

NOTICE OF MEETING AND AGENDA

**SPECIAL 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, APRIL 13, 2017 - 8:00 A.M.

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

COMMITTEE MEMBERS:

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

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of March 3, 2017

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare: Authorize LACERA to join as a member of the Coalition for Affordable Prescription Drugs. (Memorandum dated March 24, 2017)

B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee recommend the Board of Retirement approve the issuance of:

1. A Request for Proposals for state legislative advocacy services on health, benefit, and plan administration issues; and

2. A Request for Proposals for federal legislative advocacy services on health, benefit, and plan administration issues.

(Memorandum dated April 3, 2017)

III. ACTION ITEMS (Continued)

- C. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Assembly Bill 1310, which requires certain disclosures on member statements. (Memorandum dated March 22, 2017)
- D. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Watch" position on Senate Bill 32, which would enact the California Public Employees' Pension Reform Act of 2018. (Memorandum dated March 29, 2017)
- E. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt an "Oppose" position on Senate Constitutional Amendment 8, which provides authority to a government employer to reduce public employee retirement benefits. (Memorandum dated April 4, 2017)
- F. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Neutral" position on Senate Constitutional Amendment 10, which requires retirement benefit increases to be approved by a two-thirds vote of the electorate. (Memorandum dated April 4, 2017)

IV. FOR INFORMATION

- A. Staff Activities Report for March 2017
- B. Cigna & Anthem Blue Cross Claims Experience
- C. Federal Legislation

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

April 13, 2017

Page 3

***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.**

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.

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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

FRIDAY, MARCH 3, 2017, 11:35 A.M. – 12:20 P.M.

COMMITTEE MEMBERS

PRESENT: William de la Garza, Chair
Vivian H. Gray, Vice Chair
Alan Bernstein
Ronald Okum
David L. Muir, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Anthony Bravo
Yves Chery
Joseph Kelly

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith
Steven Rice
Johanna Fontenot
Barry Lew
Dr. Vito Campese, Medical Advisor

Aon Hewitt

Kirby Bosley

The meeting was called to order by Chair de la Garza at 11:35 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of February 9, 2017

Ms. Gray made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of February 9, 2017. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Cassandra Smith, Director, Retiree Healthcare: Authorize LACERA to join as a member of the Coalition for Affordable Prescription Drugs. (Memorandum dated February 13, 2017)

At the request of Shawn Kehoe, Chair, Board of Retirement, this item was pulled from the agenda, to be rescheduled for the April meeting.

B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt a "Neutral" position on Assembly Bill 283, which relates to disability retirement and peace officers. (Memorandum dated February 22, 2017)

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

C. As submitted by Barry W. Lew, Legislative Affairs Officer: Provide direction to staff regarding a potential LACERA Legislative Proposal – Correction of Errors and Omissions. (Memorandum dated February 22, 2017)

Mr. Muir made a motion, Ms. Gray seconded, to sponsor the proposed legislation and seek an author to get it introduced.

After discussion by the Committee, Mr. Muir withdrew his motion, with the concurrence of Ms. Gray.

III. ACTION ITEMS (Continued)

Mr. Muir made a motion, Mr. Bernstein seconded, to return to staff for consideration of a legislative proposal that is narrowly drafted to cure the specific issue presented. The motion passed unanimously.

IV. FOR INFORMATION

A. Senate Constitutional Amendment 8 (Moorlach)--Public Employee Retirement Benefits (*Barry W. Lew, Legislative Affairs Officer*)

This amendment would provide a government employer the ability to reduce retirement benefits based on work not yet performed by an employee, regardless of the date the employee was first hired. It would not permit the reduction of retirement benefits that were earned based on work that has been performed. Given the significant nature of this bill, staff is bringing it to your Committee's attention and anticipates providing an analysis at your meeting in April.

B. Staff Activities Report for February, 2017

The staff activities report was discussed.

C. Federal Legislation

- Aon Hewitt Washington Report

Submitted for information only.

V. GOOD OF THE ORDER

(For information purposes only)

VI. 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.**



March 24, 2017

TO: Insurance, Benefits & Legislative Committee
William de la Garza, Chair
Vivian Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FROM: Cassandra Smith 
Director, Retiree Healthcare

FOR: April 13, 2017 Insurance, Benefits, & Legislative Committee Meeting

SUBJECT: **COALITION FOR AFFORDABLE PRESCRIPTION DRUGS**

RECOMMENDATION

Authorize LACERA to join as a member of the Coalition for Affordable Prescription Drugs.

EXECUTIVE SUMMARY

Staff is asking for your approval to partner with CVS Health and United Healthcare as a founding member of the Coalition for Affordable Prescription Drugs (CAPD/Coalition). Per our organizations great partnership, LACERA has been invited to participate with CVS Health and United Healthcare, two of the LACERA administered medical plans offered to our retirees as a founding member of CAPD. The Coalition will lead a targeted and proactive effort to get facts on the table and address the real issues at the root of rising drug cost. Joining this great cause falls in alignment with the offsite topic of activism where the Board expressed desire to become more proactive and engaged with the world through deployment of LACERA's resources. The best part of this is it supports LACERA's mission – To Produce, **Protect**, and Provide the Promised benefit.

According to the January 2017 issue of CVS Health's Insight commentary, spending on prescription drugs grew 9 percent in 2015 – faster than any other health care product or service; moreover, price increases accounted for 52 percent of the spending growth.

Prescription drug price increases have drawn public and congressional attention. As a founding Coalition member, LACERA will be recognized for the vital role that administrators and plan sponsors play in helping to keep drugs affordable for their members and for consumers overall.

As a member, LACERA will support the Coalition's mission and objectives, which include:

- Represent American employers, unions and pharmacy benefits managers (PBMs) who are working to keep drug prices affordable for the people they serve in the private and public sector.
- Deliver a strong, positive message to show how coalition members are working to lower prescription drug prices for millions of Americans.
- Defend against misinformation and attacks to make sure the record is accurate and the narrative is balanced.

LACERA will be responsible to:

- Be recognized as a founding Coalition member
- Allow LACERA's name and logo to be used in correspondence
- Allow LACERA's name and logo to be used on the Coalition's digital platform and member recruitment materials.

LACERA's name would not be use in testimony on Capitol Hill or in other comparable settings.

