

AGENDA

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101

THURSDAY, AUGUST 13, 2015 - 9:00 A.M.**

COMMITTEE MEMBERS:

Les Robbins, Chair
Alan Bernstein, Vice Chair
William de la Garza
Vivian H. Gray
Ronald Okum, Alternate

I. APPROVAL OF THE MINUTES

- A. Approval of the minutes of the regular meeting of July 9, 2015

II. PUBLIC COMMENT

III. ACTION ITEMS

- A. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer:
That the Committee recommend the Board of Retirement adopt a "Support"
position on U.S. Senate Bill 1651 which would enact the "Social Security
Fairness Act of 2015." (Memorandum dated July 31, 2015)

IV. FOR INFORMATION

- A. Staff Activities Report for July, 2015
- B. Health Care Trend Overview
- C. Anthem/Cigna Merger
- D. Federal Legislation
 - Aon Hewitt Washington Report

August 13, 2015

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V. GOOD OF THE ORDER

(For information purposes only)

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

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

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

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

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

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101
THURSDAY, JULY 9, 2015, 10:45 A.M. – 11:15 A.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
Alan Bernstein, Vice Chair
William de la Garza
Vivian H. Gray

ABSENT: Ronald Okum, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Anthony Bravo
Yves Chery
Shawn Kehoe
Joseph Kelly
David Muir

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith Kathy Migita
Leilani Ignacio
Gregg Rademacher

Aon Hewitt

Kirby Bosley

The meeting was called to order by Chair Robbins at 10:45 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of June 11, 2015

Mr. de la Garza made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of June 11, 2015. The motion passed unanimously.

II. PUBLIC COMMENT

Ms. Kathy Migita gave the Committee an update on the Affordable Care Act excise tax issue. LACERA is monitoring the situation and working with the County's Chief Executive Office to obtain guidance with regard to the plan sponsor's desire to join other organizations in working for a repeal of the excise tax.

III. FOR INFORMATION

A. Staff Activities Report for June, 2015

The staff activities report was discussed.

B. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through May 2015 were discussed.

C. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

IV. GOOD OF THE ORDER

(For information purposes only)


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

The meeting adjourned at 11:15 a.m., after setting the time for the Operations Oversight Committee at 11:20 a.m.

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

July 31, 2015

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

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: August 13, 2015 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **U.S. Senate Bill 1651 – Social Security Fairness Act of 2015**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a "Support" position on S 1651, which would enact the "Social Security Fairness Act of 2015."

DISCUSSION

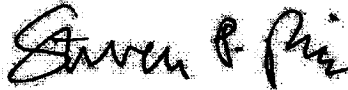
U. S. Senate Bill 1651, also known as the "Social Security Fairness Act of 2015," seeks to amend Title II of the Social Security Act to repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). This is an identical bill to U.S. House Bill 973, on which the Board of Retirement adopted a "Support" position on July 9, 2015. The Board of Retirement also adopted a "Support" position on California's Senate Joint Resolution 1, which requests the President and the Congress of the United States to pass legislation repealing the GPO and WEP.

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.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a "Support" position on S 1651, which would enact the "Social Security Fairness Act of 2015."

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

2015. Leg.S 1651.IBLC.073115

**LEGISLATIVE ANALYSIS
U.S. SENATE BILL 1651**

AUTHOR: Sen. Brown, Sherrod
INTRODUCED: June 23, 2015
SPONSOR: Author
SUMMARY: U. S. Senate Bill 1651 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.

This is an identical bill to U.S. House Bill 973, which the Board of Retirement adopted a “Support” position on July 9, 2015.

The Board of Retirement also adopted a “Support” position on California’s Senate Joint Resolution 1 on May 21, 2015, which requests the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and the Windfall Elimination Provision.

**STAFF
RECOMMENDATION:** Support

PREPARED BY: Barry W. Lew, Legislative Affairs Officer

DATED: July 31, 2015

114TH CONGRESS
1ST SESSION

S. 1651

To amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

IN THE SENATE OF THE UNITED STATES

JUNE 23, 2015

Mr. BROWN (for himself, Ms. COLLINS, Ms. WARREN, Ms. HIRONO, Mr. BLUMENTHAL, Mr. VITTER, Ms. MURKOWSKI, Mr. WHITEHOUSE, Mr. REED, Ms. BALDWIN, Mr. FRANKEN, Mr. UDALL, and Mr. HELLER) introduced the following bill; which was read twice and referred to the Committee on Finance

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,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Social Security Fair-
5 ness Act of 2015”.

1 **SEC. 2. REPEAL OF GOVERNMENT PENSION OFFSET PROVI-**
2 **SION.**

3 (a) **IN GENERAL.**—Section 202(k) of the Social Secu-
4 rity Act (42 U.S.C. 402(k)) is amended by striking para-
5 graph (5).

6 (b) **CONFORMING AMENDMENTS.**—

7 (1) Section 202(b)(2) of the Social Security Act
8 (42 U.S.C. 402(b)(2)) is amended by striking “sub-
9 sections (k)(5) and (q)” and inserting “subsection
10 (q)”.

11 (2) Section 202(c)(2) of such Act (42 U.S.C.
12 402(c)(2)) is amended by striking “subsections
13 (k)(5) and (q)” and inserting “subsection (q)”.

14 (3) Section 202(e)(2)(A) of such Act (42
15 U.S.C. 402(e)(2)(A)) is amended by striking “sub-
16 section (k)(5), subsection (q),” and inserting “sub-
17 section (q)”.

18 (4) Section 202(f)(2)(A) of such Act (42 U.S.C.
19 402(f)(2)(A)) is amended by striking “subsection
20 (k)(5), subsection (q)” and inserting “subsection
21 (q)”.

22 **SEC. 3. REPEAL OF WINDFALL ELIMINATION PROVISIONS.**

23 (a) **IN GENERAL.**—Section 215 of the Social Security
24 Act (42 U.S.C. 415) is amended—

25 (1) in subsection (a), by striking paragraph (7);

1 (2) in subsection (d), by striking paragraph (3);

2 and

3 (3) in subsection (f), by striking paragraph (9).

4 (b) CONFORMING AMENDMENTS.—Subsections (e)(2)
5 and (f)(2) of section 202 of such Act (42 U.S.C. 402) are
6 each amended by striking “section 215(f)(5), 215(f)(6),
7 or 215(f)(9)(B)” in subparagraphs (C) and (D)(i) and in-
8 serting “paragraph (5) or (6) of section 215(f)”.

9 **SEC. 4. EFFECTIVE DATE.**

10 The amendments made by this Act shall apply with
11 respect to monthly insurance benefits payable under title
12 II of the Social Security Act for months after December
13 2015. Notwithstanding section 215(f) of the Social Secu-
14 rity Act, the Commissioner of Social Security shall adjust
15 primary insurance amounts to the extent necessary to take
16 into account the amendments made by section 3.

○

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.





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!

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		

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



**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
RETIREE HEALTHCARE BENEFITS PROGRAM
STAFF ACTIVITIES REPORT
JULY 2015
FOR INFORMATION ONLY**

Centers for Medicare and Medicaid Services (CMS) Medicare Part D Retiree Drug Subsidy (RDS) Application Reopening – Anthem Blue Cross Plan Years 7/1/2006 – 6/30/2007 and 7/1/2011-6/30/2012 – UPDATE

Plan Year: 2006 -2007

Staff submitted the final Reconciliation payment request to CMS in June. On July 1, 2015, staff received notification from CMS that the final payment request was approved. The final subsidy payment of \$5.3 Mil was received on July 3, 2015 and Financial and Accounting Division staff confirmed receipt of the wire transfer.

Plan Year: 2011-2012

Staff submitted the final Reconciliation payment request to CMS in June. On July 1, 2015, staff received notification from CMS that the final payment request was approved. The final subsidy payment of \$6.4 Mil was received on July 3, 2015 and Financial and Accounting Division staff confirmed receipt of the wire transfer.

Centers for Medicare and Medicaid Services (CMS) Medicare Part D Retiree Drug Subsidy (RDS) Applications Plan Years 7/1/2014 – 6/30/2015 – Interim Payment Requests

Staff completed the interim payment requests for the Plan Year 2014-2015 RDS applications for the following plans: Anthem Blue Cross, Cigna, Kaiser and LACFF Local 1014 and submitted the requests to CMS in June. On July 1, CMS approved the interim payment requests. The subsidy payments were

received from CMS on July 3, 2015, and Financial and Accounting Services Division confirmed receipt of the wire transfer.

Plan	Interim Payment Amount Received 7/3/2015
Anthem Blue Cross	\$3,807,171
Cigna Medical HMO	\$ 104,207
Kaiser HMO	\$ 130,113
LACFF Local 1014 Medical Plan	\$ 376,665
TOTAL	\$ 4.4 Mil

The total subsidy amount received for the Plan Year 2014/2015 to-date including the total amount above is: \$9.0 Mil.

LACERA Retiree Healthcare Annual Carrier Summit Meeting

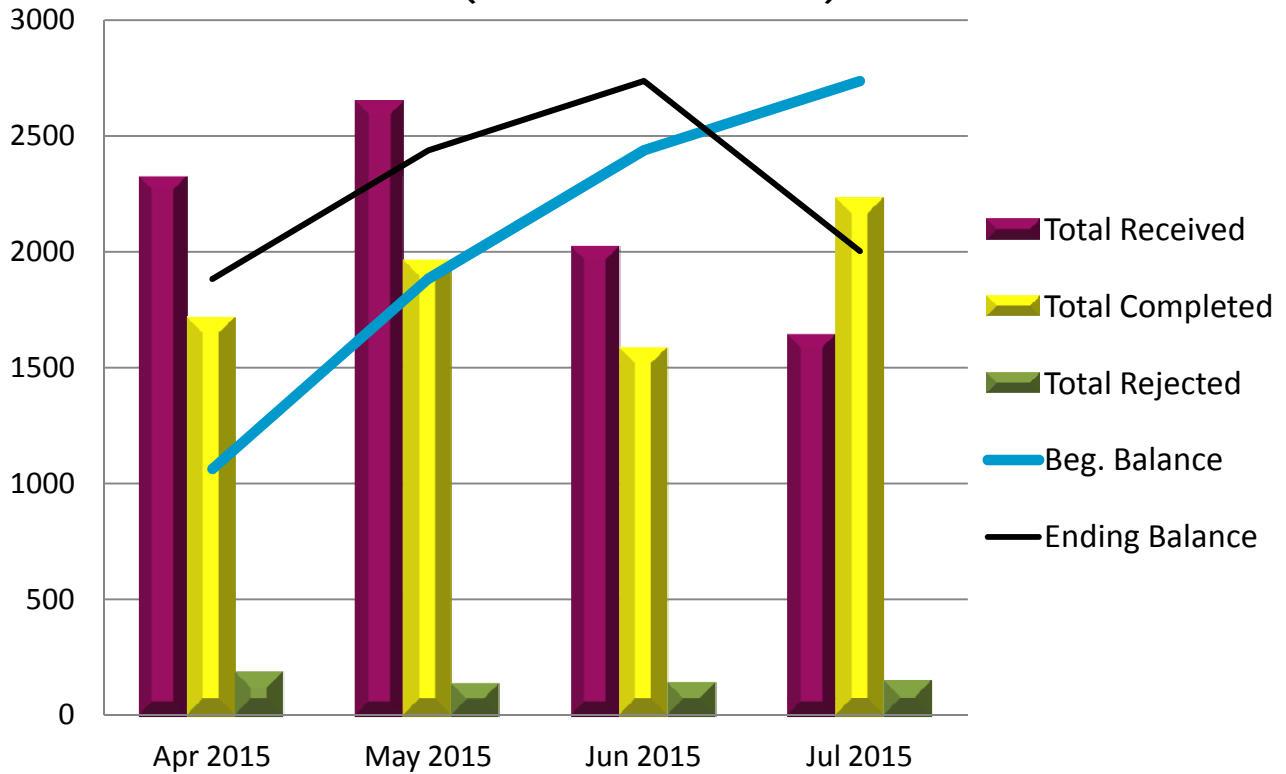
The annual Carrier Summit Meeting was held on July 22, 2015, hosted by LACERA. Representatives from each of our carriers (Anthem Blue Cross, Cigna, Kaiser, United Healthcare, and SCAN) were present, in addition to staff and representatives from Aon.

