4 the basis of the amount of the savings generated as a re-
5 sult of the enactment of the Equal Treatment of Public
6 Servants Act of 2015. The Commissioner shall determine
7 and promulgate the applicable percentage determined
8 under this clause on or before November 1, 2016, based
9 upon the most recent actuarial estimates then available.

10 “(G) In the case of an individual whose primary in-
11 surance amount would be computed under paragraph (1)
12 of this subsection who—

13 “(i) attains age 62 after 1985 and before 2017
14 (except where he or she became entitled to a dis-
15 ability insurance benefit before 1986 and remained
16 so entitled in any of the 12 months immediately pre-
17 ceding his or her attainment of age 62), or

18 “(ii) would attain age 62 after 1985 and before
19 2017 and becomes eligible for a disability insurance
20 benefit after 1985 and before 2017, and

21 “(iii) is eligible for old-age insurance benefits or
22 disability insurance benefits for December 2016,

23 “(iv) has recorded noncovered earnings (as de-
24 fined in paragraph (8)(C)(ii)), and

1 “(v) has less than 30 years of coverage (as de-
2 fined in subparagraph (D)),
3 the primary insurance amount of such individual shall be
4 computed or recomputed under this paragraph unless such
5 individual provides to the Commissioner evidence deter-
6 mined to be satisfactory by the Commissioner that such
7 individual has not received any periodic payment attrib-
8 utable to noncovered service. The Commissioner shall, in
9 accordance with section 204, recover from such individual
10 described in subparagraph (A), and any other individual
11 receiving benefits under this title on the basis of the wages
12 and self-employment income of such individual described
13 in subparagraph (A), any excess of the total amount of
14 benefits under this title paid to each such individual prior
15 to 2017 over the amount computed on the basis of the
16 primary insurance amount computed or recomputed under
17 this paragraph without regard to subparagraph (F).”.

18 (c) CONFORMING AMENDMENTS.—Section
19 215(a)(7)(A) of such Act (42 U.S.C. 415(a)(7)(A)) is
20 amended—

21 (1) by striking “after 1985” each place it ap-
22 pears and inserting “after 1985 and before 2017”;
23 and

1 (2) by striking “hereafter in this paragraph and
2 in subsection (d)(3)” and inserting “in this para-
3 graph, paragraph (8), and subsection (d)(3)”.

○



Your Social Security retirement or disability benefits may be reduced

The Windfall Elimination Provision may affect how we calculate your retirement or disability benefit. If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any pension you get from that work may reduce your Social Security benefits.

When your benefits may be affected

This provision may affect you when you earn a pension from an employer who didn't withhold Social Security taxes *and* you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

The Windfall Elimination Provision may apply if:

- You reached 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985, even if you are still working.

This provision also affects Social Security benefits for people who performed federal service under the Civil Service Retirement System (CSRS) after 1956. Your Social Security benefit amounts won't be reduced if you performed federal service under a system such as the Federal Employees' Retirement System in which Social Security taxes were withheld.

How it works

Social Security benefits are intended to replace only some of a worker's pre-retirement earnings.

We base your Social Security benefit on your average monthly earnings adjusted for inflation. We separate your average earnings into three amounts and multiply the amounts using three factors. For example, for a worker who turns 62 in 2015, the first \$826 of average monthly earnings is multiplied by 90 percent; the next

\$4,980 by 32 percent; and the balance by 15 percent. The sum of the three amounts equals the total monthly payment amount.

When we apply this formula, the percentage paid to lower-paid workers is higher than highly paid workers. For example, workers making \$3,000 per month could receive a benefit of \$1,439 (48 percent) of their pre-retirement earnings. For a worker making \$8,000 per month, the benefit could be \$2,666 (33 percent).

Lower-paid workers could get a Social Security benefit that equals about 55 percent of their pre-retirement earnings. The average replacement rate for highly paid workers is about 25 percent.

Why we use a different formula

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

Under the provision, we reduce the 90 percent factor in our formula and phase it in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62 or became disabled in 1990 or later, we reduce the 90 percent factor to 40 percent.

Some exceptions

The Windfall Elimination Provision doesn't apply if:

- You are a federal worker first hired after December 31, 1983;
- You were employed on December 31, 1983, by a nonprofit organization that did not withhold Social Security taxes from your pay at first, but then began withholding Social Security taxes from your pay;
- Your only pension is for railroad employment;
- The only work you performed for which you did not pay Social Security taxes was before 1957; or

(over)

- You have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision doesn't apply to survivors benefits. We may reduce widows or widowers benefits because of another law. For more information, read *Government Pension Offset* (Publication No. 05-10007).

See the first table that lists substantial earnings for each year.

The second table shows the percentage used depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, we reduce the 90 percent factor to between 45 and 85 percent.

To see the maximum amount we could reduce your benefit, visit www.socialsecurity.gov/retire2/wep-chart.htm.

A guarantee

The law protects you if you get a low pension. We will not reduce your Social Security benefit more than half of your pension for earnings after 1956 on which you did not pay Social Security taxes.

Contacting Social Security

Visit www.socialsecurity.gov anytime to apply for benefits, open a **my Social Security** account, find publications, and get answers to frequently asked questions. Or, call us toll-free at **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We can answer case-specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call after Tuesday. We treat all calls confidentially. We also want to make sure you receive accurate and courteous service, so a second Social Security representative monitors some telephone calls. We can provide general information by automated phone service 24 hours a day. And, remember, our website, www.socialsecurity.gov, is available to you anytime and anywhere!

Year	Substantial earnings	Year	Substantial earnings
1937-1954	\$900	1991	\$9,900
1955-1958	\$1,050	1992	\$10,350
1959-1965	\$1,200	1993	\$10,725
1966-1967	\$1,650	1994	\$11,250
1968-1971	\$1,950	1995	\$11,325
1972	\$2,250	1996	\$11,625
1973	\$2,700	1997	\$12,150
1974	\$3,300	1998	\$12,675
1975	\$3,525	1999	\$13,425
1976	\$3,825	2000	\$14,175
1977	\$4,125	2001	\$14,925
1978	\$4,425	2002	\$15,750
1979	\$4,725	2003	\$16,125
1980	\$5,100	2004	\$16,275
1981	\$5,550	2005	\$16,725
1982	\$6,075	2006	\$17,475
1983	\$6,675	2007	\$18,150
1984	\$7,050	2008	\$18,975
1985	\$7,425	2009-2011	\$19,800
1986	\$7,875	2012	\$20,475
1987	\$8,175	2013	\$21,075
1988	\$8,400	2014	\$21,750
1989	\$8,925	2015	\$22,050
1990	\$9,525		

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent



Government Pension Offset



A law that affects spouses and widows or widowers

If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

Your Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you are eligible for a \$500 spouse's, widow's or widower's benefit from Social Security, you will receive \$100 per month from Social Security ($\$500 - \$400 = \$100$).