The Coalition will keep its members informed of activities and public statements through email communications, conference calls and occasional in-person meetings. Staff will keep the Insurance Benefit and Legislative Committee appraised of the Coalition's activities at its monthly meetings and through email communications as appropriate.

CONCLUSION

LACERA has been asked to join as a founding member of the Coalition for Affordable Prescription Drugs (CAPE). There is no additional cost in helping to fight the cause to keep drug prices affordable for our members and for consumers overall.

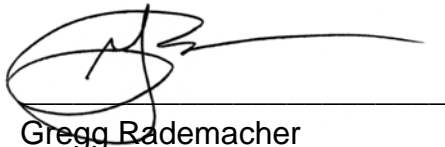
RECOMMENDATION

Authorize LACERA to join as a member of the Coalition for Affordable Prescription Drugs.

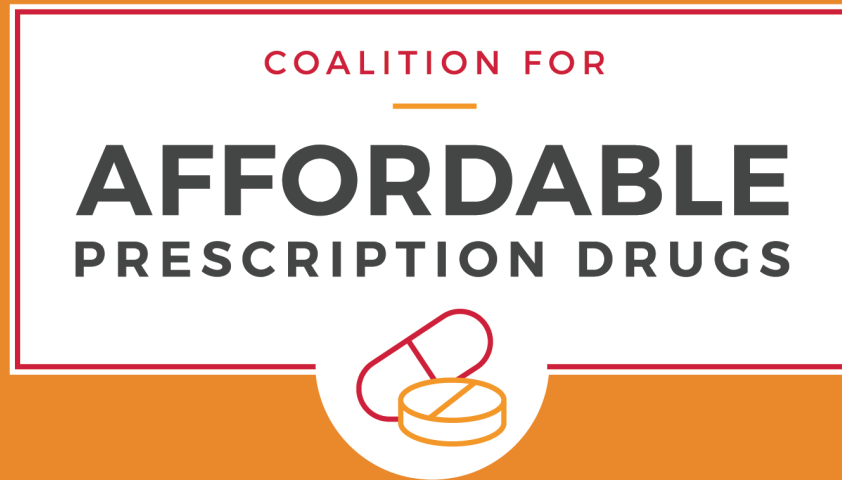
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Attachment

REVIEWED AND APPROVED:

A handwritten signature in black ink, appearing to be 'GR', is written over a horizontal line. The signature is stylized and extends to the right of the line.

Gregg Rademacher
Chief Executive Officer



Coalition Member Recruitment Deck

December 2016



THE CHALLENGE & THE OPPORTUNITY

THE CHALLENGE:

High drug price debate is not abating...

Public concerns about drug prices remain high...

PBMs are being defined as part of the problem...

THE OPPORTUNITY:

As the debate intensifies, we need to supplement the good work being done by other groups with a targeted, proactive effort that is dedicated to telling the innovative success stories of how our members are working to control high drug prices.

Money

Prescription Drug Prices in America Are Rising Like No Other Industry

POLITICO

Drug Lobby Gears Up for Massive PR Campaign

BARRON'S

Pharmacy-Benefit Managers Under Pressure

Bloomberg

In Washington's Drug Price Fight, Plenty of Blame to Go Around



HOW WE ARE DIFFERENT

We are a **broad-based coalition** driving a **campaign to champion solutions**.

We represent and give a **voice to the employers and organizations** who seek to make **prescriptions more affordable**.

By **amplifying new and different voices**, the coalition and its members add an important dimension to the debate.

We **play offense and defense**, striking a balance between proactive education and defending against misinformation.



MISSION & OBJECTIVES

MISSION:

We represent American employers, unions and pharmacy benefits managers (PBMs) who are working to keep drug prices affordable for the people they serve in the private and public sector.

OBJECTIVES:

- ▶ **Deliver a strong, positive message:**
 - Show how coalition members are working to lower prescription drug prices for millions of Americans.
- ▶ **Defend against misinformation and attacks** to make sure the record is accurate and the narrative is balanced.



WHAT WE DO

DELIVER A STRONG, POSITIVE MESSAGE

Leverage earned, paid and owned channels to amplify our collective voice and demonstrate the value of PBMs.

Core Campaign Elements:

MEDIA RELATIONS & ON-THE-RECORD SPOKESPERSON

A programmatic media relations effort with a dedicated spokesperson to build reporter relationships and become the “go-to” source when the news is breaking – not after the fact.

NEW DIGITAL PLATFORM

A content hub to promote original content and showcase coalition efforts.

DIGITAL / SOCIAL CAMPAIGN

Paid media aimed at influencers inside and outside the Beltway to drive visibility and promote our content.





WHAT WE DO

DEFEND AGAINST ATTACKS...

A sophisticated rapid response operation that quickly corrects misinformation in the media to ensure critics do not go unanswered. This allows us to quickly get back on offense, driving the stories and promoting content we want to be seen.

Instead of this...



Wall Street Journal, October 3, 2016

We could see this...





HOW WE DO IT

The coalition will drive a more balanced and positive narrative using a suite of tools aimed at reaching our key audiences (policymakers, media, thought leaders in health and business communities) including:

- ▶ Original content and collateral materials (e.g. fact sheets, infographics, etc., on specific disease category efforts)
- ▶ On-the-record press events
- ▶ Reporter deskside briefings
- ▶ Blog posts
- ▶ Explainer videos
- ▶ Commentary from employer, patient and provider groups



WHAT WE WILL SAY

We are the voice of the employers and organizations in the health care system that are helping keep prescription drugs affordable for millions of Americans.

