

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, OCTOBER 13, 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 regular meeting of September 15, 2016

II. PUBLIC COMMENT

III. ACTION ITEMS

- A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare Division: That the Committee recommend the Board of Retirement approve Life Secure as LACERA's Long Term Care insurance program carrier. (Memorandum dated October 3, 2016)
- B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement to direct its voting delegate to:
 - A. Oppose inclusion in the SACRS 2017 legislative platform of "Voting Rights of Alternate Retiree Member" (MCERA #1).
 - B. Take no action on "Transfer of Accrued Leave Balances" (VCERA #1) (Memorandum dated October 3, 2016)

October 13, 2016

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IV. FOR INFORMATION

- A. LACERA 2017 Legislative Proposals - Initial Discussion and Work Plan
Barry W. Lew, Legislative Affairs Officer
- B. Staff Activities Report for September 2016
- 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

***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, SEPTEMBER 15, 2016, 11:50 A.M. – 12:20 P.M.

COMMITTEE MEMBERS

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

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Anthony Bravo
Yves Chery

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith

Aon Hewitt

Kirby Bosley
Helen Batsalkin

The meeting was called to order by Chair Robbins at 11:50 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of August 11, 2016

Mr. de la Garza made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of August 11, 2016. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Staff Activities Report for August, 2016

The staff activities report was discussed.

B. 2016 Aon Hewitt Retiree Health Care Survey Results

Aon presented the results of their survey covering retiree health benefits general trends. Items discussed in the survey were:

- What public sector employers are doing for retiree health
- Long term strategy for post-65 retiree health coverage
- Group-based Medicare Advantage plans for post-65 retirees
- Interest in a National Medicare Advantage PPO
- Use of a private exchange for post-65 retiree health
- Public exchanges for pre-65 retirees
- Excise tax impact on retiree health coverage
- High deductible health plans with health savings accounts

C. CIGNA & Anthem Blue Cross Claims Experience

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

D. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

September 15, 2016

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IV. GOOD OF THE ORDER

(For information purposes only)

V. ADJOURNMENT

The meeting adjourned at 12:20 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.**



October 3, 2016

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

FROM: Cassandra Smith, Director *CS*
Retiree Healthcare Division

FOR: Meeting of October 13, 2016

SUBJECT: **APPROVE LIFE SECURE AS LACERA'S NEW LONG TERM CARE
INSURANCE PROGRAM CARRIER**

RECOMMENDATION

Recommend the Board of Retirement approve Life Secure as LACERA's Long Term Care insurance program carrier.

BACKGROUND

The Board of Retirement began LACERA's Long Term Care (LTC) program in March 1996. Staff and LACERA's Retiree Healthcare Program consultant, Foster Higgins, issued a Request for Information (RFI) and received no responses. Subsequently, Transamerica approached LACERA and they agreed to the terms and conditions set forth by LACERA. The LTC program launched in 1996 and enrolled LACERA retirees until Transamerica notified LACERA they would no longer be marketing and selling LTC products effective January 1, 2005. For LACERA retirees who had already enrolled in the program, Transamerica continues to honor their policies. Today there are 675 retirees that continue to have payroll deductions taken from their retirement payment for their Transamerica LTC policy.

As a result of Transamerica's termination notice, staff requested direction from the Insurance, Benefits & Legislative Committee as to future for the LTC Program. The options provided were:

1. Issue an RFI in an effort to continue the LTC Program
2. Terminate the LTC Program

The Committee directed staff and LACERA's Retiree Healthcare consultant, Mercer, to continue the Program and issue a Request for Proposal (RFP) to select a new LTC Program carrier. Staff and Mercer solicited the RFP to nine (9) LTC carriers. Five carriers responded and four declined to quote. Staff and Mercer's due diligence identified MetLife as the most qualified carrier to offer LTC policies to LACERA retirees. The Board of Retirement approved staff's recommendation selecting MetLife as LACERA's LTC Program carrier effective January 1, 2005.

In December 2010, MetLife notified LACERA they would no longer be marketing and selling LTC products effective January 1, 2011. The Committee directed staff to work with the County to issue an RFP to select a new LTC Program carrier for both active and retired LACERA members. For LACERA retirees who have already purchased a MetLife policy, MetLife continues to honor their policies. Today there are 66 retirees that continue to have payroll deductions taken from their retirement payment for their MetLife LTC policy. At the June 2011 IBLC meeting, the Committee authorized staff to postpone issuing the RFP until the County provided direction on including the active members in the LTC coverage group.

On October 15, 2012, staff and County representatives met to discuss the LTC Program RFP. The working group focused on the enrollment process, plan requirements, and liability exposure. The working group agreed that providing active county employees with an early enrollment opportunity into a LTC Program provides substantial benefits, such as lower premiums, increased eligibility, continuity of benefits, and ultimately a healthcare safety net if the need arises. And as such, the active county employees participating in LACERA's LTC Program would be part of the "marketable" group along with the LACERA retirees and their beneficiaries. To assist members in understanding LTC, the scope of available coverage, and the various choices provided when making a decision on the level and type of coverage, the working group decided to provide enrollment option choice to include one-on-one counseling, telephone and online.

At the November 2012 IBLC meeting, the Committee approved moving forward with issuing a Request for Information (RFI). Due to the challenging investment market and uncertain healthcare landscape, the RFI process was extended as staff investigated viable LTC carriers. Through the RFI process, staff identified three viable LTC Program carriers.

1. Life Secure
2. John Hancock
3. New York Life

LTC CARRIER COMPARISON

Staff evaluated each carrier's response against key requirements and determined the most qualified LTC Program carrier for our population is Life Secure. Staff's due diligence on both Life Secure and their enrollment processing operation found both to be outstanding. The following is a brief summary of the three firms responding to the RFI.

- Life Secure will accept payroll deductions from LACERA retirees as well as direct payments. Life Secure provides online, telephone appointment, and one-on-one enrollment counseling through an enrollment company. Life Secure's maximum issue age is 85.

Life Secure's policies include a Guaranteed Future Purchase Option (Inflation Rider) which allows a retiree the opportunity to increase their policy every three (3) years up until age 85. Life Secure is a wholly owned subsidiary of Blue Cross Blue Shield of Michigan. Life Secure is the only plan indicating that they have not had a premium increase.

- John Hancock indicated in their RFI response that they will not accept payroll deductions instead; they offer a direct payment option. John Hancock provides online, telephone appointment, and one-on-one enrollment counseling through an enrollment company. John Hancock's maximum issue age is 79.

John Hancock policies include a Guaranteed Future Purchase Options (Inflation Rider) which allows a retiree the opportunity to increase their policy every three (3) years, however, if the member declines the offer twice, the member is no longer eligible to increase their policy. John Hancock is reported to have increased premiums over time.

- New York Life will not accept payroll deductions, however, instead will accept direct payments, electronic funds transfer (EFT) and credit cards. New York Life will only provide one-on-one enrollment using a local New York Life agent. New York Life maximum issue age is 79.

New York Life policies include a Guaranteed Future Purchase Options (Inflation Rider) which allows a retiree the opportunity to increase their policy every policy anniversary. New York Life did not respond regarding premium increases.

All three (3) companies have an A rating with AM Best.

ACTIVE MEMBER COVERAGE

In October 2016, the County requested additional time to reevaluate including the active member population in the LTC Program marketing plan. Therefore, should the Board of Retirement select a LTC insurance program carrier, the initial LTC Program will include the insurance carrier marketing to LACERA retirees and beneficiaries with the potential to include active members at a later time.

LIABILITY EXPOSURE

Our agreement with a LTC insurance carrier will provide the carrier access to LACERA retirees and to offer a program per LACERA's requirements; however, the LTC insurance policy is between the member and the LTC carrier with neither LACERA (or the County) having liability for the policies issued.

These program requirements are included in the County Employees Retirement Law Article 8.8 Long-Term Care Group Insurance code section 31696.2:

§ 31696.2 Payment of cost by enrollees; separation from retirement or health benefits programs administered by system

(a) The full cost of enrollment in a long-term care insurance plan shall be paid by the enrollees.

(b) The long-term care insurance plan shall not become part of, or subject to, the retirement or health benefits programs administered by the system.

(Added by Stats. 1997, Ch. 491 [SB 1020], Sec. 2)

As such, LACERA will serve as a facilitator by connecting the member with the LTC plan carrier and providing retiree payroll deductions as needed. The County, should they agree to have the active members participate in the program, will have no costs associated with the program.

CONCLUSION

MetLife's exit from the LTC market provided an opportunity to partner with the County in developing a LTC Program carrier search to include both active and retired LACERA members. The LTC Program is designed for the carrier to have access to LACERA members contact information to offer a program per LACERA requirements; however, the agreement for LTC insurance is between the member and carrier with neither LACERA nor the County having liability for the policies issued.

It is expected that the initial LTC Program will include policies offered to LACERA retirees and their beneficiaries with the potential to include LACERA active members in the future. Following an extended Request for Information process, staff identified Secure Life as the best qualified insurance carrier to provide LTC policies to our members.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE:

Recommend the Board of Retirement approve Life Secure as LACERA's Long Term Care insurance program carrier.

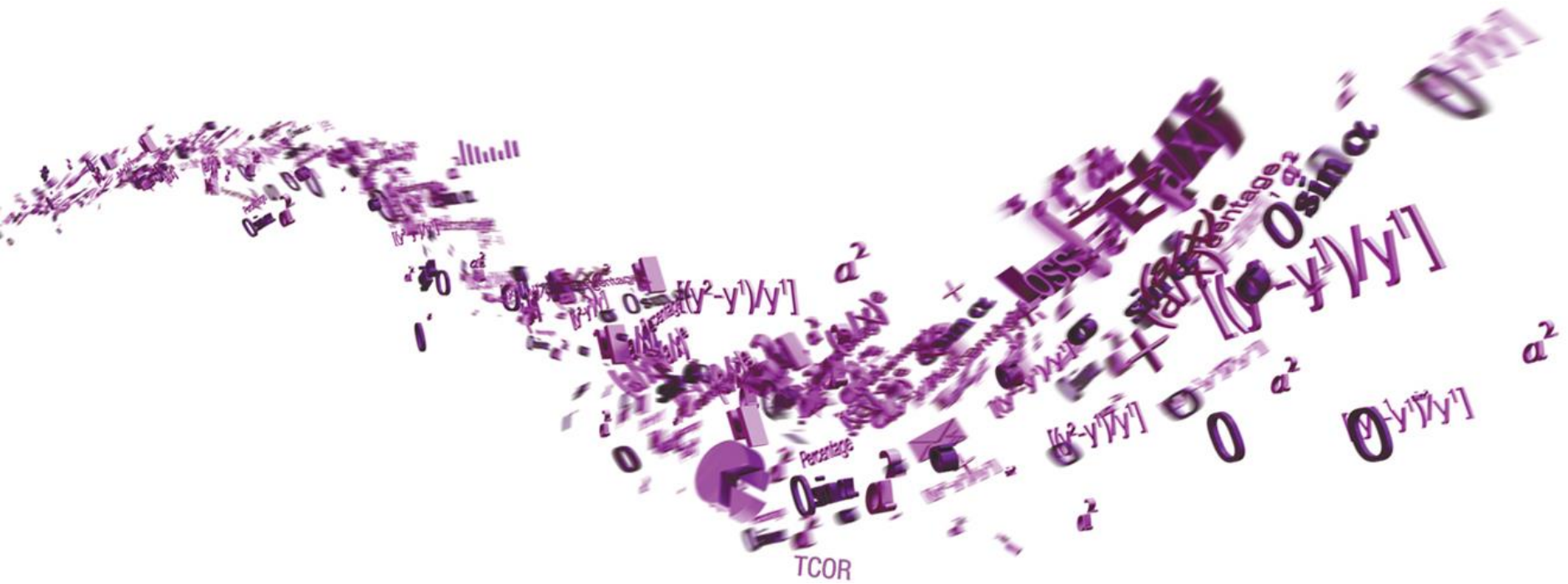
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Attachment

REVIEWED AND APPROVED:

A handwritten signature in black ink, consisting of a large, stylized initial 'G' followed by a long, horizontal flourish extending to the right.

Gregg Rademacher
Chief Executive Officer

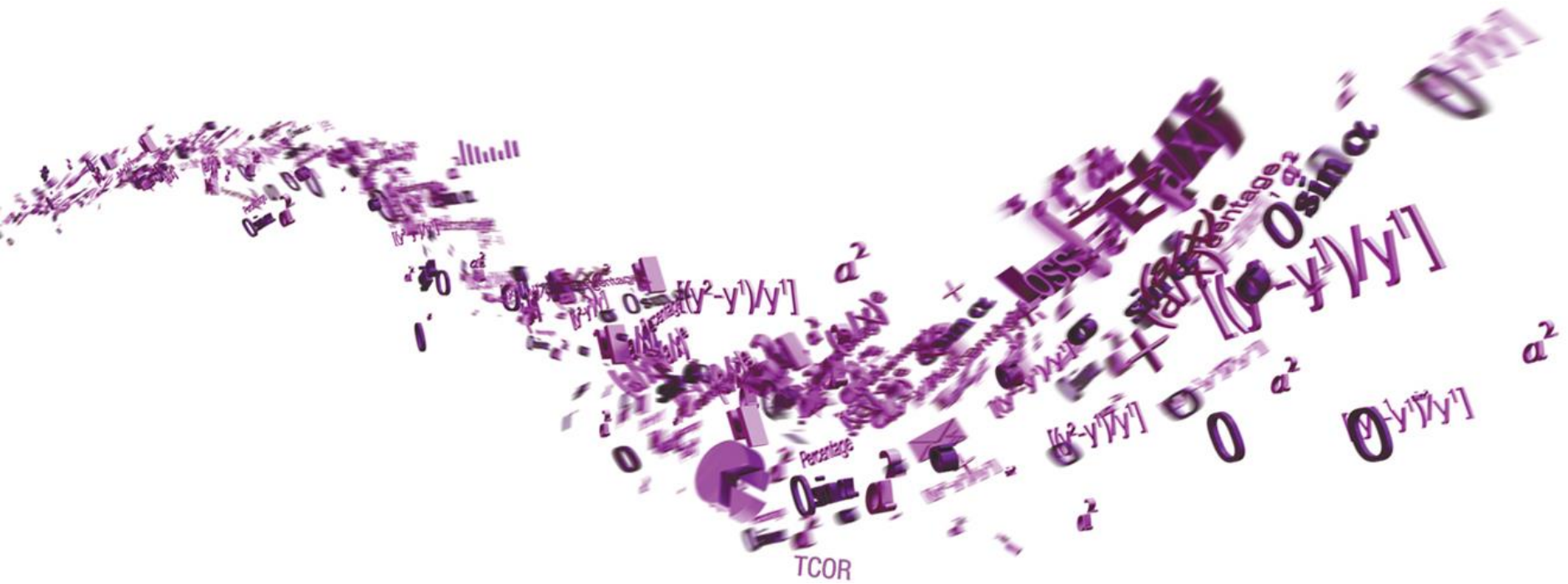


2016 Long-Term Care Insurance Market Update and Recommendation

October 13, 2016

Contents

- Why Offer Long-Term Care Insurance
- Addressing Common Concerns About Long-Term Care Insurance
- Rationale for LACERA Endorsement
- Why LifeSecure
- Implementation