The agenda for the meeting included the following topics:

- Discussion of Electronic Eligibility Reporting
- Carrier Updates – presentation by a representative from each carrier
- Staying Healthy Together Program Fall Workshop Topics.
 - Mental Health and Musculoskeletal Health are two possible topics

Retiree Healthcare Division Insurance Status Report Apr. 2015 - July 2015

RETIREE HEALTHCARE ENROLLMENT SUMMARY (ROLLING 4 MONTHS)

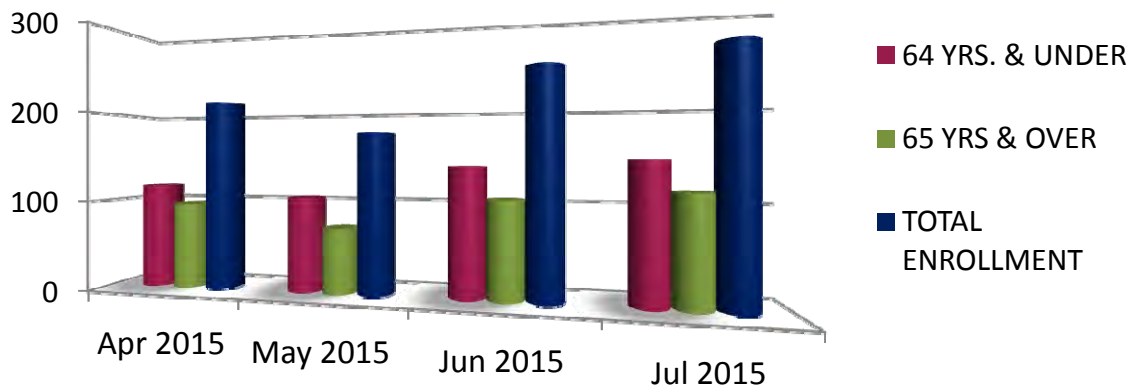


Date	Beg. Balance	Total Received	Total Completed	Total Rejected	Ending Balance
Apr 2015	1062	2321	1713	183	1883
May 2015	1883	2648	1959	134	2438
Jun 2015	2438	2019	1582	138	2737
Jul 2015	2737	1639	2228	146	2002

Retirees Monthly Age Breakdown Apr. 2015 - July 2015

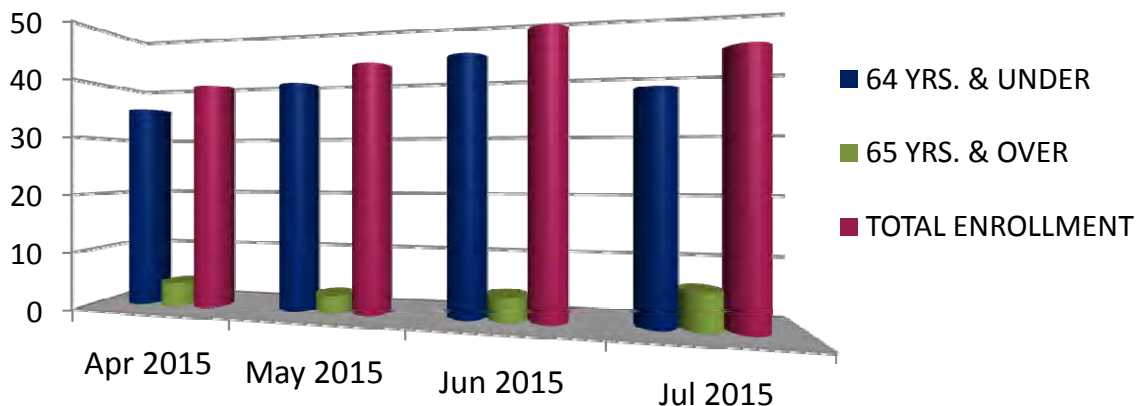
Service Retirement

MONTH	64 YRS. & UNDER	65 YRS & OVER	TOTAL ENROLLMENT
Apr 2015	116	95	211
May 2015	104	71	175
Jun 2015	139	105	244
Jul 2015	147	115	262



Disability Retirement

MONTH	64 YRS. & UNDER	65 YRS. & OVER	TOTAL ENROLLMENT
Apr 2015	35	4	39
May 2015	39	3	42
Jun 2015	43	4	47
Jul 2015	37	6	43



Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2015

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
221	1	(\$104.90)	0	\$0.00
240	6,057	\$637,272.50	9	\$210.00
241	193	\$20,245.70	1	\$62.90
242	856	\$89,269.90	0	\$0.00
243	3,491	\$726,107.00	9	\$482.70
244	13	\$1,363.70	0	\$0.00
245	38	\$4,091.10	0	\$0.00
246	15	\$1,573.50	0	\$0.00
247	73	\$7,867.50	0	\$0.00
248	9	\$1,888.20	1	\$31.50
249	32	\$7,133.20	0	\$0.00
250	12	\$2,517.60	0	\$0.00
Plan Total:	10,790	\$1,499,225.00	20	\$787.10
CIGNA-HEALTHSPRING PREFERRED with RX				
321	22	\$2,412.70	0	\$0.00
322	8	\$944.10	0	\$0.00
324	17	\$3,147.00	0	\$0.00
327	2	\$209.80	0	\$0.00
329	1	\$209.80	0	\$0.00
Plan Total:	50	\$6,923.40	0	\$0.00
KAISER SR. ADVANTAGE				
401	1	(\$868.90)	0	\$0.00
403	9,133	\$966,968.30	5	\$147.00
404	2	(\$209.80)	5	\$147.00
413	1,681	\$176,450.30	0	\$0.00
418	4,522	\$943,491.50	7	\$294.00
419	236	\$25,595.60	0	\$0.00
426	194	\$20,350.60	0	\$0.00
427	167	\$17,518.30	0	\$0.00
445	2	\$209.80	0	\$0.00
451	26	\$2,727.40	0	\$0.00
457	13	\$2,727.40	0	\$0.00
462	53	\$5,559.70	0	\$0.00
465	17	\$1,783.30	0	\$0.00
466	19	\$3,986.20	0	\$0.00
472	29	\$3,147.00	0	\$0.00
476	5	\$524.50	0	\$0.00
478	12	\$2,517.60	0	\$0.00
482	73	\$7,867.50	1	\$10.50
486	12	\$1,258.80	0	\$0.00
488	41	\$7,972.40	1	\$10.50
491	1	\$104.90	0	\$0.00
492	1	\$104.90	0	\$0.00
493	1	\$104.90	0	\$0.00
Plan Total:	16,241	\$2,189,892.20	19	\$609.00

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2015

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	265	\$27,693.60	0	\$0.00
613	93	\$20,035.90	0	\$0.00
Plan Total:	358	\$47,729.50	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,380	\$144,971.80	1	\$31.50
702	288	\$30,945.50	0	\$0.00
703	742	\$155,125.10	1	\$10.50
704	56	\$5,874.40	0	\$0.00
705	17	\$3,566.60	0	\$0.00
707	1	(\$209.80)	0	\$0.00
Plan Total:	2,484	\$340,273.60	2	\$42.00
Grand Total:	29,923	\$4,084,043.70	41	\$1,438.10

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2015

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
221	1	(\$104.90)	0	\$0.00
240	6,057	\$637,272.50	9	\$210.00
241	193	\$20,245.70	1	\$62.90
242	856	\$89,269.90	0	\$0.00
243	3,491	\$726,107.00	9	\$482.70
244	13	\$1,363.70	0	\$0.00
245	38	\$4,091.10	0	\$0.00
246	15	\$1,573.50	0	\$0.00
247	73	\$7,867.50	0	\$0.00
248	9	\$1,888.20	1	\$31.50
249	32	\$7,133.20	0	\$0.00
250	12	\$2,517.60	0	\$0.00
Plan Total:	10,790	\$1,499,225.00	20	\$787.10
CIGNA-HEALTHSPRING PREFERRED with RX				
321	22	\$2,412.70	0	\$0.00
322	8	\$944.10	0	\$0.00
324	17	\$3,147.00	0	\$0.00
327	2	\$209.80	0	\$0.00
329	1	\$209.80	0	\$0.00
Plan Total:	50	\$6,923.40	0	\$0.00
KAISER SR. ADVANTAGE				
401	1	(\$868.90)	0	\$0.00
403	9,133	\$966,968.30	5	\$147.00
404	2	(\$209.80)	5	\$147.00
413	1,681	\$176,450.30	0	\$0.00
418	4,522	\$943,491.50	7	\$294.00
419	236	\$25,595.60	0	\$0.00
426	194	\$20,350.60	0	\$0.00
427	167	\$17,518.30	0	\$0.00
445	2	\$209.80	0	\$0.00
451	26	\$2,727.40	0	\$0.00
457	13	\$2,727.40	0	\$0.00
462	53	\$5,559.70	0	\$0.00
465	17	\$1,783.30	0	\$0.00
466	19	\$3,986.20	0	\$0.00
472	29	\$3,147.00	0	\$0.00
476	5	\$524.50	0	\$0.00
478	12	\$2,517.60	0	\$0.00
482	73	\$7,867.50	1	\$10.50
486	12	\$1,258.80	0	\$0.00
488	41	\$7,972.40	1	\$10.50
491	1	\$104.90	0	\$0.00
492	1	\$104.90	0	\$0.00
493	1	\$104.90	0	\$0.00
Plan Total:	16,241	\$2,189,892.20	19	\$609.00