If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to wives, husbands, widows and widowers are "dependent's" benefits. These benefits were established in the 1930s to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. But as it has become more common for both spouses in a married couple to work, each earned his or her own Social Security retirement benefit. The law has always required that a person's benefit as a spouse, widow or widower be offset dollar for dollar by the amount of his or her own retirement benefit.

In other words, if a woman worked and earned her own \$800 monthly Social Security retirement benefit, but she also was due a \$500 wife's benefit on her husband's Social Security record, we could not pay that wife's benefit because her own Social Security benefit offset it. But, before enactment of the Government Pension Offset provision, if that same woman was a government employee who did not pay into Social Security, and who earned an \$800 government pension, there was no offset, and we were required to pay her a full wife's benefit in addition to her government pension.

If this government employee's work had instead been subject to Social Security taxes, any Social Security benefit payable as a spouse, widow or widower would have been reduced by the person's own Social Security retirement benefit. In enacting the Government Pension Offset provision, Congress intended to ensure that when determining the amount of spousal benefit, government employees who do not pay Social Security taxes would be treated in a similar manner to those who work in the private sector and do pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, your Social Security benefits as a spouse, widow or widower will not be reduced if you:

- Are receiving a government pension that is not based on your earnings; or
- Are a federal (including Civil Service Offset), state or local government employee whose government pension is based on a job where you were paying Social Security taxes; and
 - you filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
 - your last day of employment (that your pension is based on) is before July 1, 2004; or

(over)

—you paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain conditions, fewer than 60 months may be required for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

Also, there are other situations where Social Security benefits as a spouse, widow or widower will not be reduced; for example, if you:

- Are a federal employee who elected to switch from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and
 - you filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
 - your last day of service (that your pension is based on) is before July 1, 2004; or
 - you paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
- Received or were eligible to receive a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.

What about Medicare?

Even if you do not receive cash benefits based on your spouse's work, you still can get Medicare at age 65 on your spouse's record if you are not eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse or widow or widower. However, your own benefits may be reduced because of another provision of the law. For more information, ask for *Windfall Elimination Provision* (Publication No. 05-10045).

Contacting Social Security

For more information and to find copies of our publications, visit our website at www.socialsecurity.gov or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

June 19, 2015

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair *BLR for Les Robbins*
Alan Bernstein, Vice Chair
William de la Garza
Vivian H. Gray
Ronald Okum, Alternate

FOR: July 9, 2015 Board of Retirement Meeting

SUBJECT: **U.S. House Bill 973 – Social Security Fairness Act of 2015**

RECOMMENDATION

That the Board of Retirement adopt a "Support" position on HR 973, which would enact the "Social Security Fairness Act of 2015."

DISCUSSION

U. S. House Bill 973, also known as the "Social Security Fairness Act of 2015," seeks to amend Title II of the Social Security Act to repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). A related bill, HR 711, seeks to reduce the effect of WEP but does not completely eliminate it; it also does not address the repeal of the GPO. (A separate memo for HR 711 is being submitted to your Board concurrently.)

Under the GPO, any Social Security benefit received by a spouse or widow(er) will be offset if the worker also receives a federal, state, or local government pension based on work where he or she did not participate in Social Security. In some cases, the GPO may totally eliminate the Social Security benefit. Under the WEP, a social security or disability benefit is figured using a modified formula if the worker is entitled to a pension from a job where he or she did not participate in Social Security. The WEP reduces but does not totally eliminate the Social Security benefit.

LACERA members are affected by both offsets since the County no longer participates in the Social Security program.

Note that California's Senate Joint Resolution 1, introduced on December 1, 2014, requests the President and the Congress of the United States to pass legislation

HR 973
Board of Retirement
June 19, 2015
Page 2

repealing the Government Pension Offset and the Windfall Elimination Provision. A memo and detailed analysis have been provided under separate cover with a recommendation for LACERA's Board of Retirement to adopt a "Support" position on SJR 1.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Support" position on HR 973, which would enact the "Social Security Fairness Act of 2015."

Attachments

2015.Leg.HR 973.BOR.061915

**LEGISLATIVE ANALYSIS
U.S. HOUSE BILL 973**

AUTHOR: Rep. Davis, Rodney
INTRODUCED: February 13, 2015
SPONSOR: Author
SUMMARY: U. S. House Bill 973 is also known as the "Social Security Fairness Act of 2015."

The bill amends Title II of the Social Security Act to repeal:

1. Government pension offset requirements applicable to husband's and wife's insurance benefits, widow's and widower's insurance benefits, and mother's and father's insurance benefits with respect to Social Security payments; and
2. Windfall elimination requirements with respect to the computation of an individual's primary insurance amount.

ANALYSIS: LACERA members are affected by both offsets since the County no longer participates in the Social Security program.

(Note that California's Senate Joint Resolution 1, introduced on December 1, 2014, requests the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and the Windfall Elimination Provision. A memo and detailed analysis have been provided under separate cover with a recommendation for LACERA's Board of Retirement to adopt a "Support" position on SJR 1.)