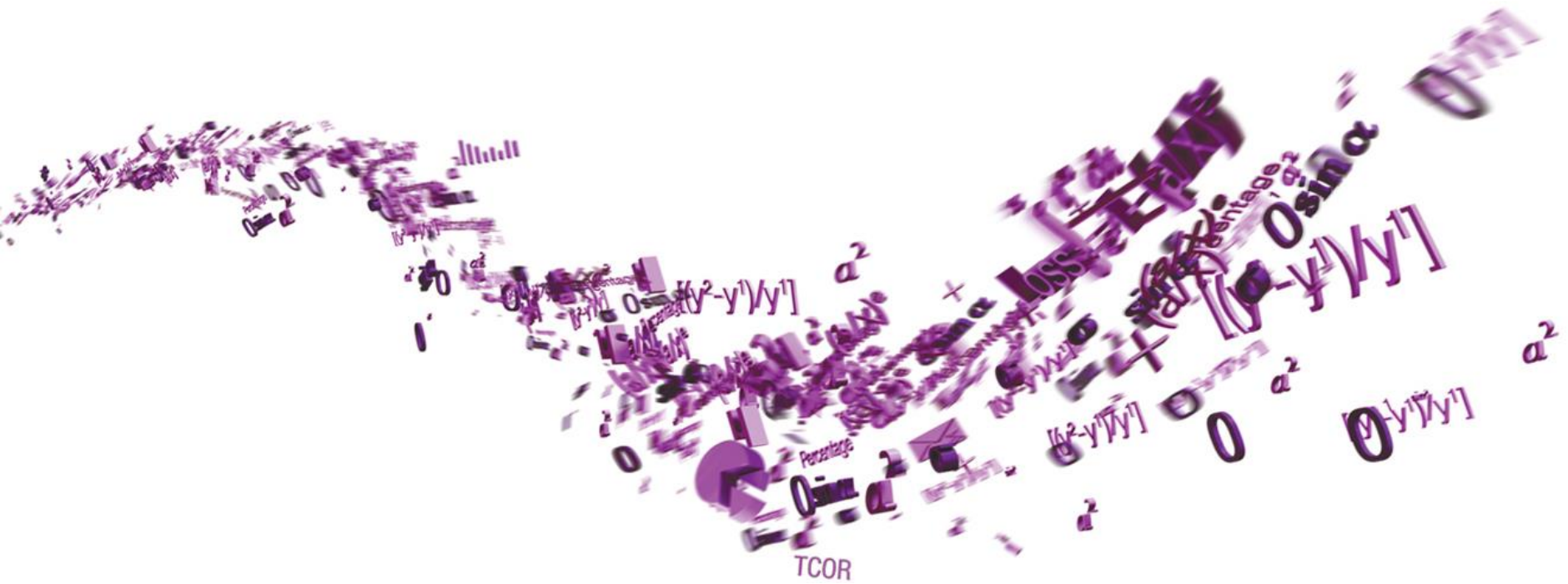
Why Offer Long-Term Care Insurance

What is Long-Term Care

- Custodial care, or assistance in carrying out “activities of daily living” such as
 - Bathing
 - Dressing
 - Toileting
 - Continence
 - Transferring
 - Eating
- Long-term care differs from other types of health care: the goal of long-term care is not to cure an illness, but to allow an individual to attain and maintain an optimal level of functioning.
- Long-term care encompasses a wide array of medical, social, personal, and supportive and specialized housing services needed by individuals who have lost some capacity for self-care because of a chronic illness or disabling condition.
- Long-term care may also include care for someone who has dementia, senility, or Alzheimer’s disease.

What is Long-Term Care Insurance

- Experts calculate that at least 60% of all individuals will need extended help in one or more activities of daily living during their lifetime. The Department of Health and Human Services projects that 70% of people over age 65 will require LTC.
- Most individuals have inadequate savings to cover long-term care needs.
- One year in a nursing home in California can cost \$91,000 per Genworth's 2016 survey. And the average stay is 3 years.
- About two-thirds of family members caring for people over age 50 are employed full-time or part-time and two-thirds of those – about 45% of working caregivers – report having to rearrange their work schedule, decrease their hours or take an unpaid leave in order to meet their caregiving responsibilities
- Traditional Medical Insurance (ex. Kaiser, Anthem) and Medicare does not cover custodial care.
- MediCal (Medicaid) covers custodial care but requires Medicaid eligibility or financial asset spend down.
- Coverage is guaranteed renewable; once issued, a carrier may not cancel a policy as long as premium is being paid.
- LTC also offers valuable non-financial benefits (resources for care plans, provider referrals, caregiver help).
- Enables wider freedom of choice for care. Long-term care insurance clients may choose where and how they are cared for. (e.g., not just Medicaid approved providers).



Addressing Common Concerns About Long-Term Care Insurance

Common Concerns

- Rate increases (Recent premium increases have ranged from 20% - 100% on some existing plans).
 - Since inception LACERA members enrolled in either of the LACERA sponsored plans have not incurred any rate increases but the long term care market has incurred many
- There are many choices and members may be confused about which plan is best for them.
- People can purchase LTC on their own through local insurance agents, CalPERS, or AARP.
- It can be expensive, particularly when purchased at a later age.
- Potential member disappointment if declined for coverage for underwriting reasons.
- Some life insurance policies include a long-term care rider but are subject to two levels of medical review.
- The lapse rate (those who stop paying premiums for long term coverage) for those age 65 and above is 25%; in part due to affordability or reduction in cognitive skills.

Addressing Concerns

The market is stable

Item	Amount
Policies in Force	7.2 million
Earned Premiums	\$11.5 billion
Potential Value In Force Policies	\$1.98 trillion
New Claims Reserves	\$8.7 billion
Number Filing New Claims	73,130
Average Reserve/Claimant	\$119,391
Cumulative Claims Paid (1992-2012)	>\$95 billion
Number of In-Force Claimants	254,910

Source: National Association of Insurance Commissioners Long-Term Care Insurance Experience Exhibit Report for 2016

Addressing Concerns

Carriers Who Discontinue Selling LTC Do Keep Existing Policies in Force

- Since 2010, 12 carriers have discontinued the sale of long term care insurance
- All existing policyholders continue to be covered by their respective carriers

Employer-Endorsed LTC Enrollment is Higher than on the Open Market

Although no precise statistics exist, carriers anecdotally tell us that:

- In the workplace, ancillary products including Long Term Care are in high demand
- When presented in a group endorsed setting, a level of trust is perceived in that the plan sponsor has done significant due diligence on the vendors selected
- Individuals are much more likely to buy in the worksite setting

Addressing Concerns

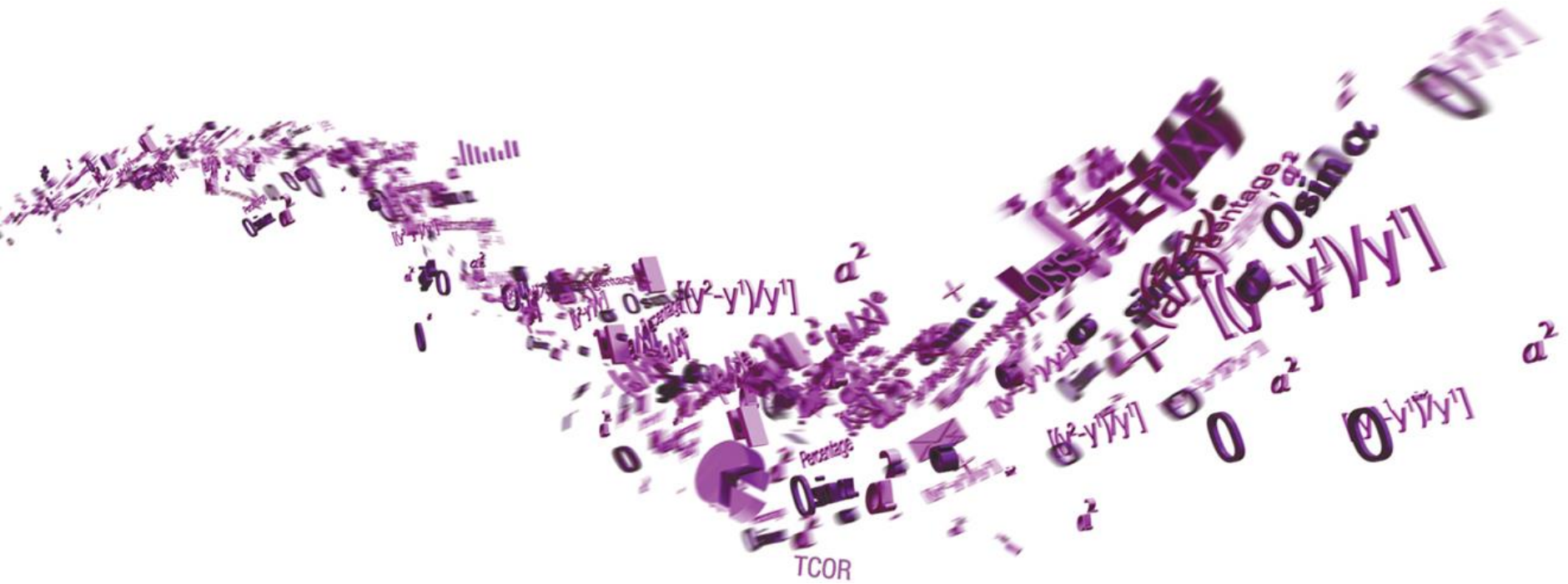
Pricing of LTC policies is now based on actual experience, generating much higher confidence levels in the actuarial community.

“There’s more confidence in pricing assumptions because we have more data, more conservative assumptions (including rock-bottom lapse assumptions), and higher margins all indicate that rate increases on new issues are unlikely.”

Source: Society of Actuaries LTC Section Study, 2014-2015, Author Roger Loomis, FSA, MAAA

Addressing Concerns

- LTC coverage can be expensive, but much more efficient than savings and much less disruptive than asset spend-down
- According to studies, the ideal time to purchase LTC coverage is between age 50-60. Rates are much more affordable in this age range
- The coverage can be designed to match what the members say they can afford



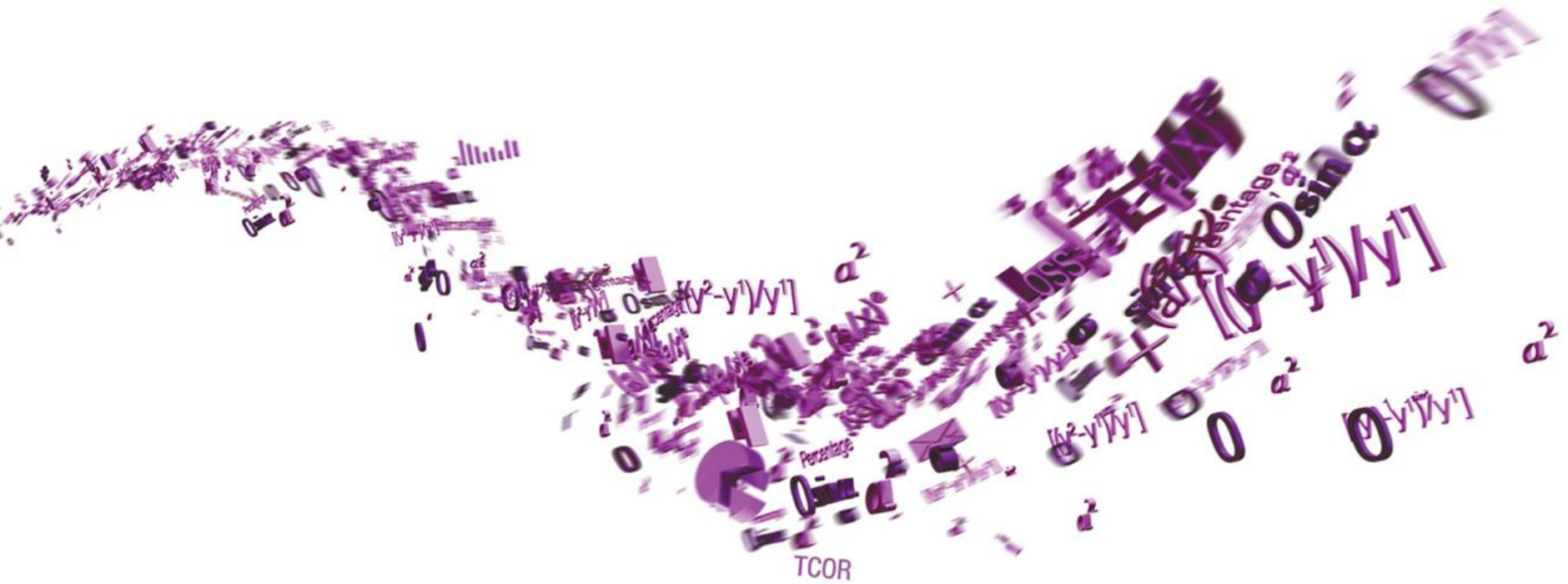
Rationale for LACERA Endorsement of Long Term Care Insurance for the Members

Rationale for LACERA Endorsement



Pension Protection Act

As an added benefit for LACERA Public Safety Officers (as defined by the law), the Pension Protection Act allows all retired Public Safety Officers to deduct their long term care insurance premiums from their pension checks, which reduces their taxable income by that amount (up to \$3,000).