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2015

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	265	\$27,693.60	0	\$0.00
613	93	\$20,035.90	0	\$0.00
Plan Total:	358	\$47,729.50	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,380	\$144,971.80	1	\$31.50
702	288	\$30,945.50	0	\$0.00
703	742	\$155,125.10	1	\$10.50
704	56	\$5,874.40	0	\$0.00
705	17	\$3,566.60	0	\$0.00
707	1	(\$209.80)	0	\$0.00
Plan Total:	2,484	\$340,273.60	2	\$42.00
LOCAL 1014				
804	162	\$19,679.40	0	\$0.00
805	171	\$18,483.30	0	\$0.00
806	545	\$117,719.70	0	\$0.00
807	32	\$3,608.60	0	\$0.00
808	6	\$1,363.70	0	\$0.00
812	200	\$21,777.40	0	\$0.00
Plan Total:	1,116	\$182,632.10	0	\$0.00
Grand Total:	31,039	\$4,266,675.80	41	\$1,291.10

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Medical Plan							
Anthem Blue Cross Prudent Buyer Plan							
201	817	\$690,346.06	\$116,265.39	\$563,257.00	\$679,522.39	(\$1,014.76)	\$678,507.63
202	459	\$771,612.12	\$78,187.46	\$660,672.89	\$738,860.35	\$0.00	\$738,860.35
203	113	\$213,051.18	\$52,701.97	\$160,349.22	\$213,051.19	\$0.00	\$213,051.19
204	38	\$42,164.85	\$17,939.33	\$27,261.48	\$45,200.81	\$0.00	\$45,200.81
205	1	\$228.33	\$9.13	\$219.20	\$228.33	\$0.00	\$228.33
SUBTOTAL	1,428	\$1,717,402.54	\$265,103.28	\$1,411,759.79	\$1,676,863.07	(\$1,014.76)	\$1,675,848.31
Anthem Blue Cross I							
211	1,024	\$1,091,485.33	\$83,419.12	\$1,010,965.92	\$1,094,385.04	(\$2,899.71)	\$1,091,485.33
212	387	\$745,654.65	\$37,110.12	\$699,286.44	\$736,396.56	(\$3,833.70)	\$732,562.86
213	40	\$90,450.40	\$13,522.31	\$79,533.76	\$93,056.07	\$0.00	\$93,056.07
214	17	\$23,910.16	\$5,766.56	\$18,143.60	\$23,910.16	\$0.00	\$23,910.16
215	4	\$1,406.04	\$414.78	\$991.26	\$1,406.04	\$0.00	\$1,406.04
SUBTOTAL	1,472	\$1,952,906.58	\$140,232.89	\$1,808,920.98	\$1,949,153.87	(\$6,733.41)	\$1,942,420.46
Anthem Blue Cross II							
221	2,120	\$2,259,491.54	\$143,265.41	\$2,120,174.38	\$2,263,439.79	(\$1,495.78)	\$2,261,944.01
222	1,979	\$3,827,949.45	\$103,788.59	\$3,649,528.11	\$3,753,316.70	(\$782.58)	\$3,752,534.12
223	470	\$1,069,575.98	\$44,337.85	\$1,028,785.06	\$1,073,122.91	(\$1,953.41)	\$1,071,169.50
224	106	\$151,899.84	\$14,514.87	\$140,159.10	\$154,673.97	\$4,028.22	\$158,702.19
225	2	\$703.02	\$175.75	\$527.27	\$703.02	\$0.00	\$703.02
SUBTOTAL	4,677	\$7,309,619.83	\$306,082.47	\$6,939,173.92	\$7,245,256.39	(\$203.55)	\$7,245,052.84

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	6,073	\$2,606,067.30	\$424,346.89	\$2,185,983.53	\$2,610,330.42	(\$2,919.00)	\$2,607,411.42
241	193	\$266,278.58	\$32,749.43	\$232,156.58	\$264,906.01	(\$1,372.57)	\$263,533.44
242	859	\$1,192,763.33	\$87,607.75	\$1,081,148.01	\$1,168,755.76	(\$2,558.55)	\$1,166,197.21
243	3,491	\$3,000,593.82	\$358,334.44	\$2,610,221.15	\$2,968,555.59	(\$5,978.98)	\$2,962,576.61
244	13	\$9,988.29	\$1,920.82	\$8,067.47	\$9,988.29	\$0.00	\$9,988.29
245	38	\$29,196.54	\$4,179.72	\$25,785.15	\$29,964.87	\$0.00	\$29,964.87
246	15	\$25,681.50	\$3,355.71	\$22,325.79	\$25,681.50	\$0.00	\$25,681.50
247	75	\$128,407.50	\$9,553.52	\$124,669.34	\$134,222.86	\$1,479.18	\$135,702.04
248	9	\$10,742.31	\$1,193.59	\$9,548.72	\$10,742.31	\$0.00	\$10,742.31
249	32	\$38,194.88	\$5,514.38	\$36,261.27	\$41,775.65	\$0.00	\$41,775.65
250	12	\$16,053.24	\$481.60	\$15,571.64	\$16,053.24	\$0.00	\$16,053.24
SUBTOTAL	10,810	\$7,323,967.29	\$929,237.85	\$6,351,738.65	\$7,280,976.50	(\$11,349.92)	\$7,269,626.58
CIGNA Network Model Plan							
301	406	\$524,221.90	\$111,325.31	\$406,446.92	\$517,772.23	(\$2,515.32)	\$515,256.91
302	189	\$447,969.28	\$80,237.67	\$343,643.74	\$423,881.41	\$0.00	\$423,881.41
303	30	\$81,784.50	\$23,069.54	\$55,988.81	\$79,058.35	\$0.00	\$79,058.35
304	22	\$37,354.68	\$12,234.94	\$25,119.74	\$37,354.68	\$0.00	\$37,354.68
305	1	\$423.95	\$118.71	\$305.24	\$423.95	\$0.00	\$423.95
SUBTOTAL	648	\$1,091,754.31	\$226,986.17	\$831,504.45	\$1,058,490.62	(\$2,515.32)	\$1,055,975.30

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
CIGNA Medicare Select Plus Rx - Phoenix, AZ							
321	22	\$7,367.80	\$1,969.23	\$5,733.47	\$7,702.70	\$0.00	\$7,702.70
322	8	\$10,918.00	\$1,200.98	\$11,081.77	\$12,282.75	\$0.00	\$12,282.75
324	16	\$11,301.60	\$1,409.38	\$8,562.62	\$9,972.00	\$0.00	\$9,972.00
327	2	\$3,562.60	\$0.00	\$3,562.60	\$3,562.60	\$0.00	\$3,562.60
329	1	\$1,136.12	\$0.00	\$1,136.12	\$1,136.12	\$0.00	\$1,136.12
SUBTOTAL	49	\$34,286.12	\$4,579.59	\$30,076.58	\$34,656.17	\$0.00	\$34,656.17

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,851	\$1,623,105.20	\$145,169.96	\$1,455,876.08	\$1,601,046.04	(\$868.90)	\$1,600,177.14
403	9,221	\$2,211,028.80	\$250,918.46	\$1,983,368.88	\$2,234,287.34	(\$4,962.00)	\$2,229,325.34
404	478	\$469,555.20	\$15,241.12	\$456,144.65	\$471,385.77	\$0.00	\$471,385.77
405	848	\$754,847.20	\$20,776.08	\$734,134.39	\$754,910.47	\$2,628.27	\$757,538.74
406	51	\$90,226.64	\$28,663.72	\$44,016.31	\$72,680.03	(\$7,902.97)	\$64,777.06
411	1,808	\$3,160,627.20	\$159,188.37	\$2,971,070.71	\$3,130,259.08	(\$41.08)	\$3,130,218.00
413	1,682	\$1,873,743.00	\$85,618.95	\$1,777,488.93	\$1,863,107.88	(\$2,207.00)	\$1,860,900.88
414	147	\$272,636.72	\$4,789.59	\$264,162.85	\$268,952.44	\$0.00	\$268,952.44
418	4,520	\$2,148,126.00	\$183,267.95	\$1,958,497.25	\$2,141,765.20	(\$2,845.20)	\$2,138,920.00
419	238	\$288,655.92	\$5,967.17	\$283,901.59	\$289,868.76	\$0.00	\$289,868.76
420	121	\$236,129.08	\$1,561.20	\$230,664.92	\$232,226.12	\$3,902.96	\$236,129.08
421	7	\$6,082.30	\$903.67	\$5,178.63	\$6,082.30	\$0.00	\$6,082.30
422	208	\$364,842.40	\$1,403.23	\$363,439.17	\$364,842.40	\$0.00	\$364,842.40
423	16	\$42,076.53	\$4,564.21	\$33,431.04	\$37,995.25	(\$400.53)	\$37,594.72
426	194	\$218,201.50	\$3,689.17	\$214,512.33	\$218,201.50	\$0.00	\$218,201.50
427	169	\$311,938.51	\$4,060.72	\$307,877.79	\$311,938.51	(\$1,845.79)	\$310,092.72
428	38	\$72,672.21	\$1,788.86	\$67,156.57	\$68,945.43	\$0.00	\$68,945.43
429	6	\$15,506.58	\$2,029.47	\$13,477.11	\$15,506.58	(\$5,092.37)	\$10,414.21
430	132	\$236,114.90	\$3,231.04	\$230,223.41	\$233,454.45	\$0.00	\$233,454.45
431	10	\$24,963.40	\$2,350.80	\$22,612.60	\$24,963.40	\$0.00	\$24,963.40
432	9	\$28,956.42	\$7,648.96	\$18,090.08	\$25,739.04	\$0.00	\$25,739.04
SUBTOTAL	21,754	\$14,450,035.71	\$932,832.70	\$13,435,325.29	\$14,368,157.99	(\$19,634.61)	\$14,348,523.38

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	6	\$7,417.27	\$1,101.99	\$4,196.06	\$5,298.05	\$0.00	\$5,298.05
451	26	\$8,844.16	\$1,170.16	\$7,674.00	\$8,844.16	\$0.00	\$8,844.16
453	1	\$2,346.33	\$429.48	\$1,916.85	\$2,346.33	\$0.00	\$2,346.33
454	1	\$3,168.92	\$907.66	\$2,261.26	\$3,168.92	\$0.00	\$3,168.92
457	13	\$8,779.16	\$1,701.80	\$7,077.36	\$8,779.16	\$0.00	\$8,779.16
SUBTOTAL	47	\$30,555.84	\$5,311.09	\$23,125.53	\$28,436.62	\$0.00	\$28,436.62
Kaiser - Georgia							
440	1	\$1,010.58	\$0.00	\$1,010.58	\$1,010.58	\$0.00	\$1,010.58
441	2	\$2,021.16	\$0.00	\$2,021.16	\$2,021.16	\$0.00	\$2,021.16
442	4	\$4,042.32	\$0.00	\$5,052.90	\$5,052.90	(\$879.41)	\$4,173.49
445	2	\$2,783.56	\$0.00	\$2,783.56	\$2,783.56	\$0.00	\$2,783.56
461	15	\$15,158.70	\$2,162.65	\$11,985.47	\$14,148.12	\$0.00	\$14,148.12
462	55	\$21,241.00	\$3,305.87	\$17,935.13	\$21,241.00	\$0.00	\$21,241.00
463	7	\$14,113.05	\$1,554.22	\$10,542.68	\$12,096.90	\$0.00	\$12,096.90
465	17	\$23,660.26	\$1,391.78	\$22,268.48	\$23,660.26	\$0.00	\$23,660.26
466	19	\$14,580.60	\$859.49	\$13,721.11	\$14,580.60	\$0.00	\$14,580.60
SUBTOTAL	122	\$98,611.23	\$9,274.01	\$87,321.07	\$96,595.08	(\$879.41)	\$95,715.67