**IBLC
RECOMMENDATION:** Watch (06-11-15)

**STAFF
RECOMMENDATION:** Support

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: June 19, 2015

114TH CONGRESS
1ST SESSION

H. R. 973

To amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2015

Mr. RODNEY DAVIS of Illinois (for himself, Mr. SCHIFF, Mr. GUTHRIE, Mr. GRIJALVA, Mr. BOST, Mr. FARR, Mr. MASSIE, Ms. TITUS, Mrs. BUSTOS, Mr. CUMMINGS, Ms. FRANKEL of Florida, Mr. TAKANO, Mr. YOUNG of Alaska, Mr. RYAN of Ohio, Ms. CLARK of Massachusetts, Mr. MCGOVERN, Mr. JOYCE, Mr. HASTINGS, Ms. BROWNLEY of California, Ms. TSONGAS, Mr. KENNEDY, Ms. DELBENE, Mr. CARTWRIGHT, Mr. LIPINSKI, Mr. LYNCH, Mr. YARMUTH, Mr. LOWENTHAL, Ms. SPEIER, Mr. KEATING, Ms. FUDGE, Mr. HANNA, Mrs. CAPPS, Mr. HUNTER, Mr. LIEU of California, Mr. PALLONE, Ms. NORTON, Mr. LANGEVIN, Mr. GARAMENDI, Mr. LARSEN of Washington, Ms. SCHAKOWSKY, Mr. COURTNEY, Ms. PINGREE, Mr. KING of New York, Mr. SARBANES, Mr. HUFFMAN, Mr. SCHOCK, Mr. COSTA, Mr. WITTMAN, Mr. SIRES, Mr. VALADAO, Mr. CÁRDENAS, Mr. SEAN PATRICK MALONEY of New York, Mr. HONDA, Mr. SHERMAN, Ms. LINDA T. SÁNCHEZ of California, Mr. HIGGINS, Ms. CHU of California, Mr. LOEBSACK, Mr. SWALWELL of California, Mr. MCNERNEY, Mr. RUPPERSBERGER, and Mr. BURGESS) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Social Security Fair-
3 ness Act of 2015”.

4 **SEC. 2. REPEAL OF GOVERNMENT PENSION OFFSET PROVI-**
5 **SION.**

6 (a) **IN GENERAL.**—Section 202(k) of the Social Secu-
7 rity Act (42 U.S.C. 402(k)) is amended by striking para-
8 graph (5).

9 (b) **CONFORMING AMENDMENTS.**—

10 (1) Section 202(b)(2) of the Social Security Act
11 (42 U.S.C. 402(b)(2)) is amended by striking “sub-
12 sections (k)(5) and (q)” and inserting “subsection
13 (q)”.

14 (2) Section 202(c)(2) of such Act (42 U.S.C.
15 402(c)(2)) is amended by striking “subsections
16 (k)(5) and (q)” and inserting “subsection (q)”.

17 (3) Section 202(e)(2)(A) of such Act (42
18 U.S.C. 402(e)(2)(A)) is amended by striking “sub-
19 section (k)(5), subsection (q),” and inserting “sub-
20 section (q)”.

21 (4) Section 202(f)(2)(A) of such Act (42 U.S.C.
22 402(f)(2)(A)) is amended by striking “subsection
23 (k)(5), subsection (q)” and inserting “subsection
24 (q)”.

1 **SEC. 3. REPEAL OF WINDFALL ELIMINATION PROVISIONS.**

2 (a) IN GENERAL.—Section 215 of the Social Security
3 Act (42 U.S.C. 415) is amended—

4 (1) in subsection (a), by striking paragraph (7);

5 (2) in subsection (d), by striking paragraph (3);

6 and

7 (3) in subsection (f), by striking paragraph (9).

8 (b) CONFORMING AMENDMENTS.—Subsections (e)(2)
9 and (f)(2) of section 202 of such Act (42 U.S.C. 402) are
10 each amended by striking “section 215(f)(5), 215(f)(6),
11 or 215(f)(9)(B)” in subparagraphs (C) and (D)(i) and in-
12 serting “paragraph (5) or (6) of section 215(f)”.

13 **SEC. 4. EFFECTIVE DATE.**

14 The amendments made by this Act shall apply with
15 respect to monthly insurance benefits payable under title
16 II of the Social Security Act for months after December
17 2015. Notwithstanding section 215(f) of the Social Secu-
18 rity Act, the Commissioner of Social Security shall adjust
19 primary insurance amounts to the extent necessary to take
20 into account the amendments made by section 3.

○

Windfall Elimination Provision

2015



Your Social Security retirement or disability benefits may be reduced

The Windfall Elimination Provision may affect how we calculate your retirement or disability benefit. If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any pension you get from that work may reduce your Social Security benefits.

When your benefits may be affected

This provision may affect you when you earn a pension from an employer who didn't withhold Social Security taxes *and* you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

The Windfall Elimination Provision may apply if:

- You reached 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985, even if you are still working.

This provision also affects Social Security benefits for people who performed federal service under the Civil Service Retirement System (CSRS) after 1956. Your Social Security benefit amounts won't be reduced if you performed federal service under a system such as the Federal Employees' Retirement System in which Social Security taxes were withheld.

How it works

Social Security benefits are intended to replace only some of a worker's pre-retirement earnings.

We base your Social Security benefit on your average monthly earnings adjusted for inflation. We separate your average earnings into three amounts and multiply the amounts using three factors. For example, for a worker who turns 62 in 2015, the first \$826 of average monthly earnings is multiplied by 90 percent; the next

\$4,980 by 32 percent; and the balance by 15 percent. The sum of the three amounts equals the total monthly payment amount.

When we apply this formula, the percentage paid to lower-paid workers is higher than highly paid workers. For example, workers making \$3,000 per month could receive a benefit of \$1,439 (48 percent) of their pre-retirement earnings. For a worker making \$8,000 per month, the benefit could be \$2,666 (33 percent).

Lower-paid workers could get a Social Security benefit that equals about 55 percent of their pre-retirement earnings. The average replacement rate for highly paid workers is about 25 percent.

Why we use a different formula

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

Under the provision, we reduce the 90 percent factor in our formula and phase it in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62 or became disabled in 1990 or later, we reduce the 90 percent factor to 40 percent.

Some exceptions

The Windfall Elimination Provision doesn't apply if:

- You are a federal worker first hired after December 31, 1983;
- You were employed on December 31, 1983, by a nonprofit organization that did not withhold Social Security taxes from your pay at first, but then began withholding Social Security taxes from your pay;
- Your only pension is for railroad employment;
- The only work you performed for which you did not pay Social Security taxes was before 1957; or

- You have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision doesn't apply to survivors benefits. We may reduce widows or widowers benefits because of another law. For more information, read *Government Pension Offset* (Publication No. 05-10007).

See the first table that lists substantial earnings for each year.

The second table shows the percentage used depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, we reduce the 90 percent factor to between 45 and 85 percent.

To see the maximum amount we could reduce your benefit, visit www.socialsecurity.gov/retire2/wep-chart.htm.