Why LifeSecure Insurance Company

LifeSecure Has the Following Advantages

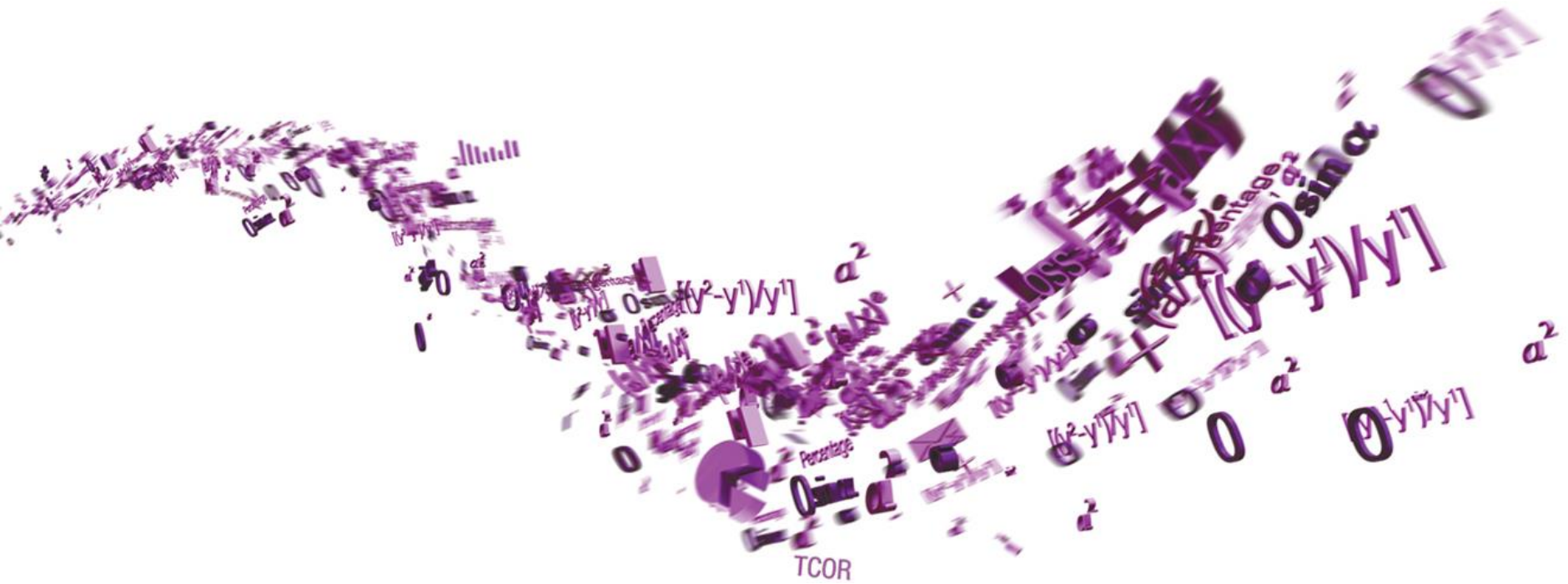
- Wholly-owned subsidiary of Blue Cross Blue Shield of Michigan (BCBSM) (A- Rated, AM Best)
- Licensed in 46 states
- No legacy blocks of business (rating is current and supports risk), meaning LifeSecure does not need to collect on prior losses
- Simplified plan designs make coverage decisions easier
- Product selection tools and approach based on affordability
- 2015 Average premium = \$1,642 versus industry average of \$2,503
- Underwriting standards updated in 2016 (focus on pricing to risk) assures most current knowledge is applied to pricing (*LifeSecure we look at the guidelines annually*)
- BCBSM provides a Parental Financial Guarantee as LifeSecure's parent company (LACERA has been provided a copy)
- Product diversification assists with financial stability
- On-line technology advancements aid in application process and administration
- Successful implementations with large government entities including state of Kansas and Montgomery County, Maryland; additionally over 100 school districts have chosen LifeSecure

The Current Competitive Landscape: 2015 Multilife Worksite LTCi Sales (annualized new premium)

Rank	LTCI Carrier	Annualized New Premium	2014 Ranking
#1	Transamerica*	\$9,636,296	#2
#2	Northwestern Mutual	\$4,343,426	#3
#3	Life Secure*	\$4,058,444	#1
#4	New York Life	\$1,717,857	#5
#5	John Hancock	\$344,104	#7
#6	Genworth	\$283,734	#8
	Industry total:	\$20,828,325	

*Only carriers to offer a Simplified Issue MultiLife Worksite Program
 MassMutual was #4 in 2014 and did not report worksite 2015 sales

LifeSecure 2016 MultiLife Sales: Jan - Aug total is \$7.3MM



Implementation

Implementation

Communications and Education

- Spotlight Newsletter article and ongoing announcements (every issue)
- Informative line on pension check with contact number
- Attending Staying Healthy Together Workshops
- Speaking at Pre-Retiree Workshops at LACERA (Tuesday mornings)
- Educational Long Term Care Workshop 2nd Wednesday of each month (1-hour presentation)

Contracting and Logistics

- Update and review proposal
- Contract review and revisions for Board approval

October 3, 2016

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

FROM: Barry W. Lew *BW*
Legislative Affairs Officer

FOR: October 13, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **ADOPT VOTING INSTRUCTIONS ON SACRS 2017 LEGISLATIVE PROPOSALS**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend to the Board of Retirement to direct its voting delegate to:

- A. Oppose inclusion in the SACRS 2017 legislative platform of “Voting Rights of Alternate Retiree Member” (MCERA #1).
- B. Take no action on “Transfer of Accrued Leave Balances” (VCERA #1).

DISCUSSION

Each year the 20 counties operating under the County Employees Retirement Law of 1937 (CERL) are asked to submit proposals to the State Association of County Retirement Systems (SACRS) Legislative Committee for inclusion in the SACRS legislative platform. The items submitted should have application to all CERL systems rather than an individual system; they should not propose new benefits that will be paid for by the plan sponsor; and they should not create major issues, such as conflicts with Proposition 162 or with any of the 19 other CERL systems.

The following two items were submitted to the SACRS Legislative Committee for inclusion in the SACRS 2017 legislative platform. One proposal was not approved by the SACRS Legislative Committee for inclusion in its 2017 platform. The other proposal was approved but contingent on the enactment of AB 1853, which would have enabled a retirement system operating under the County Employees Retirement Law of 1937 to adopt a resolution to become a district. Since AB 1853 was vetoed on September 23, 2016, this proposal is no longer applicable.

I. NOT APPROVED BY SACRS LEGISLATIVE COMMITTEE FOR INCLUSION IN 2017 LEGISLATIVE PLATFORM

Voting Rights of Alternate Retiree Member (MCERA #1)

The Merced County Employees' Retirement Association (MCERA) does not have an alternate safety member and has had board meetings cancelled due to the lack of a quorum. This proposal would enable the alternate retired member to vote not just in the absence of the eighth member but also in the absence of the second, third, or seventh member. The proposal would apply to all CERL systems.

Scenario 1

Under current law: The alternate retired member votes as a member of the board in the event the eighth member is absent from a board meeting. Beginning January 1, 2017, as a result of the enactment of AB 2376, the alternate retired member—if the eighth member is present—may also vote in the absence of both the second and third members or in the absence of the second or third member and the seventh member. The alternate retired member's voting rights under AB 2376 would not be superseded by this proposal.

Proposed: The alternate retired member votes as a member of the board in the event the second, third, seventh, or eighth member is absent from a board meeting and if the alternate safety member is also absent from the meeting.

MCERA currently does not have an alternate safety member. Under Scenario 1, its alternate retired member would not only be able to vote in the absence of the eighth member (under current law) but also in the absence of the second, third, or seventh member. This requires the absence of one of the aforementioned members as opposed to an absence of a combination of the members as required under Section 31520.6, which was added by AB 2376.

However, Scenario 1 has the unintended consequence of restricting the voting rights of the alternate retired member in systems where there is an alternate safety member. Currently in systems where there is an alternate safety member, the alternate retired member may vote in the absence of the eighth member—regardless of the alternate safety member also being absent. The proposal would require that both the eighth member and the alternate safety member be absent in order for the alternate retired member to vote.

Scenario 2

Under current law: The alternate safety member votes in the absence of the second, third, seventh, or eighth member. If a retirement system has an alternate retired member, then that member will vote in the absence of the eighth member instead of the

alternate safety member. If both the eighth member and alternate retired member are absent from a meeting, then the alternate safety member may vote in place of the eighth member.

Proposed: If both the alternate safety member and alternate retired member are present and if the second, third, or seventh member is absent, then the alternate safety member may vote in the absence of the second, third, or seventh member.

Although the alternate safety member already has the right to vote in the absence of the second, third, or seventh member in systems where there is an alternate retired member, this scenario would require that the alternate retired member must also be present at a meeting in order for the alternate safety member to vote in the absence of the aforementioned members. This would place an additional requirement for invoking the voting rights of the alternate safety member and appears to be another unintended consequence of the proposal.

Scenario 3

Under current law: The alternate safety member votes in the absence of the second, third, seventh, or eighth member. If a retirement system has an alternate retired member, then that member will vote in the absence of the eighth member instead of the alternate safety member. If both the eighth member and alternate retired member are absent from a meeting, then the alternate safety member may vote in place of the eighth member. AB 2376, which was enacted on August 17, 2016 and is effective January 1, 2017, enables the alternate retired member—if the eighth member is present—to vote if a combination of two of the second, third, and seventh members is absent.

Proposed: If both the alternate safety member and alternate retired member are present and if two or more of the second, third, seventh, or eighth members are absent from a board meeting, both the alternate safety member and alternate retired member shall be able to vote for two of the absent board members.

This scenario would enable the alternate retired member to vote not just due to the absence of the eighth member; the alternate retired member may also vote due to the absence of two of the second, third, or seventh members, even if the eighth member is present, provided that the alternate safety member is also present. This would expand the scope of the voting rights of the alternate retired member. However, this expansion does not provide any additional benefit since AB 2376 already enables the alternate retired member to vote in the absence of the second, third, or seventh members, without any other limitations or restrictions. AB 2376 added Government Code Section 31520.6, which applies notwithstanding Section 31520.5, the section that this proposal is amending.

Conclusion

The SACRS Legislative Committee reviewed the proposal and declined to recommend it for SACRS sponsorship. The Committee's criteria for SACRS sponsorship generally require that proposals should not apply just to an individual CERL retirement system. The Committee concluded that the proposal has application to a single CERL system rather than application to all CERL systems and noted that the drafting of the proposal required more fine-tuning.

Recommendation: Vote NO

II. PROPOSAL NO LONGER APPLICABLE

Transfer of Accrued Leave Balances (VCERA #1)

The Ventura County Employees' Retirement Association (VCERA) is authorized under AB 1291, which was enacted on August 17, 2015, to become a district and appoint a retirement administrator, chief financial officer, chief operations officer, chief investment officer, and general counsel. These appointees would be employees of the retirement system rather than the County of Ventura.

In its implementation of AB 1291, VCERA was informed by the County of Ventura that the appointment of any existing County employees to VCERA employment would result in the payout of leave balances to those employees pursuant to Labor Code Section 227.3. VCERA seeks to have those leave balances transferred from the County to VCERA when appointing existing County employees to VCERA employment.

The proposal seeks to amend Government Code Section 31522.75(g)(3) by clarifying that County employees appointed to retirement system employment will have their leave balances transferred to the retirement system rather than paid out directly to the employees.

Section 31522.75 was proposed to be added to the Government Code by AB 1853 and would apply to all CERL retirement systems, including those systems such as VCERA that had already become districts through system-specific legislation. VCERA's proposal would enable a seamless transition for existing employees from County employment to retirement system employment with respect to leave accruals in the process of a retirement system becoming a district.

VCERA's proposal is contingent on the enactment of AB 1853, which would have added Section 31522.75 to the Government Code to which this amendment would be applied. However, since AB 1853 was vetoed on September 23, 2016, this proposal is no longer applicable.

Recommendation: NO ACTION

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend to the Board of Retirement to direct its voting delegate to:

- A. Oppose inclusion in the SACRS 2017 legislative platform of “Voting Rights of Alternate Retiree Member” (MCERA #1).
- B. Take no action on “Transfer of Accrued Leave Balances” (VCERA #1).

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

cc: Gregg Rademacher

MCERA #1

YEAR 2017 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 7, 2016

Title of Issue: Voting Rights of Alternate Retirement Member

Association: Merced County Employees Retirement Association (MCERA)

Contact Person: Angelo Lamas

Phone #: (209) 725-2724

Email #: ALamas@co.merced.ca.us

Please answer the following questions as fully as possible:

1. Description of issue. The passage of AB 1853 added certain voting responsibilities for the Retired Alternate Trustee. However, in the absence of the Alternate Safety Member, these voting responsibilities do not come into play unless two other elected board members are absent as well. Currently Merced CERA does not have an Alternate Safety Board member which caused one meeting to be cancelled due to lack of a quorum.
2. Recommended solution. With the proposed legislative language, the Alternate Retiree Board member would be allowed to vote if the Alternate Safety Member and one other elected board member are absent from a board meeting. With this language, if the Alternate Safety Member were present, that member would have priority over the Alternate Retiree Member and vote for any absent elected board member other than the Retiree Member. If two elected members were absent, both the Alternate Safety and Alternate Retiree Members would be able to vote on board agenda items.
3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers. **See underlined and bold amendments to the code below.**

GOVERNMENT CODE - GOV

TITLE 3. GOVERNMENT OF COUNTIES [23000 - 33205]

(Title 3 added by Stats. 1947, Ch. 424.)

DIVISION 4. EMPLOYEES [31000 - 33017]

(Division 4 added by Stats. 1947, Ch. 424.)

PART 3. RETIREMENT SYSTEMS [31200 - 33017]

(Part 3 added by Stats. 1947, Ch. 424.)

CHAPTER 3. County Employees Retirement Law of 1937 [31450 - 31898]

(Chapter 3 added by Stats. 1947, Ch. 424.)

ARTICLE 3. Retirement Board [31520 - 31543]

(Article 3 added by Stats. 1947, Ch. 424.)

31520.5.

