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, JUNE 9, 2016 - 9:00 A.M.**

The Committee may take action on any item on the agenda, and agenda items may be taken out of order.

COMMITTEE MEMBERS:

Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn R. Kehoe
Ronald Okum, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of May 5, 2016

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:

1. Approve the revised format of the legislative analysis memorandum.

2. Provide staff with discretion to modify the format for specific cases if necessary.

(Memorandum dated May 28, 2016)

IV. FOR INFORMATION

A. Staff Activities Report for May, 2016
B. Annual Claims Audit Reports
- Anthem Blue Cross Medical Plan
- Cigna Dental Plan

C. Cigna & Anthem Blue Cross Claims Experience
D. Federal Legislation
- Aon Hewitt Washington Report

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, MAY 5, 2016, 11:40 A.M. – 12:15 P.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
William de la Garza, Vice Chair
Shawn R. Kehoe
Ronald Okum, Alternate

ABSENT: Vivian H. Gray

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Anthony Bravo
Yves Chery
Joseph Kelly
David L. Muir
William Pryor

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith
Steve Rice
Barry Lew

Aon Hewitt

Brian McGuire
Helen Batsalkin

The meeting was called to order by Chair Robbins at 11:40 a..m. Due to the absence of Ms. Gray, the Chair announced that Mr. Okum, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of April 6, 2016

Mr. de la Garza made a motion, Mr. Kehoe seconded, to approve the minutes of the special meeting of April 6, 2016. The motion passed unanimously.

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 "Watch" position on Assembly Bill 241, which provides for the disclosure of retiree information to a retiree organization. (Memorandum dated April 26, 2016)

Mr. Kehoe made a motion, Mr. Okum seconded, to recommend the Board of Retirement adopt an "Oppose" position on Assembly Bill 241. The motion passed with Mr. de la Garza voting no.

B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 1707, which requires a public agency to identify the type of record being withheld and the specific exemption that justifies the withholding. (Memorandum dated April 25, 2016)

Mr. Kehoe made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

C. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 2628, which relates to statements of economic interests and post-governmental employment. (Memorandum dated April 26, 2016)

Mr. Kehoe made a motion, Mr. Okum seconded, to approve the recommendation, with direction to staff to obtain clarification of the post-governmental employment provisions. The motion passed unanimously.

III. ACTION ITEMS (Continued)

D. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Senate Bill 897, which provides an additional year of leave of absence with salary to the one-year period provided by Labor Code Section 4850. (Memorandum dated April 25, 2016)

Mr. Okum made a motion, Mr. Kehoe seconded, to approve the recommendation. The motion passed unanimously.

E. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Senate Bill 1203, which relates to employees who are not new members in a joint powers authority. (Memorandum dated April 25, 2016)

Mr. Kehoe made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

F. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Senate Bill 1436, which requires an oral report of a recommendation for final action related to the compensation and benefits of a local agency executive. (Memorandum dated April 25, 2016)

Mr. Okum made a motion, Mr. Kehoe seconded, to approve the recommendation. The motion passed unanimously.

IV. FOR INFORMATION

A. <u>Assembly Bill 1661 – Sexual Harassment Training</u>
Barry Lew. Legislative Affairs Officer

Submitted for information only.

B. Staff Activities Report for April, 2016

The staff activities report was discussed.

IV. FOR INFORMATION (Continued)

C. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through March 2016 were discussed.

D. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

V. GOOD OF THE ORDER

(For information purposes only)

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

The meeting adjourned at 12:15 p.m., after setting the time for the Operations Oversight Committee at 1:00 p.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.**

LACERA

May 28, 2016

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

FROM: Barry W. Lew
Legislative Affairs Officer

FOR: June 9, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Legislative Analysis Memorandum Format**

RECOMMENDATION
That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement:

1. Approve the revised format of the legislative analysis memorandum.

2. Provide staff with discretion to modify the format for specific cases if necessary.

DISCUSSION
At the meeting of the Board of Retirement on May 5, 2016, staff was directed to reference LACERA's legislative policy standards on future agenda items that recommend the Board to adopt a position on legislation.[1]

The Board of Retirement adopted legislative policy standards on July 12, 2012. As described in that policy, state legislation created the framework for LACERA and continues to structure the scope and delivery of retirement and disability benefits. In order to fulfill its mission, the Board of Retirement must proactively monitor and voice its concerns or support with legislative proposals. The legislative policy standards would guide staff in formulating positions and recommendations on legislation to the Board of Retirement.

Attached as Attachment A are examples of the legislative analysis memorandum brought to your Committee and subsequently to the Board of Retirement for

[1] Staff was also directed to have the LACERA Legislative Policy reviewed by Chief Counsel. The review is in progress, and staff expects to provide an update of the policy to your Committee for review in July 2016.

consideration. The current format of the legislative analysis memorandum consists of two parts: a discussion memo with the recommendation and a legislative analysis.

Staff reviewed the format of the legislative analysis memorandum and proposes a revision of the format not only to incorporate LACERA's legislative policy standards but also to facilitate your Committee and the Board's review of legislative proposals with a more streamlined document.

Attached as Attachment B are the examples of the legislative analysis memorandum rewritten in the revised format. Discussion of the LACERA legislative policy standard immediately follows the recommendation to provide context and support for the recommendation. The memo continues with a summary and analysis of the legislation to provide a narrative leading to the concluding recommendation. The items in the separate legislative analysis in Attachment A that do not fit the format of a narrative—such as author, sponsor, introduction date, amended date, etc.—are reorganized into different sections of the revised memo that provide a more logical flow.

The revised format of the legislative analysis memorandum fulfills the directive to explicitly reference LACERA's legislative policy standards, and staff believes it is a more streamlined document to facilitate decision-making regarding legislative proposals. The revised format generally would be feasible for most legislative proposals. However, there may be occasions where modifications to the format are necessary for the analysis of a legislative proposal, and staff may need discretion to modify the format for specific cases.

The legislative policy itself is also under review and will be presented to your Committee for review in July. The revised memo format as proposed here will work equally well with the new policy.
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IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement:

1. Approve the revised format of the legislative analysis memorandum.

2. Provide staff with discretion to modify the format for specific cases if necessary.

Reviewed and Approved:

Steven P. Rice, Chief Counsel

Attachments
Attachment A
Attachment B

2016. Leg.Memo Format.IBL.052816

ATTACHMENT A

LACERA

February 2, 2016

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

FROM: Barry W. Lew
Legislative Affairs Officer

FOR: February 11, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Senate Bill 24 – Belmont, Foster City, and San Mateo Joint Powers Authority**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

DISCUSSION

Senate Bill 24 is a two-year bill that was introduced in the 2015 legislative session on another subject matter. On January 5, 2016, the bill was amended to clarify the treatment of pension benefits for employees of Belmont, Foster City, and San Mateo who transfer to a joint powers authority formed by the cities to consolidate fire services.

The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Similar to the rights extended to the Brea-Fullerton JPA, this bill would authorize the Belmont-Foster City-San Mateo JPA to provide legacy

members the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees. The bill would also prohibit the JPA from exempting new members from the requirements of PEPRA.

Absent this proposed legislation, the formation of a JPA on or after January 1, 2013 would not allow such individuals to retain, under PEPRA, the defined benefit plan they had as legacy members because the JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill applies only to the Belmont-Foster City-San Mateo JPA and does not apply to LACERA.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

Reviewed and Approved:

Steven P. Rice, Chief Counsel

Attachments

2016. Leg.SB 24.IBL.020216

LEGISLATIVE ANALYSIS
SENATE BILL 24

AUTHOR: **Hill [D]**

INTRODUCED: **December 1, 2014**

AMENDED: **January 5, 2016**

SPONSOR: **City of Belmont, City of Foster City, City of San Mateo**

SUMMARY: **The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.**

This bill would authorize the JPA of the cities of Belmont, Foster City, and San Mateo formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

ANALYSIS: **The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees.**

In general, PEPRA allows individuals employed by a public employer before January 1, 2013, and who become employed by a subsequent public employer on or after January 1, 2013, to be subject to the defined benefit plan available to employees of the subsequent employer who were first employed on or before December 31, 2012.

The formation of a JPA on or after January 1, 2013 would not allow such individuals to retain the defined benefit plan they had as legacy members. The JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill would authorize the JPA formed after January 1,

2013 by the cities of Belmont, Foster City, and San Mateo to provide legacy members with the defined benefit plan received by those members from their respective employers on December 31, 2012. It would also prohibit the JPA from exempting new members from the requirements of PEPRA.

This bill applies only to the Belmont, Foster City, and San Mateo JPA and does not apply to LACERA.

Legislative History

SB 354 (Chapter 158, Statutes of 2015) clarified the period during which legacy members employed by the cities of Brea and Fullerton can transfer to the JPA and retain the defined benefit plan they were participating in prior to the transfer. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2015.

SB 1251 (Chapter 757, Statutes of 2014) authorized the Brea and Fullerton JPA to offer a legacy defined benefit plan to its employees who were not new members. LACERA's Board of Retirement adopted a "Watch" position on May 22, 2014.

STAFF RECOMMENDATION: **Watch**

PREPARED BY: **Barry W. Lew, Legislative Affairs Officer**

DATED: **January 27, 2016**

LACERA

February 22, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair BWL for Les Robbins
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **Senate Bill 24 – Belmont, Foster City, and San Mateo Joint Powers Authority**

RECOMMENDATION

That the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

DISCUSSION

Senate Bill 24 is a two-year bill that was introduced in the 2015 legislative session on another subject matter. On January 5, 2016, the bill was amended to clarify the treatment of pension benefits for employees of Belmont, Foster City, and San Mateo who transfer to a joint powers authority formed by the cities to consolidate fire services.

The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Similar to the rights extended to the Brea-Fullerton JPA, this bill would authorize the Belmont-Foster City-San Mateo JPA to provide legacy members the defined benefit plan that was in effect on December 31, 2012, if the

employees are employed by the JPA within 180 days of the formation of the JPA. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees. The bill would also prohibit the JPA from exempting new members from the requirements of PEPRA.

Absent this proposed legislation, the formation of a JPA on or after January 1, 2013 would not allow such individuals to retain, under PEPRA, the defined benefit plan they had as legacy members because the JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill applies only to the Belmont-Foster City-San Mateo JPA and does not apply to LACERA.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

Attachments

2016. Leg.SB 24.BOR.022216

LEGISLATIVE ANALYSIS
SENATE BILL 24

AUTHOR: **Hill [D]**

INTRODUCED: **December 1, 2014**

AMENDED: **January 5, 2016**

SPONSOR: **City of Belmont, City of Foster City, City of San Mateo**

SUMMARY: **The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.**

This bill would authorize the JPA of the cities of Belmont, Foster City, and San Mateo formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

ANALYSIS: **The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees.**

In general, PEPRA allows individuals employed by a public employer before January 1, 2013, and who become employed by a subsequent public employer on or after January 1, 2013, to be subject to the defined benefit plan available to employees of the subsequent employer who were first employed on or before December 31, 2012.

The formation of a JPA on or after January 1, 2013 would not allow such individuals to retain the defined benefit plan they had as legacy members. The JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill would authorize the JPA formed after January 1,

2013 by the cities of Belmont, Foster City, and San Mateo to provide legacy members with the defined benefit plan received by those members from their respective employers on December 31, 2012. It would also prohibit the JPA from exempting new members from the requirements of PEPRA.

This bill applies only to the Belmont, Foster City, and San Mateo JPA and does not apply to LACERA.

Legislative History

SB 354 (Chapter 158, Statutes of 2015) clarified the period during which legacy members employed by the cities of Brea and Fullerton can transfer to the JPA and retain the defined benefit plan they were participating in prior to the transfer. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2015.

SB 1251 (Chapter 757, Statutes of 2014) authorized the Brea and Fullerton JPA to offer a legacy defined benefit plan to its employees who were not new members. LACERA's Board of Retirement adopted a "Watch" position on May 22, 2014.

IBLC RECOMMENDATION: **Watch (01-14-16)**

STAFF RECOMMENDATION: **Watch**

PREPARED BY: **Barry W. Lew, Legislative Affairs Officer**

DATED: **February 22, 2016**

ATTACHMENT B

LACERA

February 2, 2016

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

FROM: Barry W. Lew
Legislative Affairs Officer

FOR: February 11, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Senate Bill 24 – Belmont, Foster City, and San Mateo Joint Powers Authority**

Author: Hill [D]
Sponsor: City of Belmont, City of Foster City, City of San Mateo
Introduced: December 1, 2014
Amended: January 5, 2016

Staff Recommendation: Watch

RECOMMENDATION
That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

LEGISLATIVE POLICY STANDARD
The recommendation is consistent with the Board of Retirement's legislative policy (adopted July 12, 2012) to remain neutral on proposals that do not apply directly to LACERA, its members, and/or beneficiaries.

SUMMARY
The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

This bill would authorize the JPA of the cities of Belmont, Foster City, and San Mateo formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

ANALYSIS
Senate Bill 24 is a two-year bill that was introduced in the 2015 legislative session on another subject matter. On January 6, 2016, the bill was amended to clarify the treatment of pension benefits for employees of Belmont, Foster City, and San Mateo who transfer to a joint powers authority formed by the cities to consolidate fire services.

The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees.

In general, PEPRA allows individuals employed by a public employer before January 1, 2013, and who become employed by a subsequent public employer on or after January 1, 2013, to be subject to the defined benefit plan available to employees of the subsequent employer who were first employed on or before December 31, 2012.

The formation of a JPA on or after January 1, 2013 would not allow such individuals to retain the defined benefit plan they had as legacy members. The JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill would authorize the JPA formed after January 1, 2013 by the cities of Belmont, Foster City, and San Mateo to provide legacy members with the defined benefit plan received by those members from their respective employers on December 31, 2012. It would also prohibit the JPA from exempting new members from the requirements of PEPRA.

This bill applies only to the Belmont, Foster City, and San Mateo JPA and does not apply to LACERA.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

Reviewed and Approved:

Steven P. Rice, Chief Counsel

Attachments
Attachment 1—Board Positions Adopted On Related Legislation
Attachment 2—Support And Opposition
SB 24 Text

2016. Leg.SB 24.IBL.020216
(Rev. 5/16)

BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

SB 354 (Chapter 158, Statutes of 2015) clarified the period during which legacy members employed by the cities of Brea and Fullerton can transfer to the JPA and retain the defined benefit plan they were participating in prior to the transfer. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2015.

SB 1251 (Chapter 757, Statutes of 2014) authorized the Brea and Fullerton JPA to offer a legacy defined benefit plan to its employees who were not new members. LACERA's Board of Retirement adopted a "Watch" position on May 22, 2014.

SUPPORT
City of Belmont
City of Foster City
City of San Mateo
California Professional Firefighters
San Mateo County Firefighter, IAFF Local 2400

OPPOSITION
None received.

LACERA

February 22, 2016

TO: Each Member
Board of Retirement

FROM: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
William de la Garza, Vice Chair
Vivian H. Gray
Shawn Kehoe
Ronald Okum, Alternate

FOR: March 2, 2016 Board of Retirement Meeting

SUBJECT: **Senate Bill 24 – Belmont, Foster City, and San Mateo Joint Powers Authority**

Author: Hill [D]
Sponsor: City of Belmont, City of Foster City, City of San Mateo
Introduced: December 1, 2014
Amended: January 5, 2016

Staff Recommendation: Watch
IBLC Recommendation: Watch (02-11-16)

RECOMMENDATION
That the Board of Retirement adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

LEGISLATIVE POLICY STANDARD
The recommendation is consistent with the Board of Retirement's legislative policy (adopted July 12, 2012) to remain neutral on proposals that do not apply directly to LACERA, its members, and/or beneficiaries.

SUMMARY
The Joint Exercise of Powers Act authorizes public agencies to form a joint powers authority (JPA) to exercise a common power such as hiring employees and establishing a retirement system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) currently authorizes the joint powers authority of the cities of Brea and Fullerton formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

This bill would authorize the JPA of the cities of Belmont, Foster City, and San Mateo formed on or after January 1, 2013, to provide employees who are not new members ("legacy members") the defined benefit plan that was in effect on December 31, 2012, if the employees are employed by the JPA within 180 days of the formation of the JPA.

ANALYSIS
Senate Bill 24 is a two-year bill that was introduced in the 2015 legislative session on another subject matter. On January 6, 2016, the bill was amended to clarify the treatment of pension benefits for employees of Belmont, Foster City, and San Mateo who transfer to a joint powers authority formed by the cities to consolidate fire services.

The cities of Belmont, Foster City, and San Mateo are in the process of forming a JPA for fire services consolidation. Fire service employees of the respective employers would become employees in the JPA, which will contract with the California Public Employees' Retirement Systems (CalPERS) to provide retirement benefits for its employees.

In general, PEPRA allows individuals employed by a public employer before January 1, 2013, and who become employed by a subsequent public employer on or after January 1, 2013, to be subject to the defined benefit plan available to employees of the subsequent employer who were first employed on or before December 31, 2012.

The formation of a JPA on or after January 1, 2013 would not allow such individuals to retain the defined benefit plan they had as legacy members. The JPA did not exist before January 1, 2013 and thus had no legacy defined benefit plan into which the legacy members may be placed.

This bill would authorize the JPA formed after January 1, 2013 by the cities of Belmont, Foster City, and San Mateo to provide legacy members with the defined benefit plan received by those members from their respective employers on December 31, 2012. It would also prohibit the JPA from exempting new members from the requirements of PEPRA.

This bill applies only to the Belmont, Foster City, and San Mateo JPA and does not apply to LACERA.

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD adopt a "Watch" position on Senate Bill 24, which clarifies the treatment of pension benefits for employees who transfer from an employer to a joint powers authority.

Attachments
Attachment 1—Board Positions Adopted On Related Legislation
Attachment 2—Support And Opposition
SB 24 Text

BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

SB 354 (Chapter 158, Statutes of 2015) clarified the period during which legacy members employed by the cities of Brea and Fullerton can transfer to the JPA and retain the defined benefit plan they were participating in prior to the transfer. LACERA's Board of Retirement adopted a "Watch" position on June 11, 2015.