A guarantee

The law protects you if you get a low pension. We will not reduce your Social Security benefit more than half of your pension for earnings after 1956 on which you did not pay Social Security taxes.

Contacting Social Security

Visit www.socialsecurity.gov anytime to apply for benefits, open a **my Social Security** account, find publications, and get answers to frequently asked questions. Or, call us toll-free at **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We can answer case-specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call after Tuesday. We treat all calls confidentially. We also want to make sure you receive accurate and courteous service, so a second Social Security representative monitors some telephone calls. We can provide general information by automated phone service 24 hours a day. And, remember, our website, www.socialsecurity.gov, is available to you anytime and anywhere!

Year	Substantial earnings	Year	Substantial earnings
1937-1954	\$900	1991	\$9,900
1955-1958	\$1,050	1992	\$10,350
1959-1965	\$1,200	1993	\$10,725
1966-1967	\$1,650	1994	\$11,250
1968-1971	\$1,950	1995	\$11,325
1972	\$2,250	1996	\$11,625
1973	\$2,700	1997	\$12,150
1974	\$3,300	1998	\$12,675
1975	\$3,525	1999	\$13,425
1976	\$3,825	2000	\$14,175
1977	\$4,125	2001	\$14,925
1978	\$4,425	2002	\$15,750
1979	\$4,725	2003	\$16,125
1980	\$5,100	2004	\$16,275
1981	\$5,550	2005	\$16,725
1982	\$6,075	2006	\$17,475
1983	\$6,675	2007	\$18,150
1984	\$7,050	2008	\$18,975
1985	\$7,425	2009-2011	\$19,800
1986	\$7,875	2012	\$20,475
1987	\$8,175	2013	\$21,075
1988	\$8,400	2014	\$21,750
1989	\$8,925	2015	\$22,050
1990	\$9,525		

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent



Government Pension Offset



A law that affects spouses and widows or widowers

If you receive a pension from a federal, state or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

Your Social Security benefits will be reduced by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you are eligible for a \$500 spouse's, widow's or widower's benefit from Social Security, you will receive \$100 per month from Social Security ($\$500 - \$400 = \$100$).

If you take your government pension annuity in a lump sum, Social Security still will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to wives, husbands, widows and widowers are "dependent's" benefits. These benefits were established in the 1930s to compensate spouses who stayed home to raise a family and who were financially dependent on the working spouse. But as it has become more common for both spouses in a married couple to work, each earned his or her own Social Security retirement benefit. The law has always required that a person's benefit as a spouse, widow or widower be offset dollar for dollar by the amount of his or her own retirement benefit.

In other words, if a woman worked and earned her own \$800 monthly Social Security retirement benefit, but she also was due a \$500 wife's benefit on her husband's Social Security record, we could not pay that wife's benefit because her own Social Security benefit offset it. But, before enactment of the Government Pension Offset provision, if that same woman was a government employee who did not pay into Social Security, and who earned an \$800 government pension, there was no offset, and we were required to pay her a full wife's benefit in addition to her government pension.

If this government employee's work had instead been subject to Social Security taxes, any Social Security benefit payable as a spouse, widow or widower would have been reduced by the person's own Social Security retirement benefit. In enacting the Government Pension Offset provision, Congress intended to ensure that when determining the amount of spousal benefit, government employees who do not pay Social Security taxes would be treated in a similar manner to those who work in the private sector and do pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, your Social Security benefits as a spouse, widow or widower will not be reduced if you:

- Are receiving a government pension that is not based on your earnings; or
- Are a federal (including Civil Service Offset), state or local government employee whose government pension is based on a job where you were paying Social Security taxes; and
 - you filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
 - your last day of employment (that your pension is based on) is before July 1, 2004; or

—you paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain conditions, fewer than 60 months may be required for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

Also, there are other situations where Social Security benefits as a spouse, widow or widower will not be reduced; for example, if you:

- Are a federal employee who elected to switch from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and
 - you filed for and were entitled to spouse's, widow's or widower's benefits before April 1, 2004; or
 - your last day of service (that your pension is based on) is before July 1, 2004; or
 - you paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
- Received or were eligible to receive a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received or were eligible to receive a federal, state or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.

What about Medicare?

Even if you do not receive cash benefits based on your spouse's work, you still can get Medicare at age 65 on your spouse's record if you are not eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse or widow or widower. However, your own benefits may be reduced because of another provision of the law. For more information, ask for *Windfall Elimination Provision* (Publication No. 05-10045).


Contacting Social Security

For more information and to find copies of our publications, visit our website at www.socialsecurity.gov or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call during the week after Tuesday. We can provide information by automated phone service 24 hours a day.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

June 24, 2015

TO: Each Member
Board of Retirement

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: July 9, 2015 Board of Retirement Meeting

SUBJECT: **Amended Assembly Bill 1291 – Ventura County**

RECOMMENDATION

That the Board of Retirement continue its “Watch” position on Assembly Bill 1291, which relates to the ability of the Ventura County Employees’ Retirement Association to define itself as a “district” and thereby become the direct employer of certain of its employees.

DISCUSSION

Assembly Bill 1291 enables the retirement system of Ventura County to define itself as a district and directly employ specified management personnel.

The bill, as introduced on February 27, 2015, specified that the board of retirement may appoint an administrator, an assistant administrator, a chief investment officer, senior management employees next in line of authority to the chief investment officer, subordinate administrators, senior management employees next in line of authority to subordinate administrators, and legal counsel.

The bill, as amended on May 27, 2015, specifies that the board of retirement may appoint personnel to the following five positions: retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel.


The amended bill provides that any personnel appointed by the district who were previously in county service shall continue membership in the retirement system without interruption in service or loss of credit. New employees appointed by the district will become members on the first day of the month following his or her entrance into service.

The amended bill also makes a technical change relating to the compensation of appointed personnel as an expense of administration.

Your Board adopted a “Watch” position on June 11, 2015 on AB 1291.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD continue its "Watch" position on Assembly Bill 1291, which relates to the ability of the Ventura County Employees' Retirement Association to define itself as a "district" and thereby become the direct employer of certain of its employees.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

2015. Leg.AB 1291.BOR.062415

**LEGISLATIVE ANALYSIS
ASSEMBLY BILL 1291**

AUTHOR: Williams [D]

INTRODUCED: February 27, 2015

AMENDED: May 27, 2015

SPONSOR: Ventura County Employees' Retirement Association

SUMMARY: The County Employees Retirement Law of 1937 (CERL) authorizes counties to establish retirement systems to provide pension benefits to county and district employees. The retirement systems of Orange County, San Bernardino County, and Contra Costa County are "districts" as defined by Section 31468(l). This bill would include the retirement system of Ventura County within the definition of a district.