(a) Notwithstanding Section 31520.1, in any county subject to Articles 6.8 (commencing with Section 31639) and 7.5 (commencing with Section 31662), the board of retirement may, by majority vote, appoint, from a list of nominees submitted by a recognized retiree organization, an alternate retired member to the office of the eighth member, who shall serve until the expiration of the current term of the current eighth member. Thereafter, the alternate retired member shall be elected separately by the retired members of the association in the same manner and at the same time as the eighth member is elected.

(b) The term of office of the alternate retired member shall run concurrently with the term of office of the eighth member. The alternate retired member shall vote as a member of the board only in the event the **second, third, seventh or eighth member is absent from a board meeting for any cause and if the alternate seventh board member is absent from said meeting. In the event that both alternate seventh safety member and alternate retired member are present at the board meeting and if the second, third, or seventh member is absent, the alternate seventh member shall vote for the absent board member. In the vent that both the alternate safety member and alternate retired member are present at a board meeting and if two or more of the second, third, seventh, or eighth members are absent from a board meeting, both alternate safety member and alternate retired member shall be able to vote for the absent board members.** If there is a vacancy with respect to the eighth member, the alternate retired member shall fill that vacancy for the remainder of the eighth member's term of office.

4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association? With twenty CERL county retirement systems, several other counties have Alternate Retired Board Trustee's. The proposed legislation would give all Alternate Retiree Trustee's enhanced voting rights and more of an active role in the actions taken by the retirement board.
5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations? **NO**
6. Who will support or oppose this proposed change in the law? **CERL Counties Support; No known opposition.**
7. Who will be available from your association to testify before the Legislature? **Scott Johnson**

E-mail or mail your legislative proposals to:

VCERA #1

YEAR 2017 SACRS LEGISLATIVE PLATFORM WORKSHEET

PLEASE COMPLETE AND RETURN BY SEPTEMBER 7, 2016

Title of Issue: **Transfer of accrued leave balances**

Association: **Ventura County Employees' Retirement Association (VCERA)**

Contact Person: **Tracy Towner, Board Chair**

Phone #: **805-947-7967**

Fax #:

Please answer the following questions as fully as possible:

1. Description of issue. **See attached #1**
2. Recommended solution. **Amend the 1937 Act to provide clear authorization.**
3. Specific language that you would like changed in, or added to, '37 Act Law, and suggested code section numbers. **See attached #2**
4. Why should the proposed legislation be sponsored by SACRS rather than by your individual retirement association? **To provide clear authority.**
5. Do you anticipate that the proposed legislation would create any major problems, such as conflicting with Proposition 162 or create a problem with any of the other 19 SACRS retirement associations? **No**
6. Who will support or oppose this proposed change in the law? **See attached #3**
7. Who will be available from your association to testify before the Legislature? **Tracy Towner or Art Goulet**

E-mail or mail your legislative proposals to:

Jim Lites
California Strategies & Advocacy, LLC
980 9th Street, Suite 2000
Sacramento, CA 95814
Phone (916) 266-4575
E-mail: jlites@calstrat.com

Attachment to VCERA Legislative Platform

- #1.** When VCERA attempted to implement the provisions of AB 1291 (Williams) and employ certain county employees, the county argued that the transfer of those employees to VCERA constituted a termination of county employment and the county was obligated to pay the employees the cash value of any leave accruals, as required by sec. 227.3 of the Labor Code. VCERA desired to have leave accruals transferred, but the county would not cooperate, citing risk.
- #2.** Assuming AB 1853 is passed and signed into law, amend Government Code sec. 31522.75 (g)(3) by designating the current text as subdivision (A), and adding a new subdivision (B) to read:
- (B) All leave balances accrued by County employees appointed by a board of retirement as retirement system employees under any provision of this Act shall be transferred from the county to the retirement system, including full payment to the retirement system on those balances to the extent not already a financial obligation of the retirement system, and such employees shall not be deemed to have terminated employment under Labor Code section 227.3.
This subdivision is declaratory of existing law.*
- #3.** Supporters: VCERA and any other system exercising the provisions of AB 1853.
Labor Unions.
Opponents (likely): CSAC

October 3, 2016

FOR INFORMATION ONLY

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

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: October 13, 2016 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **LACERA 2017 LEGISLATIVE PROPOSALS**

This presentation is made as part of the planning process for the 2017 California legislative session to determine if there are initiatives that the Boards wish to pursue. Two areas of the County Employees Retirement Law of 1937 (CERL) have been identified by staff for analysis and possible consideration by the Board.

Board Authority

Under CERL, the Board of Retirement and Board of Investments must act jointly on certain governance matters such as the budget and personnel and compensation issues. Other joint governance issues include acting on recommendations by joint committees such as the Audit Committee and Travel Policy Committee as well as the adoption of joint policies. The Board of Retirement and Board of Investments recently adopted a policy on joint meetings during their scheduled meetings on September 14, 2016 and September 15, 2016. The policy defines certain matters subject to a joint meeting, the process for scheduling a joint meeting, and procedures for conducting a joint meeting.

Although the policy provides for joint meetings under the existing framework of CERL, there exist areas of ambiguity in CERL that relate to board authority. There are other currently unknown circumstances that may develop from time to time in the future that may or may not require joint action. Sections 31459.1(a)(3) and 31459.1(a)(4) enumerate sections of CERL that apply to both the Board of Retirement and Board of Investments and ambiguously define "board" to mean "either or both" Boards. The statute is unclear when it refers to either Board if that means only one Board needs to act on a matter. The statute is also unclear when it refers to both Boards as to whether the Boards must act jointly or can act separately, and if separately, what happens if the Boards take different actions given that LACERA is a single organization, albeit with two Boards.

Staff is reviewing the CERL sections related to board authority and anticipate presenting a proposal to your Committee at your meeting of November 2, 2016.

Correction of Errors and Omissions

The Board of Retirement submitted a legislative proposal relating to the correction of errors and omissions in 2011 to be included in State Association of County Retirement Systems (SACRS) 2012 legislative platform. The SACRS Legislative Committee did not approve its inclusion in the 2012 platform, and the SACRS membership ultimately did not support SACRS sponsorship of the proposal. Consequently, LACERA pursued its own legislative proposal related to the correction of errors and omissions.

LACERA was a co-sponsor of AB 2664 in 2012, which was authored by the Assembly Committee on Public Employees, Retirement and Social Security. AB 2664 added Sections 31540 and 31541 to the Government Code, and those sections apply only to LACERA.

Staff has had discussions regarding possible ambiguity in the language of these sections. The sections are being reviewed, and if a legislative proposal is deemed necessary by staff to resolve any ambiguity, it will be presented at your meeting of November 2, 2016.

Other Issues

If the Committee or Board members have other areas of potential legislative initiatives, staff welcomes the input.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

cc: Steven P. Rice
Fern Billingsy
Johanna Fontenot
Michael Herrera

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

**Centers for Medicare and Medicaid Services (CMS) Medicare Part D
 Retiree Drug Subsidy (RDS) Applications Plan Year 7/1/2014 –
 6/30/2015 – Reconciliation**

On September 26, 2016, staff and Kaiser completed the reconciliation steps and submitted the subsidy payment request for the Kaiser application to CMS/RDS. Staff and carriers completed all the reconciliations for the following 2014-2015 RDS applications: Anthem Blue Cross, Cigna, Kaiser, and Local 1014 before the CMS due date of September 30, 2016. The chart below shows the subsidy amounts approved by CMS and received by LACERA:

Plan	Approved Subsidy Amount (PY 2014-2015)	Subsidy Amount Received
Anthem Blue Cross	488,467	488,467
Cigna HMO	\$22,754	\$22,754
Kaiser	(overpayment in an amount of \$8,404)	(overpayment in an amount of \$8,404)
LACFF Local 1014	43,852	43,852

The Kaiser application shows an overpayment in the amount of **(\$8,404)**. Kaiser informed us there were three factors that contributed to the difference: 1) Changes to the Retiree List submitted (Interim vs. Annual), 2) Drugs added to the Exclude List beginning with 2015 Plan Year, and 3) 2016 Exclude List was incorrectly applied to 2015 claims included in the original 2015 annual cost report. Kaiser confirmed the incorrect application of the Exclude List was a system error that has been corrected and did not impact other LACERA RDS applications. A new cost report was submitted that reduced the overpaid amount by \$740. Staff will remit the overpayment amount to CMS/RDS in accordance with CMS/RDS rules and regulations.

**LACERA Retiree Wellness Program called Staying Healthy Together –
Fall 2016 Workshop**

The Fall 2016 Staying Healthy Together Program half-day workshop held on September 28, 2016, at the Carson Center in Carson overall was a success! There were 430 members who attended this event.

Elvira Garay from Kaiser Permanente provided an excellent interactive presentation that fits the theme: “Fitness of the Mind and Body”. Members participated in the exercise routine using exercise bands.

Here’s what our members had to say:

- Appreciate effort on part of staff to put on such an informative program
- Everyone really worked hard. They did a beautiful job so warm and friendly.
- Always enjoy these staying healthy workshops. Very well organized
- This was an excellent workshop, especially because of the interactive activities
- I enjoy the exercise segment
- Great Event!! Love LACERA!!
- First one I have attended and it was great. The speaker was good and gave great exercises that can easily be done each day.

Kudos to staff, Aon Team and our carriers (Anthem Blue Cross, Cigna, CVS Caremark, Kaiser Permanente, SCAN Health Plan, and UnitedHealthcare) for their support and assistance. We could not have done this without them!

CVS/Caremark Customer Care Center Site Visit

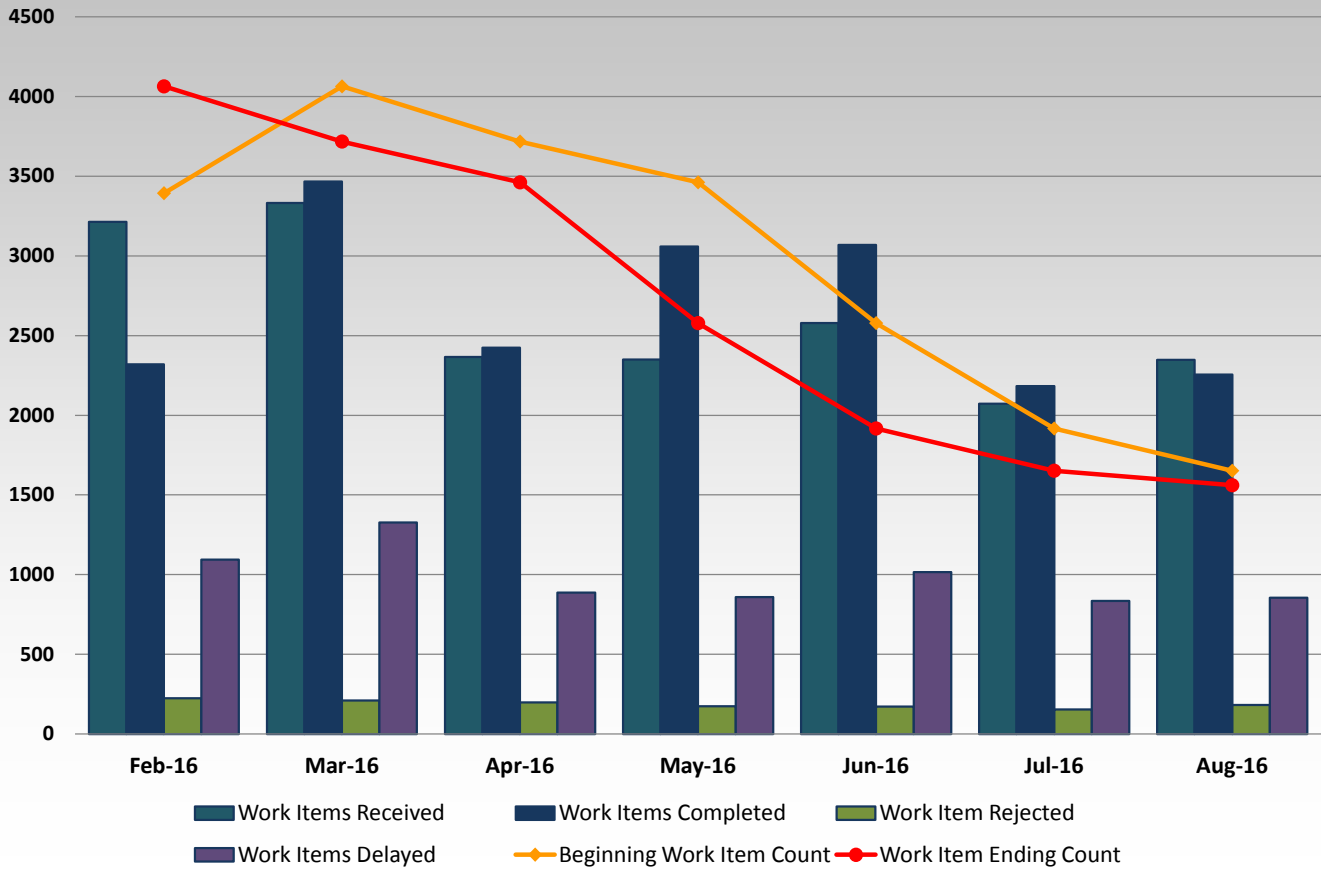
On September 21, 2016, staff, along with representatives from Aon and CVS/Caremark conducted a site visit of the CVS/Caremark Customer Care Center in Knoxville, TN. The following lists the agenda:

- Meeting with LACERA's designated Customer Care Team
- Tour and Overview of the Customer Care Center
- Operations, Training, Behavior Analytics, Member Experience, Famous for Service