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	6	\$5,805.84	\$1,083.76	\$4,722.08	\$5,805.84	\$0.00	\$5,805.84
472	29	\$10,238.16	\$2,075.87	\$8,515.33	\$10,591.20	\$0.00	\$10,591.20
473	2	\$2,851.82	\$853.77	\$1,998.05	\$2,851.82	\$0.00	\$2,851.82
474	2	\$3,460.56	\$830.53	\$2,630.03	\$3,460.56	\$0.00	\$3,460.56
476	5	\$6,078.40	\$2,285.48	\$3,792.92	\$6,078.40	\$0.00	\$6,078.40
478	12	\$8,412.96	\$532.82	\$7,880.14	\$8,412.96	\$0.00	\$8,412.96
SUBTOTAL	56	\$36,847.74	\$7,662.23	\$29,538.55	\$37,200.78	\$0.00	\$37,200.78
Kaiser - Oregon							
481	8	\$8,666.64	\$1,949.80	\$6,716.84	\$8,666.64	\$0.00	\$8,666.64
482	73	\$32,689.40	\$4,666.06	\$28,923.48	\$33,589.54	\$0.00	\$33,589.54
484	6	\$12,969.96	\$2,949.21	\$7,859.09	\$10,808.30	\$0.00	\$10,808.30
486	12	\$18,313.56	\$1,922.92	\$17,916.77	\$19,839.69	\$0.00	\$19,839.69
488	40	\$36,514.60	\$4,648.94	\$29,184.78	\$33,833.72	\$0.00	\$33,833.72
491	1	\$1,419.46	\$0.00	\$1,419.46	\$1,419.46	\$0.00	\$1,419.46
492	1	\$1,584.47	\$316.89	\$1,267.58	\$1,584.47	\$0.00	\$1,584.47
493	1	\$2,604.46	\$343.20	\$2,261.26	\$2,604.46	\$0.00	\$2,604.46
495	1	\$2,278.34	\$361.49	\$1,916.85	\$2,278.34	\$0.00	\$2,278.34
498	2	\$4,440.00	\$606.30	\$3,833.70	\$4,440.00	\$0.00	\$4,440.00
SUBTOTAL	145	\$121,480.89	\$17,764.81	\$101,299.81	\$119,064.62	\$0.00	\$119,064.62
SCAN Health Plan							
611	267	\$91,388.00	\$19,416.54	\$71,630.46	\$91,047.00	(\$879.00)	\$90,168.00
613	93	\$62,961.00	\$12,932.72	\$51,963.28	\$64,896.00	\$0.00	\$64,896.00
SUBTOTAL	360	\$154,349.00	\$32,349.26	\$123,593.74	\$155,943.00	(\$879.00)	\$155,064.00

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
UHC Medicare Adv.							
701	1,385	\$435,370.32	\$55,629.56	\$380,668.40	\$436,297.96	(\$1,504.01)	\$434,793.95
702	290	\$365,400.04	\$21,923.90	\$344,518.56	\$366,442.46	\$0.00	\$366,442.46
703	739	\$462,444.08	\$54,384.39	\$407,475.89	\$461,860.28	(\$1,246.48)	\$460,613.80
704	57	\$80,531.31	\$4,153.73	\$76,377.58	\$80,531.31	\$0.00	\$80,531.31
705	17	\$13,339.90	\$690.53	\$12,649.37	\$13,339.90	\$0.00	\$13,339.90
SUBTOTAL	2,488	\$1,357,085.65	\$136,782.11	\$1,221,689.80	\$1,358,471.91	(\$2,750.49)	\$1,355,721.42
United Healthcare							
707	421	\$401,398.50	\$46,059.10	\$345,468.52	\$391,527.62	\$2,772.61	\$394,300.23
708	347	\$602,437.50	\$25,500.98	\$573,280.74	\$598,781.72	\$0.00	\$598,781.72
709	190	\$389,823.36	\$28,504.89	\$362,110.12	\$390,615.01	\$0.00	\$390,615.01
SUBTOTAL	958	\$1,393,659.36	\$100,064.97	\$1,280,859.38	\$1,380,924.35	\$2,772.61	\$1,383,696.96

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	42	\$41,541.78	\$2,096.87	\$39,444.91	\$41,541.78	\$897.30	\$42,439.08
802	266	\$474,387.06	\$12,269.84	\$489,268.04	\$501,537.88	(\$1,617.90)	\$499,919.98
803	218	\$458,604.42	\$13,042.86	\$585,494.08	\$598,536.94	\$0.00	\$598,536.94
804	162	\$160,232.58	\$9,455.64	\$150,776.94	\$160,232.58	(\$18,690.31)	\$141,542.27
805	171	\$304,963.11	\$7,525.97	\$311,896.47	\$319,422.44	(\$18,483.30)	\$300,939.14
806	545	\$971,958.45	\$40,554.66	\$931,403.79	\$971,958.45	(\$118,440.30)	\$853,518.15
807	33	\$69,421.77	\$1,598.81	\$86,788.98	\$88,387.79	(\$3,608.60)	\$84,779.19
808	6	\$12,622.14	\$0.00	\$13,493.82	\$13,493.82	(\$1,363.70)	\$12,130.12
809	23	\$22,749.07	\$2,175.99	\$20,573.08	\$22,749.07	(\$897.30)	\$21,851.77
810	5	\$8,917.05	\$2,033.08	\$15,548.47	\$17,581.55	\$0.00	\$17,581.55
811	5	\$10,518.45	\$168.30	\$12,093.51	\$12,261.81	\$0.00	\$12,261.81
812	200	\$197,818.00	\$19,168.45	\$178,649.55	\$197,818.00	(\$20,788.31)	\$177,029.69
SUBTOTAL	1,676	\$2,733,733.88	\$110,090.47	\$2,835,431.64	\$2,945,522.11	(\$182,992.42)	\$2,762,529.69
Medical Plan Total	46,690	\$39,806,295.97	\$3,224,353.90	\$36,511,359.18	\$39,735,713.08	(\$226,180.28)	\$39,509,532.80

Medical and Dental Vision Insurance Premiums August 2015

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<u>Dental/Vision Plan</u>							
CIGNA Indemnity Dental/Vision							
501	22,071	\$1,029,288.63	\$125,496.04	\$907,104.91	\$1,032,600.95	(\$1,772.67)	\$1,030,828.28
502	20,220	\$2,019,840.72	\$163,923.83	\$1,855,876.12	\$2,019,799.95	(\$2,143.34)	\$2,017,656.61
503	12	\$694.80	\$137.81	\$556.99	\$694.80	\$0.00	\$694.80
SUBTOTAL	42,303	\$3,049,824.15	\$289,557.68	\$2,763,538.02	\$3,053,095.70	(\$3,916.01)	\$3,049,179.69
CIGNA Dental HMO/Vision							
901	3,134	\$132,475.51	\$18,334.32	\$115,144.82	\$133,479.14	(\$83.13)	\$133,396.01
902	2,177	\$194,804.80	\$18,675.93	\$177,086.00	\$195,761.93	(\$532.91)	\$195,229.02
903	4	\$171.20	\$49.65	\$121.55	\$171.20	\$0.00	\$171.20
SUBTOTAL	5,315	\$327,451.51	\$37,059.90	\$292,352.37	\$329,412.27	(\$616.04)	\$328,796.23
Dental/Vision Plan Total	47,618	\$3,377,275.66	\$326,617.58	\$3,055,890.39	\$3,382,507.97	(\$4,532.05)	\$3,377,975.92
GRAND TOTALS	94,308	\$43,183,571.63	\$3,550,971.48	\$39,567,249.57	\$43,118,221.05	(\$230,712.33)	\$42,887,508.72

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Anthem Blue Cross Prudent Buyer Plan</u>		
\$630.26	201	Retiree Only
\$1,239.88	202	Retiree and Spouse/Domestic Partner
\$1,399.26	203	Retiree, Spouse/Domestic Partner and Children
\$810.01	204	Retiree and Children
\$172.06	205	Survivor Children Only Rates
<u>Anthem Blue Cross Plan I</u>		
\$904.25	211	Retiree Only
\$1,630.31	212	Retiree and Spouse/Domestic Partner
\$1,923.10	213	Retiree, Spouse/Domestic Partner and Children
\$1,196.44	214	Retiree and Children
\$299.58	215	Survivor Children Only Rates
<u>Anthem Blue Cross Plan II</u>		
\$904.25	221	Retiree Only
\$1,630.31	222	Retiree and Spouse/Domestic Partner
\$1,923.10	223	Retiree, Spouse/Domestic Partner and Children
\$1,196.44	224	Retiree and Children
\$299.58	225	Survivor Children Only Rates
<u>Anthem Blue Cross Plan III</u>		
\$365.20	240	Retiree Only with Medicare
\$1,167.61	241	Retiree and Spouse/Domestic Partner - One with Medicare (Non-Medicare has Anthem Blue Cross I)
\$1,167.61	242	Retiree and Spouse/Domestic Partner - One with Medicare (Non-Medicare has Anthem Blue Cross II)
\$726.87	243	Retiree and Spouse/Domestic Partner - Both with Medicare
\$653.93	244	Retiree and Children (Retiree has Medicare; Children have Anthem Blue Cross I)
\$653.93	245	Retiree and Children (Retiree has Medicare; Children have Anthem Blue Cross II)
\$1,456.25	246	Retiree, Spouse/Domestic Partner and Children - One with Medicare (Non-Medicare has Anthem Blue Cross I)
\$1,456.25	247	Retiree, Spouse/Domestic Partner and Children - One with Medicare (Non-Medicare has Anthem Blue Cross II)
\$1,015.45	248	Retiree, Spouse/Domestic Partner and Children - Two with Medicare (Children have Anthem Blue Cross I)
\$1,015.45	249	Retiree, Spouse/Domestic Partner and Children - Two with Medicare (Children have Anthem Blue Cross II)
\$1,138.02	250	Member, Spouse/Domestic Partner, Child (3 with Medicare)

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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CIGNA Network Model Plan