COALITION MESSAGING AND CONTENT WILL HIGHLIGHT

- ▶ PBM's success in **keeping prescription drug costs affordable** for consumers, American businesses and the entire health care system
- ▶ PBM's proven ability to **help manage prescription drug costs for the people they serve**
- ▶ PBM's efforts ensure consumer **access to safe, effective and affordable medications** they need to get and stay healthy



MEMBERSHIP

What We Need From You:

LEND YOUR COMPANY'S NAME AND LOGO for the coalition website

Members will also have the opportunity to:

- ▶ **ENGAGE** with media to **INFLUENCE** the public conversation around high prescription prices and push back on misinformation
- ▶ **SHARE YOUR CONTENT** to help inform the coalition's efforts

Founding Members:

UNITEDHEALTH GROUP® 

HOW WE OPERATE:

Keep our members engaged and up-to-date on issues affecting the industry through:

- ▶ Bi-weekly coalition calls
- ▶ Regular media summaries
- ▶ Messaging and collateral materials for your use

For more information on Coalition membership, please contact:
Amanda Keating
CAPD@gpg.com
202-337-0808

THANK YOU

April 3, 2017

TO: Insurance, Benefits & Legislative Committee
William de la Garza, Chair
Vivian H. Gray, Vice Chair
Ronald Okum
Alan Bernstein
David Muir, Alternate

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: April 13, 2017 Insurance, Benefits & Legislative Committee Meeting

SUBJECT: **ISSUANCE OF REQUESTS FOR PROPOSALS FOR STATE AND
FEDERAL LEGISLATIVE ADVOCACY SERVICES CONCERNING
HEALTH, BENEFIT, AND PLAN ADMINISTRATION ISSUES**

RECOMMENDATION

That the Insurance, Benefits & Legislative Committee recommend to the full Board of Retirement that it approve the issuance of:

1. A Request for Proposals for state legislative advocacy services on health, benefit, and plan administration issues; and
2. A Request for Proposals for federal legislative advocacy services on health, benefit, and plan administration issues.

LEGAL AUTHORITY

The Insurance, Benefits & Legislative Committee (Committee) addresses legislative and benefits issues, including retiree healthcare, and makes recommendations to the Board of Retirement (Board). These responsibilities are consistent with the plenary authority and fiduciary duty of the Board under Article XVI, Section 17 of the California Constitution to administer the plan, giving precedence to the interests of members and their beneficiaries. The Board has the authority to select, and the Committee has the authority to recommend, such vendors as are needed to assist in the performance of their duties. The Request for Proposals (RFPs) which are the subject of this memo are in keeping with this legal authority given the importance of state and federal legislation to health, benefit, and plan administration issues.

DISCUSSION

LACERA and the Board operate in a highly legal environment. Legislative and regulatory action by the state and federal governments can have significant impact on the plan and its members. The engagement of experienced and knowledgeable state and federal legislative advocates will enable the Board and the Committee to stay informed of state and federal legislation, develop appropriate principals, policies, and procedures reflecting LACERA's desired level of legislative activism, and implement legislative strategies with respect to specific issues. Legislative advocates will help LACERA to maintain credibility in Sacramento and Washington, D.C. and make sure that LACERA's voice is heard when needed.

By this memo, staff requests that the Committee recommend that the Board authorize the issuance of two separate RFPs for state and federal legislative advocacy services on health, benefit, and plan administration issues. The scope of these RFPs is intended to include all legislative and regulatory issues relevant to LACERA's operations except those related to investments, which will be addressed in due course by the Board of Investments. The proposed state RFP is attached as Exhibit A. The proposed federal RFP is attached as Exhibit B. The current Legislative Policy, which will be included as part of both RFPs, is attached as Exhibit C.

The justification for the RFPs is presented below.

A. State Legislative Advocacy Services

Benefits and plan administration are primarily governed by California state law, including the County Employees Retirement Law of 1937 (CERL) (California Government Code Section 31450, et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), and other applicable laws, such as the Brown Act (California Government Code Section 54950, et seq.), the Public Records Act (California Government Code Section 6250, et seq.), and the Political Reform Act (California Government Code Section 81000, et seq.). The Board's fiduciary duties are governed by the California Constitution (Article XVI, Section 17), CERL, and other applicable laws. These laws are subject to change by state legislative and political action.

Benefit and plan administration issues affecting CERL systems such as LACERA have received considerable political attention in recent years as "pension reform" has been promoted and publicized in California. These issues are visible to members, and are a source of concern for many of them. This state level trend is likely to continue in the

future, and perhaps even grow in the number and significance of the issues that are raised and their potential impact.

In addition to the forces at work internally in California, developments at the federal level may have ripple effects that result in proposals and action in California. For example, the recent threat of changes in federal healthcare law has caused California legislators to consider the possibility of changing California healthcare law, and state level healthcare proposals have already been floated.

In recognition of the important role of state law and legislative developments in LACERA's business, LACERA has long had an internal Legislative Affairs Officer and an external legislative advocate in Sacramento. The same external legislative advocate, Joe Ackler of Ackler & Associates, has served LACERA since 2001. Mr. Ackler has assisted LACERA in its contacts with legislators and legislative and Committee staff. He has helped communicate with other interest groups in the state capital. He has assisted in drafting legislation and has secured sponsorship when LACERA has wanted to present a bill. He has guided LACERA bills, once introduced, through the legislative process. He has helped draft and then has distributed LACERA's position letters when the Board has taken a Support or Oppose position on a bill. He has made periodic Board presentations. However, during the 16-year period since 2001, no RFP has been issued to test the market on services or price.

The proposed RFP, if approved, will give the Board and the Committee the opportunity to ensure state legislative services on health, benefit, and plan administration issues meet current needs.

B. Federal Legislative Advocacy Services

LACERA's engagement to date at the federal level has been more limited. Staff has made occasional reports, and the Board has taken positions or engaged in advocacy, on certain federal legislation and regulations, such as the Government Pension Offset and the Windfall Elimination Provision in the Social Security law, the excise (or "Cadillac") tax under the Affordable Care Act (ACA), tax qualification, and similar issues. The IBLC has been provided with monthly reports on pending or potential federal legislative and regulatory issues, such as ACA reform, repeal, or replacement, HIPAA, and others. These efforts have been without an external federal legislative advocate. To date, LACERA has relied for federal legislative information on internal staff resources and input from other consultants, such as the external retiree healthcare benefits consultant and tax and fiduciary counsel.

In some areas, such as healthcare, future legislative and regulatory activity at the federal level will be just as important, if not more important, than activity at the state level. As a result, it is appropriate for the Board and the Committee to retain the same type of legislative advocacy services for the federal level as at the state level. Following from discussion of activism at the Board offsite in January 2017, engagement of a federal legislative advocate will also assist the Board and Committee in determining the level of engagement they would like to pursue in Washington, D.C.