The bill specifies that board of retirement may appoint a retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel. The compensation for these appointed employees will be treated as an expense of administration.

It also specifies that any personnel appointed by the district who were previously in county service shall continue membership in the retirement system without interruption in service or loss of credit. New employees appointed by the district will become members on the first day of the month following his or her entrance into service.

ANALYSIS: Generally in retirement systems that are not independent districts, all employees are county employees, even if some employees are not subject to county civil service rules. The establishment of the retirement system as an independent district can enable these employees to be considered employees of the retirement system rather than the county.

The amendment of the bill reduced the positions that may be appointed to five leadership positions, whereas previously the bill included subordinate positions that may be appointed.

This bill applies only to Ventura County and does not apply to Los Angeles County.

LACERA's Board of Retirement adopted a "Watch" position on SB 673 in 2014, which established the Contra Costa County Employees' Retirement Association (CCCERA) as an independent district. The bill

subsequently passed and was approved by the Governor.

BOR POSITION: Watch (06-11-15)

**IBLC
RECOMMENDATION: Watch (05-21-15)**

**STAFF
RECOMMENDATION: Continue to Watch**

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: June 24, 2015

AMENDED IN SENATE MAY 27, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1291

Introduced by Assembly Member Williams

February 27, 2015

An act to amend Sections ~~31468 and 31522.5~~ of 31468, 31557.3, and 31580.2 of, and to add Section 31522.10 to, the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 1291, as amended, Williams. The County Employees Retirement Law of 1937.

Existing law, the County Employees Retirement Law of 1937, authorizes counties to establish retirement systems, as specified, in order to provide pension benefits to county, city, and district employees. Existing law defines a district for these purposes and includes specified county retirement systems within the definition.

This bill would include the retirement system established under these provisions in the County of Ventura within the definition of district.

The County Employees Retirement Law of 1937 also authorizes the board of retirement, in a county in which the board has appointed administrative, technical, and clerical staff personnel, to also appoint other administrators, managers, and legal counsel, as specified. These appointees are not classified as county employees and are therefor not subject to the civil service system, but are employees of the retirement system subject to the terms of employment determined by the board of retirement. ~~Existing law authorizes the board of retirement in San Bernadino County to adopt, by resolution, those provisions classifying specified personnel as employees of the retirement system.~~

This bill would ~~additionally~~ authorize the board of retirement of Ventura County to ~~adopt those provisions by resolution.~~ *appoint a retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel. The bill would require these appointees to be employees of the retirement system, and not of the county, and subject to terms and conditions of employment established by the board of retirement. The bill would provide that the compensation of these appointees is an expense of the administration of the retirement system. The bill would grant the board of retirement and the board of supervisors authority to enter into agreements necessary to implement its provisions and would except the retirement system from specified requirements relating to retirement administrators. The bill would provide that these provisions apply to the Ventura County retirement system only upon adoption of a specified resolution by the board of retirement. The bill would make conforming changes.*

Vote: majority. Appropriation: no. Fiscal committee: no.
 State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 31468 of the Government Code is
- 2 amended to read:
- 3 31468. (a) "District" means a district, formed under the laws
- 4 of the state, located wholly or partially within the county other
- 5 than a school district.
- 6 (b) "District" also includes any institution operated by two or
- 7 more counties, in one of which there has been adopted an ordinance
- 8 placing this chapter in operation.
- 9 (c) "District" also includes any organization or association
- 10 authorized by Chapter 26 of the Statutes of 1935, as amended by
- 11 Chapter 30 of the Statutes of 1941, or by Section 50024, which
- 12 organization or association is maintained and supported entirely
- 13 from funds derived from counties, and the board of any retirement
- 14 system is authorized to receive the officers and employees of that
- 15 organization or association into the retirement system managed
- 16 by the board.
- 17 (d) "District" also includes, but is not limited to, any sanitary
- 18 district formed under Part 1 (commencing with Section 6400) of
- 19 Division 6 of the Health and Safety Code.

1 (e) "District" also includes any city, public authority, public
2 agency, and any other political subdivision or public corporation
3 formed or created under the constitution or laws of this state and
4 located or having jurisdiction wholly or partially within the county.

5 (f) "District" also includes any nonprofit corporation or
6 association conducting an agricultural fair for the county pursuant
7 to a contract between the corporation or association and the board
8 of supervisors under the authority of Section 25905.

9 (g) "District" also includes the Regents of the University of
10 California, but with respect only to employees who were employees
11 of a county in a county hospital, who became university employees
12 pursuant to an agreement for transfer to the regents of a county
13 hospital or of the obligation to provide professional medical
14 services at a county hospital, and who under that agreement had
15 the right and did elect to continue membership in the county's
16 retirement system established under this chapter.

17 (h) "District" also includes the South Coast Air Quality
18 Management District, a new public agency created on February
19 1, 1977, pursuant to Chapter 5.5 (commencing with Section 40400)
20 of Part 3 of Division 26 of the Health and Safety Code.

21 (1) Employees of the South Coast Air Quality Management
22 District shall be deemed to be employees of a new public agency
23 occupying new positions on February 1, 1977. On that date, those
24 new positions are deemed not to have been covered by any
25 retirement system.

26 (2) No retirement system coverage may be effected for an
27 employee of the South Coast Air Quality Management District
28 who commenced employment with the district during the period
29 commencing on February 1, 1977, and ending on December 31,
30 1978, unless and until the employee shall have elected whether to
31 become a member of the retirement association established in
32 accordance with this chapter for employees of Los Angeles County
33 or the retirement association established in accordance with this
34 chapter for employees of San Bernardino County. The election
35 shall occur before January 1, 1980. Any employee who fails to
36 make the election provided for herein shall be deemed to have
37 elected to become a member of the retirement association
38 established in accordance with this chapter for the County of Los
39 Angeles.

1 (3) The South Coast Air Quality Management District shall
2 make application to the retirement associations established in
3 accordance with this chapter for employees of Los Angeles County
4 and San Bernardino County for coverage of employees of the South
5 Coast Air Quality Management District.