SB 1251 (Chapter 757, Statutes of 2014) authorized the Brea and Fullerton JPA to offer a legacy defined benefit plan to its employees who were not new members. LACERA's Board of Retirement adopted a "Watch" position on May 22, 2014.

SUPPORT
City of Belmont
City of Foster City
City of San Mateo
California Professional Firefighters
San Mateo County Firefighter, IAFF Local 2400

OPPOSITION
None received.

INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
RETIREE HEALTHCARE BENEFITS PROGRAM
STAFF ACTIVITIES REPORT
MAY 2016
FOR INFORMATION ONLY

Retiree Healthcare Benefits Program Annual Letter Packet Mailing for Plan Year 2016-2017

Staff completed the review of the Annual Letter Packet for Plan Year 2016-2017. The packet contains the Rate Booklet, listing the new healthcare premium rates effective July 1, 2016. The mass mailing to all members and survivors currently enrolled in a LACERA-administered medical and dental/vision plans (approx. 51,000) is scheduled for mailing early June. Staff will work with Communications Division to upload the electronic version of the materials to the LACERA website.

RFP – Medicare Part D Retiree Drug Subsidy Program (RDS) Audit Services

As approved by your Board at the April 6, 2016 meeting, staff released the RFP RDS Audit Services on May 6, 2016. The RFP was mailed to six potential bidders. The electronic copy was also posted to the LACERA website on May 6.

Staff received questions related to the RFP from two firms by the May 23 deadline. In keeping with the timeline, the responses to the questions will be posted to the LACERA website on June 8.

The key dates for the RFP timeline are as follows:

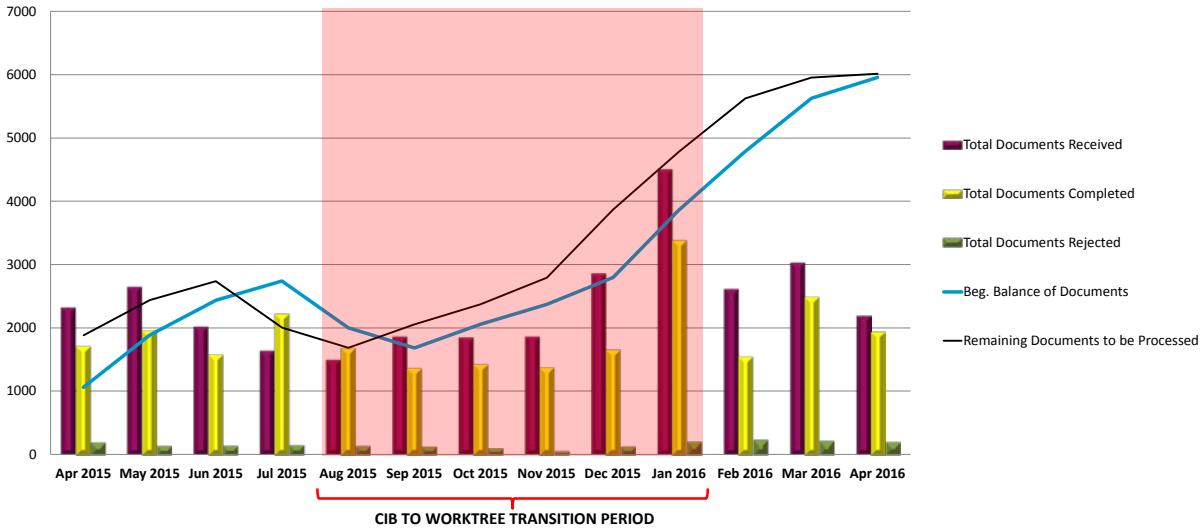
Deadline for bid submission	- June 13, 2016
Bidder presentations to the Evaluation Committee	- July 2016 (estimated)
Evaluation Committee submits recommendation to the Insurance, Benefits, and Legislative Committee (IBLC)	- August 11, 2016
IBLC provides their recommendation of the finalists to the Board of Retirement for presentation and the Board selects the winning audit firm	- September 15, 2016

CS:lvi

Retiree Healthcare Division
Insurance Status Report
APRIL 1, 2015 - APRIL 30, 2016

UPDATE: 5.31.2016

RETIREE HEALTHCARE WORK ITEMS SUMMARY
-12 MONTHS -



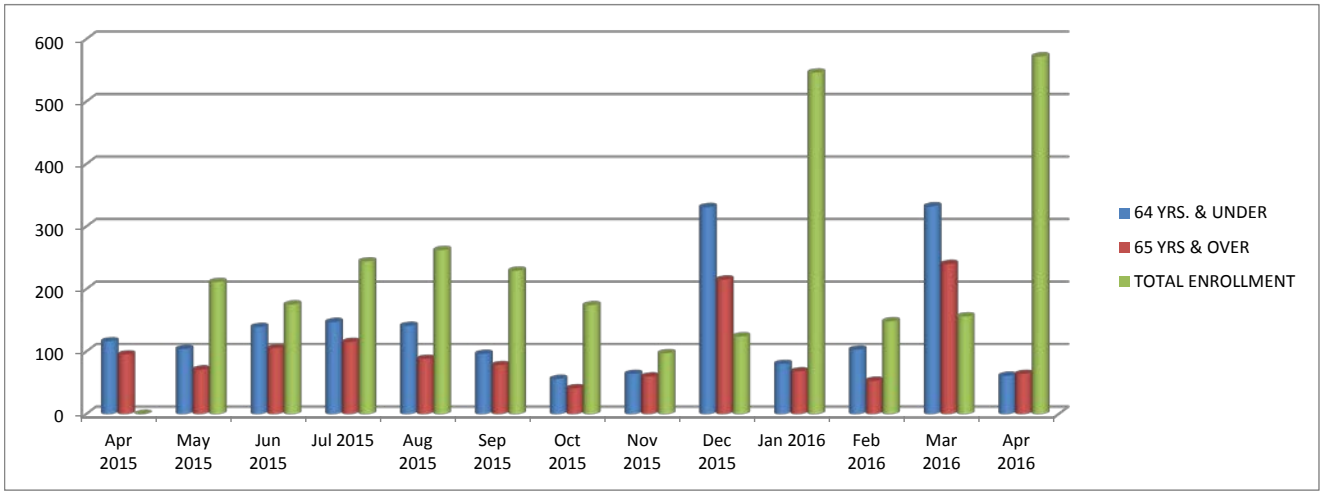
Date	Beg. Balance of Documents	Total Documents Received	Total Documents Completed	Total Documents Rejected	Remaining Documents to be
Apr 2015	1062	2321	1713	183	1883
May 2015	1883	2648	1959	134	2438
Jun 2015	2438	2019	1582	138	2737
Jul 2015	2737	1639	2228	146	2002
Aug 2015	2002	1501	1686	134	1683
Sep 2015	1683	1862	1366	125	2054
Oct 2015	2054	1849	1428	103	2372
Nov 2015	2372	1863	1380	61	2794
Dec 2015	2794	2859	1661	127	3865
Jan 2016	3865	4498	3378	197	4788
Feb 2016	4788	2614	1550	224	5628
Mar 2016	5628	3024	2486	209	5957
Apr 2016	5957	2190	1943	190	6014

CIB TO WORKTREE TRANSITION PERIOD

Retirees Monthly Age Breakdown
APRIL 1, 2015 - APRIL 30, 2016

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
Aug 2015	141	88	229
Sep 2015	96	78	174
Oct 2015	56	41	97
Nov 2015	64	60	124
Dec 2015	331	215	546
Jan 2016	80	68	148
Feb 2016	103	53	156
Mar 2016	332	240	572
Apr 2016	61	64	125



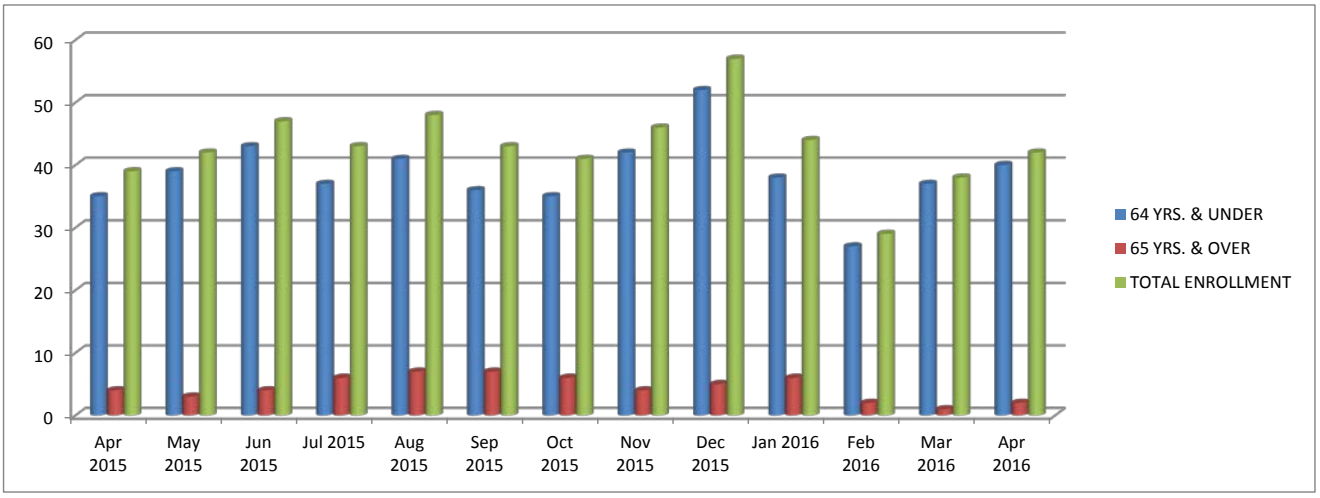
*** Please Note: May's (5/2016) data is not yet available as data is provided on a full month basis.**

*** *Next Report will include the following dates: May 1, 2015 through May 31, 2016.**

Retirees Monthly Age Breakdown
APRIL 1, 2015 - APRIL 30, 2016

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
Aug 2015	41	7	48
Sep 2015	36	7	43
Oct 2015	35	6	41
Nov 2015	42	4	46
Dec 2015	52	5	57
Jan 2016	38	6	44
Feb 2016	27	2	29
Mar 2016	37	1	38
Apr 2016	40	2	42



*** Please Note: May's (5/2016) data is not yet available as data is provided on a full month basis.**

*** *Next Report will include the following dates: May 1, 2015 through May 31, 2016.**

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 5/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
202	1	$226.70	0	$0.00
240	6,208	$666,922.00	12	$286.10
241	185	$18,871.50	1	$62.90
242	836	$91,179.00	0	$0.00
243	3,539	$751,654.20	7	$416.70
244	15	$1,607.30	0	$0.00
245	43	$4,784.60	0	$0.00
246	18	$1,922.00	0	$0.00
247	82	$8,851.80	0	$0.00
248	10	$2,114.90	1	$31.50
249	42	$9,376.30	0	$0.00
250	13	$2,727.40	0	$0.00
Plan Total:	**10,992**	**$1,560,237.70**	**21**	**$797.20**
CIGNA-HEALTHSPRING PREFERRED with RX				
321	23	$2,446.50	0	$0.00
322	8	$839.20	0	$0.00
324	15	$3,163.90	0	$0.00
327	2	$209.80	0	$0.00
329	1	$209.80	0	$0.00
Plan Total:	**49**	**$6,869.20**	**0**	**$0.00**
KAISER SR. ADVANTAGE				
403	9,499	$1,019,583.40	6	$191.90
405	1	($104.90)	0	$0.00
413	1,718	$185,830.50	0	$0.00
418	4,722	$1,016,875.30	4	$210.00
419	242	$26,687.80	0	$0.00
426	198	$21,575.00	0	$0.00
427	162	$16,655.20	0	$0.00
445	2	$209.80	0	$0.00
451	27	$2,866.10	0	$0.00
457	11	$2,324.70	0	$0.00
462	54	$5,698.40	0	$0.00
465	16	$1,380.60	0	$0.00
466	22	$5,085.90	0	$0.00
472	31	$3,268.80	0	$0.00
476	5	$575.20	0	$0.00
478	12	$2,517.60	0	$0.00
482	74	$7,880.90	1	$12.20
486	9	$961.00	0	$0.00
488	44	$9,467.80	0	$0.00
492	1	$104.90	0	$0.00
493	1	$104.90	0	$0.00
Plan Total:	**16,851**	**$2,329,548.90**	**11**	**$414.10**

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 5/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	260	$27,507.10	0	$0.00
613	95	$20,221.80	0	$0.00
Plan Total:	**355**	**$47,728.90**	**0**	**$0.00**
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,474	$158,831.90	1	$36.50
702	332	$35,464.90	0	$0.00
703	783	$167,815.90	1	$10.50
704	67	$7,488.10	0	$0.00
705	22	$4,784.60	0	$0.00
Plan Total:	**2,678**	**$374,385.40**	**2**	**$47.00**
Grand Total:	**30,925**	**$4,318,770.10**	**34**	**$1,258.30**

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 5/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
202	1	$226.70	0	$0.00
240	6,208	$666,922.00	12	$286.10
241	185	$18,871.50	1	$62.90
242	836	$91,179.00	0	$0.00
243	3,539	$751,654.20	7	$416.70
244	15	$1,607.30	0	$0.00
245	43	$4,784.60	0	$0.00
246	18	$1,922.00	0	$0.00
247	82	$8,851.80	0	$0.00
248	10	$2,114.90	1	$31.50
249	42	$9,376.30	0	$0.00
250	13	$2,727.40	0	$0.00
Plan Total:	**10,992**	**$1,560,237.70**	**21**	**$797.20**
CIGNA-HEALTHSPRING PREFERRED with RX				
321	23	$2,446.50	0	$0.00
322	8	$839.20	0	$0.00
324	15	$3,163.90	0	$0.00
327	2	$209.80	0	$0.00
329	1	$209.80	0	$0.00
Plan Total:	**49**	**$6,869.20**	**0**	**$0.00**
KAISER SR. ADVANTAGE				
403	9,499	$1,019,583.40	6	$191.90
405	1	($104.90)	0	$0.00
413	1,718	$185,830.50	0	$0.00
418	4,722	$1,016,875.30	4	$210.00
419	242	$26,687.80	0	$0.00
426	198	$21,575.00	0	$0.00
427	162	$16,655.20	0	$0.00
445	2	$209.80	0	$0.00
451	27	$2,866.10	0	$0.00
457	11	$2,324.70	0	$0.00
462	54	$5,698.40	0	$0.00
465	16	$1,380.60	0	$0.00
466	22	$5,085.90	0	$0.00
472	31	$3,268.80	0	$0.00
476	5	$575.20	0	$0.00
478	12	$2,517.60	0	$0.00
482	74	$7,880.90	1	$12.20
486	9	$961.00	0	$0.00
488	44	$9,467.80	0	$0.00
492	1	$104.90	0	$0.00
493	1	$104.90	0	$0.00
Plan Total:	**16,851**	**$2,329,548.90**	**11**	**$414.10**