\$1,143.49	301	Retiree Only
\$2,064.71	302	Retiree and Spouse/Domestic Partner
\$2,438.35	303	Retiree, Spouse/Domestic Partner and Children
\$1,517.57	304	Retiree and Children
\$378.87	305	Survivor Children Only Rates

CIGNA Medicare Select Plus Rx (Available in the Phoenix, AZ area only)

\$328.00	321	Retiree Only with Medicare
\$1,249.22	322	Retiree and Spouse/Domestic Partner/Domestic Partner - One with Medicare
\$651.00	324	Retiree and Spouse/Domestic Partner -Both with Medicare
\$702.09	325	Retiree and Children
\$1,622.87	327	Retiree, Spouse/Domestic Partner and Children - One with Medicare
\$1,025.09	329	Retiree, Spouse/Domestic Partner and Children - Two with Medicare

Kaiser

\$774.10	401	Retiree Only ("Basic")
N/A	402	Retiree Only ("Supplement")
\$235.64	403	Retiree Only ("Senior Advantage")
\$894.95	404	Retiree Only ("Excess I")
\$795.39	405	Retiree Only - ("Excess II")
\$1,408.39	406	Retiree Only ("Excess III")
\$1,543.20	411	Retiree and Family (All family members are "Basic")
N/A	412	Retiree and Family (One family member is "Supplement"; others are "Basic")
\$1,004.74	413	Retiree and Family (One family member is "Senior Advantage"; others are "Basic")
\$1,664.05	414	Retiree and Family (One family member is "Excess I"; others are "Basic")
N/A	415	Retiree and Family (Two or more family members are "Supplement")
N/A	416	Retiree and Family (One family member is "Senior Advantage"; others are "Supplement")
N/A	417	Retiree and Family (One family member is "Excess I"; others are "Supplement")
\$466.28	418	Retiree and Family (Two or more family members are "Senior Advantage")
\$1,125.59	419	Retiree and Family (One family member is "Excess I"; others are "Senior Advantage")
\$1,784.90	420	Retiree and Family (Two or more family members are "Excess I")
N/A	421	Survivor Children Only Rates
\$1,564.49	422	Retiree and Family (One family member is "Excess II"; others are "Basic")
\$2,177.49	423	Retiree and Family (One family member is "Excess III"; others are "Basic")

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser (continued)</u>		
N/A	424	Retiree and Family (One family member is "Supplement"; others are "Excess II")
N/A	425	Retiree and Family (One family member is "Supplement"; others are "Excess III")
\$1,026.03	426	Retiree and Family (One family member is "Senior Advantage"; others are "Excess II")
\$1,639.03	427	Retiree and Family (One family member is "Senior Advantage"; others are "Excess III")
\$1,685.34	428	Retiree and Family (One family member is "Excess I"; others are "Excess II")
\$2,298.34	429	Retiree and Family One family member is "Excess I"; others are "Excess III")
\$1,585.78	430	Retiree and Family (Two or more family members are "Excess II")
\$2,198.78	431	Retiree and Family (One family member is "Excess II"; others are "Excess III")
\$2,811.78	432	Retiree and Family (Two or more family members are "Excess III")
<u>Kaiser Colorado</u>		
\$793.06	450	Retiree Only ("Basic" under age 65)
\$327.27	451	Retiree Only ("Senior Advantage")
\$1,754.57	453	Retiree and Family (Two family members are "Basic")
\$2,369.25	454	Retiree and Family (Three or more family members are "Basic")
\$1,115.33	455	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic")
\$649.55	457	Retiree and Family (Two family members are "Senior Advantage")
\$1,857.56	458	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,437.60	459	Retiree and Family (Two family members are "Senior Advantage"; one or more are "Basic")
<u>Kaiser Georgia</u>		
\$847.24	440	Retiree Only ("Basic" over age 65 with Medicare Part B only)
\$847.24	441	Retiree Only ("Basic over age 65 with Medicare Part A only)
\$847.24	442	Retiree Only ("Basic over age 65 without Medicare Part A or Medicare Part B)
\$361.11	443	Retiree Only ("Basic" over age 65 - Medicare eligible who is classified as having renal failure)
\$1,203.35	444	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 with Medicare Part B only)
\$1,203.35	445	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 with Medicare Part A only)
\$1,203.35	446	Retiree and Family (One family member is "Senior Advantage"; one family member is "Basic" over age 65 without Medicare Part A and B)
\$847.24	461	Retiree Only ("Basic" under age 65)
\$361.11	462	Retiree Only ("Senior Advantage")

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser Georgia (continued)</u>		
\$1,689.48	463	Retiree and Family (Two family members are "Basic")
\$2,531.72	464	Retiree and Family (Three or more family members are "Basic")
\$1,203.35	465	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
\$717.22	466	Retiree and Family (Two family members are "Senior Advantage")
\$2,045.59	467	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,559.46	468	Retiree and Family (Two family members are "Senior Advantage"; one is "Basic")
\$1,915.57	469	Retiree and Family (Three or more family members are "Senior Advantage"; one is "Basic")
\$2,045.59	470	Retiree and Family (Three or more family members are "Basic"; one is "Senior Advantage")
<u>Kaiser Hawaii</u>		
\$795.16	471	Retiree Only ("Basic" under age 65)
\$346.45	472	Retiree Only ("Senior Advantage")
\$1,381.42	473	Retiree Only (Over age 65 without Medicare Part A or Medicare Part B)
\$1,585.31	474	Retiree and Family (Two family members are "Basic")
\$2,375.47	475	Retiree and Family (Three or more family members are "Basic")
\$1,136.61	476	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
\$2,171.58	477	Retiree and Family (One family member is "Basic" under age 65; one is over age 65 without Medicare Part A or Medicare Part B)
\$687.90	478	Retiree and Family (Two family members are "Senior Advantage")
\$1,722.87	479	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B)
<u>Kaiser Oregon</u>		
\$806.67	481	Retiree Only ("Basic" under age 65)
\$465.92	482	Retiree Only ("Senior Advantage")
\$1,205.27	483	Retiree Only (Over age 65 without Medicare Part A or Medicare Part B)
\$1,608.34	484	Retiree and Family (Two family members are "Basic")
\$2,410.01	485	Retiree and Family (Three or more family members are "Basic")
\$1,267.59	486	Retiree and Family (One family member is "Senior Advantage"; one is "Basic")
N/A	487	Retiree Only (Medicare Cost "Supplement" program)
\$926.84	488	Retiree and Family (Two family members are "Senior Advantage")
\$1,110.84	489	Retiree Only (Over age 65 with Medicare Part A only)
\$1,205.27	490	Retiree Only (Over age 65 with Medicare Part B only)

*Benchmark premiums are bolded.

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
<u>Kaiser Oregon (continued)</u>		
\$1,571.76	491	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 with Medicare Par A only)
\$1,666.19	492	Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B)
\$2,069.26	493	Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic")
\$1,728.51	494	Retiree and Family (Two family members are "Senior Advantage"; one is "Basic")
\$2,405.54	495	Retiree and Family (Two family members are over age 65 without Medicare Part A or Medicare Part B)
\$2,216.68	496	Retiree and Family (Two family members are over age 65 with Medicare Part A only)
\$2,216.68	497	Retiree and Family (One family member is "Basic"; one is over age 65 with Medicare Part A only)
\$2,006.94	498	Retiree and Family (One family member is "Basic"; one is over age 65 without Medicare Part A or Medicare Part B)

Kaiser Rate Category Definitions

"Basic" - includes those who are under age 65

Medicare Cost ("Supplement")

- Includes people who have both Part A and Part B of Medicare, who were enrolled in Kaiser's Medicare supplement ("M" coverage) before July 1, 1987, and who chose to stay in that Kaiser arrangement.
- It is not open to new enrollments.
- People who have left it cannot return to it.

"Senior Advantage"

- Includes participants who are age 65 or older and who have assigned both Medicare Part A and Part B to Kaiser.

"Excess I"

- Is for participants who have Medicare Part A only.

"Excess II"

- Is for participants in the Excess Plan who either have Medicare Part B only or are not eligible for Medicare.

"Excess III"

- Is for participants in the Excess Plan who either have Medicare Parts A and B and have not assigned their Medicare benefits to Kaiser or have not provided their Medicare status to LACERA. Premium is above the Anthem Blue Cross I and II Benchmark rate. and II Benchmark.

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
<u>SCAN Health Plan</u>		
\$304.00	611	Retiree Only with SCAN
\$603.00	613	Retiree and 1 Dependent - Both with SCAN (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child. Both Retiree and Dependent must have Medicare.)
<u>United Healthcare Medicare Advantage (UHCMA)</u>		
(For both members and dependents who are enrolled in UHCMA, or a family combination of UHCMA/UHC)		
\$293.62	701	Retiree Only with Secure Horizons
\$1,203.81	702	Retiree and 1 Dependent - One with Secure Horizons (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child)
\$582.24	703	Retiree and 1 Dependent - Both with Secure Horizons (Retiree and 1 Dependent = Retiree and Spouse/Domestic Partner OR Retiree and 1 Child)
\$1,360.59	704	Retiree and 2 or More Dependents - One with Secure Horizons (Retiree and 2 or More Dependents = Retiree, Spouse/Domestic Partner and 1 or More Children OR Retiree and 2 or More Children)
\$739.02	705	Retiree and 2 or More Dependents - Two with Secure Horizons (Retiree and 2 or More Dependents = Retiree, Spouse/Domestic Partner and 1 or More Children OR Retiree and 2 or More Children)
\$261.24	706	Survivor Children Only Rates
<u>United Healthcare (UHC)</u>		
(For members and dependents under age 65 [no Medicare])		
\$915.18	707	Retiree Only
\$1,671.68	708	Retiree and 1 Dependent
\$1,982.16	709	Retiree and 2 Or More Dependents
<u>Local 1014 Firefighters</u>		
\$914.03	801	Member Under 65
\$1,648.06	802	Member + 1 Under 65
\$1,944.04	803	Member + 2 Under 65
\$914.03	804	Member with Medicare
\$1,648.06	805	Member + 1; 1 Medicare
\$1,648.06	806	Member + 1; 2 Medicare
\$1,944.04	807	Member + 2; 1 Medicare
\$1,944.04	808	Member + 2; 2 Medicare

*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
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Local 1014 Firefighters (continued)

\$914.03	809	Surviving Spouse Under 65
\$1,648.06	810	Surviving Spouse + 1; Under 65
\$1,944.04	811	Surviving Spouse + 2 Under 65
\$914.03	812	Surviving Spouse with Medicare
\$1,648.06	813	Surviving Spouse + 1; 1 Medicare
\$1,944.04	814	Spouse + 1; 1 Medicare
\$1,648.06	815	Surviving Spouse + 1; 2 Medicare

CIGNA Indemnity - Dental/Vision

\$46.55	501	Retiree Only
\$99.61	502	Retiree and Dependent(s)
\$57.81	503	Survivor Children Only Rates