C. Key Terms of the RFPs

The RFPs provide detailed information and instructions so that LACERA's expectations of respondents are clear and well-defined. The key terms of the RFPs include:

- The RFPs provide a Background section so that the respondents have a foundation of knowledge as to LACERA's past practices and experience in legislative advocacy at the state and federal levels.
- The RFPs provide an expedited process and timeline so that the selection process will be completed within approximately 90 days from issuance of the RFPs. Specifically, it is expected that candidates for both state and federal services will be presented to the IBLC for interviews at the July 13, 2017 meeting, with final Board approval at the August 10, 2017 Board of Retirement meeting.
- The Scope of Services in both RFPs are comprehensive, including: Monitoring; Bill/Regulation Tracking; Regular Monthly Reports in writing; Development of Strategy (including assistance with the Board's internal principles, policies, and procedures regarding legislative activism); Communication with the Board, IBLC, and Staff; Communication with Interested Parties (including coordination, when appropriate, with the plan sponsor and other interested parties); Legislative Advocacy; Establishment of an Active Presence for LACERA; and Special Projects.
- The Qualifications and Evaluation Criteria include experience, substantive knowledge of LACERA's issues, positive relationships with legislators, regulators, and their staff, a track record of legislative accomplishment, and exceptional written and oral communication skills.
- The RFPs describe the specific elements that must be included in the proposals, including: Cover Letter; Executive Summary; Experience, Approach, and

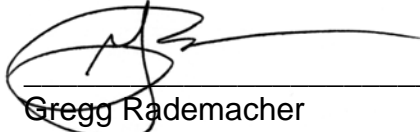
Success; Assigned Professionals; References; Fees and Costs, Billing Practices, and Payment Terms; Conflicts of Interest; Claims; Insurance; Samples of Written Work; and Other Information.

CONCLUSION

For the reasons stated above, it is recommended that the Insurance, Benefits & Legislative Committee recommend to the Board of Retirement that it approve:

1. A Request for Proposals for state legislative advocacy services on health, benefit, and plan administration issues; and
2. A Request for Proposals for federal legislative advocacy services on health, benefit, and plan administration issues.

Reviewed and Approved.



Gregg Rademacher
Chief Executive Officer

Attachment

- c. Gregg Rademacher
Robert Hill
John J. Popowich
Leilani Ignacio
Barry Lew

Exhibit A
Proposed State RFP

**Los Angeles County Employees Retirement Association
Request for Proposals for
State Legislative Advocacy Services Concerning Health, Pension, and
Plan Administration Issues**

The Los Angeles County Employees Retirement Association (LACERA) invites proposals from experienced state legislative advocates in response to this Request for Proposals (RFP) to provide state legislative advocacy services to LACERA and its Board of Retirement concerning its areas of interest, including but not limited to pension and healthcare benefits, plan administration and governance, and other pension and retirement-related matters.

I. BACKGROUND

A. Organization and Governance

LACERA is a tax-qualified defined benefit public pension fund established to administer retirement, disability, and death benefits for the employees of the County of Los Angeles and other participating agencies pursuant to the County Employees Retirement Law of 1937 (CERL) (California Government Code Section 31450, et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), and other applicable California law. LACERA also administers the County's medical and dental retiree health benefits program. LACERA operates as an independent governmental entity separate and distinct from Los Angeles County and the other participating agencies. LACERA has 165,575 members, including 103,682 active members and 61,893 retired members. 48,671 retired members and survivors participate in the medical and/or dental retiree healthcare program. In addition to benefits administration, the fund invests \$47.85 billion in assets to support payment of the promised pension benefits as well as additional sums to support the retiree healthcare program.

LACERA is governed by two separate boards: a Board of Retirement (Board) with responsibility over administration of pension and healthcare benefits and other fund administrative issues, and a Board of Investments with responsibility over funding of the plan and investment of the fund's portfolio. Each board has nine trustees, comprised of four trustees elected by the general, safety, and retired members, four trustees appointed by the County's Board of Supervisors, and the sitting Treasurer and Tax Collector as an ex officio trustee. The Board of Retirement also has two alternate trustees, one elected by safety members and one elected by retired members. The

boards and their trustees have fiduciary duties as defined in Article XVI, Section 17 of the California Constitution and CERL, with duties owed to the plan members and their beneficiaries taking precedence over any other duties.

This RFP concerns state legislative issues relevant to the Board of Retirement.

The Board engages legislative issues according to the framework set forth in the Board-approved Legislative Policy, a copy of which is attached as Exhibit A. The Board has an Insurance, Benefits & Legislative Committee (IBLC), which serves as an initial screen for legislative business. Past agendas and agenda materials of the Board and the IBLC are available on LACERA.com.

At the staff level, legislative issues are the general responsibility of LACERA's internal Legislative Affairs Officers, who is part of the Legal Division and advises the Board and the IBLC on a monthly basis concerning a wide-variety of legislative issues. Staff in the Retiree Healthcare Division advises the Board and the IBLC monthly regarding health-related legislative issues. In addition, staff throughout the organization, including the Member Services, Benefits, Quality Assurance, and Internal Divisions and the Executive Office, is knowledgeable about and deals on a regular basis with and is affected by legislative issues.

B. LACERA's California State Legislative Engagement, and the Rational for this RFP

LACERA, the Board, and the IBLC have a long history of robust engagement with California state legislative issues affecting CERL, PEPR, and other state proposals concerning LACERA's interests. State-level engagement is achieved through Board action guided by LACERA's internal Legislative Affairs Officer, an external state legislative advocate located in Sacramento (the state capital), and other staff.

Examples of LACERA's state legislative engagement include:

- Sponsorship of legislation.
- Monitoring of legislation.
- Communication between staff and the external state legislative advocate.
- Monthly reports by staff to the Board and the IBLC concerning legislative issues.
- Annual Board report by the external legislative advocate.

- Board-approved positions to Support, Oppose, be Neutral, or Watch legislation. Positions are initially presented to the IBLC and then presented to the full Board for final approval. Board action to Support or Oppose will be followed by letters from LACERA's Chief Executive Officer to legislators and the Governor informing them of LACERA's position.
- Leadership positions, including the past president and members of the Legislative Committee and other committees, in the State Association of County Retirement Systems (SACRS), which consists of the 20 California county systems formed, like LACERA, under CERL. Trustees and staff are also frequent speakers on issues at SACRS and other state and national pension organizations, including the California Association of Public Retirement Systems (CALAPRS), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Association of Public Pension Attorneys (NAPPA).
- Periodic staff and executive management trips to Sacramento to meet with LACERA's external legislative advocate, legislators and their staff, or other persons of interest in the capital.