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 5/31/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	260	$27,507.10	0	$0.00
613	95	$20,221.80	0	$0.00
Plan Total:	**355**	**$47,728.90**	**0**	**$0.00**
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,474	$158,831.90	1	$36.50
702	332	$35,464.90	0	$0.00
703	783	$167,815.90	1	$10.50
704	67	$7,488.10	0	$0.00
705	22	$4,784.60	0	$0.00
Plan Total:	**2,678**	**$374,385.40**	**2**	**$47.00**
LOCAL 1014				
804	160	$20,118.70	0	$0.00
805	171	$20,700.70	0	$0.00
806	554	$124,509.70	0	$0.00
807	36	$4,670.70	0	$0.00
808	9	$1,922.00	0	$0.00
812	205	$22,667.70	0	$0.00
Plan Total:	**1,135**	**$194,589.50**	**0**	**$0.00**
Grand Total:	**32,060**	**$4,513,359.60**	**34**	**$1,258.30**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Medical Plan							
Anthem Blue Cross Prudent Buyer Plan							
201	755	$637,371.88	$104,653.39	$531,036.77	$635,690.16	($840.86)	$634,849.30
202	425	$703,723.50	$79,313.75	$624,409.75	$703,723.50	$0.00	$703,723.50
203	111	$207,444.57	$48,702.60	$155,004.23	$203,706.83	$0.00	$203,706.83
204	37	$40,002.55	$15,157.62	$24,844.93	$40,002.55	$0.00	$40,002.55
205	1	$228.33	$9.13	$219.20	$228.33	$0.00	$228.33
SUBTOTAL	**1,329**	**$1,588,770.83**	**$247,836.49**	**$1,335,514.88**	**$1,583,351.37**	**($840.86)**	**$1,582,510.51**
Anthem Blue Cross I							
211	963	$1,026,655.14	$71,334.07	$951,069.91	$1,022,403.98	($9,565.11)	$1,012,838.87
212	356	$688,149.15	$39,870.38	$638,257.92	$678,128.30	($3,833.70)	$674,294.60
213	48	$108,540.48	$15,331.31	$90,947.91	$106,279.22	$0.00	$106,279.22
214	18	$25,316.64	$5,316.49	$20,000.15	$25,316.64	$0.00	$25,316.64
215	7	$2,460.57	$555.38	$4,717.27	$5,272.65	$0.00	$5,272.65
SUBTOTAL	**1,392**	**$1,851,121.98**	**$132,407.63**	**$1,704,993.16**	**$1,837,400.79**	**($13,398.81)**	**$1,824,001.98**
Anthem Blue Cross II							
221	2,112	$2,254,177.59	$139,798.83	$2,098,436.91	$2,238,235.74	($7,439.53)	$2,230,796.21
222	1,951	$3,760,859.70	$105,349.95	$3,602,672.87	$3,708,022.82	($3,833.70)	$3,704,189.12
223	550	$1,243,693.00	$47,848.13	$1,207,151.17	$1,254,999.30	$4,522.52	$1,259,521.82
224	116	$164,558.16	$15,077.47	$148,074.21	$163,151.68	$1,406.48	$164,558.16
225	2	$703.02	$175.75	$527.27	$703.02	$0.00	$703.02
SUBTOTAL	**4,731**	**$7,423,991.47**	**$308,250.13**	**$7,056,862.43**	**$7,365,112.56**	**($5,344.23)**	**$7,359,768.33**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	6,227	$2,670,372.30	$429,604.94	$2,260,706.58	$2,690,311.52	($8,573.92)	$2,681,737.60
241	183	$255,298.02	$32,310.19	$215,948.65	$248,258.84	$0.00	$248,258.84
242	841	$1,166,684.50	$80,777.68	$1,063,921.41	$1,144,699.09	$0.00	$1,144,699.09
243	3,542	$3,039,884.26	$355,915.06	$2,648,744.19	$3,004,659.25	($1,835.55)	$3,002,823.70
244	15	$11,524.95	$2,550.85	$8,974.10	$11,524.95	$0.00	$11,524.95
245	43	$33,038.19	$4,056.78	$29,749.74	$33,806.52	$0.00	$33,806.52
246	18	$30,817.80	$3,184.50	$27,633.30	$30,817.80	$0.00	$30,817.80
247	83	$143,816.40	$8,457.78	$131,934.42	$140,392.20	$0.00	$140,392.20
248	10	$11,935.90	$1,909.74	$10,026.16	$11,935.90	$0.00	$11,935.90
249	42	$50,130.78	$5,060.82	$46,263.55	$51,324.37	$0.00	$51,324.37
250	13	$17,391.01	$749.15	$16,641.86	$17,391.01	$0.00	$17,391.01
SUBTOTAL	**11,017**	**$7,430,894.11**	**$924,577.49**	**$6,460,543.96**	**$7,385,121.45**	**($10,409.47)**	**$7,374,711.98**
CIGNA Network Model Plan							
301	377	$483,307.02	$101,377.68	$388,322.29	$489,699.97	($3,835.77)	$485,864.20
302	179	$413,332.48	$79,148.85	$334,183.63	$413,332.48	$0.00	$413,332.48
303	26	$70,879.90	$19,355.75	$48,798.00	$68,153.75	$0.00	$68,153.75
304	22	$37,354.68	$13,950.85	$23,403.83	$37,354.68	$0.00	$37,354.68
SUBTOTAL	**604**	**$1,004,874.08**	**$213,833.13**	**$794,707.75**	**$1,008,540.88**	**($3,835.77)**	**$1,004,705.11**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
CIGNA Healthspring Pref w/ Rx - Phoenix, AZ							
321	23	$7,702.70	$1,647.72	$6,054.98	$7,702.70	$0.00	$7,702.70
322	8	$10,918.00	$982.62	$9,935.38	$10,918.00	$0.00	$10,918.00
324	15	$9,972.00	$1,316.31	$8,655.69	$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**	**$33,291.42**	**$3,946.65**	**$29,344.77**	**$33,291.42**	**$0.00**	**$33,291.42**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,731	$1,520,575.00	$133,219.69	$1,364,763.91	$1,497,983.60	$1,737.80	$1,499,721.40
403	9,575	$2,296,805.60	$254,038.39	$2,060,976.81	$2,315,015.20	($8,146.40)	$2,306,868.80
404	488	$481,294.08	$17,530.21	$463,763.87	$481,294.08	($3,912.96)	$477,381.12
405	876	$779,771.40	$20,046.16	$770,407.04	$790,453.20	($890.15)	$789,563.05
406	55	$93,449.02	$28,589.06	$43,914.49	$72,503.55	($1,611.19)	$70,892.36
411	1,862	$3,259,396.80	$165,863.57	$3,068,405.13	$3,234,268.70	$0.00	$3,234,268.70
413	1,711	$1,917,883.00	$89,802.83	$1,797,182.17	$1,886,985.00	$0.00	$1,886,985.00
414	147	$270,794.58	$7,368.59	$263,425.99	$270,794.58	$0.00	$270,794.58
418	4,724	$2,242,491.80	$185,289.21	$2,085,084.31	$2,270,373.52	($4,732.00)	$2,265,641.52
419	244	$297,145.80	$6,549.32	$295,452.92	$302,002.24	$0.00	$302,002.24
420	124	$243,935.00	$1,327.02	$234,802.06	$236,129.08	($5,168.86)	$230,960.22
421	8	$6,951.20	$1,251.24	$9,175.56	$10,426.80	$0.00	$10,426.80
422	207	$366,596.45	$2,104.85	$371,507.80	$373,612.65	$0.00	$373,612.65
423	23	$59,402.16	$6,537.86	$42,963.94	$49,501.80	$0.00	$49,501.80
426	198	$222,700.50	$3,036.82	$229,786.43	$232,823.25	($2,249.50)	$230,573.75
427	164	$310,092.72	$3,839.23	$267,491.90	$271,331.13	$0.00	$271,331.13
428	42	$81,989.16	$1,043.50	$65,257.98	$66,301.48	$0.00	$66,301.48
429	12	$31,013.16	$3,878.04	$27,135.12	$31,013.16	$0.00	$31,013.16
430	132	$234,339.60	$3,089.02	$231,250.58	$234,339.60	$0.00	$234,339.60
431	12	$32,452.42	$2,350.80	$22,612.60	$24,963.40	$0.00	$24,963.40
432	8	$25,739.04	$7,648.96	$18,090.08	$25,739.04	$0.00	$25,739.04
SUBTOTAL	**22,343**	**$14,774,818.49**	**$944,404.37**	**$13,733,450.69**	**$14,677,855.06**	**($24,973.26)**	**$14,652,881.80**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	5	$5,298.05	$1,101.99	$4,196.06	$5,298.05	$0.00	$5,298.05
451	27	$9,184.32	$993.29	$8,191.03	$9,184.32	$0.00	$9,184.32
453	2	$4,692.66	$858.96	$3,833.70	$4,692.66	$0.00	$4,692.66
454	1	$3,168.92	$907.66	$2,261.26	$3,168.92	$0.00	$3,168.92
457	11	$7,428.52	$1,296.61	$6,131.91	$7,428.52	$0.00	$7,428.52
SUBTOTAL	**46**	**$29,772.47**	**$5,158.51**	**$24,613.96**	**$29,772.47**	**$0.00**	**$29,772.47**
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	$4,042.32	$4,042.32	$0.00	$4,042.32
445	2	$2,783.56	$0.00	$2,783.56	$2,783.56	$0.00	$2,783.56
461	17	$17,179.86	$2,607.30	$13,561.98	$16,169.28	$0.00	$16,169.28
462	55	$21,241.00	$3,298.15	$18,329.05	$21,627.20	$0.00	$21,627.20
463	6	$12,096.90	$1,554.22	$10,542.68	$12,096.90	$0.00	$12,096.90
465	16	$23,660.26	$2,226.85	$17,258.07	$19,484.92	$0.00	$19,484.92
466	22	$16,882.80	$859.49	$17,558.11	$18,417.60	$0.00	$18,417.60
SUBTOTAL	**125**	**$100,918.44**	**$10,546.01**	**$87,107.51**	**$97,653.52**	**$0.00**	**$97,653.52**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	7	$6,773.48	$1,432.11	$5,341.37	$6,773.48	$0.00	$6,773.48
472	31	$10,944.24	$1,878.17	$9,066.07	$10,944.24	$0.00	$10,944.24
473	2	$2,851.82	$853.77	$1,998.05	$2,851.82	$0.00	$2,851.82
474	3	$5,190.84	$830.53	$4,360.31	$5,190.84	$0.00	$5,190.84
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	**60**	**$40,251.74**	**$7,812.88**	**$32,438.86**	**$40,251.74**	**$0.00**	**$40,251.74**
Kaiser - Oregon							
481	8	$8,666.64	$1,949.80	$6,716.84	$8,666.64	$0.00	$8,666.64
482	74	$33,137.20	$4,361.57	$28,775.63	$33,137.20	($447.80)	$32,689.40
484	4	$8,646.64	$887.78	$5,597.20	$6,484.98	$0.00	$6,484.98
485	1	$3,239.99	$978.73	$2,261.26	$3,239.99	$0.00	$3,239.99
486	9	$13,735.17	$1,098.81	$12,636.36	$13,735.17	$0.00	$13,735.17
488	44	$39,186.40	$5,628.61	$33,557.79	$39,186.40	$0.00	$39,186.40
489	1	$976.66	$0.00	$976.66	$976.66	$0.00	$976.66
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	2	$4,556.68	$722.98	$3,833.70	$4,556.68	$0.00	$4,556.68
497	1	$2,054.99	$138.14	$1,916.85	$2,054.99	$0.00	$2,054.99
SUBTOTAL	**146**	**$118,389.30**	**$16,426.51**	**$99,801.13**	**$116,227.64**	**($447.80)**	**$115,779.84**
SCAN Health Plan							
611	261	$89,342.00	$18,761.82	$70,580.18	$89,342.00	($1,023.00)	$88,319.00
613	95	$64,315.00	$12,727.60	$52,264.40	$64,992.00	$0.00	$64,992.00
SUBTOTAL	**356**	**$153,657.00**	**$31,489.42**	**$122,844.58**	**$154,334.00**	**($1,023.00)**	**$153,311.00**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
UHC Medicare Adv.							
701	1,478	$465,211.72	$59,525.09	$409,456.08	$468,981.17	($942.36)	$468,038.81
702	327	$419,208.95	$24,326.50	$382,318.70	$406,645.20	$0.00	$406,645.20
703	779	$487,996.92	$54,784.28	$436,333.94	$491,118.22	($623.24)	$490,494.98
704	69	$97,485.27	$4,662.35	$91,410.09	$96,072.44	$0.00	$96,072.44
705	22	$17,263.40	$973.02	$16,290.38	$17,263.40	$0.00	$17,263.40
SUBTOTAL	**2,675**	**$1,487,166.26**	**$144,271.24**	**$1,335,809.19**	**$1,480,080.43**	**($1,565.60)**	**$1,478,514.83**
United Healthcare							
707	418	$400,456.25	$45,246.65	$348,613.85	$393,860.50	$1,884.50	$395,745.00
708	372	$648,911.25	$29,674.31	$619,236.94	$648,911.25	$0.00	$648,911.25
709	234	$477,584.64	$34,451.44	$461,501.84	$495,953.28	$4,081.92	$500,035.20
SUBTOTAL	**1,024**	**$1,526,952.14**	**$109,372.40**	**$1,429,352.63**	**$1,538,725.03**	**$5,966.42**	**$1,544,691.45**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	41	$40,552.69	$1,602.33	$38,950.36	$40,552.69	$0.00	$40,552.69
802	256	$456,552.96	$11,699.15	$444,853.81	$456,552.96	$0.00	$456,552.96
803	208	$437,567.52	$14,305.08	$423,262.44	$437,567.52	$0.00	$437,567.52
804	160	$158,254.40	$10,009.54	$148,244.86	$158,254.40	($20,118.70)	$138,135.70
805	171	$304,963.11	$8,453.35	$296,509.76	$304,963.11	($20,700.70)	$284,262.41
806	554	$988,009.14	$35,810.81	$952,198.33	$988,009.14	($124,509.70)	$863,499.44
807	36	$75,732.84	$673.18	$75,059.66	$75,732.84	($4,670.70)	$71,062.14
808	9	$18,933.21	$168.30	$18,764.91	$18,933.21	($1,922.00)	$17,011.21
809	23	$22,749.07	$2,532.07	$20,217.00	$22,749.07	$0.00	$22,749.07
810	4	$7,133.64	$1,462.39	$5,671.25	$7,133.64	$0.00	$7,133.64
811	5	$10,518.45	$0.00	$10,518.45	$10,518.45	$0.00	$10,518.45
812	205	$202,763.45	$19,128.88	$183,634.57	$202,763.45	($22,667.70)	$180,095.75
SUBTOTAL	**1,672**	**$2,723,730.48**	**$105,845.08**	**$2,617,885.40**	**$2,723,730.48**	**($194,589.50)**	**$2,529,140.98**
Medical Plan Total	**47,569**	**$40,288,600.21**	**$3,206,177.94**	**$36,865,270.90**	**$40,071,448.84**	**($250,461.88)**	**$39,820,986.96**

Medical and Dental Vision Insurance Premiums

June 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Dental/Vision Plan							
CIGNA Indemnity Dental/Vision							
501	22,434	$1,045,928.40	$124,923.08	$927,913.60	$1,052,836.68	($3,262.78)	$1,049,573.90
502	20,773	$2,074,808.48	$168,434.80	$1,912,163.91	$2,080,598.71	($1,609.24)	$2,078,989.47
503	14	$810.60	$147.09	$895.11	$1,042.20	$0.00	$1,042.20
SUBTOTAL	**43,221**	**$3,121,547.48**	**$293,504.97**	**$2,840,972.62**	**$3,134,477.59**	**($4,872.02)**	**$3,129,605.57**
CIGNA Dental HMO/Vision							
901	3,172	$134,038.02	$18,103.00	$116,906.41	$135,009.41	($716.58)	$134,292.83
902	2,236	$200,255.76	$18,917.46	$181,817.53	$200,734.99	($178.72)	$200,556.27
903	5	$214.00	$65.04	$491.36	$556.40	$0.00	$556.40
SUBTOTAL	**5,413**	**$334,507.78**	**$37,085.50**	**$299,215.30**	**$336,300.80**	**($895.30)**	**$335,405.50**
Dental/Vision Plan Total	**48,634**	**$3,456,055.26**	**$330,590.47**	**$3,140,187.92**	**$3,470,778.39**	**($5,767.32)**	**$3,465,011.07**
GRAND TOTALS	**96,203**	**$43,744,655.47**	**$3,536,768.41**	**$40,005,458.82**	**$43,542,227.23**	**($256,229.20)**	**$43,285,998.03**

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
Anthem Blue Cross Prudent Buyer Plan		
$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
Anthem Blue Cross Plan I		
$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
Anthem Blue Cross Plan II		
$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
Anthem Blue Cross Plan III		
$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.**

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
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.**

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
Kaiser (continued)		
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")
Kaiser Colorado		
$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")
Kaiser Georgia		
$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.**

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
Kaiser Georgia (continued)		
$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"
Kaiser Hawaii		
$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)
Kaiser Oregon		
$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

Kaiser Oregon (continued)

$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.

***Benchmark premiums are bolded.**

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS

SCAN Health Plan

$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.)

United Healthcare Medicare Advantage (UHCMA)

(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

United Healthcare (UHC)

(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

Local 1014 Firefighters

$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.**

PREMIUMS*	CARRIER DEDUCTION CODES	DEDUCTION CODE DEFINITIONS
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

***Benchmark premiums are bolded.**

Overview of the Anthem Blue Cross (Rancho Cordova) Medical Plan Audit and Cigna (Scranton) Dental Audit

Los Angeles County Employees Retirement Association | June 9, 2016

Aon Hewitt
Health & Benefits

Los Angeles County Employees Retirement Association

2015 Audit Scope

Two Distinct Audit Projects:

- Medical claim audit of the LACERA benefit plans administered by Anthem Blue Cross (Anthem)
  - A random, stratified sample of 220 claims processed from July 1, 2014 through June 30, 2015
  - Statistically valid confidence level of 95% with 3.75% interval
  - Audit sample included claims from all LACERA benefit plans (Plans I, II, III In and Out-of-State as well as Prudent Buyer)
  - Audit occurred October 12, 2015
- Dental claim audit of LACERA's plans administered by Cigna in Scranton (Pennsylvania)
  - Random (non-stratified) sample of 220 claims processed July 1, 2014 through June 30, 2015
  - Statistically valid confidence level of 95% with a 4.0% interval
  - Audit sample included claims from LACERA's dental preferred provider organization plan (DPPO)
  - On-site audit occurred October 19, 2015

Anthem Medical Plan Audit Results

- Slight decrease in performance for Financial Accuracy compared to 2014
- Lowest Nonfinanical Accuracy results out of all four audits
- Significant improvement in performance for Overall Accuracy and Payment Accuracy
  - Appears that Anthem's initiatives to correct system issues related to Medicare Sequestration has greatly reduced the frequency of errors
- Also an increase in claim handling time performance results over 2014 results
  - 30-calendar day performance guarantee objective was not achieved
- As in the 2014 results, issues with the effect of Medicare Sequestration on coordination of benefits was the cause for almost all the errors

	2015 Audit Results	2014 Audit Results	2013 Audit Results	2012 Audit Results	LACERA Performance Guarantees	Satisfactory	Good	Excellent
Financial Accuracy	99.28% 🔴	99.87% 🟢	99.63% 🟡	98.88% 🔴	99.00%	99.30%	99.60%	99.80%
Nonfinancial Accuracy*	94.55% 🔴	99.55% 🟢	100.00% 🟢	99.55% 🟢	97.00%	—	—	—
Overall Accuracy	92.33% 🔴	65.04% 🔴	95.93% 🔴	98.61% 🟡	—	96.00%	97.50%	99.00%
Payment Accuracy	93.07% 🔴	65.26% 🔴	95.93% 🔴	98.89% 🟡	—	97.50%	98.50%	99.50%
Turnaround Time	93.00% 🟢	84.60% 🔴	91.50% 🔴	94.80% 🟢	90.00%	92.00% within 14 calendar days		
Turnaround Time	96.00% 🔴	87.40% 🔴	95.40% 🔴	99.60% 🟢	98.00%	99.00% within 30 calendar days		

*Nonfinancial Accuracy is not one of Aon Hewitt's standard performance objectives.