Retiree Healthcare Division

Trend Report

February 2016-August 2016
Updated 9/26/2016

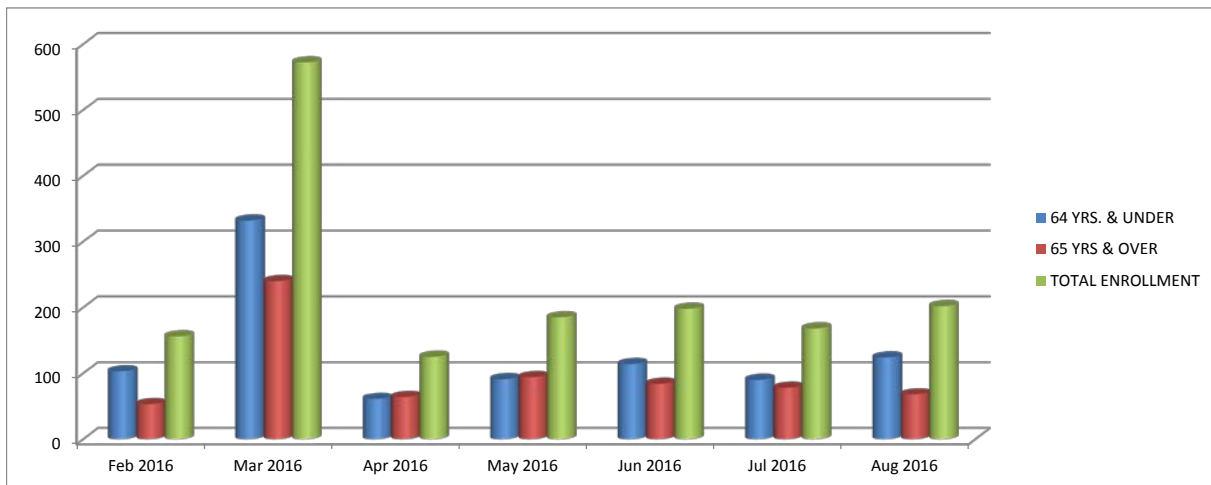


	Beginning Work Item Count	Work Items Received	Work Items Completed	Work Item Rejected	Work Items Delayed	Work Item Ending Count
Feb-16	3393	3214	2320	224	1094	4063
Mar-16	4063	3331	3467	210	1328	3717
Apr-16	3717	2365	2423	198	887	3461
May-16	3461	2350	3059	174	860	2578
Jun-16	2578	2579	3068	172	1015	1917
Jul-16	1917	2072	2183	154	836	1652
Aug-16	1652	2347	2255	183	855	1561

Retirees Monthly Age Breakdown FEBRUARY ~ AUGUST, 2016

Service Retirement

MONTH	64 YRS. & UNDER	65 YRS & OVER	TOTAL ENROLLMENT
Feb 2016	103	53	156
Mar 2016	332	240	572
Apr 2016	61	64	125
May 2016	91	94	185
Jun 2016	114	84	198
Jul 2016	90	78	168
Aug 2016	124	68	202



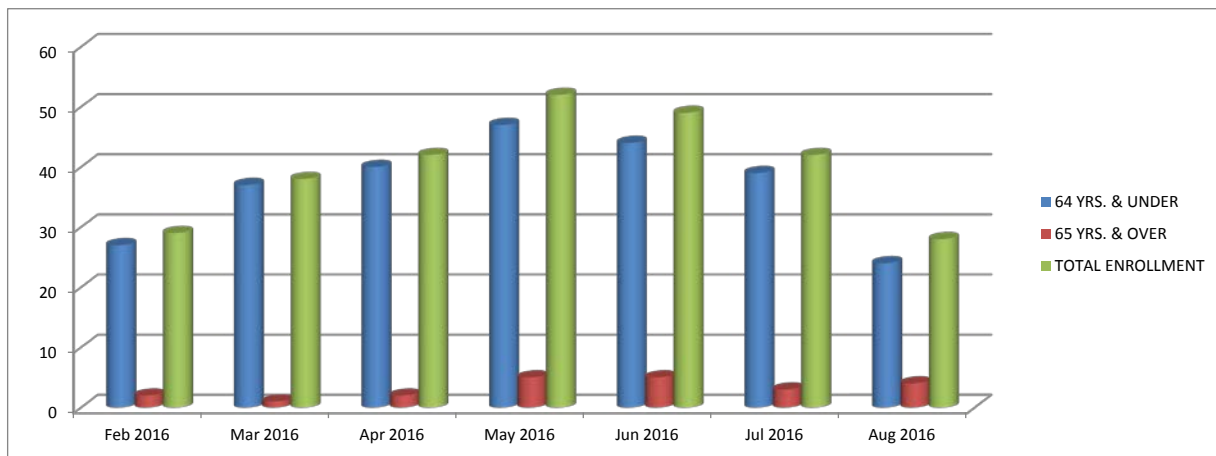
PLEASE NOTE:

- September (9/2016) data is not yet available as data is provided on a full month basis.
- Next Report will include the following dates: February through September 30, 2016.

Retirees Monthly Age Breakdown FEBRUARY ~ AUGUST, 2016

Disability Retirement

MONTH	64 YRS. & UNDER	65 YRS. & OVER	TOTAL ENROLLMENT
Feb 2016	27	2	29
Mar 2016	37	1	38
Apr 2016	40	2	42
May 2016	47	5	52
Jun 2016	44	5	49
Jul 2016	39	3	42
Aug 2016	24	4	28



PLEASE NOTE:

- September (9/2016) data is not yet available as data is provided on a **full month basis**.
- Next Report will include the following dates: February through September 30, 2016.

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 9/30/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
222	1	\$226.70	0	\$0.00
240	6,271	\$670,683.80	11	\$287.70
241	174	\$18,695.50	1	\$62.90
242	841	\$92,128.90	1	\$121.80
243	3,580	\$762,563.40	6	\$449.10
244	16	\$1,729.10	0	\$0.00
245	49	\$5,376.70	0	\$0.00
246	19	\$2,026.90	0	\$0.00
247	83	\$8,134.40	0	\$0.00
248	10	\$2,114.90	1	\$36.50
249	42	\$9,217.20	0	\$0.00
250	12	\$2,551.40	0	\$0.00
Plan Total:	11,098	\$1,575,448.90	20	\$958.00
CIGNA-HEALTHSPRING PREFERRED with RX				
321	24	\$2,568.30	0	\$0.00
322	8	\$839.20	0	\$0.00
324	15	\$2,010.00	0	\$0.00
327	2	\$209.80	0	\$0.00
329	2	\$436.50	0	\$0.00
Plan Total:	51	\$6,063.80	0	\$0.00
KAISER SR. ADVANTAGE				
401	1	\$226.70	0	\$0.00
403	9,683	\$1,032,413.30	7	\$204.10
411	2	(\$331.60)	0	\$0.00
413	1,694	\$185,820.20	0	\$0.00
418	4,866	\$1,035,270.70	4	\$213.40
419	257	\$27,435.50	0	\$0.00
426	199	\$21,365.20	0	\$0.00
427	154	\$16,340.50	0	\$0.00
445	2	\$209.80	0	\$0.00
451	30	\$3,197.70	0	\$0.00
457	11	\$2,324.70	0	\$0.00
462	54	\$5,488.60	0	\$0.00
465	13	\$1,380.60	0	\$0.00
466	24	\$5,085.90	0	\$0.00
472	33	\$3,478.60	0	\$0.00
476	5	\$575.20	0	\$0.00
478	13	\$2,727.40	0	\$0.00
482	76	\$8,124.50	1	\$12.20
486	9	\$977.90	0	\$0.00
488	43	\$9,153.10	0	\$0.00
492	1	\$104.90	0	\$0.00
494	1	\$226.70	0	\$0.00
Plan Total:	17,171	\$2,361,596.10	12	\$429.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 9/30/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	261	\$27,923.20	0	\$0.00
613	95	\$20,028.90	0	\$0.00
Plan Total:	356	\$47,952.10	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,512	\$163,175.90	1	\$36.50
702	320	\$34,906.00	0	\$0.00
703	826	\$177,671.80	1	\$10.50
704	68	\$7,677.50	0	\$0.00
705	25	\$5,447.80	0	\$0.00
Plan Total:	2,751	\$388,879.00	2	\$47.00
Grand Total:	31,427	\$4,379,939.90	34	\$1,434.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 9/30/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
222	1	\$226.70	0	\$0.00
240	6,271	\$670,683.80	11	\$287.70
241	174	\$18,695.50	1	\$62.90
242	841	\$92,128.90	1	\$121.80
243	3,580	\$762,563.40	6	\$449.10
244	16	\$1,729.10	0	\$0.00
245	49	\$5,376.70	0	\$0.00
246	19	\$2,026.90	0	\$0.00
247	83	\$8,134.40	0	\$0.00
248	10	\$2,114.90	1	\$36.50
249	42	\$9,217.20	0	\$0.00
250	12	\$2,551.40	0	\$0.00
Plan Total:	11,098	\$1,575,448.90	20	\$958.00
CIGNA-HEALTHSPRING PREFERRED with RX				
321	24	\$2,568.30	0	\$0.00
322	8	\$839.20	0	\$0.00
324	15	\$2,010.00	0	\$0.00
327	2	\$209.80	0	\$0.00
329	2	\$436.50	0	\$0.00
Plan Total:	51	\$6,063.80	0	\$0.00
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401	1	\$226.70	0	\$0.00
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411	2	(\$331.60)	0	\$0.00
413	1,694	\$185,820.20	0	\$0.00
418	4,866	\$1,035,270.70	4	\$213.40
419	257	\$27,435.50	0	\$0.00
426	199	\$21,365.20	0	\$0.00
427	154	\$16,340.50	0	\$0.00
445	2	\$209.80	0	\$0.00
451	30	\$3,197.70	0	\$0.00
457	11	\$2,324.70	0	\$0.00
462	54	\$5,488.60	0	\$0.00
465	13	\$1,380.60	0	\$0.00
466	24	\$5,085.90	0	\$0.00
472	33	\$3,478.60	0	\$0.00
476	5	\$575.20	0	\$0.00
478	13	\$2,727.40	0	\$0.00
482	76	\$8,124.50	1	\$12.20
486	9	\$977.90	0	\$0.00
488	43	\$9,153.10	0	\$0.00
492	1	\$104.90	0	\$0.00
494	1	\$226.70	0	\$0.00
Plan Total:	17,171	\$2,361,596.10	12	\$429.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 9/30/2016

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	261	\$27,923.20	0	\$0.00
613	95	\$20,028.90	0	\$0.00
Plan Total:	356	\$47,952.10	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,512	\$163,175.90	1	\$36.50
702	320	\$34,906.00	0	\$0.00
703	826	\$177,671.80	1	\$10.50
704	68	\$7,677.50	0	\$0.00
705	25	\$5,447.80	0	\$0.00
Plan Total:	2,751	\$388,879.00	2	\$47.00
LOCAL 1014				
804	166	\$20,866.40	0	\$0.00
805	177	\$21,965.90	0	\$0.00
806	558	\$126,560.40	0	\$0.00
807	34	\$4,460.90	0	\$0.00
808	10	\$2,165.60	0	\$0.00
812	213	\$23,645.60	0	\$0.00
Plan Total:	1,158	\$199,664.80	0	\$0.00
Grand Total:	32,585	\$4,579,604.70	34	\$1,434.70

Medical and Dental Vision Insurance Premiums

October 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	745	\$629,519.56	\$105,023.48	\$529,532.24	\$634,555.72	(\$943.86)	\$633,611.86
202	406	\$675,139.74	\$70,271.92	\$583,330.16	\$653,602.08	(\$1,658.82)	\$651,943.26
203	112	\$209,649.44	\$48,481.28	\$157,424.42	\$205,905.70	\$0.00	\$205,905.70
204	35	\$37,945.25	\$14,354.06	\$23,591.19	\$37,945.25	\$0.00	\$37,945.25
SUBTOTAL	1,298	\$1,552,253.99	\$238,130.74	\$1,293,878.01	\$1,532,008.75	(\$2,602.68)	\$1,529,406.07
Anthem Blue Cross I							
211	944	\$1,006,105.76	\$67,975.74	\$938,130.02	\$1,006,105.76	(\$4,254.16)	\$1,001,851.60
212	345	\$662,348.25	\$37,782.55	\$622,645.85	\$660,428.40	(\$1,916.85)	\$658,511.55
213	50	\$113,213.00	\$15,442.22	\$95,506.52	\$110,948.74	\$0.00	\$110,948.74
214	19	\$26,780.12	\$5,327.83	\$21,452.29	\$26,780.12	\$0.00	\$26,780.12
215	3	\$1,063.53	\$205.61	\$857.92	\$1,063.53	\$0.00	\$1,063.53
SUBTOTAL	1,361	\$1,809,510.66	\$126,733.95	\$1,678,592.60	\$1,805,326.55	(\$6,171.01)	\$1,799,155.54
Anthem Blue Cross II							
221	2,102	\$2,240,290.58	\$137,081.33	\$2,111,708.57	\$2,248,789.90	(\$1,065.79)	\$2,247,724.11
222	1,901	\$3,657,314.25	\$99,601.72	\$3,510,982.52	\$3,610,584.24	(\$1,919.85)	\$3,608,664.39
223	560	\$1,270,249.86	\$48,141.76	\$1,210,786.80	\$1,258,928.56	\$4,528.52	\$1,263,457.08
224	116	\$163,499.68	\$16,180.82	\$150,137.82	\$166,318.64	\$0.00	\$166,318.64
225	3	\$1,063.53	\$177.25	\$886.28	\$1,063.53	\$0.00	\$1,063.53
SUBTOTAL	4,682	\$7,332,417.90	\$301,182.88	\$6,984,501.99	\$7,285,684.87	\$1,542.88	\$7,287,227.75

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	6,291	\$2,717,983.20	\$434,409.63	\$2,285,288.37	\$2,719,698.00	(\$2,818.64)	\$2,716,879.36
241	174	\$240,724.75	\$28,882.97	\$212,289.48	\$241,172.45	(\$2,751.15)	\$238,421.30
242	845	\$1,165,107.79	\$79,342.72	\$1,080,250.79	\$1,159,593.51	\$4,126.71	\$1,163,720.22
243	3,588	\$3,083,132.58	\$364,027.27	\$2,687,431.43	\$3,051,458.70	(\$4,269.92)	\$3,047,188.78
244	16	\$12,341.28	\$2,560.81	\$9,780.47	\$12,341.28	\$0.00	\$12,341.28
245	50	\$38,566.50	\$4,890.22	\$32,904.95	\$37,795.17	\$0.00	\$37,795.17
246	19	\$32,586.90	\$3,190.08	\$29,396.82	\$32,586.90	\$0.00	\$32,586.90
247	84	\$145,783.50	\$9,021.43	\$114,495.77	\$123,517.20	\$0.00	\$123,517.20
248	10	\$11,965.90	\$1,914.54	\$10,051.36	\$11,965.90	\$0.00	\$11,965.90
249	42	\$50,256.78	\$4,331.66	\$45,925.12	\$50,256.78	\$0.00	\$50,256.78
250	12	\$16,089.24	\$750.83	\$15,338.41	\$16,089.24	(\$1,340.77)	\$14,748.47
SUBTOTAL	11,131	\$7,514,538.42	\$933,322.16	\$6,523,152.97	\$7,456,475.13	(\$7,053.77)	\$7,449,421.36
CIGNA Network Model Plan							
301	370	\$493,036.10	\$116,232.10	\$375,732.25	\$491,964.35	\$0.00	\$491,964.35
302	172	\$415,940.44	\$90,733.04	\$314,435.22	\$405,168.26	\$0.00	\$405,168.26
303	24	\$68,112.00	\$17,422.50	\$45,013.50	\$62,436.00	\$0.00	\$62,436.00
304	25	\$44,191.00	\$17,410.88	\$26,780.12	\$44,191.00	\$0.00	\$44,191.00
SUBTOTAL	591	\$1,021,279.54	\$241,798.52	\$761,961.09	\$1,003,759.61	\$0.00	\$1,003,759.61