CIGNA HMO - Dental/Vision

\$39.02	901	Retiree Only
\$81.07	902	Retiree and Dependent(s)
\$39.56	903	Survivor Children Only Rates



August 13, 2015 LACERA IBLC Meeting

Health Care Trend Overview



Trend is the Rate of Increase in Health Care Costs Every Year

LACERA requested that Aon Hewitt provide an overview of health care trend as a result of Milliman's presentation at last month's Board of Retirement meeting

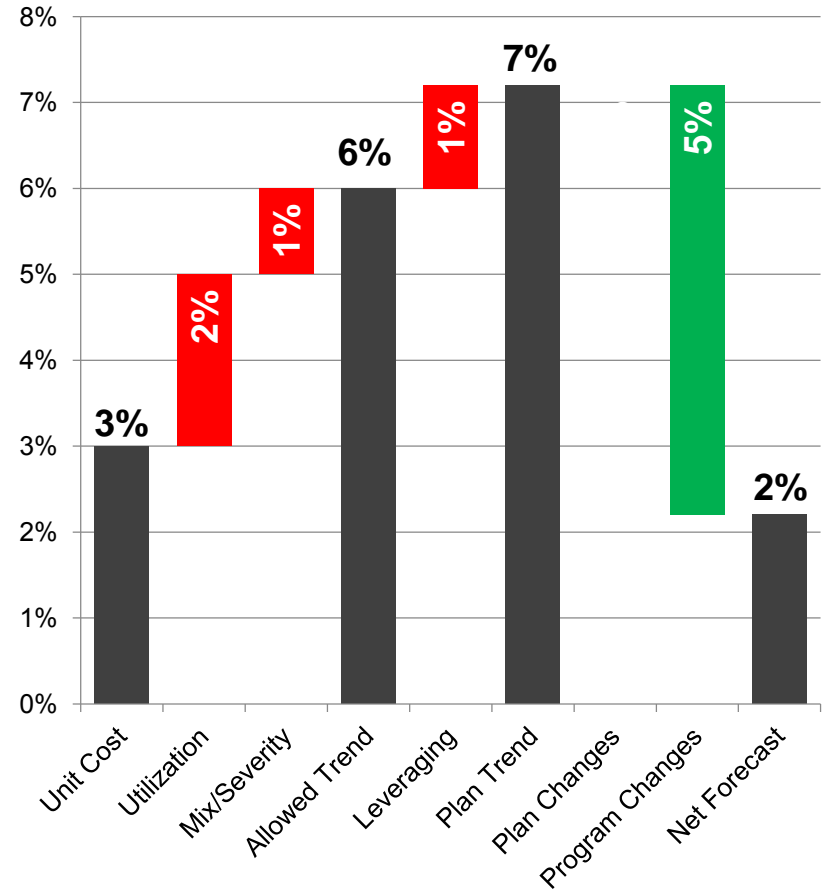
- **Future health care trend** is a prediction of trend used by insurance companies and actuaries for self-insured plans and for calculating OPEB liabilities
 - Remember: LACERA's health plans are **insured**. Aon Hewitt negotiates carrier trend assumptions on behalf of LACERA but:
 - The carriers, not LACERA, set trend rates
 - Trend is only one of the factors that Aon Hewitt negotiates for your renewals
- **Retrospective health care trend** is a measure of the actual change in health care costs experienced
- **The longer the period of time future trend is projected, the more uncertain the numbers become**. Thus, actuaries rely on actuarial standards and published sources as factors in setting trend rates for long-term valuation calculations.
 - Note: LACERA consults both Milliman (LACERA's GASB actuary) and Aon Hewitt in determining trend factors for GASB valuations

Sources of Medical Trend for Annual Projection Purposes

Medical and Pharmacy claims increase yearly from:

- Unit Cost: the cost of each service increasing
- Utilization: more services being utilized
- Mix/Severity: More intensive services being utilized (e.g., using MRIs instead of x-rays)
- Allowed Trend: the increase in costs before allocation to the member and plan
- Leveraging: if plan designs are not changed every year then the plan is bearing more of the cost increase
- Plan Changes: adjusting for changes in benefits (generally not applicable to LACERA)
- Program Changes: moving from one carrier to another for example
- Net Forecast: final estimated increase in costs for a given year

2016 Projected Trend Components



Additional Drivers/Reducers Affecting 2016 Medical Cost

- Aon's recently released internal trend guidance recommends 2016 Medical & Rx plan trends of 7.0% - 8.5%



Drivers

- Economic activity
- Provider pricing/consolidation
- Specialty Rx
- Medicare/Medicaid cost shifting to commercial population



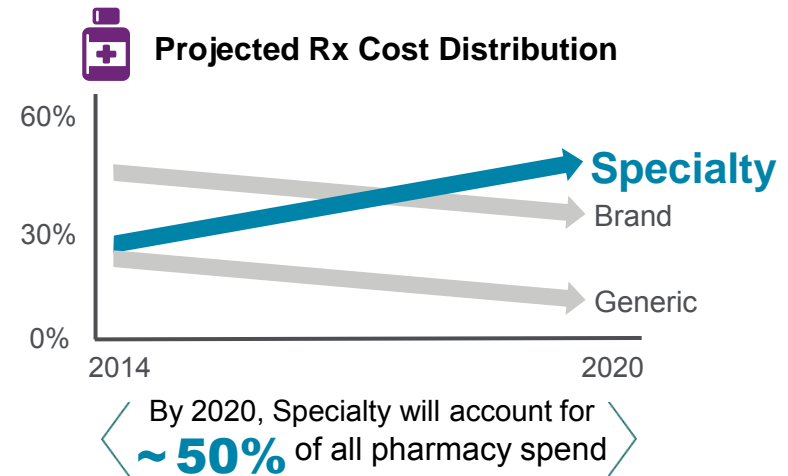
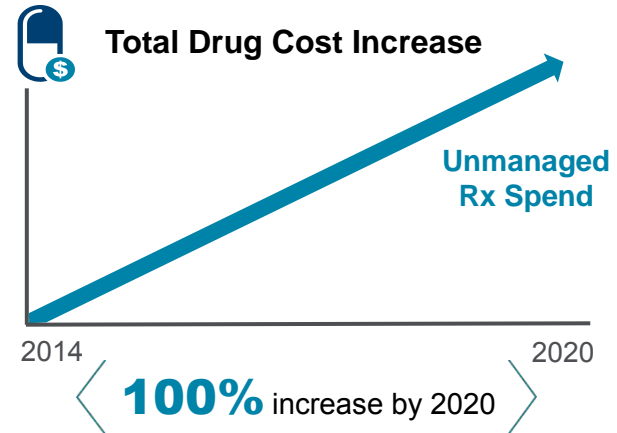
Reducers

- Innovative ACA strategies including payment reforms and narrow networks
- Financially stressed consumer, but stabilizing health
- Employers are also financially stressed and aggressively managing health care budgets

Pharmacy

Pharmacy will be a significant driver of costs going forward

- Plateau in generic dispensing rate
- Compound Drug prices skyrocketing
- High AWP price trends for brand and specialty
 - Generic price trends also creeping up
- Introduction of new high cost specialty drugs for Hepatitis C, oncology and cholesterol, impact will depend on:
 - Client specific utilization
 - Utilization management programs
 - Integration of medical and pharmacy management
- Increased volatility in year over year trend on a plan sponsor-specific basis
 - Specialty accounts for 1% - 2% of utilization but will account for about 50% of cost by 2020
 - Introduction of specialty cholesterol medications in 2015 may further increase specialty utilization
 - specialty drugs have not previously been available for such a prevalent condition



Long-Term Medical Trend Factors for GASB/OPEB Purposes*

- 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 GP 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)
- Adjustments to the SOA model included:
 - Aging population, administrative costs, Medicare Advantage trend leveraging, change in plan mix, ACA fees, rounding
- Adjusted trends differ by pre and post 65 members

*Taken from Milliman's 7/9/15 presentation to LACERA's Board of Retirement

Questions?



ANTHEM ANNOUNCES DEFINITIVE AGREEMENT TO ACQUIRE CIGNA CORPORATION

- **Combination will create the premier health services company with critical diversification to lead the transformation of health care for consumers by enhancing health care access, quality and affordability**
- **Cigna shareholders receiving consideration of \$103.40 per share in cash and 0.5152 shares of Anthem stock in exchange for each Cigna share, reflecting a value of \$188.00 based on Anthem's unaffected share price as of May 28, 2015**
- **Combination expected to drive adjusted earnings per share accretion approaching 10% in year one, with accretion more than doubling in year two**
- **The combined company will cover approximately 53 million medical members with well positioned commercial, government, consumer, specialty businesses along with a market-leading international franchise**

Indianapolis, Ind. and Bloomfield, Conn. – July 24, 2015 – Anthem, Inc. (NYSE: ANTM) and Cigna Corporation (NYSE: CI) today announced that they have entered into a definitive agreement whereby Anthem will acquire all outstanding shares of Cigna in a cash and stock transaction and Cigna shareholders will receive \$103.40 in cash and 0.5152 Anthem common shares for each Cigna common share. The total per share consideration equates to approximately \$188.00 for each Cigna share based on Anthem's closing share price on May 28, 2015, valuing the transaction at \$54.2 billion on an enterprise basis.

The combined company will be an industry leader with enhanced diversification and capabilities to advance the transformation of health care delivery for consumers. Following the transaction, Anthem will have more than \$115 billion in pro forma annual revenues, based on the most recent 2015 outlooks publicly reported by both companies and will gain meaningful diversification covering approximately 53 million medical members with well positioned commercial, government, consumer, specialty and international franchises. Upon the close of the transaction, Joseph Swedish will serve as Chairman and Chief Executive Officer of the combined company and David Cordani will be President and Chief Operating Officer. In addition, effective upon closing, the Anthem Board of Directors will be expanded to 14 members. David Cordani and four independent directors from Cigna's current Board of Directors will join the nine current members of the Anthem Board of Directors.

The agreement provides an "unaffected" premium to Cigna's shareholders of approximately 38.4%, based on the unaffected closing price of Cigna's shares on May 28, 2015. Under the terms of the transaction, the consideration consists of approximately 55% cash and 45% Anthem shares, and the

combined company would reflect a pro forma equity ownership comprised of approximately 67% Anthem shareholders and approximately 33% Cigna shareholders.

“We are very pleased to announce an agreement that will deliver meaningful value to consumers and shareholders through expanded provider collaboration, enhanced affordability and cost of care management capabilities, and superior innovations that deliver a high quality health care experience for consumers. We believe that this transaction will allow us to enhance our competitive position and be better positioned to apply the insights and access of a broad network and dedicated local presence to the health care challenges of the increasingly diverse markets, membership, and communities we serve. The Cigna team has built a set of capabilities that greatly complement our own offerings and the combined company will have a competitive presence across commercial, government, international and specialty segments. These expanded capabilities will enable us to better serve our customers as their health care needs evolve,” said Joseph Swedish, President and Chief Executive Officer of Anthem.