Results Key:
🟢 Excellent
🟡 Good
🟡 Satisfactory
🔴 Fail

Anthem Key Findings/Observations

- One major system issue previously identified in 2013 audit
  - Sequestration required Medicare physician and hospital payments to be reduced by 2% effective April 1, 2013
    - System enhancement to ensure 2% reduction would not be applied to retiree responsibility not implemented by Anthem until January 11, 2014
    - LACERA claim examiners identified enhancement not programmed correctly in February 2014
    - Anthem implemented a “fix” to the system June 14, 2014 specifically for LACERA
    - Based on 2015 findings, the “fix” improved the accuracy of COB with Medicare, but there still appear to be issues with the 2% Sequestration in certain circumstances
      - Incorrect amounts being applied to retiree deductibles under the LACERA plans
      - Financial errors (overpayments and underpayments) identified ranged from $0.10 to $24.35
- Audit also identified a $4,107 underpayment for incorrect allowable amount applied to network inpatient facility claim
  - Anthem already had reprocessed the claim due to a settlement with the hospital over contract language for inpatient admissions when emergency services were rendered first

Bottom Line: Performance has improved since 2014, but Medicare Sequestration still continues to be an issue

Cigna Dental Plan Audit Results

- No errors were identified through the course of the 2015 audit
  - Resulted in 100% for Financial Accuracy, Overall Accuracy and Payment Accuracy
- Unfortunately, performance in the 14-calendar day and 30-calendar day turnaround time standards decreased as compared to the 2014 results
- In 2015, Cigna recognized that action needed to be taken to improve claim time to process metrics for LACERA. Cigna:
  - Added additional staffing
  - Increased training of claim office personnel
  - Updated operational controls
- We expect to see improved claim handling time results in the 2016 audit

	2015 Audit Results	2014 Audit Results	2013 Audit Results	2012 Audit Results	Satisfactory	Good	Excellent
Financial Accuracy	100.00% ●	100.00% ●	98.64% ●	95.74% ●	99.50%	99.70%	99.90%
Overall Accuracy	100.00% ●	98.64% ●	98.64% ●	95.40% ●	96.00%	97.50%	99.00%
Payment Accuracy	100.00% ●	100.00% ●	99.09% ●	98.64% ●	97.50%	98.50%	99.50%
Turnaround Time	82.27% ●	97.73% ●	99.09% ●	94.09% ●	92.00% within 14 calendar days		
Turnaround Time	95.91% ●	100.00% ●	99.55% ●	99.09% ●	99.00% within 30 calendar days		

Results Key:
● Excellent ● Satisfactory
● Good ● Fail

Anthem Blue Cross
Blue Cross
Anthem Blue Cross of California

Customer Audit Services
21555 Oxnard St.
Woodland Hills, CA 91367

May 13, 2016

Cathy Weis
Aon Hewitt / Consulting / U.S. Health & Benefits
4 Overlook Point
Lincolnshire, IL 60069-4302

Re: Los Angeles County Employees Retirement Association Medical Plan Audit Report

Dear Ms. Weis:

Anthem Blue Cross of California (Anthem) reviewed the audit report prepared by Aon Hewitt (Aon) on behalf of Los Angeles County Employees Retirement Association (LACERA) for the on-site audit of claims processed from July 1, 2014 through June 30, 2015. The on-site review took place the week of October 12, 2015 at our Rancho Cordova facility.

Anthem's response to the Findings, Observations and Recommendations are presented below:

Claims Audit Results

In-Sample Errors – Overpayments

Aon Hewitt identified six overpayments, totaling $123.57

- Claims 167 and 174 - two errors totaling $111.31 occurred due to incorrect allowable amounts having been applied.

  Anthem Response: *Anthem agrees with the assessed overpayment error on claim #167 in the amount of $3.80. The error was the result of a claim processor not applying the correct pricing for outpatient emergency room charges. The claim was adjusted on 10/16/15.*

  Anthem agrees with the assessed overpayment error on claim #174 in the amount of $107.51. The error was the result of a claim processor not applying the multiple surgery reduction. The claim was adjusted on 11/24/15.

  Management met with the associate on 12/8/15 to review the audit error. The Employer Service Representative and Unit Lead will provide coaching to the entire designated staff handling processing on behalf of LACERA.

- Claims 98, 111, 129, 130 - Four errors amounting to $12.26 were the result of benefits not being correctly coordinated with Medicare.

  Anthem Response: *Anthem agrees with the assessed overpayment errors on claims 98, 111, 129 and 130, resulting in the total overpayment amount of $12.26. The errors were due to incorrect coordination with Medicare. This issue was caused by system programming. Additional research is being conducted to determine when the break in the initial correction done in June 2014 occurred. Impact reports will be generated and the results shared as soon as they become available.*

In – Sample Errors – Underpayments

Aon Hewitt identified six underpayments totaling $4,137.88

- A $4,107.00 error was assessed on claim 185 due to an incorrect allowable amount having been applied to inpatient network facility charges.

  Anthem Response: *Anthem disagrees with the assessed error on claim #185. This claim originally paid correctly allowing for 1 day according to the Utilization Management approval. Due to a process update, the claim was later adjusted to allow an additional day due to the patient being admitted from the emergency room. When the process update was made, Anthem identified all claims that required an adjustment to allow the additional day. This identification was done through our internal processes and the adjustment was done prior to the audit. Both versions of the claim were handled correctly.*

- Three errors – claims 11, 20 and 101 totaling $29.97, were the result of incorrect COB with Medicare.

  Anthem Response: *Anthem disagrees with the assessed errors on claim #11, #20 and #101 resulting in an underpayment of $29.97. The LACERA plan uses the "lesser of language" to determine which allowable amount should be utilized when coordinating benefits with Medicare. Since Anthem's allowable is less than Medicare, Anthem's allowance was used.*

- An $0.81 error occurred on claim 96 when Anthem's WGS system incorrectly coordinated benefits with Medicare on inpatient professional physician charges.

  Anthem Response: *Anthem agrees with the assessed error on claim #96 resulting in an underpayment of $0.81. The error was due to incorrect coordination with Medicare. This issue was caused by system programming. Additional research is being conducted to determine when the break in the initial correction done in June 2014 occurred. Impact reports will be generated and the results shared as soon as they become available.*

- The final underpayment error on claim 126 in the amount of $0.10 also occurred when the WGS system incorrectly coordinated benefits with Medicare on inpatient physician charges.

  Anthem Response: *Anthem agrees with the assessed error on claim #126 which resulted in an underpayment of $0.10. The error was due to incorrect COB with Medicare on inpatient*

physician charges. This issue was caused by system programming. Additional research is being conducted to determine when the break in the initial correction done in June 2014 occurred. Impact reports will be generated and the results shared as soon as they become available.

In-Sample Errors – Nonfinancial Errors)

Aon Hewitt identified 12 nonfinancial errors.

- Ten errors occurred on claims 2, 5, 26, 35, 36, 37, 40, 41, 48, and 50 due to benefits having been incorrectly coordinated with Medicare.

  Anthem Response: *Anthem disagrees with the ten assessed errors. The amount that Anthem applied to the deductible is less than the 2% Medicare sequestration, which is a write-off to the provider. Anthem would only take the 2% Medicare sequestration if Medicare applied the full allowable to the deductible.*

- An error was assessed on claim 1 as a result of an incorrect benefit amount having been displayed.

  Anthem Response: *Anthem disagrees with the assessed error on claim #1. When Anthem originally received the claim, the Patient Responsibility (PR) was $48.61 and Medicare paid $198.53. Since the Medicare Sequestration was bundled with the Non-eligible charges, Anthem paid the co-insurance.*

  The provider submitted a corrected bill showing the PR of $47.22. Anthem made the change on the system, but could not recover the $1.39 overpayment. The overpayment cannot be recovered since it falls under the dollar threshold amount for recovery.

- The final nonfinancial error occurred on claim 218, due to a remark code having been omitted at the time of adjudication.

  Anthem Response: *Anthem agrees with the non-financial error. The claim processor failed to indicate that only 1 day of a 2 day admission had been certified on the system; however the claim was paid correctly. There was no dollar impact.*

  Management met with the associate on 12/8/15 to review audit error. The Employer Service Representative and Unit Lead will provide coaching as necessary to the entire designated staff processing LACERA claims.

  Out-of-Sample Errors

  Aon Hewitt identified one out-of-sample error.

- A $38.82 underpayment error on claim 158 occurred as a result of an incorrect benefit level having been applied to physician office services.

  Anthem Response: *Anthem agrees with the assessed error on claim #158 which resulted in an underpayment of $16.94. The claim processor applied the incorrect benefit level to physician*

office services. The claim processor adjusted the claim and paid the office surgery charges at the 80% coinsurance level when they should have been paid at the 100% benefit level. The claim was adjusted on 11/17/15.

Management met with the associate on 12/8/15 to review the audit error. The Employer Service Representative and Unit Lead will provide coaching as necessary to the entire designated staff processing LACERA claims.

Audit Recommendations

Claim audit Results

1. Based on the fact that close to 80% of the in-sample errors were related to issues with coordinating benefits with Medicare and Medicare Sequestration, Anthem should review the system programming related to ensure that LACERA retirees and their dependents are receiving the correct benefits under their plan. We are concerned that the June 2014 correction that Anthem implemented on the LACERA plan does not allow the system to properly adjudicate benefits in certain circumstances. Anthem should also quantify the impact of their current handling of Medicare Sequestration on LACERA's plans.

   Anthem Response: *Anthem is currently researching to determine if a break occurred in the correction made in June 2014. We will generate impact reports and share the results when they become available. Anthem has had initiatives underway across all of our processing platforms to modify the handling of sequestration. We anticipate that the modifications will be completed in July 2016.*

2. Anthem should provide an update concerning the plan intent for using Anthem's allowable versus Medicare's allowable amounts. This issue occurred on claims 11, 20, and 101.

   Anthem Response: *The Anthem management team is available to discuss the plan intent related to the a administration of Medicare claims; Medicare allowed vs. Anthem's allowable with LACERA upon request.*

3. An update concerning the status of claims 167, 174, and 158 should be provided. In particular, Anthem should confirm whether the claims have been reprocessed and whether the overpayments on 167 and 174 have been recovered.

   Anthem Response: *Anthem completed the recovery for claim error #167 on (10/16/15), and for claim error #174 on (11/24/15).*

   Anthem completed the adjustment for the underpayment error on claim #158 on 10/22/15.

4. Anthem should revisit their process to prevent "auto-clipping" of small overpayments on claims, since it is not appropriate to reflect an incorrect benefit or payment information on a member's claim.

   Anthem Response: *The Anthem management team is available to discuss overpayments under $30.00 with LACERA upon request.*

Anthem appreciates the opportunity to respond to the report and is available to discuss this audit, the findings, and our responses with both Aon Hewitt and LACERA. If you have any questions, please do not hesitate to call me at (818) 234-3276 or if you prefer, my email address is george.garcia@anthem.com.

Sincerely,

George R.
Garcia External
Audit Manager
Customer Audit
Services

cc: Lisa Adams,
Anthem Ivan
Ashby,
Anthem Jill
Bromberg,
Anthem
Marijane Gadbury,
Anthem Diane Patzlaff,
Anthem Kimberly Paul,
Anthem

Medical Plan Audit

Los Angeles County Employees Retirement Association
Anthem Blue Cross
April 2016

Prepared by Aon Hewitt
U.S. Health & Benefits | Audit Services

Presentation to Los Angeles County Employees Retirement Association
Anthem Blue Cross—Rancho Cordova

Empower Results®

About This Material

Los Angeles County Employees Retirement Association (LACERA) provides medical plan benefits to retirees and their dependents. Anthem Blue Cross (Anthem), located in Rancho Cordova (California), continues to perform claim processing services and customer service assistance for the LACERA medical plans.

The primary purpose of our evaluation was to provide LACERA with a comprehensive annual assessment concerning the quality of claim handling and plan management being provided to LACERA plan participants by Anthem.

Other specific objectives of the audit were to:

- Verify that LACERA's medical benefits are being paid accurately and according to the plan provisions.
- Assess the overall quality of claim administration being delivered by Anthem personnel for performance guarantee purposes.
- Identify opportunities and changes that will improve Anthem's overall performance on the account and increase the level of service being provided to LACERA participants.

The Aon Hewitt team was on-site at Anthem's Rancho Cordova facility during the week of October 12, 2015 to conduct the claim audit.

This report summarizes our findings, observations, and recommendations concerning Anthem's performance. The Aon Hewitt team wishes to acknowledge the excellent assistance and cooperation we received from Anthem personnel throughout the course of this project.

Table of Contents

Summary of Findings

- Claim Audit
- Next Steps

Summary of Claim Audit Findings

- Aon Hewitt's audit consisted of a random, stratified sample of 220 claims processed 07/01/2014 through 06/30/2015
- Of the $442,696.25 total benefits paid within the sample, net errors totaled ($4,014.31)
- Of the 220 claims audited, 24 in-sample and 1 out-of-sample errors were identified
- A detailed description can be found in the Claim Audit Evaluation Methodology section of this report
- Based on the audit findings, Anthem was unable to meet the performance guarantee objectives for Nonfinancial Accuracy and the 30-calendar day turnaround time

Claim Audit Findings

	2015 Audit Results	2014 Audit Results	2013 Audit Results	2012 Audit Results	LACERA Performance Guarantees	Satisfactory	Good	Excellent
Financial Accuracy	99.28%	99.87%	99.63%	98.88%	99.00%	99.30%	99.60%	99.80%
Nonfinancial Accuracy*	94.55%	99.55%	100.00%	99.55%	97.00%	—	—	—
Overall Accuracy	92.33%	65.04%	95.93%	98.61%	—	96.00%	97.50%	99.00%
Payment Accuracy	93.07%	65.26%	95.93%	98.89%	—	97.50%	98.50%	99.50%
Turnaround Time	93.00%	84.60%	91.50%	94.80%	90.00%	92.00% within 14 calendar days		
Turnaround Time	96.00%	87.40%	95.40%	99.60%	98.00%	99.00% within 30 calendar days		

*Nonfinancial Accuracy is not one of Aon Hewitt's standard performance objectives.

Results Key:
Excellent
Good
Satisfactory
Fail

Summary of Claim Audit Findings

Summary of Error Categories

	In-Sample Errors	Out-of-Sample Errors*	Total Dollars
Incorrect benefit amount displayed	1	0	$0.00
Incorrect COB with Medicare	19	0	$43.14
Incorrect allowable amount applied	3	0	$4,218.31
Remark code omitted	1	0	$0.00
Incorrect benefit level applied	0	1	$38.82
Totals	**24**	**1**	**$4,300.27**

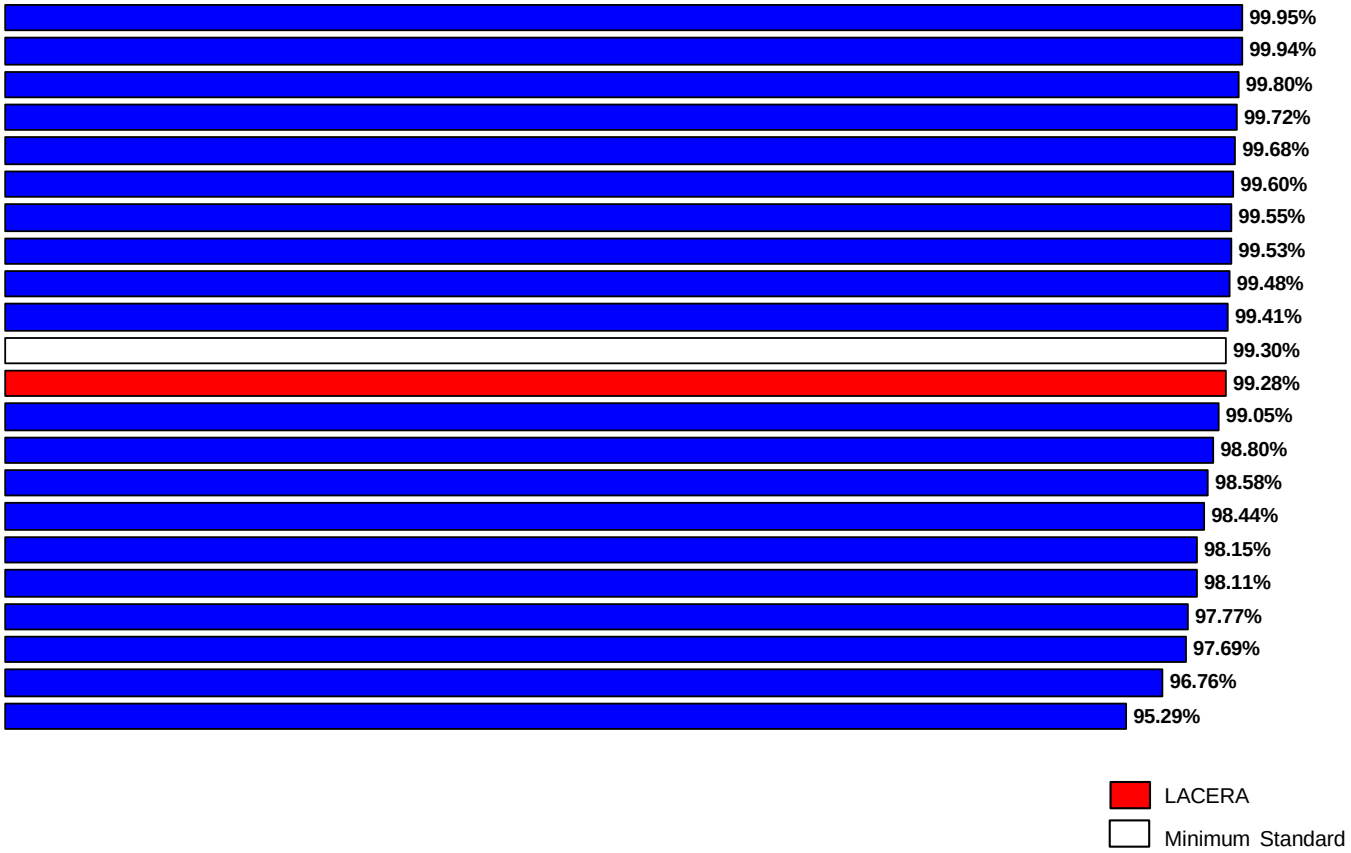
* These errors were assessed on out-of-sample claims and out-of-sample targeted claims. Out-of-sample errors are not included in our calculation of the statistical audit results but are included as a commentary in this report.