6 (4) An employee of the South Coast Air Quality Management
7 District who commenced employment with the district during the
8 period commencing on February 1, 1977, and ending on December
9 31, 1978, and who has not terminated employment before January
10 1, 1980, shall be covered by the retirement association elected by
11 the employee pursuant to paragraph (2). That coverage shall be
12 effected no later than the first day of the first month following the
13 date of the election provided for in paragraph (2).

14 (5) Each electing employee shall receive credit for all service
15 with the South Coast Air Quality Management District. However,
16 the elected retirement association may require, as a prerequisite
17 to granting that credit, the payment of an appropriate sum of money
18 or the transfer of funds from another retirement association in an
19 amount determined by an enrolled actuary and approved by the
20 elected retirement association's board. The amount to be paid shall
21 include all administrative and actuarial costs of making that
22 determination. The amount to be paid shall be shared by the South
23 Coast Air Quality Management District and the employee. The
24 share to be paid by the employee shall be determined by good faith
25 bargaining between the district and the recognized employee
26 organization, but in no event shall the employee be required to
27 contribute more than 25 percent of the total amount required to be
28 paid. The elected retirement association's board may not grant that
29 credit for that prior service unless the request for that credit is
30 made to, and the required payment deposited with, the elected
31 retirement association's board no earlier than January 1, 1980, and
32 no later than June 30, 1980. The foregoing shall have no effect on
33 any employee's rights to reciprocal benefits under Article 15
34 (commencing with Section 31830).

35 (6) An employee of the South Coast Air Quality Management
36 District who commenced employment with the district after
37 December 31, 1978, shall be covered by the retirement association
38 established in accordance with this chapter for employees of San
39 Bernardino County. That coverage shall be effected as of the first

1 day of the first month following the employee's commencement
2 date.

3 (7) Notwithstanding paragraphs (2) and (4) above, employees
4 of the South Coast Air Quality Management District who were
5 employed between February 1, 1977, and December 31, 1978, and
6 who terminate their employment between February 1, 1977, and
7 January 1, 1980, shall be deemed to be members of the retirement
8 association established in accordance with this chapter for the
9 employees of Los Angeles County commencing on the date of
10 their employment with the South Coast Air Quality Management
11 District.

12 (i) "District" also includes any nonprofit corporation that
13 operates one or more museums within a county of the 15th class,
14 as described by Sections 28020 and 28036 of the Government
15 Code, as amended by Chapter 1204 of the Statutes of 1971,
16 pursuant to a contract between the corporation and the board of
17 supervisors of the county, and that has entered into an agreement
18 with the board and the county setting forth the terms and conditions
19 of the corporation's inclusion in the county's retirement system.

20 (j) "District" also includes any economic development
21 association funded in whole or in part by a county of the 15th class,
22 as described by Sections 28020 and 28036 of the Government
23 Code, as amended by Chapter 1204 of the Statutes of 1971, and
24 that has entered into an agreement with the board of supervisors
25 and the county setting forth the terms and conditions of the
26 association's inclusion in the county's retirement system.

27 (k) "District" also includes any special commission established
28 in the Counties of Tulare and San Joaquin as described by Section
29 14087.31 of the Welfare and Institutions Code, pursuant to a
30 contract between the special commission and the county setting
31 forth the terms and conditions of the special commission's
32 inclusion in the county's retirement system with the approval of
33 the board of supervisors and the board of retirement.

34 (l) (1) "District" also includes the retirement system established
35 under this chapter in Orange County.

36 (2) "District" also includes the retirement system established
37 under this chapter in San Bernardino County at such time as the
38 board of retirement, by resolution, makes this section applicable
39 in that county.

1 (3) "District" also includes the retirement system established
2 under this chapter in Contra Costa County.

3 (4) "District" also includes the retirement system established
4 under this chapter in Ventura County.

5 (m) "District" also includes the Kern County Hospital Authority,
6 a public agency that is a local unit of government established
7 pursuant to Chapter 5.5 (commencing with Section 101852) of
8 Part 4 of Division 101 of the Health and Safety Code.

9 ~~SEC. 2. Section 31522.5 of the Government Code is amended~~
10 ~~to read:~~

11 ~~31522.5. (a) In a county in which the board of retirement has~~
12 ~~appointed personnel pursuant to Section 31522.1, the board of~~
13 ~~retirement may appoint an administrator, an assistant administrator,~~
14 ~~a chief investment officer, senior management employees next in~~
15 ~~line of authority to the chief investment officer, subordinate~~
16 ~~administrators, senior management employees next in line of~~
17 ~~authority to subordinate administrators, and legal counsel.~~

18 ~~(b) Notwithstanding any other provision of law, the personnel~~
19 ~~appointed pursuant to this section may not be county employees~~
20 ~~but shall be employees of the retirement system, subject to terms~~
21 ~~and conditions of employment established by the board of~~
22 ~~retirement. Except as specifically provided in this subdivision, all~~
23 ~~other personnel shall be county employees for purposes of the~~
24 ~~county's employee relations resolution, or equivalent local rules,~~
25 ~~and the terms and conditions of employment established by the~~
26 ~~board of supervisors for county employees, including those set~~
27 ~~forth in a memorandum of understanding.~~

28 ~~(c) Except as otherwise provided by Sections 31529.9 and~~
29 ~~31596.1, the compensation of personnel appointed pursuant to this~~
30 ~~section shall be an expense of administration of the retirement~~
31 ~~system, pursuant to Section 31580.2.~~

32 ~~(d) The board of retirement and board of supervisors may enter~~
33 ~~into any agreements as may be necessary and appropriate to carry~~
34 ~~out the provisions of this section.~~

35 ~~(e) Section 31522.2 is not applicable to any retirement system~~
36 ~~that elects to appoint personnel pursuant to this section.~~

37 ~~(f) This section shall apply only in Orange County.~~

38 ~~(g) This section shall apply to the retirement system established~~
39 ~~under this chapter in San Bernardino County if the board of~~

1 retirement, by resolution, makes this section applicable in that
2 county.