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
CIGNA Healthspring Pref w/ Rx - Phoenix, AZ							
321	24	\$8,267.76	\$1,522.65	\$6,745.11	\$8,267.76	\$0.00	\$8,267.76
322	9	\$12,739.77	\$849.31	\$10,474.93	\$11,324.24	\$0.00	\$11,324.24
324	14	\$10,214.70	\$43.71	\$5,511.44	\$5,555.15	\$0.00	\$5,555.15
327	2	\$3,697.48	\$369.75	\$3,327.73	\$3,697.48	\$0.00	\$3,697.48
329	2	\$2,362.48	\$0.00	\$2,362.48	\$2,362.48	\$0.00	\$2,362.48
SUBTOTAL	51	\$37,282.19	\$2,785.42	\$28,421.69	\$31,207.11	\$0.00	\$31,207.11

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,651	\$1,506,541.40	\$134,840.55	\$1,370,788.90	\$1,505,629.45	(\$4,485.76)	\$1,501,143.69
403	9,753	\$2,369,959.40	\$257,976.88	\$2,115,996.32	\$2,373,973.20	(\$2,446.00)	\$2,371,527.20
404	499	\$495,360.00	\$17,417.32	\$478,838.41	\$496,255.73	\$3,962.88	\$500,218.61
405	886	\$844,787.67	\$21,257.81	\$823,370.53	\$844,628.34	\$1,904.82	\$846,533.16
406	42	\$72,863.50	\$27,194.70	\$40,585.30	\$67,780.00	\$0.00	\$67,780.00
411	1,819	\$3,312,201.60	\$173,979.20	\$3,105,054.00	\$3,279,033.20	\$5,447.70	\$3,284,480.90
413	1,703	\$1,959,453.95	\$90,702.96	\$1,864,308.26	\$1,955,011.22	\$4,586.20	\$1,959,597.42
414	138	\$265,253.80	\$3,718.23	\$261,084.57	\$264,802.80	\$0.00	\$264,802.80
418	4,857	\$2,325,395.60	\$189,410.37	\$2,096,565.94	\$2,285,976.31	(\$954.40)	\$2,285,021.91
419	258	\$321,033.84	\$7,695.02	\$315,237.67	\$322,932.69	\$0.00	\$322,932.69
420	126	\$248,653.44	\$1,341.95	\$251,258.37	\$252,600.32	\$0.00	\$252,600.32
421	9	\$8,207.55	\$1,200.35	\$6,921.10	\$8,121.45	\$0.00	\$8,121.45
422	208	\$386,122.88	\$1,633.58	\$395,320.53	\$396,954.11	\$0.00	\$396,954.11
423	15	\$38,976.75	\$6,371.41	\$32,605.34	\$38,976.75	\$0.00	\$38,976.75
426	199	\$236,214.99	\$3,394.82	\$239,755.45	\$243,150.27	\$0.00	\$243,150.27
427	156	\$310,585.10	\$3,626.69	\$271,282.57	\$274,909.26	\$0.00	\$274,909.26
428	48	\$92,886.24	\$1,083.68	\$91,802.56	\$92,886.24	\$0.00	\$92,886.24
429	9	\$26,772.20	\$2,890.72	\$15,849.82	\$18,740.54	\$0.00	\$18,740.54
430	129	\$244,689.78	\$3,300.46	\$241,389.32	\$244,689.78	\$0.00	\$244,689.78
431	12	\$31,666.92	\$4,948.65	\$26,718.27	\$31,666.92	\$0.00	\$31,666.92
432	9	\$30,429.00	\$10,050.66	\$20,378.34	\$30,429.00	\$0.00	\$30,429.00
SUBTOTAL	22,526	\$15,128,055.61	\$964,036.01	\$14,065,111.57	\$15,029,147.58	\$8,015.44	\$15,037,163.02

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	4	\$4,250.44	\$552.55	\$3,697.89	\$4,250.44	\$0.00	\$4,250.44
451	30	\$10,294.80	\$1,207.94	\$9,086.86	\$10,294.80	\$0.00	\$10,294.80
453	3	\$7,047.99	\$858.96	\$3,839.70	\$4,698.66	\$0.00	\$4,698.66
454	1	\$3,171.92	\$907.66	\$2,264.26	\$3,171.92	\$0.00	\$3,171.92
457	11	\$7,461.52	\$1,302.37	\$6,159.15	\$7,461.52	\$0.00	\$7,461.52
SUBTOTAL	49	\$32,226.67	\$4,829.48	\$25,047.86	\$29,877.34	\$0.00	\$29,877.34
Kaiser - Georgia							
440	1	\$1,164.41	\$98.62	\$1,065.79	\$1,164.41	\$0.00	\$1,164.41
441	2	\$2,328.82	\$197.24	\$2,131.58	\$2,328.82	\$0.00	\$2,328.82
442	4	\$4,657.64	\$394.48	\$4,263.16	\$4,657.64	\$0.00	\$4,657.64
445	2	\$3,129.34	\$0.00	\$3,129.34	\$3,129.34	\$0.00	\$3,129.34
461	16	\$18,630.56	\$3,717.45	\$13,748.70	\$17,466.15	\$0.00	\$17,466.15
462	55	\$22,862.56	\$3,698.82	\$18,755.48	\$22,454.30	\$0.00	\$22,454.30
463	3	\$6,962.49	\$2,162.86	\$4,799.63	\$6,962.49	\$0.00	\$6,962.49
465	13	\$20,340.71	\$2,503.47	\$17,837.24	\$20,340.71	\$0.00	\$20,340.71
466	24	\$19,404.48	\$743.84	\$18,660.64	\$19,404.48	\$0.00	\$19,404.48
SUBTOTAL	120	\$99,481.01	\$13,516.78	\$84,391.56	\$97,908.34	\$0.00	\$97,908.34

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	6	\$6,019.20	\$1,123.58	\$4,895.62	\$6,019.20	\$0.00	\$6,019.20
472	33	\$12,481.26	\$2,072.64	\$10,408.62	\$12,481.26	\$0.00	\$12,481.26
473	2	\$2,992.72	\$989.03	\$2,003.69	\$2,992.72	\$0.00	\$2,992.72
474	4	\$7,993.60	\$1,235.73	\$6,757.87	\$7,993.60	\$0.00	\$7,993.60
476	5	\$6,867.10	\$2,582.03	\$4,285.07	\$6,867.10	\$0.00	\$6,867.10
478	13	\$9,729.72	\$568.81	\$9,160.91	\$9,729.72	\$0.00	\$9,729.72
SUBTOTAL	63	\$46,083.60	\$8,571.82	\$37,511.78	\$46,083.60	\$0.00	\$46,083.60
Kaiser - Oregon							
481	7	\$7,625.17	\$2,019.10	\$5,606.07	\$7,625.17	\$0.00	\$7,625.17
482	76	\$34,611.16	\$4,909.33	\$29,701.83	\$34,611.16	\$0.00	\$34,611.16
484	4	\$8,682.48	\$905.90	\$5,605.96	\$6,511.86	\$0.00	\$6,511.86
486	9	\$13,830.48	\$1,106.44	\$12,724.04	\$13,830.48	\$0.00	\$13,830.48
488	43	\$38,821.26	\$5,453.05	\$33,368.21	\$38,821.26	\$0.00	\$38,821.26
489	1	\$991.06	\$0.00	\$991.06	\$991.06	\$0.00	\$991.06
492	1	\$1,603.48	\$320.70	\$1,282.78	\$1,603.48	\$0.00	\$1,603.48
494	1	\$1,984.13	\$0.00	\$1,984.13	\$1,984.13	\$0.00	\$1,984.13
495	2	\$4,608.28	\$768.58	\$3,839.70	\$4,608.28	\$0.00	\$4,608.28
SUBTOTAL	144	\$112,757.50	\$15,483.10	\$95,103.78	\$110,586.88	\$0.00	\$110,586.88
SCAN Health Plan							
611	263	\$80,741.00	\$16,891.14	\$63,849.86	\$80,741.00	\$0.00	\$80,741.00
613	95	\$57,570.00	\$11,368.56	\$46,201.44	\$57,570.00	\$0.00	\$57,570.00
SUBTOTAL	358	\$138,311.00	\$28,259.70	\$110,051.30	\$138,311.00	\$0.00	\$138,311.00

Medical and Dental Vision Insurance Premiums October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
UHC Medicare Adv.							
701	1,518	\$504,856.44	\$64,527.41	\$441,326.77	\$505,854.18	(\$665.16)	\$505,189.02
702	321	\$430,080.96	\$28,704.34	\$394,314.29	\$423,018.63	\$0.00	\$423,018.63
703	826	\$543,471.32	\$57,370.08	\$484,462.34	\$541,832.42	\$0.00	\$541,832.42
704	70	\$105,253.40	\$5,623.50	\$98,126.28	\$103,749.78	\$0.00	\$103,749.78
705	25	\$20,731.50	\$1,144.38	\$19,587.12	\$20,731.50	\$0.00	\$20,731.50
SUBTOTAL	2,760	\$1,604,393.62	\$157,369.71	\$1,437,816.80	\$1,595,186.51	(\$665.16)	\$1,594,521.35
United Healthcare							
707	403	\$406,803.76	\$46,817.05	\$358,915.08	\$405,732.13	\$4,027.76	\$409,759.89
708	352	\$648,545.72	\$27,269.37	\$612,206.14	\$639,475.51	\$3,674.48	\$643,149.99
709	243	\$529,251.57	\$38,289.05	\$493,140.51	\$531,429.56	\$0.00	\$531,429.56
SUBTOTAL	998	\$1,584,601.05	\$112,375.47	\$1,464,261.73	\$1,576,637.20	\$7,702.24	\$1,584,339.44

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	40	\$41,360.00	\$1,220.12	\$40,139.88	\$41,360.00	\$367.16	\$41,727.16
802	259	\$482,874.42	\$12,640.51	\$471,894.67	\$484,535.18	\$0.00	\$484,535.18
803	228	\$501,417.60	\$15,878.22	\$494,336.18	\$510,214.40	\$0.00	\$510,214.40
804	166	\$171,644.00	\$10,236.60	\$161,407.40	\$171,644.00	(\$23,410.04)	\$148,233.96
805	177	\$329,995.26	\$10,328.68	\$319,666.58	\$329,995.26	(\$23,830.28)	\$306,164.98
806	559	\$1,042,188.42	\$34,975.82	\$1,004,784.16	\$1,039,759.98	(\$131,302.32)	\$908,457.66
807	34	\$74,772.80	\$703.74	\$74,069.06	\$74,772.80	(\$4,460.90)	\$70,311.90
808	10	\$21,992.00	\$175.94	\$21,816.06	\$21,992.00	(\$2,165.60)	\$19,826.40
809	22	\$22,748.00	\$2,647.04	\$20,100.96	\$22,748.00	\$0.00	\$22,748.00
810	4	\$7,457.52	\$1,528.79	\$5,928.73	\$7,457.52	\$0.00	\$7,457.52
811	5	\$10,996.00	\$0.00	\$10,996.00	\$10,996.00	\$0.00	\$10,996.00
812	213	\$220,242.00	\$19,997.56	\$204,380.44	\$224,378.00	(\$22,611.60)	\$201,766.40
SUBTOTAL	1,717	\$2,927,688.02	\$110,333.02	\$2,829,520.12	\$2,939,853.14	(\$207,413.58)	\$2,732,439.56
Medical Plan Total	47,849	\$40,940,880.78	\$3,258,728.76	\$37,419,324.85	\$40,678,053.61	(\$206,645.64)	\$40,471,407.97

Medical and Dental Vision Insurance Premiums

October 2016

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<u>Dental/Vision Plan</u>							
CIGNA Indemnity Dental/Vision							
501	22,601	\$1,155,844.78	\$137,673.66	\$1,023,974.11	\$1,161,647.77	(\$947.82)	\$1,160,699.95
502	20,863	\$2,219,034.88	\$179,247.44	\$2,030,852.00	\$2,210,099.44	(\$643.50)	\$2,209,455.94
503	11	\$691.24	\$110.60	\$580.64	\$691.24	\$0.00	\$691.24
SUBTOTAL	43,475	\$3,375,570.90	\$317,031.70	\$3,055,406.75	\$3,372,438.45	(\$1,591.32)	\$3,370,847.13
CIGNA Dental HMO/Vision							
901	3,147	\$145,296.99	\$19,550.82	\$126,161.70	\$145,712.52	\$320.91	\$146,033.43
902	2,256	\$212,346.00	\$19,881.00	\$192,087.34	\$211,968.34	\$376.00	\$212,344.34
903	4	\$187.00	\$29.92	\$157.08	\$187.00	\$0.00	\$187.00
SUBTOTAL	5,407	\$357,829.99	\$39,461.74	\$318,406.12	\$357,867.86	\$696.91	\$358,564.77
Dental/Vision Plan Total	48,882	\$3,733,400.89	\$356,493.44	\$3,373,812.87	\$3,730,306.31	(\$894.41)	\$3,729,411.90
GRAND TOTALS	96,731	\$44,674,281.67	\$3,615,222.20	\$40,793,137.72	\$44,408,359.92	(\$207,540.05)	\$44,200,819.87

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

*Benchmark premiums are bolded.

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

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

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

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

Kaiser

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

*Benchmark premiums are bolded.

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

*Benchmark premiums are bolded.