Summary of Claim Audit Findings

Comparative Results

When comparing the results against Aon Hewitt's 20 most recent claim audits, which include other administrators, Anthem's results ranked as follows:

Financial Accuracy (Anthem ranked 11th)

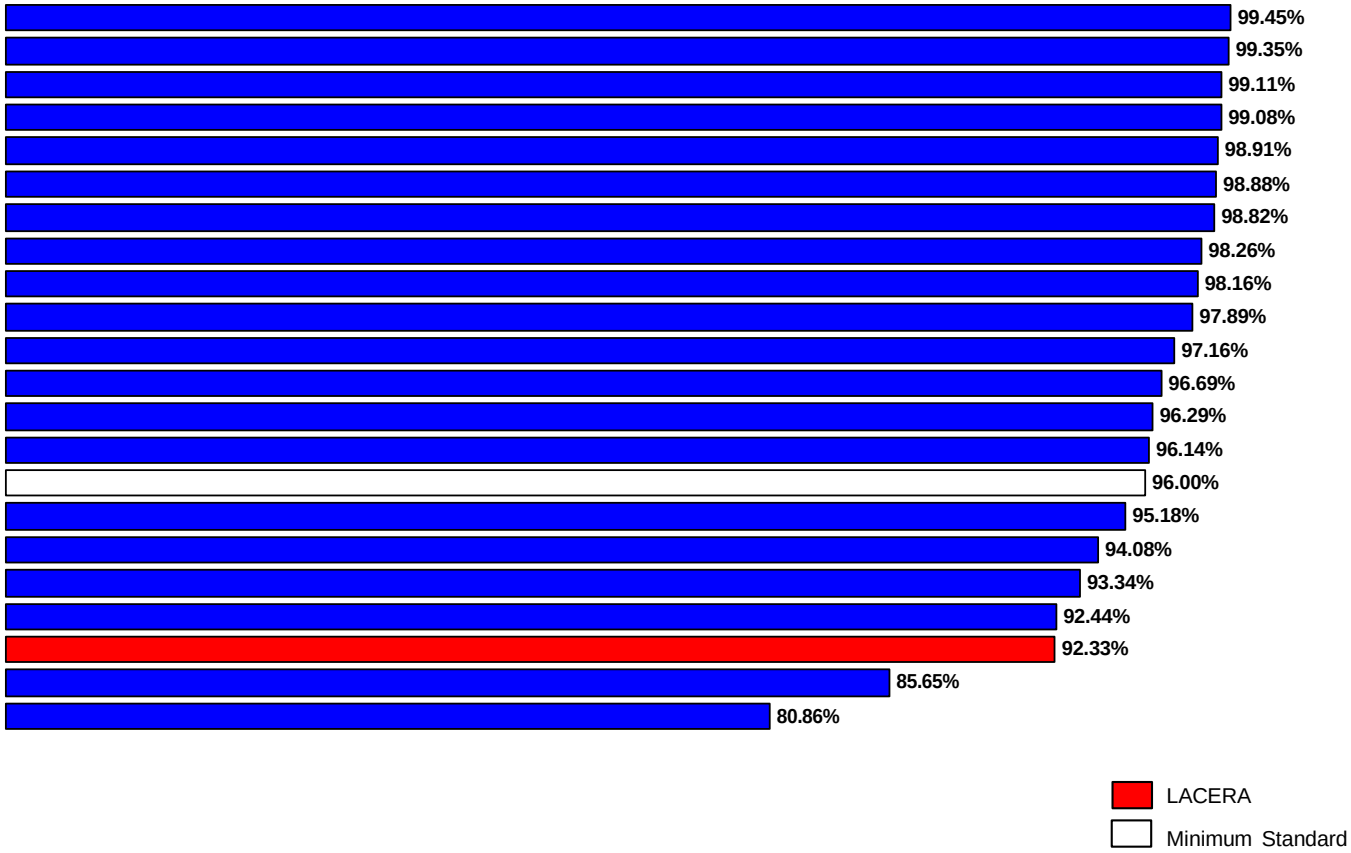


Summary of Claim Audit Findings

Comparative Results

When comparing the results against Aon Hewitt's 20 most recent claim audits, which include other administrators, Anthem's results ranked as follows:

Overall Accuracy (Anthem ranked 19th)

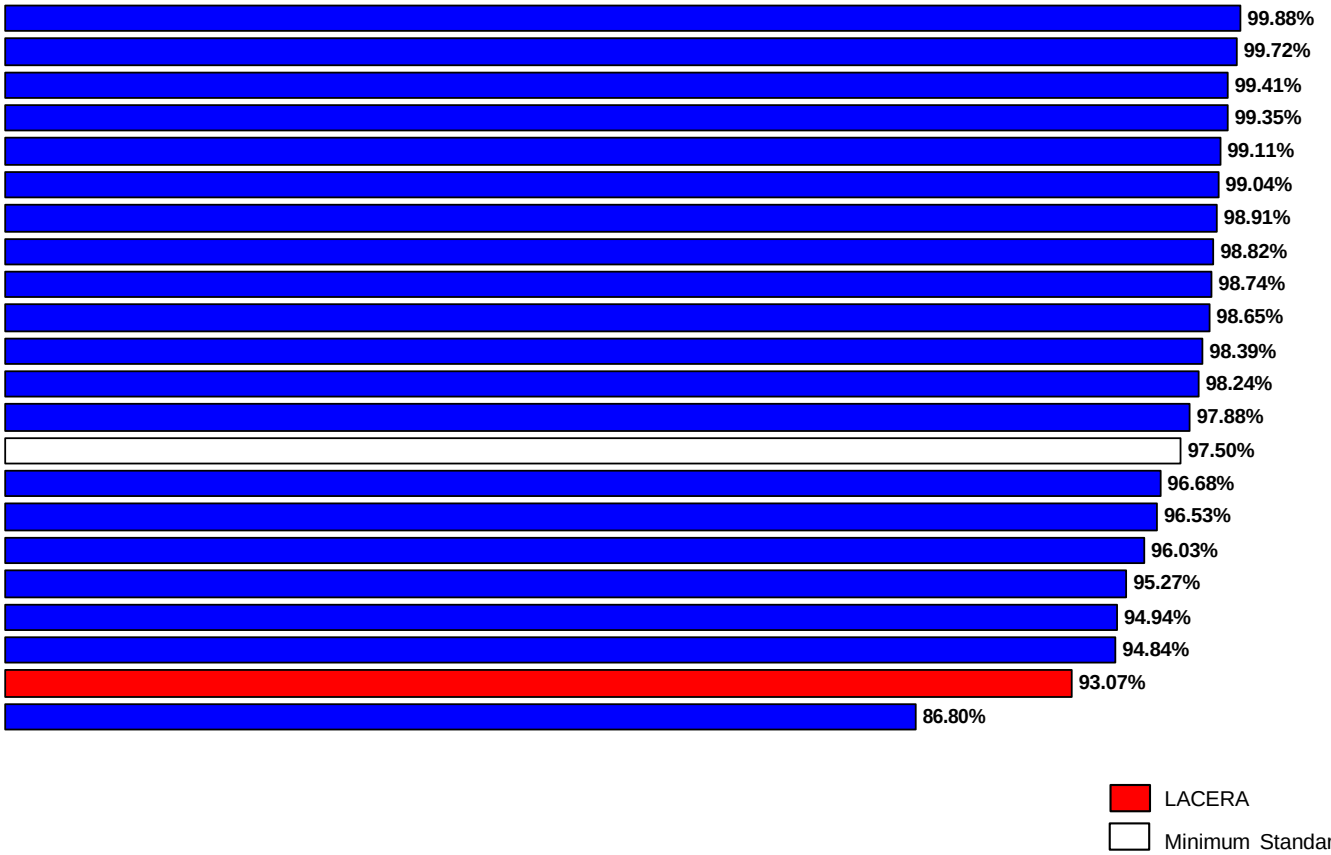


Summary of Claim Audit Findings

Comparative Results

When comparing the results against Aon Hewitt's 20 most recent claim audits, which include other administrators, Anthem's results ranked as follows:

Payment Accuracy (Anthem ranked 20th)

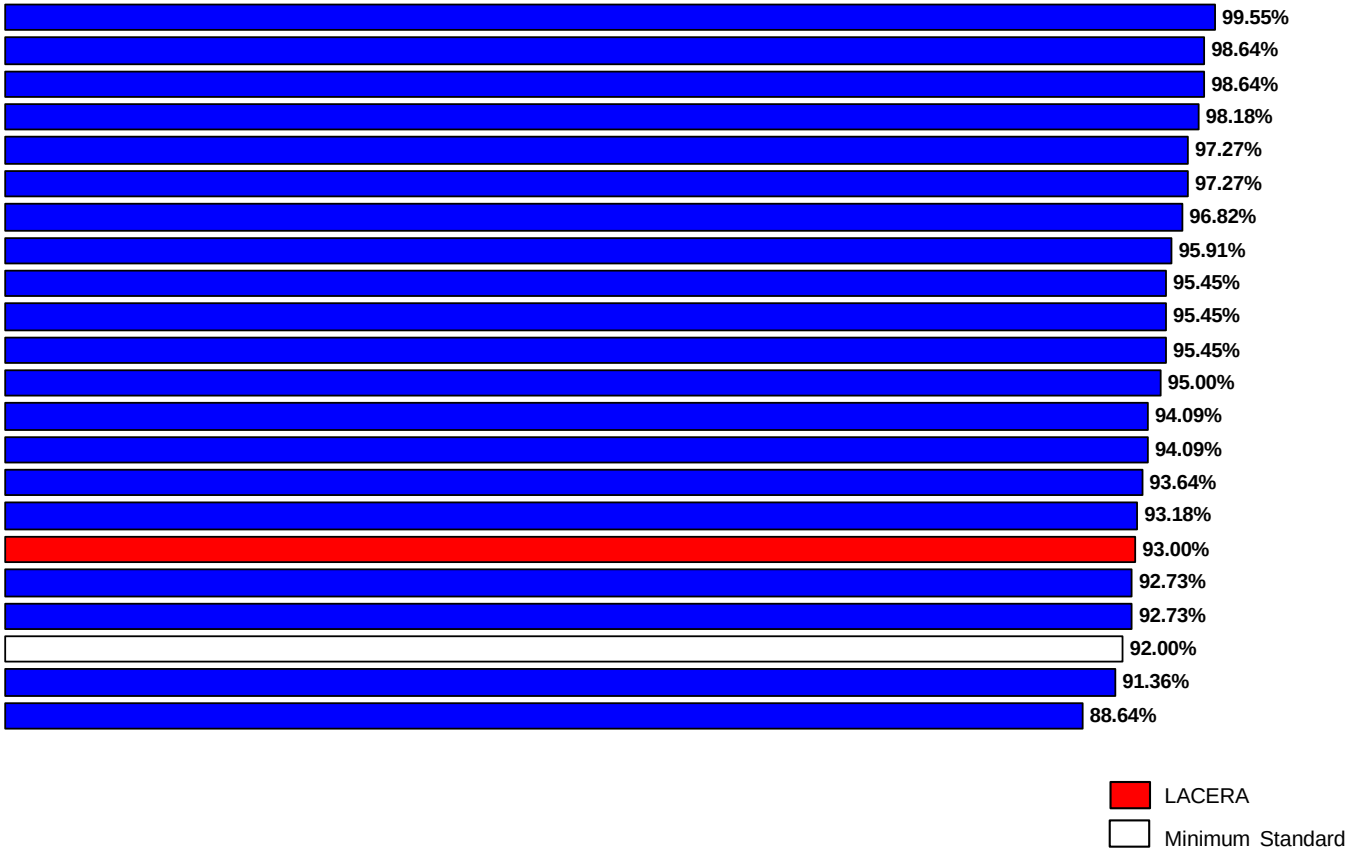


Summary of Claim Audit Findings

Comparative Results

When comparing the results against Aon Hewitt's 20 most recent claim audits, which include other administrators, Anthem's results ranked as follows:

14-Calendar Day Claim Turnaround (Anthem ranked 17th)

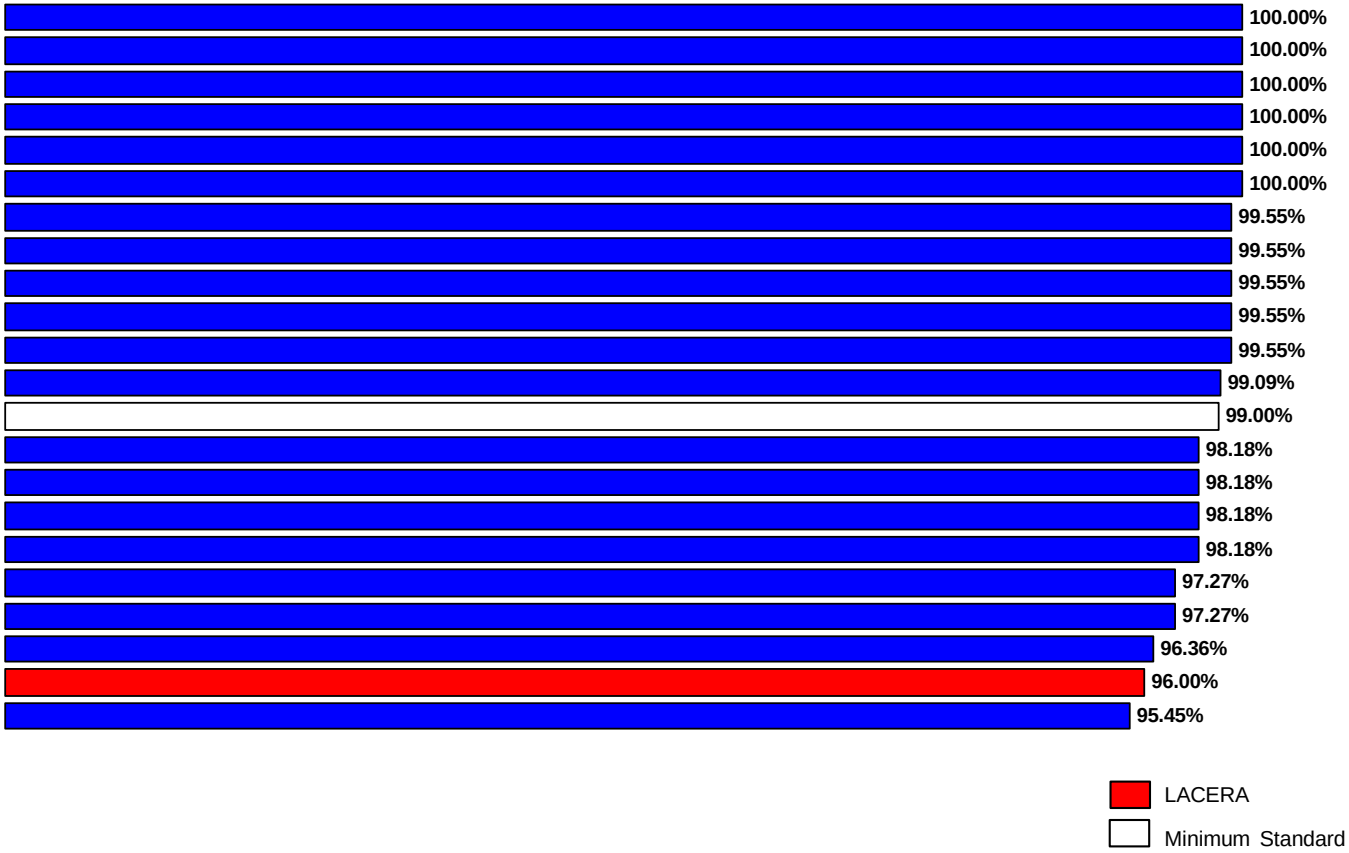


Summary of Claim Audit Findings

Comparative Results

When comparing the results against Aon Hewitt's 20 most recent claim audits, which include other administrators, Anthem's results ranked as follows:

30-Calendar Day Claim Turnaround (Anthem ranked 20th)



Next Steps

We suggest the following steps.

- Aon Hewitt is sending a copy of the audit report to Anthem, requesting a written response to our audit findings and recommendations.
- Anthem should respond to each item contained in the Detailed Claim Audit Recommendations section of our report.
  - The claim audit response also needs to address recommendations in the same order as this report.
  - All responses should also include any root cause analysis, project plans, and/or impact reports.
- Anthem should respond to LACERA and Aon Hewitt within two weeks of receipt of the report.
- A follow-up meeting should be held with the appropriate Anthem personnel assigned to LACERA to discuss the evaluation and audit, and the response to our report. Individuals from LACERA, Anthem and Aon Hewitt should be in attendance at the joint meeting.
- Following the three-party meeting, Anthem should prepare a timetable for implementing agreed upon changes.
- Anthem should also establish a follow-up process to ensure that needed changes are made according to schedule and that these changes are working effectively.