By this RFP, the Board desires to review its existing resources, and equip itself to continue to pursue a high level of state legislative and regulatory engagement when appropriate in the interest of LACERA and its members, through the retention of a state legislative advocate with knowledge and experience with the health and pension benefit and plan administration issues affecting a California public pension system. As explained more fully in the Scope of Services below, LACERA and the Board expect that the state legislative advocate will provide information and reports to staff and the Board about potential and proposed state legislation and regulations, facilitate communication between LACERA, state decision makers, and other groups that may be aligned with LACERA's interests, advise the Board on legislative and regulatory strategies, and implement agreed-upon strategies so that LACERA's voice is heard and may have some influence on state discussion and decision-making.

II. SCOPE OF SERVICES

LACERA seeks to hire an external state legislative advocate (Consultant) to perform the following services with respect to potential, proposed, and actual legislation, regulations, trends, discussion, and debate among decision makers, stakeholders, and other interested parties, relating to health and pension benefit and plan administration issues that may impact LACERA and its active or retired members (State Issues). Examples of State Issues include but are not limited to CERL, PEPR, the Ralph M. Brown Act, the Public Records Act, public pension service retirement benefits, disability retirement

benefits, retiree healthcare benefits, pension reform legislation and initiatives, information and data privacy and protection, fiduciary duties of the Board, pension-related provisions of the California Constitution, public pension plan operations, plan administration and transparency, and the Political Reform Act and other conflicts of interest and ethics legislation and regulations.

- A. Monitoring.** Consultant shall monitor State Issues with all appropriate sources, including members of the Legislature, committees, legislators' and committee staffs, state agencies, and interest groups aligned with or adverse to LACERA's interests. In monitoring, the Consultant shall be aware of relevant time periods associated with legislative or regulatory proposals so that LACERA can be informed and take timely action, if it elects to do so. Consultant shall regularly communicate, verbally and in writing, as appropriate, with LACERA staff on an ongoing basis with respect to relevant matters. Monitoring shall also include an assessment of the impact of a proposal or issue on LACERA and its members.
- B. Bill/Regulation Tracking.** Consultant shall obtain copies of proposed and actual legislation and regulations relating to the State Issues and shall track the progress of such legislation and regulations and other relevant information, including applicable deadlines.
- C. Regular Monthly Bill/Regulation Report to the IBLC; Other Reports.** Consultant shall prepare monthly written reports for the IBLC, in a format to be approved by LACERA, concerning proposed and actual legislation regulations and other activity relevant to the State Issues, including an explanation of the relevance and impact on LACERA and its members. Consultant shall prepare such other written reports as LACERA may request from time to time with respect to State Issues. All such reports shall be delivered in strict adherence to the schedule provided by LACERA so that each report can be included in the Board packet distributed to trustees in advance of their meetings.
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- E. Communication with the Board, the IBLC, and Staff.** Consultant shall

communicate as needed with LACERA, including at least four personal appearances per year before the Board and the IBLC, so that LACERA is informed and can engage directly with the Consultant regarding State Issues, the implementation of each strategy, and other activities pursued by the Consultant.

- F. Communication with Interested Parties.** Consultant shall communicate as appropriate with all interested parties, including parties supportive of and/or adverse to LACERA’s positions, regarding LACERA’s strategies and priorities and to learn the strategies and priorities of other parties. Consultant shall consider, when appropriate, coordination of communication and action with LACERA stakeholder groups, including the plan sponsor and member organizations.
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This RFP relates only to California state legislative advocacy services with regard to State Issues as defined. This RFP does not relate to federal legislative advocacy services, which are the subject of a separate RFP issued concurrently. Interested and qualified parties may respond to both RFPs.

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The ideal Consultant should have:

- At least five (5) years highly responsible and accountable experience managing complex State Issues for public entity clients and advocating directly with legislators and regulators in Sacramento on such issues to achieve client objectives.
- An established office in Sacramento.
- Strong substantive knowledge of the State Issues.
- Experience analyzing legislation and developing legislative and regulatory proposals with respect to State Issues.
- Strong understanding of state legislative advocacy and communication strategies.
- Longstanding and positive working relationships with legislators, regulators, their staff, and other parties in connection with legislative advocacy.
- A track record of accomplishment in legislative advocacy on State Issues.
- A proactive approach to the Scope of Work.
- Exceptional writing skills.
- Exceptional interpersonal and presentation skills.
- The ability to work well with and maintain the confidence of the Board, the IBLC, and staff.
- The ability to deliver services in a timely and cost effective manner.
- Sound judgment.
- No professional and/or ethical conflicts, or the appearance of conflicts, with LACERA's interests, and an approach that reflects strong sensitivity to ethical concerns.
- A strong educational and professional background.

IV. RFP PROCESS

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LACERA
Attention: Barry Lew
Legislative Affairs Officer
300 North Lake Avenue, Suite 620
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See “Notice Regarding the California Public Records Act and Brown Act” in this RFP for information regarding redactions and disclosure.

F. Proposal Format and Content

All responses to this RFP should follow the format described in this Section IV.F. For each part of the response, restate the RFP item immediately above the response. When requested, please provide details and state all qualifications or exceptions. All information provided should be concise and clearly relevant to qualifications to serve as LACERA’s legislative advocate for State Issues.

1. Cover Letter

The cover letter must provide a statement affirming that the signatory is empowered and authorized to bind the respondent to an engagement agreement with LACERA and represents and warrants that the information stated in the proposal is accurate and may be relied upon by LACERA in considering, and potentially accepting, the proposal.

2. Executive Summary

In this section, an overview should be provided of the respondent’s background, experience, and other qualifications to serve as LACERA’s legislative advocate with respect to State Issues.

3. Experience, Approach, and Success

The proposal must provide a detailed statement of the respondent's experience and accomplishments in providing legislative advocacy services on State Issues, including, if subject to disclosure, information concerning such work performed for other public pension systems. LACERA's goal in the RFP process is obtain a comprehensive understanding of the respondent's experience, approach, and success in providing such services. LACERA is also interested in how the respondent differentiates themselves from other firms offering similar services.

4. Assigned Professionals

The proposal must set forth the name of the project lead and all other professional staff expected to be assigned to LACERA work, including a detailed profile of each person's background and relevant individual experience and the ability of the professionals collectively to function together as a team and also to work effectively with the Board, the IBLC, and staff in performing the scope of services.