3 ~~(h) This section shall apply to the retirement system established~~
4 ~~under this chapter in Ventura County if the board of retirement,~~
5 ~~by resolution, makes this section applicable in that county.~~

6 SEC. 2. Section 31522.10 is added to the Government Code,
7 to read:

8 31522.10. (a) In a county in which the board of retirement
9 has appointed personnel pursuant to Section 31522.1, the board
10 of retirement may appoint a retirement administrator, chief
11 financial officer, chief operations officer, chief investment officer,
12 and general counsel.

13 (b) Notwithstanding any other law, the personnel appointed
14 pursuant to this section shall not be county employees but shall
15 be employees of the retirement system, subject to terms and
16 conditions of employment established by the board of retirement.
17 Except as specifically provided in this subdivision, all other
18 personnel shall be county employees for purposes of the county's
19 employee relations resolution, or equivalent local rules, and the
20 terms and conditions of employment established by the board of
21 supervisors for county employees, including those set forth in a
22 memorandum of understanding.

23 (c) Except as otherwise provided by Sections 31529.9 and
24 31596.1, the compensation of personnel appointed pursuant to
25 this section shall be an expense of administration of the retirement
26 system, pursuant to Section 31580.2.

27 (d) The board of retirement and board of supervisors may enter
28 into any agreements as may be necessary and appropriate to carry
29 out the provisions of this section.

30 (e) Section 31522.2 is not applicable to a retirement system that
31 elects to appoint personnel pursuant to this section.

32 (f) This section shall apply only to the retirement system
33 established under this chapter in Ventura County at such time as
34 the board of retirement, by resolution, makes this section
35 applicable in that county.

36 SEC. 3. Section 31557.3 of the Government Code is amended
37 to read:

38 31557.3. On the date a district, as defined in subdivision (I) of
39 Section 31468, is included in the retirement system, any personnel
40 appointed pursuant to Sections 31522.5, 31522.9, 31522.10, and

1 31529.9 who had previously been in county service shall continue
2 to be members of the system without interruption in service or loss
3 of credit. Thereafter, each person entering employment with the
4 district shall become a member of the system on the first day of
5 the calendar month following his or her entrance into service.

6 *SEC. 4. Section 31580.2 of the Government Code is amended*
7 *to read:*

8 31580.2. (a) In counties in which the board of retirement, or
9 the board of retirement and the board of investment, have appointed
10 personnel pursuant to Section 31522.1, 31522.5, 31522.7, ~~or~~
11 ~~31522.9, 31522.9, or 31522.10~~, the respective board or boards
12 shall annually adopt a budget covering the entire expense of
13 administration of the retirement system which expense shall be
14 charged against the earnings of the retirement fund. The expense
15 incurred in any year may not exceed the greater of either of the
16 following:

17 (1) Twenty-one hundredths of 1 percent of the accrued actuarial
18 liability of the retirement system.

19 (2) Two million dollars (\$2,000,000), as adjusted annually by
20 the amount of the annual cost-of-living adjustment computed in
21 accordance with Article 16.5 (commencing with Section 31870).

22 (b) Expenditures for computer software, computer hardware,
23 and computer technology consulting services in support of these
24 computer products shall not be considered a cost of administration
25 of the retirement system for purposes of this section.

June 29, 2015

TO: Each Member
Board of Retirement

FROM: Barry W. Lew *BWL*
Legislative Affairs Officer

FOR: July 9, 2015 Board of Retirement Meeting

SUBJECT: **Senate Bill 292 – Employee Contributions**

RECOMMENDATION

That the Board of Retirement continue its “Watch” position on Senate Bill 292, which would exempt certain cities and counties with revenues from extraordinary property tax rates from the prohibition on employer payment of employee contributions.

DISCUSSION

The California Public Employees’ Pension Reform Act of 2013 (PEPRA) requires a covered public retirement system to offer a new defined benefit plan with a retirement benefit formula established by PEPRA to employees who become new members on or after January 1, 2013.

PEPRA also requires that the member contribution rate for the new defined benefit plan be at least 50 percent of the normal cost of the plan, rounded to the nearest $\frac{1}{4}$ of 1 percent, or the current contribution rate of similarly situated members, whichever is greater. PEPRA also prohibits employers from paying the required employee contribution.

Taxes on real property are generally limited by the California Constitution to 1 percent of that property’s cash value. However, the 1-percent limit does not apply to additional taxes on real property that were levied by a local entity before July 1, 1978, for pension costs.

The bill, as amended on June 25, 2015, specifies that employers are not prohibited from using the revenues derived from a property tax rate that was levied before July 1, 1978, for the payment of pension costs. The amendment removes the ambiguity that arose under PEPRA with respect to whether property tax revenues can be used by employers to pay pension costs for employees. However, the requirement that employees pay at least 50 percent of the normal cost remains in place.

According to the City of Oxnard, which opposes the exemption to the 50-percent normal cost requirement, the property tax rates levied for pension costs are not sufficient to cover the full costs of its pension benefits. The city's pension benefits were increased after 1978, but its extraordinary property tax rates were capped in 1983 and 1984. Its current budget for fiscal year 2015-2016 estimates that the city will have to cover several million dollars in pension costs. Exempting employees from the 50-percent cost provision would place an additional burden on the city's general fund.

Your Board adopted a "Watch" position on June 11, 2015 on SB 292.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD continue its "Watch" position on Senate Bill 292, which would exempt certain cities and counties with revenues from extraordinary property tax rates from the prohibition on employer payment of employee contributions.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

2015. Leg.SB 292.BOR.062915

**LEGISLATIVE ANALYSIS
SENATE BILL 292**

's
AUTHOR: Pan [D]

INTRODUCED: February 23, 2015

AMENDED: June 25, 2015; April 21, 2015

SPONSOR: Peace Officers Research Association of California
California Professional Firefighters

SUMMARY: The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a covered public retirement system to offer a new defined benefit plan with a retirement benefit formula established by PEPRA to employees who become new members on or after January 1, 2013.

PEPRA also requires that the member contribution rate for the new defined benefit plan be at least 50 percent of the normal cost of the plan, rounded to the nearest $\frac{1}{4}$ of 1 percent, or the current contribution rate of similarly situated members, whichever is greater. PEPRA also prohibits employers from paying the required employee contribution.

Taxes on real property are generally limited by the California Constitution to 1 percent of that property's cash value. However, the 1-percent limit does not apply to additional taxes on real property that were levied by a local entity before July 1, 1978, for pension costs.

This bill would specify that employers are not prohibited from using the revenues derived from a property tax rate that was levied before July 1, 1978, for the payment of pension costs.