Detailed Findings

- Claim Audit and Recommendations

Detailed Claim Audit Findings: Claim Turnaround Time

While the statistical results for claim turnaround time is based upon the entire population of claims for the time period audited, the following provides additional information on the claim processing turnaround time for the 220 claims within our sample

Claim Turnaround Time Results—Aon Hewitt Standards

Calendar Day Turnaround Time	Number	Percentage	Cumulative	
			Number	Percentage
Claims processed 7 days or less	179	81.36%	179	81.36%
Claims processed 8 to 14 days	19	8.64%	198	90.00%
Claims processed 15 to 21 days	11	5.00%	209	95.00%
Claims processed 22 to 30 days	8	3.64%	217	98.64%
Claims processed 31 days or more	3	1.36%	220	100.00%
Total	220	100.00%	220	100.00%

Detailed Claim Audit Findings: Selection Strata Summary

The following table provides additional information regarding the claim audit sample and findings

Claim Sample Statistics

Statistical Category	All Sample Claims	Auto-Adjudicated Claims		Manually Processed Claims	
Number of claims	220	177	80.45%	43	19.55%
Total charges reviewed	$1,493,096.26	$853,310.66	57.15%	$639,785.60	42.85%
Total benefits paid	$442,969.25	$173,408.22	39.15%	$269,561.03	60.85%
Percentage of charges paid	29.67%	20.32%		42.13%	
Total number of overpayments	6	4	66.67%	2	33.33%
Total amount of overpayments	$123.57	$12.26	9.92%	$111.31	90.08%
Average overpayment amount	$20.60	$3.07		$55.66	
Total number of underpayments	6	4	66.67%	2	33.33%
Total amount of underpayments	$4,137.88	$27.36	0.66%	$4,110.52	99.34%
Average underpayment amount	$689.65	$6.84		$2,055.26	
Gross financial error	$4,261.45	$39.62	0.93%	$4,221.83	99.07%
Net error	($4,014.31)	($15.10)		($3,999.21)	

Detailed Claim Audit Findings: Paid Claims Data (Sample & All Claims)

The following tables show the paid claim data for both the 220 claim sample as well as for all claims within the sample period

Selection Strata Summary—Claim Sample
Claims Processed July 1, 2014 through June 30, 2015

Payment Strata	Submitted Amount	Paid Amount	Number of Claims	Percentage of Charges Paid
$0	$23,751.96	$0.00	60	0.00%
$.01–$500.00	71,667.59	5,840.48	100	8.15%
$500.01–$2,500.00	429,823.30	21,054.66	20	4.90%
$2,500.01–$5,000.00	205,310.57	68,961.18	20	33.59%
$5,000.01+	762,542.84	347,112.93	20	45.52%
Total	$1,493,096.26	$442,969.25	220	

Selection Strata Summary—Entire Population
Claims Processed July 1, 2014 through June 30, 2015

Payment Strata	Submitted Amount[1]	Paid Amount[1]	Number of Claims	Percentage of Charges Paid
$0	$29,097,787.47	$0.00	26,454	0.00%
$.01–$500.00	359,936,751.22	34,348,695.53	614,726	9.54%
$500.01–$2,500.00	479,364,557.31	24,354,759.33	23,207	5.08%
$2,500.01–$5,000.00	35,457,535.34	8,667,253.67	2,479	24.44%
$5,000.01+	101,370,558.37	35,795,165.22	2,095	35.31%
Total	$1,005,227,189.71	$103,165,873.75	668,961	

[1] This does not include any claims where the total paid amount was <0

Detailed Claim Audit Findings: Root Cause of Errors

The table below exhibits the root cause of the errors found during the audit

Summary of Errors

Type of Error	Claim Errors	Vendor Errors	Anthem Processor Errors	System Errors	Provider File Maintenance Errors
In-Sample Errors	Overpayment errors	0	2	4	0
	Underpayment errors	0	2	4	0
	Nonpayment errors	0	2	10	0
	Total in-sample errors	0	6	18	0
Out-of-Sample Errors	Overpayment errors	0	0	0	0
	Underpayment errors	0	1	0	0
	Nonpayment errors	0	0	0	0
	Total out-of-sample errors	0	1	0	0

Detailed Claim Audit Findings: Root Cause of Errors

The tables below state Anthem's position on the assessment of the identified errors

In-Sample Claim Number	Agree/Disagree
1	Disagree
2	Disagree
5	Disagree
11	Disagree
20	Disagree
26	Disagree
35	Disagree
36	Disagree
37	Disagree
40	Disagree
41	Disagree
48	Disagree
50	Disagree
96	Disagree
98	Agree
101	Disagree
111	Agree
126	Agree

In-Sample Claim Number	Agree/Disagree
129	Agree
130	Agree
167	Agree
174	Agree
185	Disagree
218	Agree

Out-of-Sample Claim Number	Agree/Disagree
158	Agree

Detailed Claim Audit Findings: In-Sample Errors (Overpayments)

We identified six overpayments, totaling $123.57

Summary of Errors—Overpayments

Reason	Frequency	Dollar Value	Claim Numbers
Incorrect allowable amount applied	2	$111.31	167, 174
Incorrect COB with Medicare	4	12.26	98, 111, 129, 130
Total	6	$123.57	

Error Details

Error Description	Error Reason	Current Status
Two errors, totaling $111.31, occurred due to incorrect allowable amounts having been applied.	The $3.80 error on sample claim 167 was the result of a claim processor failing to apply the correct pricing for outpatient emergency room charges. In the case of claim 174, the $107.51 overpayment was the result of a claim processor failing to apply the multiple surgery reduction to a physician's surgical expense.	Open—Anthem should provide an update regarding these claims.
Four errors amounting to $12.26 were the result of benefits not being correctly coordinated with Medicare.	The $1.36, $10.75, $0.06, and $0.09 overpayments on claims 98, 111, 129, 130 respectively, all were the result of Anthem paying benefits on the 2% Medicare Sequestration. The 2% reduction applies to the provider's payment from Medicare, and is a write-off amount.	Open—It is our understanding that the system programming for Medicare Sequestration was corrected on June 14, 2014 for the LACERA plans. Anthem should provide an update as to how these errors occurred, since all four claims were processed after the system was reprogrammed.

Detailed Claim Audit Findings: In-Sample Errors (Underpayments)

We identified six underpayments, totaling $4,137.88

Summary of Errors—Underpayments

Reason	Frequency	Dollar Value	Claim Numbers
Incorrect allowable amount applied	1	$4,107.00	185
Incorrect COB with Medicare	5	30.88	11, 20, 96, 101, 126
Total	6	$4,137.88	

Error Details

Error Description	Error Reason	Current Status
A $4,107.00 error was assessed on claim 185 due to an incorrect allowable amount having been applied to inpatient network facility charges.	In this case, the member was admitted to the hospital after being in the emergency room for more than 24 hours. At the time this claim was adjudicated, the claim processor applied pricing for a one-day admission, even though the claim spanned two days.	Closed—Anthem reprocessed the claim prior to our audit to allow pricing for an additional inpatient day, based upon a settlement with the hospital. The hospital alleged that based on their contract language, payment for an inpatient stay shall begin on the date when emergency services were first rendered, which resulted in the covered individual being admitted as an inpatient. It is important to note that this provision was effective in the provider's contract on January 1, 2012. In addition, Anthem disagrees with our assessment of this error stating it was processed correctly the first time.

Detailed Claim Audit Findings: In-Sample Errors (Underpayments)

Error Details (continued)

Error Description	Error Reason	Current Status
Three errors, totaling $29.97, were the result of incorrect COB with Medicare.	In all three instances, Anthem used their allowable amount rather than the Medicare allowable amount when coordinating benefits. This resulted in a $24.35 underpayment on claim 11, a $3.52 underpayment on claim 20, and a $2.10 underpayment on claim 101. According to Anthem personnel, the reason the Anthem allowable amounts were applied was due to the fact that the LACERA plans use the "lesser of language" to determine which allowable amount should be utilized when coordinating benefits with Medicare.	Open—Following the audit Anthem advised us that they were working on obtaining the plan intent, and would provide us documentation upon receipt of the audit findings. Therefore, Anthem considers these claim errors to be an "agree to disagree" situation, and the plan intent should be provided in response to this report.
A $0.81 error occurred on claim 96 when Anthem's WGS system incorrectly coordinated benefits with Medicare on inpatient professional physician charges,	Under LACERA's Plan III In-State medical plan, it states that the plan will pay 20% of Medicare's Allowable Charge amount for covered professional services and supplies, after the Medicare Part B deductible has been satisfied. In this case, the system reduced the 20% patient liability after Medicare by the 2% Medicare Sequestration amount. Since the sequestration applies to the provider's payment from Medicare, it is not appropriate to reduce the patient's liability by the 2% sequestration amount.	Open—While it is Anthem's position that this claim was processed correctly by the WGS system, Anthem should review the system programming related to Medicare Sequestration to ensure that LACERA retirees and their dependents are receiving the correct benefits under their plan. We are concerned that the June 2014 correction that Anthem implemented on the LACERA plan does not allow the system to properly adjudicate benefits in certain circumstances.

Detailed Claim Audit Findings: In-Sample Errors (Underpayments)

Error Details (continued)

Error Description	Error Reason	Current Status
The final underpayment error, in the amount of $0.10 also occurred when the WGS system incorrectly coordinated benefits with Medicare on inpatient physician charges.	In this case, the Medicare allowable amount was also incorrectly reduced by the 2% sequestration amount, resulting in the system incorrectly calculating the patient's responsibility after Medicare. This error occurred on a Plan III Out-of-State claim.	Open—Importantly, Anthem agrees to this error. Again, Anthem should review the system programming related to Medicare Sequestration and should determine the impact of this issue on the LACERA account and retirees.

Detailed Claim Audit Findings: In-Sample Errors (Nonfinancial Errors)

We identified 12 nonfinancial errors. In addition to causing confusion to providers and members, these types of errors could potentially lead to financial errors

Summary of Errors—Nonfinancial

Reason	Frequency	Claim Numbers
Incorrect COB with Medicare	10	2, 5, 26, 35, 36, 37, 40, 41, 48, 50
Incorrect benefit amount displayed	1	1
Remark code omitted	1	218
Total	12	

Error Details

Error Description	Error Reason	Current Status
Ten errors occurred on claims 2, 5, 26, 35, 36, 37, 40, 41, 48, and 50 due to benefits having been incorrectly coordinated with Medicare.	In all ten instances, Anthem reduced the Medicare allowable amount by the 2% Medicare sequestration in error. As previously mentioned, the sequestration is applicable to Medicare's payment rather than the allowable amount. Non-financial errors were assessed on these claims since the correct Medicare allowance would have applied to the retiree's deductible under the LACERA plan.	Open—Although Anthem currently disagrees with our assessment of these errors the system programming related to Medicare Sequestration should be re-evaluated and Anthem should determine the impact of this issue on the LACERA account and retirees

Detailed Claim Audit Findings: In-Sample Errors (Nonfinancial Errors)

Error Details (continued)

Error Description	Error Reason	Current Status
An error was assessed on claim 1 as a result of an incorrect benefit amount having been displayed.	In this case, Anthem received a corrected claim for a previously processed speech therapy claim. Based on the corrected claim and updated Medicare payment information, the benefit under the LACERA plan changed from $48.61 to $47.22. Although Anthem reprocessed the claim with the updated information, the claim still reflects the incorrect $48.61 benefit. According to Anthem, they adjusted the retiree's accumulator information but reflected the incorrect benefit at the claim level to prevent the system from "auto-clipping" the $1.39 overpayment.	Open—Anthem should revisit this process since retiree's claims should always reflect correct benefit information. It is important to note that Anthem originally agreed to this error, but following issuance of the final results letter Anthem changed their position to "disagree."
The final nonfinancial error occurred on claim 218, due to a remark code having been omitted at the time of adjudication.	In this scenario, a claim processor failed to include an explanation remark code on an inpatient facility claim to reflect that only 1 day of a 2 day admission had been certified. Importantly, the correct benefits were issued when the claim was processed.	Closed

Detailed Claim Audit Findings: Out-of-Sample Errors

We identified one out-of-sample error. While this error is not included in our calculation of the statistical audit results, it is included here as commentary to give a more comprehensive view of Anthem's management of the LACERA plans

Summary of Errors—Out-of-Sample

Reason	Error Type	Frequency	Dollar Value	Claim Number
Incorrect benefit level applied	Underpayment	1	$38.82	158
Total		1	$38.82	

Error Details

Error Description	Error Reason	Current Status
A $38.82 underpayment error occurred as a result of an incorrect benefit level having been applied to physician office services.	This error occurred when a claim processor was adjusting a claim to pay additional benefits based on a corrected claim having been received from the provider of service. Unfortunately, the processor erroneously paid the office surgery charges at the 80% coinsurance level, when they should have been paid at the 100% benefit level.	Open—Anthem should provide an update to the status of this underpaid claim in the response to this report.

Detailed Claim Audit Recommendations

Audit Area	Recommendations
Claim Audit	1. Based on the fact that close to 80% of the in-sample errors were related to issues with coordinating benefits with Medicare and Medicare Sequestration, Anthem should review the system programming related to ensure that LACERA retirees and their dependents are receiving the correct benefits under their plan. We are concerned that the June 2014 correction that Anthem implemented on the LACERA plan does not allow the system to properly adjudicate benefits in certain circumstances. Anthem should also quantify the impact of their current handling of Medicare Sequestration on LACERA's plans. 2. Anthem should provide an update concerning the plan intent for using Anthem's allowable versus Medicare's allowable amounts. This issue occurred on claims 11, 20, and 101. 3. An update concerning the status of claims 167, 174, and 158 should be provided. In particular, Anthem should confirm whether the claims have been reprocessed and whether the overpayments on 167 and 174 have been recovered. 4. Anthem should revisit their process to prevent "auto-clipping" of small overpayments on claims, since it is not appropriate to reflect an incorrect benefit or payment information on a member's claim.

Supporting Documentation

- Claim Audit Evaluation Methodology

Claims Audit Evaluation Methodology

- Aon Hewitt's audit sample consisted of a random, stratified sample of 220 claims
  - The sample size of 220 claims has a statistically valid confidence level of 95%, with an interval of 3.75%, that any similarly selected sample will produce similar results
- We classify errors by category according to the financial consequences of the errors
  - **Payment Errors**—include benefit payments issued for a different dollar amount than what should have been paid, issued to an incorrect payee, or issued for the incorrect patient; payment errors are quantified as overpayments and underpayments
  - **Nonpayment Errors**—include errors that do not affect the dollar accuracy of the payment or cannot be quantified as a dollar amount at the time of our audit
- Aon measures claim processing performance based on the following four standards:
  - **Financial Accuracy**—is calculated by taking the total benefit dollars paid in the population, minus the sum of the weighted absolute value of overpayments and underpayments identified from the sample, divided by the total dollars paid in the population; Aon's minimum satisfactory goal is 99.3%. The minimum performance guarantee objective is 99.0% within the contract between LACERA and Anthem
  - **Overall Accuracy**—is a frequency measure of all error types; this is measured by dividing the weighted number of claims processed without any type of error by the total number of claims in the population; Aon's minimum satisfactory goal is 96.0%
  - **Payment Accuracy**—measures the frequency of payment errors by dividing the weighted number of correct benefit payments by the total number of payments in the population; Aon's minimum satisfactory goal is 97.5%
  - **Nonfinancial Accuracy**—measures the frequency of non-payment errors by dividing the total number of claims audited without a nonfinancial error by the total number of claims audited. Nonfinancial Accuracy is not a performance standard for Aon Hewitt; however, this is a performance guarantee category for LACERA. The minimum satisfactory goal under the contract is 97.0%.
  - **Turnaround Time**—measures the time elapsed from the date all information necessary to process a claim is received to the date the claim is processed; only the received date, not the processed date, is included in our calculation; Aon's minimum satisfactory goal is 92.0% in 14 calendar days and 99.0% in 30 calendar days. The contract service objectives for Anthem is 90.0% within 14 calendar days and 98.0% within 30 calendar days.
- Errors that are discovered during the course of auditing a claim, but were made on claims outside of the audit sample, are considered to be out-of-sample errors
  - Out-of-sample errors are categorized as payment and nonpayment errors, but are not included in our calculation of the statistical audit results
  - These errors are, however, noted in this report as a means of evaluating the overall accuracy and efficiency of claim processing

Legal Disclaimer

About Aon

Aon plc (NYSE:AON) is the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 66,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative and effective risk and people solutions and through industry-leading global resources and technical expertise. Aon has been named repeatedly as the world's best broker, best insurance intermediary, best reinsurance intermediary, best captives manager, and best employee benefits consulting firm by multiple industry sources. Visit aon.com for more information on Aon and aon.com/manchesterunited to learn about Aon's global partnership with Manchester United.

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Deanna.Pfeiffer@cigna.com

February 24, 2016

Cathy Weis
Vice President, Audit Sales Strategy Leader
Aon Hewitt
4 Overlook Point
Lincolnshire, IL 60069-4032
Cathy.Weis@aonhewitt.com

Dear Cathy,

Thank you for the opportunity to respond to the Los Angeles County Employees Retirement Association (LACERA) Cigna Dental Plan Audit report. We are pleased with the audits 100% accuracy findings; Cigna has implemented many quality initiatives and your review supports that these efforts are producing positive results. We appreciate Aon Hewitt's partnership during the audit and want to express our continued commitment to resolve any outstanding opportunities or questions.

Regarding the recommendation "*Cigna should address the factors that contributed to the less than desirable results, as well as the action plan to improve claim handling time performance going forward"*

It's important to note that claim "turnaround time" results, as noted in the report represents the results of only the sample of 220 claims. In order to establish (true) account-level turnaround time statistics, all clean claims paid for the account population must be included in the calculation. Cigna did recognize (in 2015) that we needed to take actions that would improve our claim time to process metrics at the account-level and added additional staffing, increased training of claim office personnel and updated operational controls. As a result we are once again exceeding these time to process metrics as can be seen in the LACERA PG Service Results shown below.

- 20 Business Days: July-December 2015 – 99.5%
- 10 Business Days: July-December 2015 – 98.4%

Cigna values our relationship with LACERA and Aon Hewitt. We reaffirm our commitment to the solutions that drive service improvements to ensure that LACERA receives the best possible service for their employees. Please do not hesitate to contact me with any questions.

Sincerely,

Deanna Pfeiffer
Client Audit Manager

cc:
Cassandra Smith, LACERA Kirby
Bosley, Aon Hewitt Mary
Loverde, Aon Hewitt Brian
McGuire, Aon Hewitt
Steve Fallgren, Cigna Account Manager
Susan Cabarloc, Cigna Client Service Executive Cesar
Sanchez, Cigna Director of Service

Dental Plan Audit

Los Angeles County Employees Retirement Association
Cigna
February 2016

Prepared by Aon Hewitt
U.S. Health & Benefits | Audit Services

Presentation to Los Angeles Employees Retirement Association
Cigna—Scranton

Empower Results®

About This Material

Los Angeles County Employees Retirement Association (LACERA) provides dental plan benefits to retirees and their dependents. Cigna, located in Scranton (Pennsylvania), performs claims processing services and customer service assistance for the LACERA dental plans.

The primary purpose of our evaluation was to provide LACERA with a comprehensive assessment concerning the quality of claim handling being provided to LACERA plan participants by Cigna.

Other specific objectives of the audit were to:

- Verify that LACERA's dental benefits are being paid accurately and according to the plan provisions.
- Assess the overall quality of claim administration being delivered by Cigna personnel.
- Identify opportunities and changes that will improve Cigna's overall performance on the account and increase the level of service being provided to LACERA participants.

The Aon Hewitt team was on-site at Cigna's Scranton facility during the week of October 19, 2015 to conduct the claim audit.

This report summarizes our findings, observations, and recommendations concerning Cigna's performance.
The Aon Hewitt team wishes to acknowledge the excellent assistance and cooperation we received from Cigna personnel throughout the course of this project.