5. References

In this section, the proposal must identify as references at least three (3) public pension systems, public entities, or other reference for which the respondent has provided state legislative advocacy services on State Issues, including, for each reference, an individual point of contact, the length of time the respondent served as legislative advocate, and a summary of the work performed.

6. Fees and Costs, Billing Practices, and Payment Terms

The respondent must explain the pricing proposal for the scope of work including pricing of fees and costs, billing practices, and payment terms that would apply assuming a five (5) year initial duration of the engagement as well as any additional period during which the engagement may extend. LACERA does not place any limits on the approach to pricing and is open to presentation of more than one pricing alternative for the scope of work, or portions of it. For example, the respondent might propose a monthly fixed fee, with special projects to be performed on an hourly rate basis. This section of the response should include an explanation as to how the pricing approach(es) will be managed to provide the best value to LACERA. The respondent should represent that the pricing offered to LACERA is, and will remain, equivalent to or better than that provided to other governmental clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be "best and final," although LACERA reserves the right to negotiate on pricing.

7. Conflicts of Interest

The proposal must identify all actual or potential conflicts of interest that the respondent may face in the representation of LACERA. Specifically, and without limitation to other actual or potential conflicts, the proposal should identify any representation of the County of Los Angeles, Los Angeles Superior Court, Los Angeles County Office of Education, the South Coast Air Quality Management District, Little Lake Cemetery District, and Local Agency Formation Commission, and, to the respondent's knowledge, any of LACERA's members, vendors, other contracting parties, investments, and employees. The proposal should also identify any positional conflicts of which the respondent is aware.

8. Claims

The proposal must identify all past, pending, or threatened litigation, and all administrative, ethics, and disciplinary investigation or other proceedings and claims against the firm and any of the professionals proposed to provide services to LACERA, whether while such professionals were employed by the firm or employed elsewhere.

9. Insurance

The proposal must explain the insurance that the respondent will provide with respect to the services to be provided and other acts or omission of the firm and its staff in performing legislative advocacy services for LACERA.

10. Samples of Written Work

The proposal may contain samples of the respondent's written work relating to legislative advocacy on State Issues.

11. Other Information

The proposal may contain any other information that the respondent deems relevant to LACERA's selection process.

G. Post-Proposal Requests for Information

LACERA reserves the right in its discretion to request additional information from any respondent, although such requests may not be made to all respondents.

H. Interviews and Personal Presentations

LACERA intends to require one or more interviews with or personal presentations by finalists to be conducted with the Board, the IBLC, and/or staff.

I. Evaluation Criteria

Respondents may be evaluated in the discretion of LACERA based upon the following factors, provided that LACERA may consider any other factors in its discretion:

1. Experience performing legislative advocacy with respect to the State Issues.
2. Substantive knowledge of the State Issues.
3. Quality of the team proposed to provide services to LACERA.
4. Information provided by references.
5. Communications skills.
6. Pricing and value.
7. Team work, both internally and with the Board, the IBLC, and staff.
8. Level of investment and commitment to the LACERA relationship.
9. The organization, completeness, and quality of the proposal, including cohesiveness, conciseness, and clarity.

The factors will be considered as a whole, without a specific weighting. The balancing of the factors is in LACERA's sole discretion. Factors other than those listed may be considered by LACERA in making its selection.

J. Engagement Agreement

LACERA will negotiate an engagement agreement with a successful respondent, which must contain such terms as LACERA in its sole discretion may require.

V. GENERAL CONDITIONS

This RFP is not an offer to contract. Acceptance of a proposal neither commits LACERA to award a contract to any respondent even if all requirements stated in this RFP are met, nor does it limit LACERA's right to negotiate the terms of an engagement agreement in LACERA's best interest, including requirement of terms not mentioned in this RFP. LACERA reserves the right to contract with a vendor for reasons other than lowest price. The evaluation of candidates will be made by LACERA based on its judgment as to the most qualified vendor, which may include both objective and subjective factors given such weight as LACERA may determine in its sole judgment.

Failure to comply with the requirements of this RFP may subject the proposal to disqualification. However, failure to meet a qualification or requirement will not necessarily subject a proposal to disqualification.

Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this RFP. LACERA reserves the right to enter into an agreement with more than one party to provide the services.

A. Notice Regarding the California Public Records Act and Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq.) and the Brown Act (California Government Code Section 54950, et seq.) (collectively, the Acts). The Acts provide generally that records relating to a public agency's business are open to public inspection and copying and that the subject matter of this RFP is a matter for public open session discussion by the Board, unless specifically exempted under one of several exemptions set forth in the Acts. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Acts, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Acts; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by LACERA under the Acts.

LACERA will use reasonable means to ensure that material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" is safeguarded and held in confidence. LACERA will not be liable, however, for disclosure of such material if deemed appropriate in LACERA's sole discretion. LACERA retains the right to disclose all information provided by a respondent.

If LACERA denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY", the respondent agrees to

reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses. including without limitation attorneys' fees, expenses and court costs of any nature whatsoever (collectively, Claims) arising from or relating to LACERA's non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to LACERA's public disclosure of any such designated portions of a proposal if LACERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If LACERA staff recommends any respondent to the IBLC and Board for hiring, such recommendation, the reasons for the recommendation, and the relevant proposal(s) will appear on a publicly posted agenda and in supporting materials for public meetings of the IBLC and Board.

B. Reservations by LACERA

In addition to the other provisions of this RFP, LACERA reserves the right to:

1. Cancel this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as LACERA may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner, or for any other reason in LACERA's sole discretion.
4. Reject all proposals submitted in response to this RFP.
5. Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
6. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of LACERA in

LACERA's sole discretion, which may not be the proposal offering the lowest fees.

7. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.

C. Ownership of Proposals

The information that a respondent submits in response to this RFP becomes the exclusive property of LACERA. LACERA will not return any proposal.

D. Valid Period of Proposal

The pricing, terms, conditions, and other information stated in each proposal must remain valid for 120 days from the date of delivery of the proposal to LACERA.

E. Cost of Proposal

LACERA shall not be liable for any costs respondents incur in connection with the preparation or submission of a proposal.