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

*Benchmark premiums are bolded.

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

Kaiser Rate Category Definitions

"Basic" - includes those who are under age 65

Medicare Cost ("Supplement")

-Includes people who have both Part A and Part B of Medicare, who were enrolled in Kaiser's Medicare supplement ("M" coverage) before July 1, 1987, and who chose to stay in that Kaiser arrangement.

-It is not open to new enrollments.

-People who have left it cannot return to it.

"Senior Advantage"

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

"Excess I"

-Is for participants who have Medicare Part A only.

"Excess II"

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

"Excess III"

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

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

*Benchmark premiums are bolded.

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

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

CIGNA Indemnity - Dental/Vision

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

CIGNA HMO - Dental/Vision

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

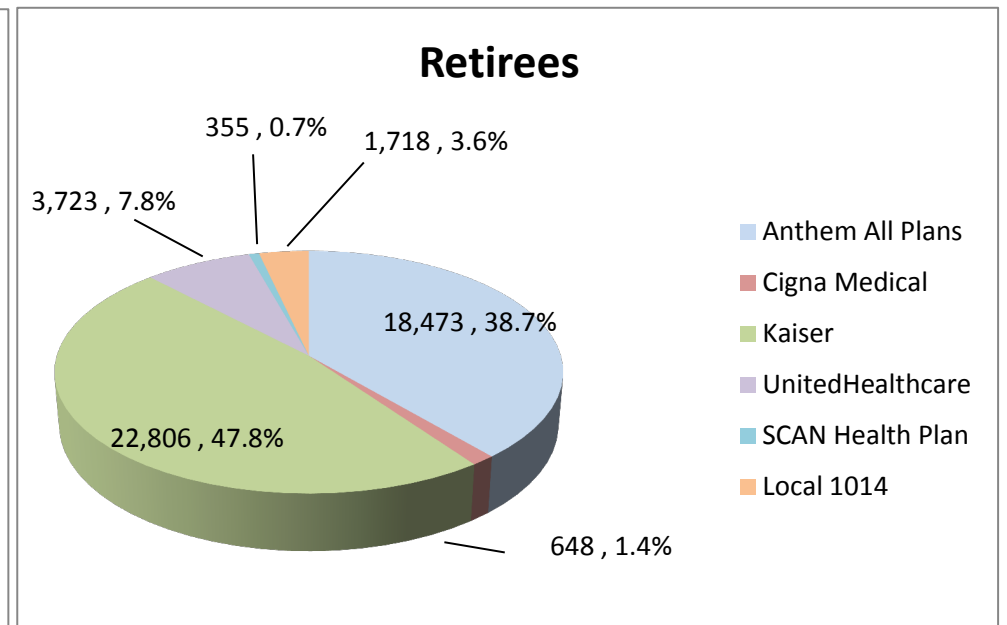
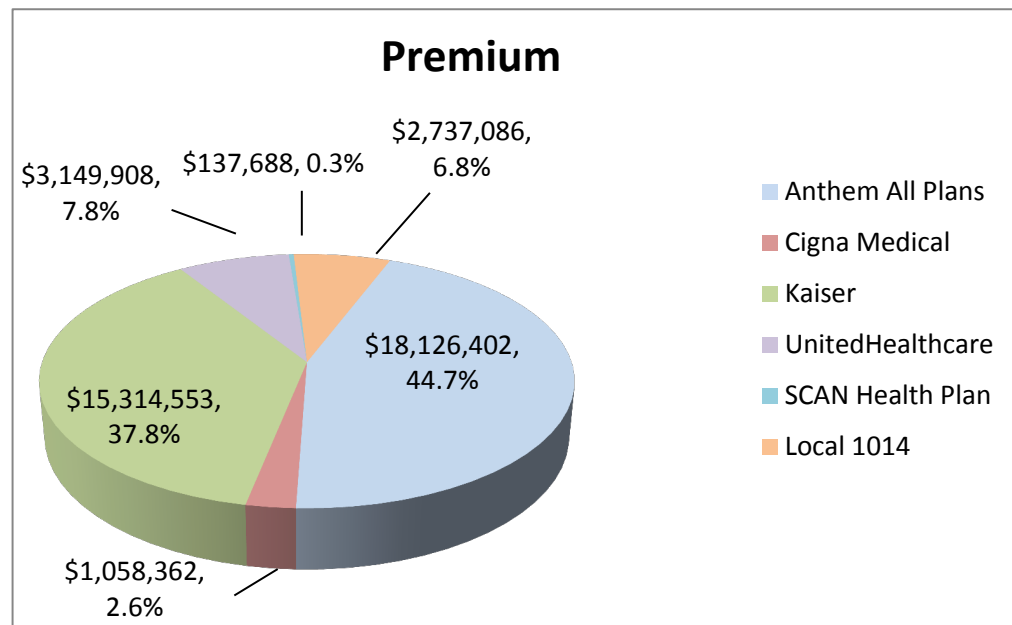
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Premium and Enrollment

Coverage Month August 2016

Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	\$18,126,402	44.7%	18,473	38.7%
Cigna Medical	\$1,058,362	2.6%	648	1.4%
Kaiser	\$15,314,553	37.8%	22,806	47.8%
UnitedHealthcare	\$3,149,908	7.8%	3,723	7.8%
SCAN Health Plan	\$137,688	0.3%	355	0.7%
Local 1014	\$2,737,086	6.8%	1,718	3.6%
Combined Medical	\$40,524,000	100.0%	47,723	100.0%

Cigna Dental & Vision	\$3,724,262	48,751
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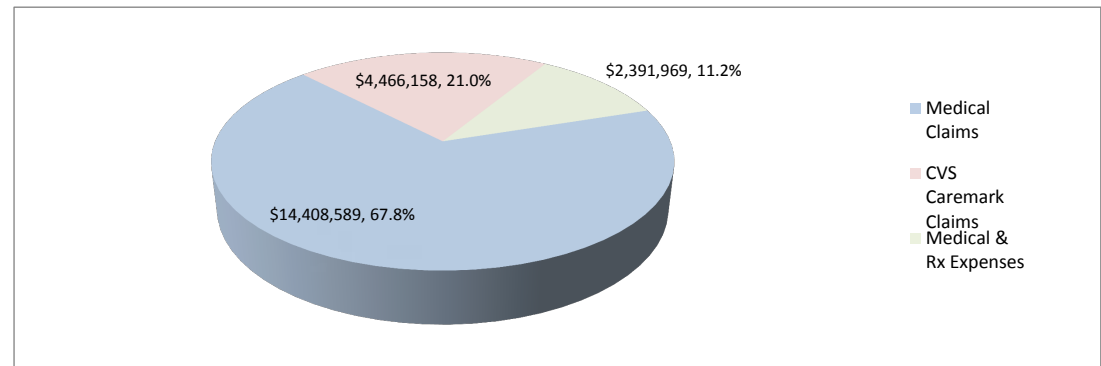
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plans I and II

Plan Year July 1, 2016 - June 30, 2017

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-16	6,088	\$9,121,640	\$6,534,411	\$2,101,899	\$8,636,310	\$1,418.58	94.7%	\$1,191,231	\$9,827,541	107.7%
Aug-16	6,078	\$9,135,046	\$7,874,179	\$2,364,260	\$10,238,438	\$1,684.51	112.1%	\$1,200,737	\$11,439,175	125.2%
Sep-16										
Oct-16										
Nov-16										
Dec-16										
Jan-17										
Feb-17										
Mar-17										
Apr-17										
May-17										
Jun-17										
YTD Plan Year	12,166	\$18,256,686	\$14,408,589	\$4,466,158	\$18,874,748	\$1,551.43	103.4%	\$2,391,969	\$21,266,717	116.5%
2 Month Average	6,083	\$9,128,343	\$7,204,295	\$2,233,079	\$9,437,374	\$1,551.54	103.4%	\$1,195,984	\$10,633,358	116.5%
12 Month Rollup	73,229	\$109,400,713	\$78,228,431	\$24,472,136	\$102,700,568	\$1,402.46	93.9%	\$12,273,803	\$114,974,370	105.1%

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

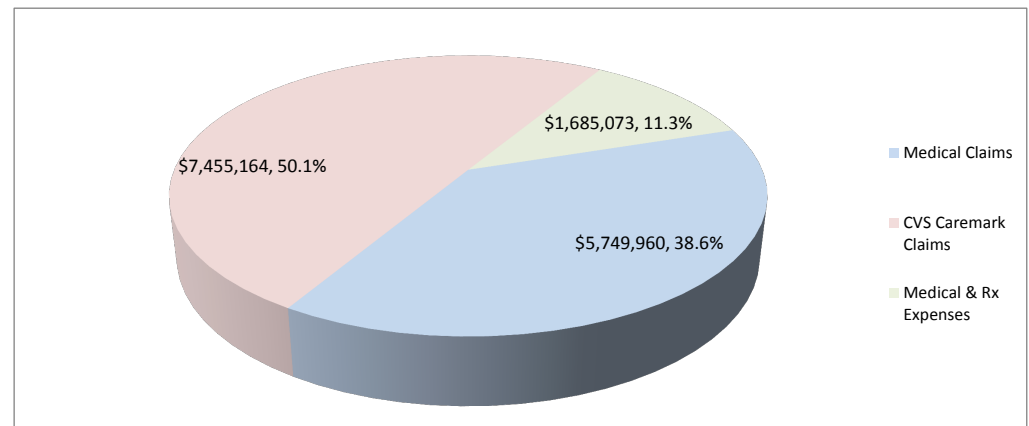
Anthem Plan III

Plan Year July 1, 2016 - June 30, 2017

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-16	11,065	\$7,446,109	\$2,789,671	\$3,515,111	\$6,304,782	\$569.80	84.7%	\$841,852	\$7,146,634	96.0%
Aug-16	11,083	\$7,427,254	\$2,960,288	\$3,940,053	\$6,900,341	\$622.61	92.9%	\$843,221	\$7,743,562	104.3%
Sep-16										
Oct-16										
Nov-16										
Dec-16										
Jan-17										
Feb-17										
Mar-17										
Apr-17										
May-17										
Jun-17										

YTD Plan Year	22,148	\$14,873,362	\$5,749,960	\$7,455,164	\$13,205,123	\$596.22	88.8%	\$1,685,073	\$14,890,196	100.1%
2 Month Average	11,074	\$7,436,681	\$2,874,980	\$3,727,582	\$6,602,562	\$596.22	88.8%	\$842,536	\$7,445,098	100.1%
12 Month Rollup	131,321	\$88,034,849	\$34,964,553	\$41,039,473	\$76,004,025	\$578.77	86.3%	\$9,270,381	\$85,274,407	96.9%

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



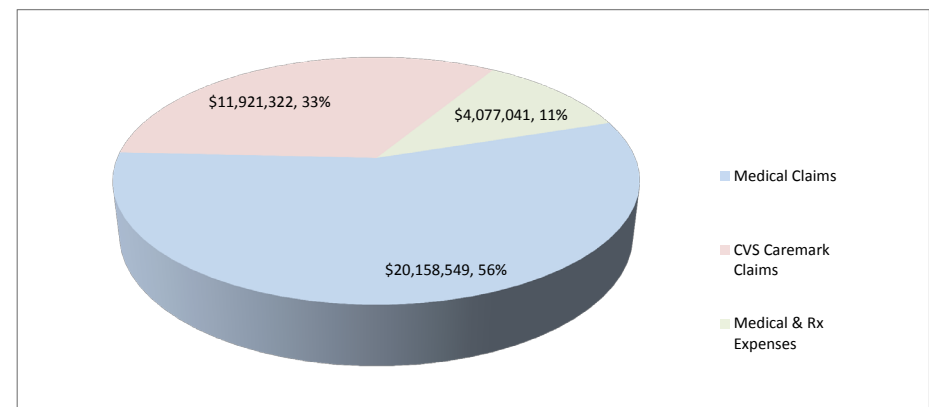
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Anthem Plan I, II, and III

Plan Year July 1, 2016 – June 30, 2017

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-16	17,153	\$16,567,748	\$9,324,082	\$5,617,010	\$14,941,092	\$871.05	90.2%	\$2,033,083	\$16,974,175	102.5%
Aug-16	17,161	\$16,562,300	\$10,834,467	\$6,304,312	\$17,138,779	\$998.71	103.5%	\$2,043,958	\$19,182,737	115.8%
Sep-16										
Oct-16										
Nov-16										
Dec-16										
Jan-17										
Feb-17										
Mar-17										
Apr-17										
May-17										
Jun-17										
YTD Plan Year	34,314	\$33,130,048	\$20,158,549	\$11,921,322	\$32,079,871	\$934.89	96.8%	\$4,077,041	\$36,156,913	109.1%
2 Month Average	17,157	\$16,565,024	\$10,079,275	\$5,960,661	\$16,039,936	\$934.89	96.8%	\$2,038,521	\$18,078,456	109.1%
12 Month Rollup	204,550	\$197,435,562	\$113,192,984	\$65,511,609	\$178,704,593	\$873.65	90.5%	\$21,544,184	\$200,248,777	101.4%

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

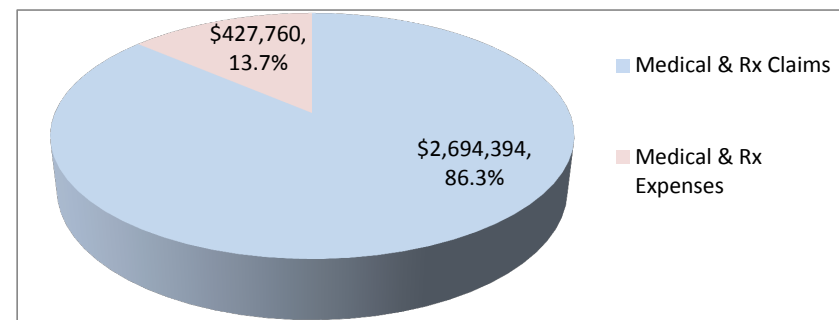
Anthem Prudent Buyer

Plan Year July 1, 2016 – June 30, 2017

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-16	1,321	\$1,562,451	\$1,318,391	\$998.03	84.4%	\$214,611	\$1,533,002	98.1%
Aug-16	1,312	\$1,564,102	\$1,376,003	\$1,048.78	88.0%	\$213,149	\$1,589,152	101.6%
Sep-16								
Oct-16								
Nov-16								
Dec-16								
Jan-17								
Feb-17								
Mar-17								
Apr-17								
May-17								
Jun-17								