Table of Contents

Summary of Findings

- Claim Audit
- Next Steps

Summary of Claim Audit Findings

- Aon Hewitt's audit consisted of a random sample of 220 claims processed July 1, 2014 through June 30, 2015
- A detailed description can be found in the Claim Audit Evaluation Methodology section of this report
- Cigna achieved its highest level of accuracy in the 2015 audit compared to the three prior audits
- No errors were identified through Aon Hewitt's audit process
- Claim turnaround time performance continues to decline

Claim Audit Findings

	2015 Audit Results	2014 Audit Results	2013 Audit Results	2012 Audit Results	Satisfactory	Good	Excellent
Financial Accuracy	100.00%	100.00%	98.64%	95.74%	99.50%	99.70%	99.90%
Overall Accuracy	100.00%	98.64%	98.64%	95.40%	96.00%	97.50%	99.00%
Payment Accuracy	100.00%	100.00%	99.09%	98.64%	97.50%	98.50%	99.50%
Turnaround Time	82.27%	97.73%	99.09%	94.09%	92.00% within 14 calendar days		
Turnaround Time	95.91%	100.00%	99.55%	99.09%	99.00% within 30 calendar days		

Results Key:
- Excellent
- Good
- Satisfactory
- Fail

Next Steps

We suggest the following steps.

- We are sending a copy of the audit report to Cigna, requesting a written response to our audit findings and recommendations.
- Cigna should respond to each item contained in the Detailed Claim Audit Recommendations section of our report.
  - The claim audit response also needs to address recommendations in the same order as this report.
  - All responses should also include any root cause analysis, project plans, and/or impact reports.
- Cigna should respond to LACERA and Aon Hewitt within two weeks of receipt of the report.
- If requested by LACERA, a follow-up meeting will be held with the appropriate Cigna personnel assigned to LACERA to discuss the evaluation and audit, and the response to our report. Aon Hewitt will be in attendance as well to discuss the findings and Cigna's response.
- Following the three-party meeting, Cigna should prepare a timetable for implementing agreed upon changes.
- Cigna should also establish a follow-up process to ensure that needed changes are made by Cigna according to schedule and that these changes are working effectively.

Detailed Findings

- Claim Audit and Recommendations

Detailed Claim Audit Findings: Claim Turnaround Time

The following provides additional information on the claim processing turnaround time for the 220 claims within our sample

Claim Turnaround Time Results—Aon Hewitt Standards

Calendar Day Turnaround Time	Number	Percentage	Cumulative	
			Number	Percentage
Claims processed 7 days or less	165	75.00%	165	75.00%
Claims processed 8 to 14 days	16	7.27%	181	82.27%
Claims processed 15 to 21 days	16	7.27%	197	89.55%
Claims processed 22 to 30 days	14	6.36%	211	95.91%
Claims processed 31 days or more	9	4.09%	220	100.00%
Total	220	100.00%	220	100.00%

Detailed Claim Audit Findings: Selection Strata Summary

The following table provides additional information regarding the claim audit sample and findings

Claim Sample Statistics

Statistical Category	All Sample Claims	Auto-Adjudicated Claims		Manually Processed Claims	
Number of claims	220	165	75.00%	55	25.00%
Total charges reviewed	$100,847.00	$37,297.00	36.98%	$63,550.00	63.02%
Total benefits paid	$43,418.10	$20,802.68	47.91%	$22,615.42	52.09%
Percentage of charges paid	43.05%	55.78%		35.59%	
Total number of overpayments	0	0	0.00%	0	0.00%
Total amount of overpayments	$0.00	$0.00	0.00%	$0.00	0.00%
Average overpayment amount	$0.00	$0.00		$0.00	
Total number of underpayments	0	0	0.00%	0	0.00%
Total amount of underpayments	$0.00	$0.00	0.00%	$0.00	0.00%
Average underpayment amount	$0.00	$0.00		$0.00	
Gross financial error	$0.00	$0.00	0.00%	$0.00	0.00%
Net error	$0.00	$0.00		$0.00	

Detailed Claim Audit Findings: In-Sample Errors (Overpayments)

No overpayments were identified during our review.

Detailed Claim Audit Findings: In-Sample Errors (Underpayments)

No underpayments were identified during our review.

Detailed Claim Audit Recommendations

Audit Area	Recommendations
Claim Audit	1. The 14-calendar day and 30-calendar day claim timeliness results were 82.27% and 95.91%, respectively. Cigna should address the factors that contributed to the less than desirable results, as well as the action plan to improve claim handling time performance going forward.

Supporting Documentation

- Claim Audit Evaluation Methodology

Claims Audit Evaluation Methodology

- Aon Hewitt's audit sample consisted of a random sample of 220 claims. Claims in the audit sample were processed during the period of July 1, 2014 through June 30, 2015.
  - The sample size of 220 claims has statistical relevance. Though not statistically credible, there is relative confidence that any similarly selected sample, of these types of claims, will produce similar results.
- We classify errors by category according to the financial consequences of the errors.
  - **Payment Errors**—include benefit payments issued for a different dollar amount than what should have been paid, issued to an incorrect payee, or issued for the incorrect patient; payment errors are quantified as overpayments and underpayments.
  - **Nonpayment Errors**—include errors that do not affect the dollar accuracy of the payment or cannot be quantified as a dollar amount at the time of our audit.
- Aon measures claim processing performance based on the following four standards:
  - **Financial Accuracy**—measures the dollars paid correctly. The absolute value of all payment errors is subtracted from the total benefits paid in the sample. The result is divided by the total benefits paid in the sample; Aon Hewitt's minimum satisfactory goal is 99.5%.
  - **Overall Accuracy**—is a frequency measure of all error types. This is measured by dividing the number of claims processed without any type of error by the total number of claims in the audit sample; Aon Hewitt's minimum satisfactory goal is 96.0%.
  - **Payment Accuracy**—measures the frequency of payment errors by dividing the number of correct benefit payments by the total number of payments within the audit sample; Aon Hewitt's minimum satisfactory goal is 97.5%.
  - **Turnaround Time**—measures the time elapsed from the date all information necessary to process a claim is received to the date the claim is processed; only the received date, not the processed date, is included in our calculation; Aon Hewitt's minimum satisfactory goal is 92.0% in 14 calendar days and 99.0% in 30 calendar days.
- Errors that are discovered during the course of auditing a claim, but were made on claims outside of the audit sample, are considered to be out-of-sample errors.
  - Out-of-sample errors are categorized as payment and nonpayment errors, but are not included in our calculation of the statistical audit results.
  - These errors are, however, noted in this report as a means of evaluating the overall accuracy and efficiency of claim processing.

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Aon plc (NYSE:AON) is the leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 66,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative and effective risk and people solutions and through industry-leading global resources and technical expertise. Aon has been named repeatedly as the world's best broker, best insurance intermediary, best reinsurance intermediary, best captives manager, and best employee benefits consulting firm by multiple industry sources. Visit aon.com for more information on Aon and aon.com/manchesterunited to learn about Aon's global partnership with Manchester United.

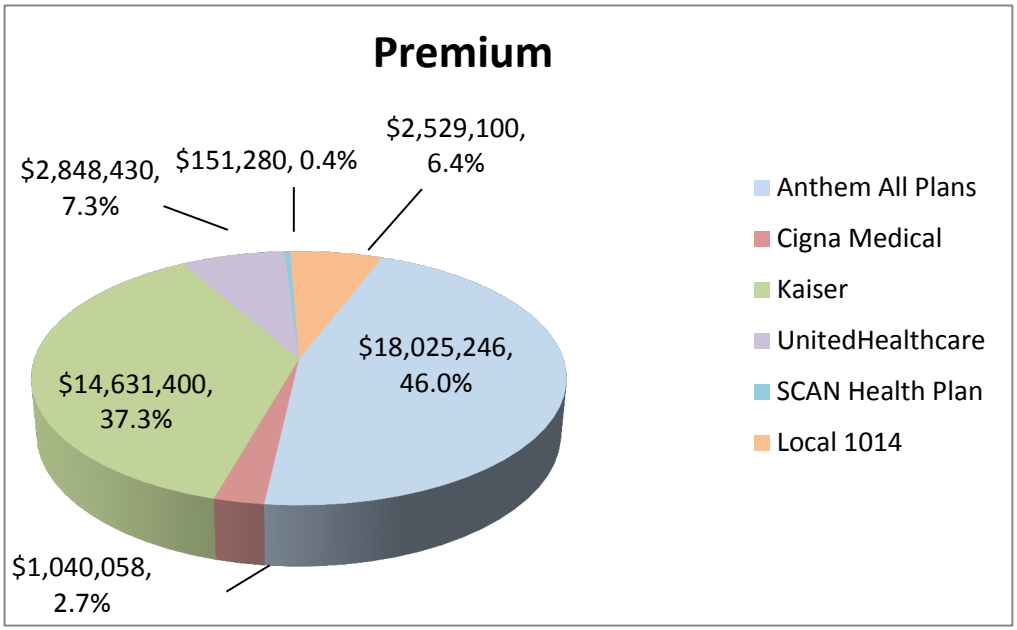
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

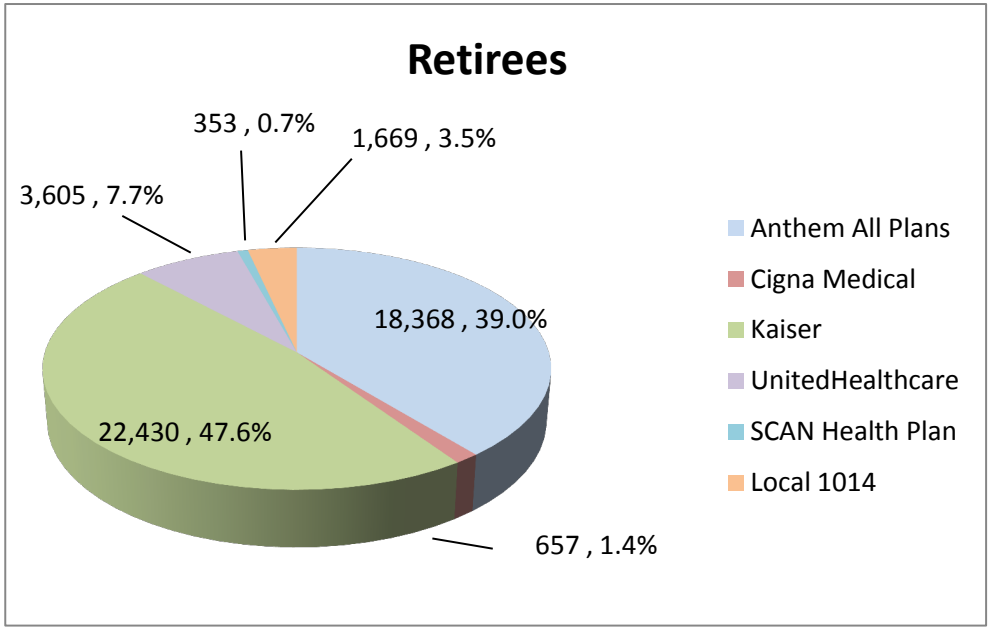
Premium and Enrollment

April 2016 Coverage Month

Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	$18,025,246	46.0%	18,368	39.0%
Cigna Medical	$1,040,058	2.7%	657	1.4%
Kaiser	$14,631,400	37.3%	22,430	47.6%
UnitedHealthcare	$2,848,430	7.3%	3,605	7.7%
SCAN Health Plan	$151,280	0.4%	353	0.7%
Local 1014	$2,529,100	6.4%	1,669	3.5%
Combined Medical	**$39,225,514**	**100.0%**	**47,082**	**100.0%**

Cigna Dental & Vision	**$3,484,552**	**48,104**





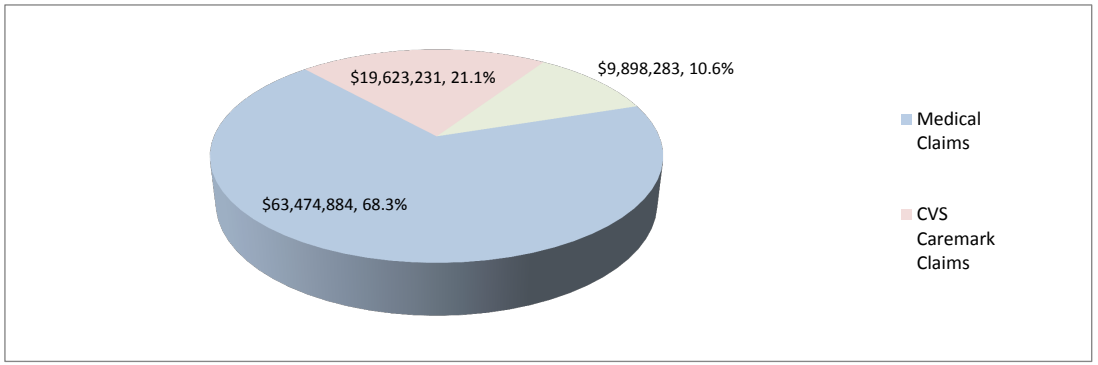
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plans I and II

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	6,158	$9,170,958	$6,045,082	$1,927,509	$7,972,591	$1,294.67	86.9%	$996,885	$8,969,477	97.8%
Aug-15	6,149	$9,187,473	$6,191,520	$1,848,592	$8,040,112	$1,307.55	87.5%	$995,372	$9,035,484	98.3%
Sep-15	6,125	$9,098,082	$6,547,496	$2,046,606	$8,594,101	$1,403.12	94.5%	$991,435	$9,585,537	105.4%
Oct-15	6,128	$9,169,945	$6,330,776	$2,035,800	$8,366,576	$1,365.30	91.2%	$991,837	$9,358,413	102.1%
Nov-15	6,115	$9,119,484	$5,278,304	$1,825,634	$7,103,938	$1,161.72	77.9%	$989,661	$8,093,599	88.8%
Dec-15	6,108	$9,128,572	$6,385,606	$1,865,532	$8,251,138	$1,350.87	90.4%	$988,490	$9,239,628	101.2%
Jan-16	6,103	$9,117,643	$7,139,839	$1,987,884	$9,127,723	$1,495.61	100.1%	$987,711	$10,115,434	110.9%
Feb-16	6,087	$9,068,718	$4,889,973	$1,920,447	$6,810,420	$1,118.85	75.1%	$985,077	$7,795,497	86.0%
Mar-16	6,095	$9,080,791	$7,545,117	$2,117,864	$9,662,980	$1,585.39	106.4%	$986,351	$10,649,331	117.3%
Apr-16	6,090	$9,094,936	$7,121,172	$2,047,363	$9,168,535	$1,505.51	100.8%	$985,464	$10,153,999	111.6%
May-16										
Jun-16										
YTD Plan Year	**61,158**	**$91,236,602**	**$63,474,884**	**$19,623,231**	**$83,098,116**	**$1,358.74**	**91.1%**	**$9,898,283**	**$92,996,398**	**101.9%**
10 Month Average	**6,116**	**$9,123,660**	**$6,347,488**	**$1,962,323**	**$8,309,812**	**$1,358.74**	**91.1%**	**$989,828**	**$9,299,640**	**101.9%**
12 Month Rollup	**73,495**	**$107,127,648**	**$75,381,602**	**$23,442,402**	**$98,824,004**	**$1,344.64**	**92.2%**	**$11,167,834**	**$109,991,839**	**102.7%**

Medical Claims reported by Anthem
CVS Caremark Claims reported by CVS
Expenses: Anthem Admin, Stop Loss, and Premium Taxes
Enrollment and Premium Reported by LACERA



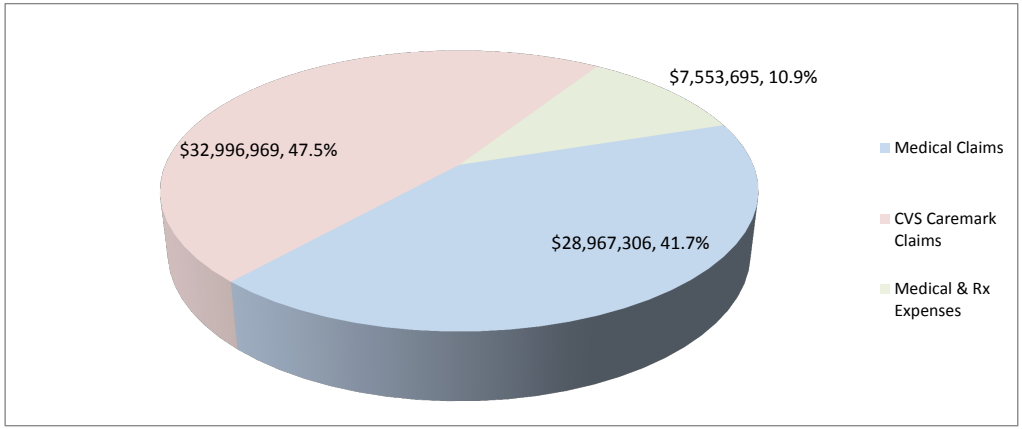
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plan III

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	10,771	$7,235,374	$2,953,865	$3,470,465	$6,424,330	$596.45	88.8%	$748,366	$7,172,696	99.1%
Aug-15	10,810	$7,269,627	$2,599,013	$3,209,072	$5,808,085	$537.29	79.9%	$751,076	$6,559,161	90.2%
Sep-15	10,835	$7,259,484	$2,785,764	$3,236,297	$6,022,061	$555.80	83.0%	$752,813	$6,774,874	93.3%
Oct-15	10,853	$7,266,152	$2,695,565	$3,181,587	$5,877,152	$541.52	80.9%	$754,063	$6,631,216	91.3%
Nov-15	10,885	$7,297,436	$2,730,333	$3,159,912	$5,890,245	$541.13	80.7%	$756,287	$6,646,532	91.1%
Dec-15	10,885	$7,265,650	$2,828,255	$3,287,954	$6,116,209	$561.89	84.2%	$756,287	$6,872,495	94.6%
Jan-16	10,916	$7,317,893	$3,047,641	$3,306,747	$6,354,388	$582.12	86.8%	$758,441	$7,112,828	97.2%
Feb-16	10,912	$7,308,221	$3,172,574	$3,374,092	$6,546,667	$599.95	89.6%	$758,163	$7,304,829	100.0%
Mar-16	10,919	$7,298,060	$3,376,843	$3,474,444	$6,851,287	$627.46	93.9%	$758,649	$7,609,936	104.3%
Apr-16	10,932	$7,333,969	$2,777,452	$3,296,399	$6,073,851	$555.60	82.8%	$759,552	$6,833,404	93.2%
May-16										
Jun-16										
YTD Plan Year	**108,718**	**$72,851,865**	**$28,967,306**	**$32,996,969**	**$61,964,275**	**$569.95**	**85.1%**	**$7,553,695**	**$69,517,970**	**95.4%**
10 Month Average	**10,872**	**$7,285,186**	**$2,896,731**	**$3,299,697**	**$6,196,427**	**$569.95**	**85.1%**	**$755,370**	**$6,951,797**	**95.4%**
12 Month Rollup	**130,155**	**$85,311,202**	**$34,626,269**	**$39,262,368**	**$73,888,637**	**$567.70**	**86.6%**	**$8,844,236**	**$82,732,873**	**97.0%**