“Our companies share proud histories and an even brighter future. Going forward our new company will deliver an acceleration of innovative and affordable health and protection benefits solutions that help address our health system's challenges and provide supplemental insurance protection, and health care security to consumers, their families, and the communities we share with them. The complementary nature of our businesses will allow us to leverage the deep global health care knowledge, local market talent, and expertise of both organizations to ensure that consumers have access to affordable and personalized solutions across diverse life and health stages and position us for sustained success,” said David M. Cordani, President and Chief Executive Officer of Cigna.

Utilizing Anthem's and Cigna's complementary strengths, the combined company will be able to deliver higher quality health care as America's valued health partner. By combining Anthem's Blue Cross and Blue Shield footprint in 14 states and Medicaid footprint via its Amerigroup brand in 19 states with Cigna's broad portfolio of health and protection services in the U.S. and globally, the combined company will offer a comprehensive range of high quality, high value products and services to the full spectrum of customers – individuals, employers and State and Federal governments.

The transaction is expected to close in the second half of 2016, pending the receipt of customary approvals, including certain state regulatory approvals and expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. In addition, the transaction is subject to customary closing conditions, including the approval of Cigna's shareholders of the merger agreement and Anthem's shareholders of the issuance of shares in the transaction. Anthem is confident in its ability to obtain all necessary regulatory and other approvals.

The combined company expects to achieve adjusted earnings per share accretion approaching 10% in year one, with the accretion more than doubling by year two following the closing of the transaction. We are confident in our ability to achieve synergy targets and are committed to retaining investment grade debt ratings. Anthem expects its debt-to-capital ratio to be approximately 49% at the time of close, with a plan to bring the ratio down to the low 40% range within 24 months. Anthem has received committed financing from Bank of America, Credit Suisse and UBS Investment Bank in connection with the transaction.

Anthem and Cigna management will host a conference call to discuss the transaction at 8:30 AM EDT today, July 24, 2015. Additional materials regarding the transaction are available on our website at www.betterhealthcaretogether.com/.

Anthem's lead financial advisor is UBS Investment Bank and Credit Suisse also served as financial advisor and its legal advisor is White & Case LLP. Morgan Stanley is acting as Cigna's financial advisor, and Cravath, Swaine & Moore LLP is acting as legal advisor to Cigna.

Conference Call

Anthem and Cigna will hold a conference call and webcast at 8:30 a.m. Eastern Daylight Time (“EDT”) today, July 24, 2015, to discuss the transaction. The conference call should be accessed at least 15 minutes prior to its start with the following numbers. An investor presentation is available for download at www.antheminc.com or www.cigna.com/aboutcigna/investors under the “Investors” link..

877-871-3172 (Domestic)	877-344-7529 (Domestic Replay)
412-902-6603 (International)	412-317-0088 (International Replay)

The access code for the July 24, 2015, conference call is 4135855. The access code for the replay is 10069758. The replay will be available from 1:00 p.m. EDT on July 24, 2015, until the end of the day on August 7, 2015. A webcast replay will be available following the call.

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About Anthem, Inc.

Anthem is working to transform health care with trusted and caring solutions. Our health plan companies deliver quality products and services that give their members access to the care they need. With nearly 71 million people served by its affiliated companies, including more than 38 million enrolled in its family of health plans, Anthem is one of the nation’s leading health benefits companies. For more information about Anthem’s family of companies, please visit www.antheminc.com/companies.

About Cigna

Cigna Corporation (NYSE: CI) is a global health service company dedicated to helping people improve their health, well-being and sense of security. All products and services are provided exclusively by or through operating subsidiaries of Cigna Corporation, including Connecticut General Life Insurance Company, Cigna Health and Life Insurance Company, Life Insurance Company of North America and Cigna Life Insurance Company of New York. Such products and services include an integrated suite of health services, such as medical, dental, behavioral health, pharmacy, vision, supplemental benefits, and other related products including group life, accident and disability insurance. Cigna maintains sales capability in 30 countries and jurisdictions, and has more than 88 million customer relationships throughout the world. To learn more about Cigna®, including links to follow us on Facebook or Twitter, visit www.cigna.com.

Important Information for Investors and Shareholders

This communication does not constitute an offer to sell or a solicitation of an offer to sell or a solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

The proposed transaction between Anthem, Inc. (“Anthem”) and Cigna Corporation (“Cigna”) will be submitted to Anthem’s and Cigna’s shareholders and stockholders (as applicable) for their consideration. In connection with the transaction, Anthem and Cigna will file relevant materials with the U.S. Securities and Exchange Commission (the “SEC”), including an Anthem registration statement on Form S-4 that will include a joint proxy statement of Anthem and Cigna that also constitutes a prospectus of Anthem, and each will mail the definitive joint proxy statement/prospectus to its shareholders and stockholders, respectively. This communication is not a substitute for the registration statement, joint proxy statement/prospectus or any other document that Anthem and/or Cigna may file with the SEC in connection with the proposed transaction.

INVESTORS AND SECURITY HOLDERS OF ANTHEM AND CIGNA ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders will be able to obtain free copies of the registration statement containing the joint proxy statement/prospectus and other documents filed with the SEC by Anthem or Cigna (when available) through the web site maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Anthem will be available free of charge on Anthem’s internet website at <http://www.antheminc.com> or by contacting Anthem’s Investor Relations Department at (317) 488-6168. Copies of the documents filed with the SEC by Cigna will be available free of charge on Cigna’s internet website at <http://www.cigna.com> or by contacting Cigna’s Investor Relations Department at (215) 761-4198.

Anthem, Cigna and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. You can find information about Anthem’s executive officers and directors in Anthem’s annual report on Form 10-K for the year ended December 31, 2014 and its definitive proxy statement filed with the SEC on April 1, 2015. You can find information about Cigna’s executive officers and directors in Cigna’s annual report on Form 10-K for the year ended December 31, 2014 and its definitive proxy statement filed with the SEC on March 13, 2015. Additional information regarding the interests of such potential participants will be included in the joint proxy statement/prospectus when it is filed with the SEC. You may obtain free copies of these documents using the sources indicated above.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This document, and oral statements made with respect to information contained in this communication, contain certain forward-looking information about Anthem, Inc. (“Anthem”), Cigna Corporation (“Cigna”) and the combined businesses of Anthem and Cigna that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not generally historical facts. Words such as “expect(s),” “feel(s),” “believe(s),” “will,” “may,” “anticipate(s),” “intend,” “estimate,” “project” and similar expressions (including the negative thereof) are intended to identify forward-looking statements, which generally are not historical in nature. These statements include, but are not limited to, statements regarding the merger between Anthem and Cigna; Anthem’s financing of the proposed transaction; the combined company’s expected future performance (including expected results of operations and financial guidance); the combined company’s future financial condition, operating results, strategy and plans; statements about regulatory and other approvals; synergies from the proposed transaction; the combined company’s expected debt-to-capital ratio and ability to retain investment grade ratings; the closing date for the proposed transaction; financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond Anthem’s and Cigna’s control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include: those discussed and identified in Anthem’s and Cigna’s public filings with the U.S. Securities and Exchange Commission (the “SEC”); those relating to the proposed transaction, as detailed from time to time in Anthem’s and Cigna’s filings with the SEC; increased government participation in, or regulation or taxation of health benefits and managed care operations, including, but not limited to, the impact of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, or Health Care Reform; trends in health care costs and utilization rates; our ability to secure sufficient premium rates including regulatory approval for and implementation of such rates; our participation in the federal and state health insurance exchanges under Health Care Reform, which have experienced and continue to experience challenges due to implementation of initial and phased-in provisions of Health Care Reform, and which entail uncertainties associated with the mix and volume of business, particularly in Individual and Small Group markets, that could negatively impact the adequacy of our premium rates and which may not be sufficiently offset by the risk apportionment provisions of Health Care Reform; our ability to contract with providers consistent with past practice; competitor pricing below market trends of increasing costs; reduced enrollment, as well as a negative change in our health care product mix; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon and funding risks with respect to revenue received from participation therein; our projected consolidated revenue growth and global medical customer growth; a downgrade in our financial strength ratings; litigation and investigations targeted at our industry and our ability to resolve litigation and investigations within estimates; medical malpractice or professional liability claims or other risks related to health care services provided by our subsidiaries; our ability to repurchase shares of its common stock and pay dividends on its common stock due to the adequacy of its cash flow and earnings and other considerations; non-compliance by any party with the Express Scripts, Inc. pharmacy benefit management services agreement, which could result in financial penalties; our inability to meet customer demands, and sanctions imposed by governmental entities, including the

Centers for Medicare and Medicaid Services; events that result in negative publicity for us or the health benefits industry; failure to effectively maintain and modernize our information systems and e-business organization and to maintain good relationships with third party vendors for information system resources; events that may negatively affect Anthem's licenses with the Blue Cross and Blue Shield Association; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; intense competition to attract and retain employees; unauthorized disclosure of member or employee sensitive or confidential information, including the impact and outcome of investigations, inquiries, claims and litigation related to the cyber attack Anthem reported in February 2015; changes in the economic and market conditions, as well as regulations that may negatively affect our investment portfolios and liquidity; possible restrictions in the payment of dividends by our subsidiaries and increases in required minimum levels of capital and the potential negative effect from our substantial amount of outstanding indebtedness; general risks associated with mergers and acquisitions; various laws and provisions in Anthem's governing documents that may prevent or discourage takeovers and business combinations; future public health epidemics and catastrophes; and general economic downturns. Important factors that could cause actual results and other future events to differ materially from the forward-looking statements made in this communication are set forth in other reports or documents that Anthem and/or Cigna may file from time to time with the SEC, and include, but are not limited to: (i) the ultimate outcome of the proposed transaction, including the ability to achieve the synergies and value creation contemplated by the proposed transaction, (ii) the ultimate outcome and results of integrating the operations of Anthem and Cigna, (iii) disruption from the merger making it more difficult to maintain businesses and operational relationships, (iv) the risk that unexpected costs will be incurred in connection with the proposed transaction, (v) the timing to consummate the proposed transaction, (vi) the possibility that the proposed transaction does not close, including, but not limited to, due to the failure to satisfy the closing conditions, including the receipt of required regulatory approvals and the receipt of approval of both Anthem's and Cigna's shareholders and stockholders, respectively, and (viii) the risks and uncertainties detailed by Cigna with respect to its business as described in its reports and documents filed with the SEC. All forward-looking statements attributable to Anthem, Cigna or any person acting on behalf of Anthem and/or Cigna are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by federal securities law, neither Anthem nor Cigna undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or the receipt of new information. Readers are also urged to carefully review and consider the various disclosures in Anthem's and Cigna's SEC reports.



Dear Partner,

I am pleased to share with you that today Cigna and Anthem [announced](#) the agreement to form a premier global health service company, with the right mix of capabilities to deliver greater choice, access and affordability to meet the challenges of a new era.