Exhibit B

Proposed Federal RFP

**Los Angeles County Employees Retirement Association
Request for Proposals for
Federal Legislative Advocacy Services Concerning Health, Pension,
and Plan Administration Issues**

The Los Angeles County Employees Retirement Association (LACERA) invites proposals from experienced federal legislative advocates in response to this Request for Proposals (RFP) to provide federal legislative advocacy services to LACERA and its Board of Retirement concerning its areas of interest, including but not limited to retiree healthcare, Social Security, pension benefits, plan administration, tax and tax qualification, and other pension and retirement-related matters.

I. BACKGROUND

A. Organization and Governance

LACERA is a tax-qualified defined benefit public pension fund established to administer retirement, disability, and death benefits for the employees of the County of Los Angeles and other participating agencies pursuant to the County Employees Retirement Law of 1937 (CERL) (California Government Code Section 31450, et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), and other applicable California law. LACERA also administers the County's medical and dental retiree health benefits program. LACERA operates as an independent governmental entity separate and distinct from Los Angeles County and the other participating agencies. LACERA has 165,575 members, including 103,682 active members and 61,893 retired members. 48,671 retired members and survivors participate in the medical and/or dental retiree healthcare program. In addition to benefits administration, the fund invests \$47.85 billion in assets to support payment of the promised pension benefits as well as additional sums to support the retiree healthcare program.

LACERA is governed by two separate boards: a Board of Retirement (Board) with responsibility over administration of pension and healthcare benefits and other fund administrative issues, and a Board of Investments with responsibility over funding of the plan and investment of the fund's portfolio. Each board has nine trustees, comprised of four trustees elected by the general, safety, and retired members, four trustees appointed by the County's Board of Supervisors, and the sitting Treasurer and Tax Collector as an ex officio trustee. The Board of Retirement also has two alternate trustees, one elected by safety members and one elected by retired members. The

boards and their trustees have fiduciary duties as defined in Article XVI, Section 17 of the California Constitution and CERL, with duties owed to the plan members and their beneficiaries taking precedence over any other duties.

This RFP concerns federal legislative issues relevant to the Board of Retirement.

The Board engages legislative issues according to the framework set forth in the Board-approved Legislative Policy, a copy of which is attached as Exhibit A. The Board has an Insurance, Benefits & Legislative Committee (IBLC), which serves as an initial screen for legislative business. Past agendas and agenda materials of the Board and the IBLC are available on LACERA.com.

At the staff level, legislative issues are the general responsibility of LACERA's internal Legislative Affairs Officers, who is part of the Legal Division and advises the Board and the IBLC on a monthly basis concerning a wide-variety of legislative issues. Staff in the Retiree Healthcare Division advises the Board and the IBLC monthly regarding health-related legislative issues. In addition, staff throughout the organization, including the Member Services, Benefits, Quality Assurance, and Internal Divisions and the Executive Office, is knowledgeable about and deals on a regular basis with and is affected by legislative issues.

B. LACERA's California State Legislative Engagement

LACERA, the Board, and the IBLC have a long history of robust engagement with California state legislative issues affecting CERL, PEPRA, and other state proposals concerning LACERA's interests. State-level engagement is achieved through Board action guided by LACERA's internal Legislative Affairs Officer, an external state legislative advocate located in Sacramento (the state capital), and other staff.

Examples of LACERA's state legislative engagement include:

- Sponsorship of legislation.
- Monitoring of legislation.
- Communication between staff and the external state legislative advocate.
- Monthly reports by staff to the Board and the IBLC concerning legislative issues.
- Annual Board report by the external legislative advocate.
- Board-approved positions to Support, Oppose, be Neutral, or Watch

legislation. Positions are initially presented to the IBLC and then presented to the full Board for final approval. Board action to Support or Oppose will be followed by letters from LACERA's Chief Executive Officer to legislators and the Governor informing them of LACERA's position.

- Leadership positions, including the past president and members of the Legislative Committee and other committees, in the State Association of County Retirement Systems (SACRS), which consists of the 20 California county systems formed, like LACERA, under CERL. Trustees and staff are also frequent speakers on issues at SACRS and other state and national pension organizations, including the California Association of Public Retirement Systems (CALAPRS), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Association of Public Pension Attorneys (NAPPA).
- Periodic staff and executive management trips to Sacramento to meet with LACERA's external legislative advocate, legislators and their staff, or other persons of interest in the capital.

C. LACERA's Federal Legislative Engagement, and The Rationale for This RFP

LACERA's engagement to date at the federal level has been more limited. Staff has made reports, and the Board has taken positions or engaged in advocacy, on certain federal legislation and regulations, such as the Government Pension Offset, the Windfall Elimination Provision, excise (or "Cadillac") tax under the Affordable Care Act (ACA), tax qualification, and similar issues. The Board and the IBLC have also received monthly reports on pending or potential federal legislative and regulatory issues, such as ACA reform, repeal, or replacement. These efforts have been made without an external federal legislative advocate. LACERA has relied on internal staff resources and input from other consultants, such as the external retiree healthcare benefits consultant and tax and fiduciary counsel.

This Board desires to supplement its existing resources, and equip itself to pursue a greater level of federal legislative and regulatory engagement when appropriate in the interest of LACERA and its members, through the retention of a federal legislative advocate with knowledge and experience with federal health and pension benefit issues. As explained more fully in the Scope of Services below, LACERA and the Board expect that the federal legislative advocate will provide information and reports to staff and the Board about potential and proposed federal legislation and regulations, facilitate communication between LACERA, federal decision makers, and other groups that may be aligned with LACERA's interests, advise the Board on legislative and

regulatory strategies, and implement agreed-upon strategies so that LACERA's voice is heard and may have some influence on federal discussion and decision-making.

II. SCOPE OF SERVICES

LACERA seeks to hire an external federal legislative advocate (Consultant) to perform the following services with respect to potential, proposed, and actual legislation, regulations, trends, discussion, and debate among decision makers, stakeholders, and other interested parties, relating to health and pension benefit and plan administration issues that may impact LACERA and its active or retired members (Federal Issues). Examples of Federal Issues include but are not limited to the ACA and any repeal or replacement, Medicare, Medicaid, retiree healthcare generally, Social Security, pension benefits, HIPAA and information privacy and protection, fiduciary duties of the Board, public pension plan operations, tax and tax qualification, and plan administration and transparency.