Medical Claims reported by Anthem
CVS Caremark Claims reported by CVS
Expenses: Anthem Admin and Premium Taxes
Enrollment and Premium Reported by LACERA



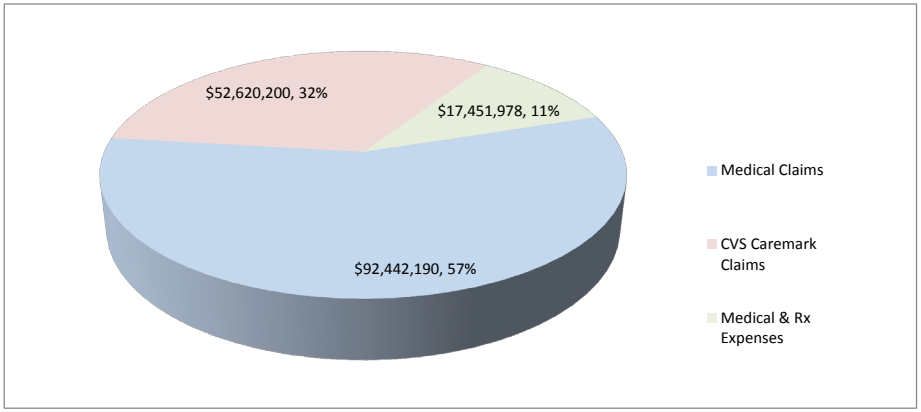
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plan I, II, and III

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical Claims	CVS Caremark Claims	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	16,929	$16,406,332	$8,998,948	$5,397,974	$14,396,922	$850.43	87.8%	$1,745,251	$16,142,173	98.4%
Aug-15	16,959	$16,457,100	$8,790,532	$5,057,665	$13,848,197	$816.57	84.1%	$1,746,448	$15,594,645	94.8%
Sep-15	16,960	$16,357,566	$9,333,260	$5,282,902	$14,616,162	$861.80	89.4%	$1,744,248	$16,360,410	100.0%
Oct-15	16,981	$16,436,097	$9,026,342	$5,217,387	$14,243,729	$838.80	86.7%	$1,745,900	$15,989,629	97.3%
Nov-15	17,000	$16,416,920	$8,008,636	$4,985,547	$12,994,183	$764.36	79.2%	$1,745,948	$14,740,131	89.8%
Dec-15	16,993	$16,394,222	$9,213,861	$5,153,485	$14,367,346	$845.49	87.6%	$1,744,777	$16,112,123	98.3%
Jan-16	17,019	$16,435,536	$10,187,480	$5,294,631	$15,482,111	$909.70	94.2%	$1,746,151	$17,228,262	104.8%
Feb-16	16,999	$16,376,939	$8,062,547	$5,294,540	$13,357,087	$785.76	81.6%	$1,743,239	$15,100,326	92.2%
Mar-16	17,014	$16,378,851	$10,921,960	$5,592,307	$16,514,267	$970.63	100.8%	$1,745,000	$18,259,267	111.5%
Apr-16	17,022	$16,428,905	$9,898,624	$5,343,762	$15,242,387	$895.45	92.8%	$1,745,016	$16,987,403	103.4%
May-16										
Jun-16										
YTD Plan Year	**169,876**	**$164,088,467**	**$92,442,190**	**$52,620,200**	**$145,062,390**	**$853.93**	**88.4%**	**$17,451,978**	**$162,514,369**	**99.0%**
10 Month Average	**16,988**	**$16,408,847**	**$9,244,219**	**$5,262,020**	**$14,506,239**	**$853.93**	**88.4%**	**$1,745,198**	**$16,251,437**	**99.0%**
12 Month Rollup	**203,650**	**$192,438,850**	**$110,007,871**	**$62,704,770**	**$172,712,641**	**$848.09**	**89.7%**	**$20,012,070**	**$192,724,712**	**100.1%**

Medical Claims reported by Anthem
CVS Caremark Claims reported by CVS
Expenses: Anthem Admin, Stop Loss, and Premium Taxes
Enrollment and Premium Reported by LACERA



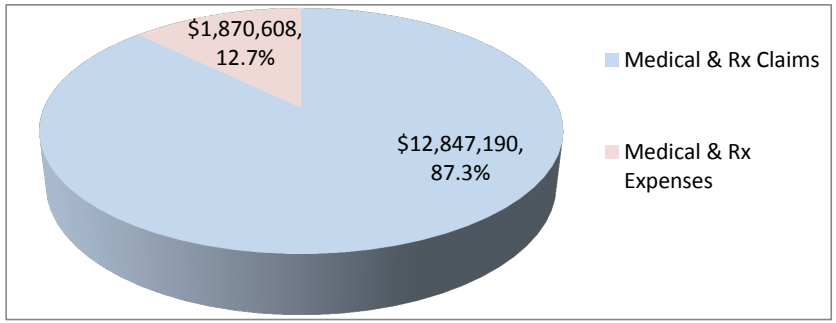
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Prudent Buyer

Plan Year July 1, 2015 – June 30, 2014

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Medical & Rx Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	1,445	$1,705,018	$1,467,346	$1,015.46	86.1%	$194,659	$1,662,005	97.5%
Aug-15	1,428	$1,675,848	$1,314,525	$920.54	78.4%	$192,368	$1,506,894	89.9%
Sep-15	1,412	$1,662,945	$1,192,123	$844.28	71.7%	$190,213	$1,382,336	83.1%
Oct-15	1,403	$1,650,974	$1,390,133	$990.83	84.2%	$189,001	$1,579,133	95.6%
Nov-15	1,395	$1,644,613	$1,200,740	$860.75	73.0%	$187,923	$1,388,662	84.4%
Dec-15	1,385	$1,637,330	$1,365,728	$986.09	83.4%	$186,576	$1,552,304	94.8%
Jan-16	1,368	$1,621,362	$1,045,999	$764.62	64.5%	$184,286	$1,230,285	75.9%
Feb-16	1,360	$1,601,847	$1,117,655	$821.81	69.8%	$183,208	$1,300,863	81.2%
Mar-16	1,344	$1,580,929	$1,432,587	$1,065.91	90.6%	$181,053	$1,613,639	102.1%
Apr-16	1,346	$1,596,341	$1,320,355	$980.95	82.7%	$181,322	$1,501,677	94.1%
May-16								
Jun-16								
YTD Plan Year	**13,886**	**$16,377,209**	**$12,847,190**	**$925.19**	**78.4%**	**$1,870,608**	**$14,717,798**	**89.9%**
10 Month Average	**1,389**	**$1,637,721**	**$1,284,719**	**$925.19**	**78.4%**	**$187,061**	**$1,471,780**	**89.9%**
12 Month Rollup	**16,796**	**$19,102,410**	**$15,351,746**	**$914.01**	**80.4%**	**$2,257,810**	**$17,609,557**	**92.2%**

Monthly Enrollment and Premium Data as reported by LACERA
Medical Claims reported by Anthem
Expenses: Anthem Admin, Stop Loss, and Premium Taxes
Enrollment and Premium Reported by LACERA



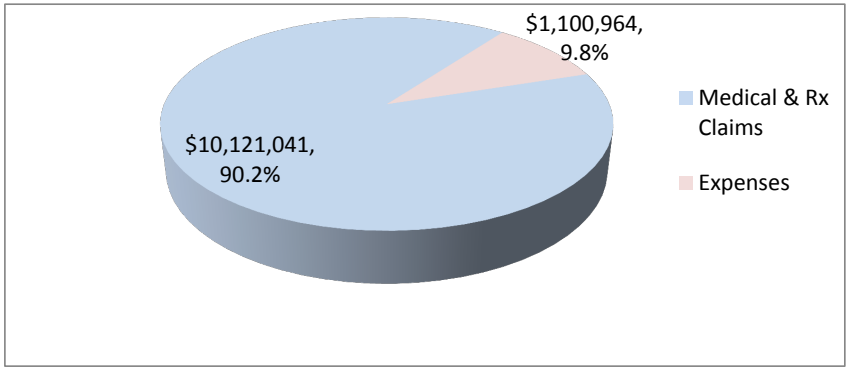
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Cigna HMO

Plan Year July 1, 2015 – June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	657	$1,085,738	$958,557	$1,458.99	88.3%	$115,092	$1,073,649	98.9%
Aug-15	648	$1,055,975	$775,934	$1,197.43	73.5%	$111,937	$887,871	84.1%
Sep-15	639	$1,046,239	$910,387	$1,424.71	87.0%	$110,905	$1,021,292	97.6%
Oct-15	637	$1,051,998	$997,434	$1,565.83	94.8%	$111,515	$1,108,949	105.4%
Nov-15	633	$1,044,271	$1,097,762	$1,734.22	105.1%	$110,696	$1,208,458	115.7%
Dec-15	630	$1,037,369	$1,067,015	$1,693.67	102.9%	$109,965	$1,176,980	113.5%
Jan-16	623	$1,022,580	$1,123,269	$1,803.00	109.8%	$108,397	$1,231,666	120.4%
Feb-16	618	$1,021,163	$997,046	$1,613.34	97.6%	$108,247	$1,105,293	108.2%
Mar-16	614	$1,014,018	$1,165,945	$1,898.93	115.0%	$107,489	$1,273,434	125.6%
Apr-16	608	$1,006,766	$1,027,692	$1,690.28	102.1%	$106,721	$1,134,413	112.7%
May-16								
Jun-16								
YTD Plan Year	**6,307**	**$10,386,118**	**$10,121,041**	**$1,604.73**	**97.4%**	**$1,100,964**	**$11,222,005**	**108.0%**
10 Month Average	**631**	**$1,038,612**	**$1,012,104**	**$1,604.73**	**97.4%**	**$110,096**	**$1,122,200**	**108.0%**
12 Month Rollup	**7,649**	**$12,542,125**	**$12,221,410**	**$1,597.78**	**97.4%**	**$1,440,966**	**$13,662,376**	**108.9%**

Monthly Enrollment and Premium Data as reported by LACERA
Medical Claims reported by Cigna
Expenses: Cigna Admin Costs and Premium Taxes
Enrollment and Premium Reported by LACERA



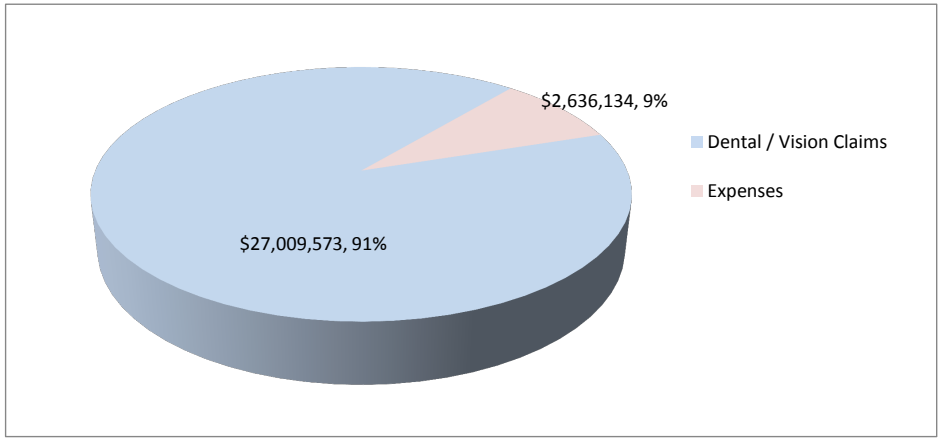
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Cigna Dental PPO and Vision

Plan Year July 1, 2015 - June 30, 2016

Month	Monthly Enrollment	Monthly Premium	Dental / Vision Claims	In-Network Dental Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-15	42,187	$3,040,191	$2,480,364	47.7%	$58.79	81.6%	$261,787	$2,742,151	90.2%
Aug-15	42,303	$3,049,180	$2,439,511	56.4%	$57.67	80.0%	$262,561	$2,702,072	88.6%
Sep-15	42,370	$3,054,892	$2,341,973	58.5%	$55.27	76.7%	$263,053	$2,605,026	85.3%
Oct-15	42,428	$3,054,818	$2,805,842	57.9%	$66.13	91.8%	$263,046	$3,068,888	100.5%
Nov-15	42,492	$3,060,671	$2,204,045	58.8%	$51.87	72.0%	$263,550	$2,467,595	80.6%
Dec-15	42,534	$3,063,692	$2,514,858	56.2%	$59.13	82.1%	$263,810	$2,778,668	90.7%
Jan-16	42,585	$3,067,278	$2,741,522	55.5%	$64.38	89.4%	$264,119	$3,005,641	98.0%
Feb-16	42,629	$3,072,464	$3,221,828	52.9%	$75.58	104.9%	$264,566	$3,486,393	113.5%
Mar-16	42,680	$3,069,525	$3,294,064	56.3%	$77.18	107.3%	$264,313	$3,558,377	115.9%
Apr-16	42,731	$3,081,349	$2,965,567	55.6%	$69.40	96.2%	$265,331	$3,230,898	104.9%
May-16									
Jun-16									
YTD Plan Year	**424,939**	**$30,614,059**	**$27,009,573**	**55.6%**	**$63.56**	**88.2%**	**$2,636,134**	**$29,645,707**	**96.8%**
10 Month Average	**42,494**	**$3,061,406**	**$2,700,957**	**55.6%**	**$63.56**	**88.2%**	**$263,613**	**$2,964,571**	**96.8%**
12 Month Rollup	**509,152**	**$36,642,038**	**$33,031,977**	**53.8%**	**$64.88**	**90.1%**	**$3,171,353**	**$36,203,330**	**98.8%**

Expenses: Cigna Admin Costs and Premium Taxes
Enrollment and Premium Reported by LACERA



May 2, 2016

Legislative

House Approves Resolution Prohibiting Fiduciary Rule From Taking Effect

On April 28, 2016, the House passed with a 234–183 vote a resolution (H.J. Res. 88) that would nullify a Department of Labor rule (published on April 8, 2016), relating to the definition of the term "fiduciary" and the conflict of interest rule with respect to retirement investment advice. The resolution moves to the Senate. In a White House Statement of Administration Policy, President Obama promised to veto the resolution if it passes both chambers.

H.J. Res. 88 is available here.

The White House Statement of Administration Policy is available here.

Retirement

PBGC Proposes Rule to Lower Premium Penalties

On April 27, 2016, the Pension Benefit Guaranty Corporation (PBGC) released a proposed rule to lower the penalty rates charged for late payment of premiums by all pension plans, and to provide a waiver of most of the penalty for plans with a demonstrated commitment to premium compliance. The proposed rule is an effort to reduce costs and make it easier for plan sponsors to maintain traditional pension plans.

The PBGC seeks public comment on its proposal. Comments must be submitted on or before June 27, 2016.

The press release is available here.

The proposed rule is available here.

Other HR-Related Topics

Treasury, IRS Release Third Quarter Update to 2015–2016 Priority Guidance Plan

On April 29, 2016, the Internal Revenue Service (IRS) released the third quarter update to the 2015–2016 Priority Guidance Plan. The 2015–2016 Priority Guidance Plan contains 277 projects that are priorities for allocation of the resources of the Treasury and IRS during the twelve-month period from July 2015 through June 2016 (the plan year). The plan represents projects that the Treasury and IRS intend to actively work on during the plan year and does not place any deadline on completion of projects. Projects on the 2015–2016 plan will provide guidance on a variety of issues important to individuals and businesses, including international taxation, health care, and implementation of legislative changes. In addition to the items in the 2015–2016 plan, the Appendix lists the more routine guidance that is generally published each year.

This third quarter update reflects 20 additional projects that have become priorities and/or guidance that has been published during the period from October 1, 2015, through March 31, 2016.

The third quarter update is available here.

DOL Releases New FMLA Employer Guidebook and Revised Notice Poster

On April 25, 2016, the Department of Labor (DOL) released a new Family and Medical Leave Act (FMLA) employer guidebook and revised notice poster. "The Employer's Guide to the Family and Medical Leave Act" is designed to provide essential information about the FMLA, including information about employers' obligations under the law and the options available to employers in administering leave under the FMLA. The Guide is organized to correspond to the order of events from an employee's leave request to restoration of the employee to the same or equivalent job at the end of the employee's FMLA leave. A topical index is also included.

According to the DOL, the new poster does not contain many substantive changes, but has been reorganized for clarity. On its website, the DOL notes that the 2013 version of the FMLA poster is "still good and can be used to fulfill the posting requirement."

"The Employer's Guide to the Family and Medical Leave Act" is available here.

The revised notice poster is available here.

Aon Hewitt Publications

IRS Issues 2017 HSA Limits

On April 28, 2016, the Internal Revenue Service (IRS) issued inflation-adjusted limits for contributions to a health savings account (HSA) for calendar year 2017 (Revenue Procedure 2016-28). In addition, the IRS provided revised minimum deductible amounts and maximum out-of-pocket limits. The attached chart provides the limits for calendar years 2015 through 2017.

The Aon Hewitt chart of 2017 HSA limits is available here.

April 25, 2016

Health Care

Departments Issue FAQs on Affordable Care Act; Include Mental Health Parity and Women's Health and Cancer Rights Act Implementation

On April 20, 2016, the Departments of Labor, Health and Human Services, and the Treasury (the Departments) issued the 31st set of frequently asked questions (FAQs) related to Affordable Care Act implementation. The FAQs address the following topics:

- Coverage of preventive services;
- Rescissions;
- Out-of-network emergency services;
- Coverage for individuals participating in approved clinical trials;
- Limitations on cost sharing;
- The Mental Health Parity and Addiction Equity Act of 2008; and
- The Women's Health and Cancer Rights Act.

The FAQs are available here.