ANALYSIS: There are over 20 cities and 1 county (Santa Clara) that have a property tax rate approved prior to July 1, 1978, for the purpose of paying pension costs.

This bill would remove the ambiguity that arose under PEPRA with respect to whether property tax revenues can be used by employers to pay pension costs for employees.

However, the requirement that employees pay at least 50 percent of the normal cost remains in place.

According to the City of Oxnard, which opposes the exemption to the 50-percent normal cost requirement, the property tax rates levied for pension costs are not sufficient to cover the full costs of its pension benefits. The city's pension benefits were increased after 1978, but

its extraordinary property tax rates were capped in 1983 and 1984. Its current budget for fiscal year 2015-2016 estimates that the city will have to cover several million dollars in pension costs. Exempting employees from the 50-percent cost provision would place an additional burden on the city's general fund.

This bill does not apply to Los Angeles County.

BOR POSITION: Watch (6-11-15)

**IBLC
RECOMMENDATION: Watch (05-21-15)**

**STAFF
RECOMMENDATION: Continue to Watch**

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: June 29, 2015

AMENDED IN ASSEMBLY JUNE 25, 2015

AMENDED IN SENATE APRIL 21, 2015

SENATE BILL

No. 292

Introduced by Senator Pan

February 23, 2015

An act to amend Section 7522.30 of the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 292, as amended, Pan. Public employee retirement: contributions.

The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas that may not be exceeded by a public employer offering a defined benefit pension plan for employees first hired on or after January 1, 2013. ~~On and after January 1, 2013, PEPRA requires new employees of specified public employers, the Legislature, the California State University, and the judicial branch as specified, who participate in a defined benefit plan to have an initial contribution rate of at least 50% of the normal cost rate for that defined benefit plan, rounded to the nearest ¼ of 1%, or the current contribution rate of similarly situated employees, whichever is greater. PEPRA prohibits an employer from paying the employee contribution.~~

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. The California Constitution exempts from that limit an additional ad valorem property tax rate for, among other things, indebtedness approved by the voters of the local entity prior to July 1, 1978, including pension programs.

This bill would exempt a city or county that pays its pension costs with revenues from a property tax ~~rate, rate approved by the voters of a city or county~~ *its voters* to make payments in support of pension programs and levied in addition to the general property tax rate, and that city's or county's ~~employees~~ *employees*, from the above-described ~~50% contribution rate provision under PEPPRA.~~ *prohibition on employer payment of employee contribution, with respect to an employee whose pension is funded by these revenues.*

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7522.30 of the Government Code is
2 amended to read:

3 7522.30. (a) This section shall apply to all public employers
4 and to all new members. Equal sharing of normal costs between
5 public employers and public employees shall be the standard. The
6 standard shall be that employees pay at least 50 percent of normal
7 costs and that employers not pay any of the required employee
8 contribution.

9 (b) The "normal cost rate" shall mean the annual actuarially
10 determined normal cost for the plan of retirement benefits provided
11 to the new member and shall be established based on the actuarial
12 assumptions used to determine the liabilities and costs as part of
13 the annual actuarial valuation. The plan of retirement benefits shall
14 include any elements that would impact the actuarial determination
15 of the normal cost, including, but not limited to, the retirement
16 formula, eligibility and vesting criteria, ancillary benefit provisions,
17 and any automatic cost-of-living adjustments as determined by the
18 public retirement system.

19 (c) (1) New members employed by those public employers
20 defined in paragraphs (2) and (3) of subdivision (i) of Section
21 7522.04, the Legislature, the California State University, and the
22 judicial branch who participate in a defined benefit plan shall have
23 an initial contribution rate of at least 50 percent of the normal cost
24 rate for that defined benefit plan, rounded to the nearest ~~quarter~~ $\frac{1}{4}$ of
25 1 percent, unless a greater contribution rate has been agreed to
26 pursuant to the requirements in subdivision (e). ~~This~~ *Except as*

1 *provided in paragraph (2), this contribution shall not be paid by*
2 *the employer on the employee's behalf.*

3 *(2) With respect to an employee whose pension is funded as*
4 *described in this subdivision, the prohibition against an employer*
5 *paying an employee's contribution does not apply to a city or*
6 *county that pays its pension program costs with revenues derived*
7 *from a property tax rate approved by the voters of the city or*
8 *county to make payments in support of pension programs and*
9 *levied in addition to the property tax rate limited by subdivision*
10 *(a) of Section 1 of Article XIII A of the California Constitution.*

11 (d) Notwithstanding subdivision (c), once established, the
12 employee contribution rate described in subdivision (c) shall not
13 be adjusted on account of a change to the normal cost rate unless
14 the normal cost rate increases or decreases by more than 1 percent
15 of payroll above or below the normal cost rate in effect at the time
16 the employee contribution rate is first established or, if later, the
17 normal cost rate in effect at the time of the last adjustment to the
18 employee contribution rate under this section.

19 (e) Notwithstanding subdivision (c), employee contributions
20 may be more than one-half of the normal cost rate if the increase
21 has been agreed to through the collective bargaining process,
22 subject to the following conditions:

23 (1) The employer shall not contribute at a greater rate to the
24 plan for nonrepresented, managerial, or supervisory employees
25 than the employer contributes for other public employees, including
26 represented employees, of the same employer who are in related
27 retirement membership classifications.

28 (2) The employer shall not increase an employee contribution
29 rate in the absence of a memorandum of understanding that has
30 been collectively bargained in accordance with applicable laws.

31 (3) The employer shall not use impasse procedures to increase
32 an employee contribution rate above the rate required by this
33 section.

34 (f) If the terms of a contract, including a memorandum of
35 understanding, between a public employer and its public
36 employees, that is in effect on January 1, 2013, would be impaired
37 by any provision of this section, that provision shall not apply to
38 the public employer and public employees subject to that contract
39 until the expiration of that contract. A renewal, amendment, or

1 any other extension of that contract shall be subject to the
2 requirements of this section.

3 ~~(g) This section does not apply to a public employer and its
4 public employees if the public employer is a city or county that
5 pays its pension program costs with revenues derived from a
6 property tax rate, approved by the voters of a city or county to
7 make payments in support of pension programs and levied in
8 addition to the property tax rate limited by subdivision (a) of
9 Section 1 of Article XIII A of the California Constitution.~~

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