The combination of Cigna and Anthem will bring together the complementary strengths of our respective organizations: Anthem's best-in-class Medicaid capabilities and leading individual presence, with our consumer engagement and health advocacy capabilities, premier specialty portfolio and broad geographic U.S. and international presence. Together, we will be well-positioned for future growth across a range of attractive and expanding health services, including Medicaid, Individual / Exchange, Medicare Advantage, Part D and Specialty Products in the United States, as well as services for employers and individuals globally.

Most importantly, the combination will allow us to better serve our customers by increasing efforts on our two driving imperatives: making health care both more affordable and more personalized. We have long prided ourselves on our commitment to building a trusted network of health care professionals to connect customers with truly personal, high-quality health care. As one company, we will be able to expand this network, building and strengthening partnerships with committed health care professionals to improve the way they deliver care.

We believe the new company will afford multiple benefits in the future in terms of an expanded customer base and product offerings, and will allow us to enhance global access to health services delivered at a local level. We remain committed to making investments in the products and services you are familiar with and this combination will enable continued expansion of the capabilities we can provide.

I want to assure you that our commitment to you remains unchanged. Cigna will remain separate and independent until closing and we will continue on our present, positive path until the government reviews are complete and the agreement is approved. We expect the transaction to be completed in the second half of 2016. There is strong equity in the Cigna brand and the combined company will continue to use the Cigna brand across key markets, products and services. There will not be any immediate changes to our working relationship or processes as a result of today's announcement, and the announcement has no impact on your current point of contact.

We remain committed to delivering the same high quality service that you have come to expect from us. We will continue to keep you updated on our progress and next steps. Further information is also available at www.betterhealthcaretogether.com.

We look forward to our continued partnership as we enter this new chapter.

FAQs

Will this announcement have any impact on the current RFP or open enrollment process?

- Business within the two companies will be conducted as usual because the companies remain separate and independent until closing.
- This announcement has no impact on the plans we are offering in the current period.
- Benefits, co-payments or premiums will not change from what is currently being offered.
- It will be critical to communicate to current and prospective customers that we will continue to offer the same high-quality coverage and a wide range of additional services.

Will this announcement impact the benefits or services provided to current customers?

Will members have to switch plans?

- Business within the two companies will be conducted as usual because the companies remain separate and independent until closing.
- This announcement will have no impact on the benefits or services currently offered.

Will my primary point of contact change?

- Business within the two companies will be conducted as usual because the companies remain separate and independent until closing.
- This announcement has no impact on our relationship with you or your current point of contact.

NO OFFER OR SOLICITATION

This communication is neither an offer to buy, nor a solicitation of an offer to sell, subscribe for or buy any securities or the solicitation of any vote or approval in any jurisdiction pursuant to or in connection with the proposed transactions or otherwise, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

The proposed transaction involving Cigna Corporation ("Cigna") and Anthem, Inc. ("Anthem") will be submitted to Cigna's shareholders and Anthem's shareholders for their consideration. In connection with the proposed transaction, Anthem will prepare a registration statement on Form S-4 that will include a joint proxy statement/prospectus for Cigna's shareholders and Anthem's shareholders to be filed with the Securities and Exchange Commission (the "SEC"), and each of Cigna and Anthem will mail the joint proxy statement/prospectus to their respective shareholders and file other documents regarding the proposed transaction with the SEC. This communication is not intended to be, and is not, a substitute for such filings or for any other document that Cigna or Anthem may file with the SEC in connection with the proposed transaction. SECURITY HOLDERS ARE URGED TO READ ALL RELEVANT DOCUMENTS

FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT ON FORM S-4 AND THE JOINT PROXY STATEMENT/PROSPECTUS, CAREFULLY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. The registration statement, the joint proxy statement/prospectus and other relevant materials (when they become available) and any other documents filed or furnished by Cigna or Anthem with the SEC may be obtained free of charge at the SEC's web site at www.sec.gov. In addition, security holders will be able to obtain free copies of the registration statement and the joint proxy statement/prospectus from Cigna by going to its investor relations page on its corporate web site at www.cigna.com or by contacting Cigna's investor relations department at 215-761-4198 and from Anthem by going to its investor relations page on its corporate web site at www.anthem.com or by contacting Anthem's investor relations department at 317-488-6168.

PARTICIPANTS IN THE SOLICITATION

Cigna, Anthem, their respective directors and certain of their respective executive officers and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction. Information about Cigna's directors and executive officers is set forth in its definitive proxy statement filed with the SEC on March 13, 2015 and information about Anthem's directors and executive officers is set forth in its definitive proxy statement filed with the SEC on April 1, 2015. These documents are available free of charge from the sources indicated above, and from Cigna by going to its investor relations page on its corporate web site at www.cigna.com or by contacting Cigna's investor relations department at 215-761-4198 and from Anthem by going to its investor relations page on its corporate web site at www.anthem.com or by contacting Anthem's investor relations department at 317-488-6168. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed transaction will be included in the registration statement, the joint proxy statement/prospectus and other relevant materials Cigna and Anthem file with the SEC.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This communication, and oral statements made with respect to information contained in this communication, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on Cigna's current expectations and projections about future trends, events and uncertainties. These statements are not historical facts. Forward-looking statements may include, among others, statements concerning our projected adjusted income (loss) from operations outlook for 2015, on both a consolidated and segment basis; projected consolidated revenue growth and global medical customer growth; projected medical care and operating expense ratios; future financial or operating performance, including our ability to deliver personalized and innovative solutions for our customers and clients and future growth, business strategy, strategic or operational initiatives; economic, regulatory or competitive environments, particularly with respect to the pace and extent of change in these areas; financing or capital deployment plans; our prospects for growth in the coming years; statements regarding the proposed merger between Cigna and

Anthem; our beliefs relating to value creation as a result of a potential combination with Anthem; the expected timetable for completing the transaction; benefits and synergies of the transaction; future opportunities for the combined company; and any other statements regarding Cigna's and Anthem's future beliefs, expectations, plans, intentions, financial condition or performance. You may identify forward-looking statements by the use of words such as "believe", "expect", "plan", "intend", "anticipate", "estimate", "predict", "potential", "may", "should", "will" or other words or expressions of similar meaning, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to risks and uncertainties, both known and unknown, that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Such risks and uncertainties include, but are not limited to: our ability to achieve our financial, strategic and operational plans or initiatives; our ability to predict and manage medical costs and price effectively and develop and maintain good relationships with physicians, hospitals and other health care providers; our ability to identify potential strategic acquisitions or transactions and realize the expected benefits of such transactions; the substantial level of government regulation over our business and the potential effects of new laws or regulations, or changes in existing laws or regulations; the outcome of litigation, regulatory audits, investigations and actions and/or guaranty fund assessments; uncertainties surrounding participation in government-sponsored programs such as Medicare; the effectiveness and security of our information technology and other business systems; unfavorable industry, economic or political conditions; the timing and likelihood of completion of the proposed merger, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals for the proposed merger that could reduce anticipated benefits or cause the parties to abandon the transaction; the possibility that Cigna shareholders or Anthem shareholders may not approve the proposed merger; the possibility that the expected synergies and value creation from the proposed merger will not be realized or will not be realized within the expected time period; the risk that the businesses of Cigna and Anthem will not be integrated successfully; disruption from the proposed merger making it more difficult to maintain business and operational relationships; the risk that unexpected costs will be incurred; the possibility that the proposed merger does not close, including due to the failure to satisfy the closing conditions; the risk that financing for the proposed merger may not be available on favorable terms, as well as more specific risks and uncertainties. Such other risks and uncertainties are discussed in our most recent report on Form 10-K and subsequent reports on Forms 10-Q and 8-K available on the Investor Relations section of www.cigna.com or by contacting Cigna's investor relations department at 215-761-4198 as well as on Anthem's most recent report on Form 10-K and subsequent reports on Forms 10-Q and 8-K available on the Investor Relations section of www.anthem.com or by contacting Anthem's investor relations department at 317-488-6168. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance or results, and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Cigna undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law.



Retirement

EBSA IRS Expands Preapproved Program to Include ESOPs and Hybrid Plans

On June 8, 2015, the Internal Revenue Service (IRS) released Revenue Procedure 2015-36. The Revenue Procedure modifies previous Revenue Procedure 2011-49 by expanding the scope of the preapproved program to include defined benefit plans containing cash balance features and defined contribution plans containing employee stock ownership plan (ESOP) features and extends the deadline for submitting on-cycle applications for opinion and advisory letters for preapproved defined benefit plans to October 30, 2015. In addition, this revenue procedure updates Revenue Procedure 2011-49 to reflect changes made to the determination letter program in 2012. The IRS stated that Revenue Procedure 2011-49 is superseded.

Revenue Procedure 2015-36 is available [here](#).

Health Care

Departments Issue Final Regulations on Summary of Benefits and Coverage and Uniform Glossary

On June 12, 2015, the Treasury, Departments of Labor, and Health and Human Services (the Departments) released final regulations regarding the Summary of Benefits and Coverage (SBC) and the uniform glossary for group health plans and health insurance coverage in the group and individual markets under the Affordable Care Act. The guidance finalizes changes to the regulations that implement the disclosure requirements under Section 2715 of the Public Health Service Act to help plans and individuals better understand their health coverage, as well as to gain a better understanding of other coverage options for comparison.

According to the Departments, “in continuing the goal of providing clear and straightforward information to consumers about health plans available in their area, health insurance issuers and group health plans must still provide a brief SBC that includes coverage examples and a uniform glossary to consumers.” Revisions to the SBC, coverage examples, and uniform glossary are anticipated to be finalized by January 2016 after the Departments utilize consumer testing and receive additional input from the public, including the National Association of Insurance Commissioners. The revisions will apply to SBCs for coverage beginning on or after January 1, 2017.

The final regulations become effective on August 17, 2015.

The final regulations are temporarily available [here](#).
(The final regulations will be available in the June 16, 2015, *Federal Register*.)

The news release is available [here](#).

The fact sheet is available [here](#).

Other HR-Related Topics

DOL Releases Administrator's Interpretation on Misclassified Employees

On July 15, 2015, the Department of Labor's (DOL's) Wage and Hour Division released *Administrator's Interpretation 2015-1: The Application of the Fair Labor Standards Act's "Suffer or Permit" Standard in the Identification of Employees Who Are Misclassified as Independent Contractors*. *Administrator's Interpretation 2015-1* analyzes how the Fair Labor Standards Act's (FLSA's) definition of "employ" guides the determination of whether workers are employees or independent contractors under the law. The guidance also discusses the breadth of the FLSA's definition of "employ," as well as provides guidance on the "economic realities" factors applied by courts in determining if a worker is indeed an employee.

Administrator's Interpretation 2015-1 is available [here](#).

Additional guidance on misclassification (*Misclassification of Employees as Independent Contractors*) is available [here](#).

The DOL's *Employee or Independent Contractor?* blog posting is available [here](#)