YTD Plan Year	2,633	\$3,126,553	\$2,694,394	\$1,023.32	86.2%	\$427,760	\$3,122,154	99.9%
2 Month Average	1,317	\$1,563,277	\$1,347,197	\$1,023.32	86.2%	\$213,880	\$1,561,077	99.9%
12 Month Rollup	16,306	\$19,267,611	\$15,343,373	\$940.96	79.6%	\$2,269,674	\$17,613,047	91.4%

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

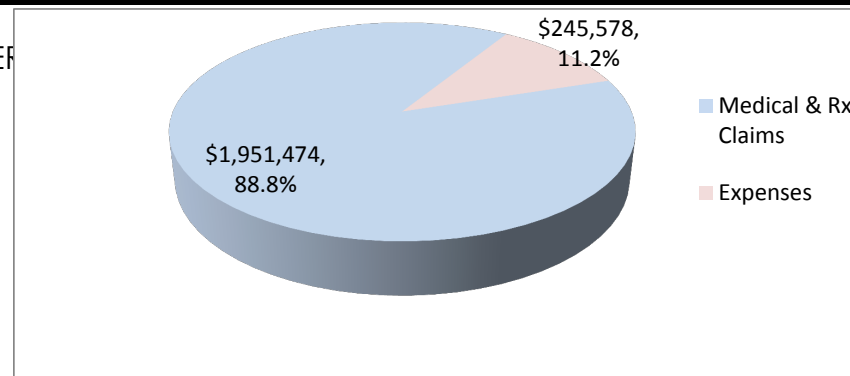
Cigna HMO

Plan Year July 1, 2016 – June 30, 2017

Month	Monthly Enrollment	Monthly Premium	Medical & Rx Claims	Claims Per Retiree Per Month	Paid Loss Ratio	Expenses	Total Paid Claims & Expenses	Expense Ratio
Jul-16	600	\$1,024,268	\$1,053,209	\$1,755.35	102.8%	\$122,810	\$1,176,019	114.8%
Aug-16	598	\$1,023,919	\$898,265	\$1,502.11	87.7%	\$122,768	\$1,021,033	99.7%
Sep-16								
Oct-16								
Nov-16								
Dec-16								
Jan-17								
Feb-17								
Mar-17								
Apr-17								
May-17								
Jun-17								

YTD Plan Year	1,198	\$2,048,188	\$1,951,474	\$1,628.94	95.3%	\$245,578	\$2,197,051	107.3%
2 Month Average	599	1,024,094	975,737	\$1,628.94	95.3%	\$122,789	\$1,098,526	107.3%
12 Month Rollup	7,404	\$12,300,007	\$12,182,636	\$1,645.41	99.0%	\$1,332,305	\$13,514,941	109.9%

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



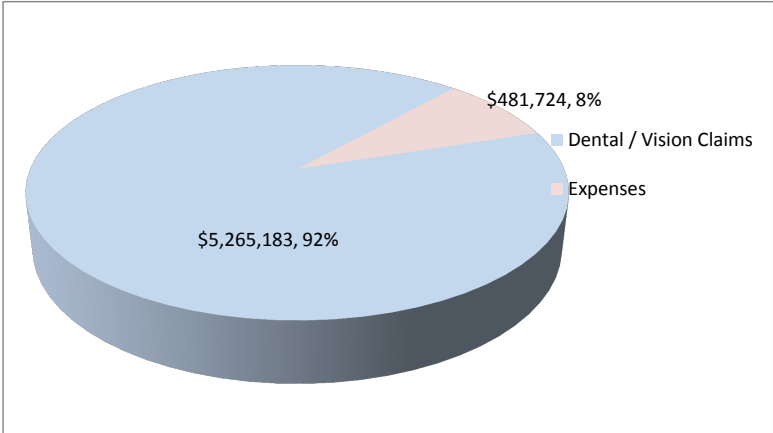
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Cigna Dental PPO and Vision
 Plan Year July 1, 2016 - June 30, 2017

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-16	43,276	\$3,364,467	\$2,534,298	54.5%	\$58.56	75.3%	\$240,769	\$2,775,067	82.5%
Aug-16	43,353	\$3,367,060	\$2,730,885	57.7%	\$62.99	81.1%	\$240,955	\$2,971,840	88.3%
Sep-16									
Oct-16									
Nov-16									
Dec-16									
Jan-17									
Feb-17									
Mar-17									
Apr-17									
May-17									
Jun-17									

YTD Plan Year	86,629	\$6,731,528	\$5,265,183	56.1%	\$60.78	78.2%	\$481,724	\$5,746,907	85.4%
2 Month Average	43,315	\$3,365,764	\$2,632,592	56.1%	\$60.78	78.2%	\$240,862	\$2,873,454	85.4%
12 Month Rollup	513,442	\$37,730,852	\$33,013,514	55.8%	\$64.30	87.5%	\$3,151,033	\$36,164,547	95.8%

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



September 26, 2016

Retirement

PBGC Issues Final Regulations on Payment of Premiums; Late Payment Penalty Relief

On September 22, 2016, the Pension Benefit Guaranty Corporation (PBGC) released final regulations lowering the rates of penalty charged for late payment of premiums by all plans, and providing a waiver of most of the penalty for plans with a demonstrated commitment to premium compliance. The final regulations become effective on October 24, 2016. The changes made by these regulations apply to late premium payments for plan years beginning after 2015.

The PBGC final regulations are available [here](#).

PBGC Releases Proposed Regulations Expanding Support for Missing Participants in Terminated Plans; Asks for Comments on Changes

On September 19, 2016, the PBGC released proposed regulations on locating and paying benefits for missing participants and beneficiaries in terminated retirement plans. The PBGC currently administers a program to hold retirement benefits for missing participants and beneficiaries in terminated retirement plans and to help those participants and beneficiaries find and receive the benefits being held for them. The program is currently limited to single-employer defined benefit pension plans covered by the pension insurance system under Title IV of ERISA. The PBGC proposes to make changes to its existing program and, as authorized by the Pension Protection Act of 2006, to establish fee-based missing participant programs for multiemployer plans covered by Title IV, certain professional service employer defined benefit plans that are not covered by Title IV, and most defined contribution plans. Among other things, the proposed regulations will provide for a new unified pension search database covering missing participants and their benefits.

Comments on the proposed regulations are due November 21, 2016.

The PBGC proposed regulations are available [here](#).

The "Proposed Expanded Missing Participants Program Draft Forms and Instructions" are available [here](#).

IRS Announces Extension of Temporary Nondiscrimination Relief for Closed Defined Benefit Plans Through 2017

On September 19, 2016, the Internal Revenue Service (IRS) released Notice 2016-57, which extends the temporary nondiscrimination relief for closed defined benefit plans that is provided

in Notice 2014-5, by making that relief available for plan years beginning before 2018 if the conditions of Notice 2014-5 are satisfied. Notice 2015-28 had previously extended the relief for plan years beginning before 2017.

The latest extension found in Notice 2016-57 is provided in anticipation of the issuance of final amendments to the Section 401(a)(4) regulations. According to the IRS, those regulations are expected to be effective for plan years beginning on or after January 1, 2018, and are expected to permit plan sponsors to apply the provisions of the regulations that apply specifically to closed plans for certain earlier plan years.

IRS Notice 2016-57 is available [here](#).

IRS Notice 2015-28 is available [here](#).

IRS Notice 2014-5 is available [here](#)

September 19, 2016

Legislative

House Passes Bill Requiring Regulatory Transparency

On September 14, 2016, the House passed with a 250-171 vote the Regulatory Integrity Act of 2016 (H.R. 5226). The bill would require government agencies to publicly post agency actions and other communications involved in regulatory activities. President Obama has indicated he will veto the measure in a White House Statement of Administration Policy.

The full text of H.R. 5226 is available [here](#).

The White House Statement of Administration Policy is available [here](#).

Retirement

IRS Requests Comments on Facilitating Compliance with Qualified Plan Document Requirements

On September 16, 2016, the Internal Revenue Service (IRS) released Announcement 2016-32, which requests comments on ways in which the Treasury and IRS can facilitate compliance with the qualification requirements for qualified plan documents in light of the changes to the determination letter program described in Revenue Procedure 2016-37.

Revenue Procedure 2016-37 provides that the five-year staggered remedial amendment cycle system will be eliminated effective January 1, 2017, except for certain disqualifying provisions for which the remedial amendment period has not expired. The Revenue Procedure further provides that a sponsor of an individually designed plan will be permitted to submit a determination letter application only for initial qualification, for qualification upon plan termination, and in certain other circumstances to be determined by the Treasury and IRS.

The Treasury and IRS are requesting comments on the following items regarding a plan sponsor's qualified plan documents:

- Should plan sponsors be permitted to expand the use of incorporation by reference in order to avoid inadvertent drafting errors;
- Circumstances under which plan provisions that are not applicable to a particular plan should be required;
- Any impediments to plan sponsors converting from an individually designed plan to a pre-approved plan; and
- Possible additional ways to facilitate document compliance.

In addition, the Treasury and IRS indicated that they anticipate issuing new guidance regarding the Employee Plans Compliance Resolution System to accommodate the changes to the determination program.

Comments to the IRS are due by December 15, 2016.

IRS Announcement 2016-32 is available [here](#).

September 12, 2016

Retirement

IRS Publishes Final Regulations for Partial Annuity Distribution Options Under Defined Benefit Pension Plans

On September 8, 2016, the Internal Revenue Service (IRS) released final regulations providing guidance relating to the minimum present value requirements applicable to certain defined benefit pension plans. These regulations are intended to simplify payment of partial lump sums to more easily allow participants to receive part of their benefit as a lump sum and part as an annuity. The final regulations became effective on September 9, 2016, and apply to distributions with annuity starting dates in plan years beginning on or after January 1, 2017. Additionally, these regulations can be applied to any earlier period.

The IRS final regulations are available [here](#).

September 6, 2016

Legislative

Congress Returns From Summer Recess

The House and Senate return to the Hill this week to reconvene after summer recess.

Health Care

HHS, CMS Release Proposed Regulations on 2018 Benefit and Payment Parameters

On August 29, 2016, the Department of Health and Human Services (HHS) and Centers for Medicare and Medicaid Services (CMS) released proposed regulations establishing the payment parameters and provisions related to the risk adjustment program; cost-sharing parameters and cost-sharing reductions; and user fees for federally facilitated Exchanges and state-based Exchanges on the federal platform of the Affordable Care Act. The regulations also provide additional guidance relating to standardized options; qualified health plans; consumer

assistance tools; network adequacy; the Small Business Health Options Program; stand-alone dental plans; fair health insurance premiums; guaranteed renewability; the medical loss ratio program; eligibility and enrollment; appeals; and other related topics. Comments on the proposed regulations are due by October 6, 2016.

The proposed regulations are available [here](#).

A related blog post is available [here](#).

Retirement

IRS Releases 2017 Static Mortality Tables for Defined Benefit Plans

On September 2, 2016, the Internal Revenue Service (IRS) issued Notice 2016-50, which provides the prescribed mortality tables for 2017 for minimum pension funding and lump sum benefit calculation purposes. These tables continue the basis used for 2016 and prior years, adding one more year of projected longevity improvement. Thus, the IRS is not implementing any changes to the underlying methodology for 2017.

The 2017 IRS mortality tables will also apply for purposes of determining PBGC variable rate premiums for 2017 premium payment years, and plan funded status for ERISA Section 4010 reporting.

Notice 2016-50 indicates that the IRS expects to issue proposed regulations revising its mortality assumptions and methodology beginning in 2018. The IRS is also expected to issue proposed guidance on reflecting plan-specific mortality experience for smaller plans, as permitted by the Bipartisan Budget Act of 2015. However, the Notice does not give any anticipated timing for this proposed guidance.

IRS Notice 2016-50 is available [here](#).

Other HR-Related Topics

EEOC Issues Final Guidance on Employer Retaliation

On August 29, 2016, the Equal Employment Opportunity Commission (EEOC) issued its final enforcement guidance on retaliation and related issues, to replace its 1998 Compliance Manual section on retaliation. Additionally, the guidance also addresses the separate "interference" provision under the Americans with Disabilities Act (ADA), which prohibits coercion, threats, or other acts that interfere with the exercise of ADA rights. The final guidance also follows the EEOC's January 21, 2016, publication of proposed guidance and a June 17, 2015, public meeting at which the EEOC received stakeholder testimony.

The guidance addresses retaliation under each of the statutes enforced by the EEOC, including Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, Title V of the ADA, Section 501 of the Rehabilitation Act, the Equal Pay Act, and Title II of the Genetic Information Nondiscrimination Act. Topics include:

- The scope of employee activity protected by the law.
- Legal analysis to be used to determine if evidence supports a claim of retaliation.
- Remedies available for retaliation.

- Rules against interference with the exercise of rights under the ADA.
- Detailed examples of employer actions that may constitute retaliation.

The EEOC also issued two resource documents to accompany the new guidance: a question-and-answer (Q&A) publication that summarizes the guidance document, and a small business fact sheet.

The EEOC final enforcement guidance is available [here](#).

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

The Q&As are available [here](#).

A fact sheet for small business is available [here](#).

IRS Finalizes Regulations on Definition of Marriage

On August 31, 2016, the Internal Revenue Service (IRS) issued final regulations that reflect changes to the definition of marriage for federal tax purposes consistent with the United States Supreme Court's rulings in *United States v. Windsor* and *Obergefell v. Hodges*. Under the final regulations, a marriage of two persons will be recognized for federal tax purposes if the marriage is recognized by the state, possession, or territory of the U.S. in which the marriage is entered into, regardless of the married couple's place of domicile. For foreign marriages, two persons who enter into a relationship that is denominated as marriage under the laws of a foreign jurisdiction will be recognized as married for federal tax purposes if the relationship would be recognized as marriage under the laws of at least one state, possession, or territory of the U.S.

In addition, the final regulations clarify that registered domestic partnerships, civil unions, and other similar formal relationships that are not denominated as marriages under the law of the state, possession, or territory of the U.S. where such relationships were entered into, regardless of domicile, will not be treated as marriages for federal tax purposes. The final regulations became effective on September 2, 2016.

The final regulations are available [here](#).