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- B. Bill/Regulation Tracking.** Consultant shall obtain copies of proposed and actual legislation and regulations relating to the Federal Issues and shall track the progress of such legislation and regulations and other relevant information, including applicable deadlines.
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The ideal Consultant should have:

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- An established office in Washington, D.C.
- Strong substantive knowledge of Federal Issues.
- Experience analyzing legislation and developing legislative and regulatory proposals with respect to Federal Issues.
- Strong understanding of federal legislative advocacy and communication strategies.
- Longstanding and positive working relationships with legislators, regulators, their staff, and other parties in connection with legislative advocacy.
- A track record of accomplishment in legislative advocacy on Federal Issues.
- A proactive approach to the Scope of Work.
- Exceptional writing skills.
- Exceptional interpersonal and presentation skills.
- The ability to work well with and maintain the confidence of the Board, the IBLC, and staff.
- The ability to deliver services in a timely and cost effective manner.
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1. Cover Letter

The cover letter must provide a statement affirming that the signatory is empowered and authorized to bind the respondent to an engagement agreement with LACERA and represents and warrants that the information stated in the proposal is accurate and may

be relied upon by LACERA in considering, and potentially accepting, the proposal.

2. *Executive Summary*

In this section, an overview should be provided of the respondent's background, experience, and other qualifications to serve as LACERA's legislative advocate with respect to Federal Issues.

3. *Experience, Approach, and Success*

The proposal must provide a detailed statement of the respondent's experience and accomplishments in providing legislative advocacy services on Federal Issues, including, if subject to disclosure, information concerning such work performed for other public pension systems. LACERA's goal in the RFP process is obtain a comprehensive understanding of the respondent's experience, approach, and success in providing such services. LACERA is also interested in how the respondent differentiates themselves from other firms offering similar services.

4. *Assigned Professionals*

The proposal must set forth the name of the project lead and all other professional staff expected to be assigned to LACERA work, including a detailed profile of each person's background and relevant individual experience and the ability of the professionals collectively to function together as a team and also to work effectively with the Board, the IBLC, and staff in performing the scope of services.

5. *References*

In this section, the proposal must identify as references at least three (3) public pension systems, public entities, or other reference for which the respondent has provided federal legislative advocacy services on Federal Issues, including, for each reference, an individual point of contact, the length of time the respondent served as legislative advocate, and a summary of the work performed.

6. *Fees and Costs, Billing Practices, and Payment Terms*

The respondent must explain the pricing proposal for the scope of work including pricing of fees and costs, billing practices, and payment terms that would apply assuming a five (5) year initial duration of the engagement as well as any additional period during which the engagement may extend. LACERA does not place any limits on the approach to pricing and is open to presentation of more than one pricing alternative for the scope of work, or portions of it. For example, the respondent might propose a monthly fixed fee, with special projects to be performed on an hourly rate basis. This section of the

response should include an explanation as to how the pricing approach(es) will be managed to provide the best value to LACERA. The respondent should represent that the pricing offered to LACERA is, and will remain, equivalent to or better than that provided to other governmental clients, or should provide an explanation as to why this representation cannot be provided. All pricing proposals should be “best and final,” although LACERA reserves the right to negotiate on pricing.

7. Conflicts of Interest

The proposal must identify all actual or potential conflicts of interest that the respondent may face in the representation of LACERA. Specifically, and without limitation to other actual or potential conflicts, the proposal should identify any representation of the County of Los Angeles, Los Angeles Superior Court, Los Angeles County Office of Education, the South Coast Air Quality Management District, Little Lake Cemetery District, and Local Agency Formation Commission, and, to the respondent’s knowledge, any of LACERA’s members, vendors, other contracting parties, investments, and employees. The proposal should also identify any positional conflicts of which the respondent is aware.

8. Claims

The proposal must identify all past, pending, or threatened litigation, and all administrative, ethics, and disciplinary investigation or other proceedings and claims against the firm and any of the professionals proposed to provide services to LACERA, whether while such professionals were employed by the firm or employed elsewhere.

9. Insurance

The proposal must explain the insurance that the respondent will provide with respect to the services to be provided and other acts or omission of the firm and its staff in performing legislative advocacy services for LACERA.

10. Samples of Written Work

The proposal may contain samples of the respondent’s written work relating to legislative advocacy on Federal Issues.

11. Other Information

The proposal may contain any other information that the respondent deems relevant to LACERA’s selection process.

G. Post-Proposal Requests for Information

LACERA reserves the right in its discretion to request additional information from any respondent, although such requests may not be made to all respondents.

H. Interviews and Personal Presentations

LACERA intends to require one or more interviews with or personal presentations by finalists to be conducted with the Board, the IBLC, and/or staff.

I. Evaluation Criteria

Respondents may be evaluated in the discretion of LACERA based upon the following factors, provided that LACERA may consider any other factors in its discretion:

1. Experience performing legislative advocacy with respect to the Federal Issues.
2. Substantive knowledge of the Federal Issues.
3. Quality of the team proposed to provide services to LACERA.
4. Information provided by references.
5. Communications skills.
6. Pricing and value.
7. Team work, both internally and with the Board, the IBLC, and staff.
8. Level of investment and commitment to the LACERA relationship.
9. The organization, completeness, and quality of the proposal, including cohesiveness, conciseness, and clarity.

The factors will be considered as a whole, without a specific weighting. The balancing of the factors is in LACERA's sole discretion. Factors other than those listed may be considered by LACERA in making its selection.

J. Engagement Agreement

LACERA will negotiate an engagement agreement with a successful respondent, which must contain such terms as LACERA in its sole discretion may require.

V. GENERAL CONDITIONS

This RFP is not an offer to contract. Acceptance of a proposal neither commits LACERA to award a contract to any respondent even if all requirements stated in this RFP are met, nor does it limit LACERA's right to negotiate the terms of an engagement agreement in LACERA's best interest, including requirement of terms not mentioned in this RFP. LACERA reserves the right to contract with a vendor for reasons other than lowest price. The evaluation of candidates will be made by LACERA based on its judgment as to the most qualified vendor, which may include both objective and subjective factors given such weight as LACERA may determine in its sole judgment.

Failure to comply with the requirements of this RFP may subject the proposal to disqualification. However, failure to meet a qualification or requirement will not necessarily subject a proposal to disqualification.

Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this RFP. LACERA reserves the right to enter into an agreement with more than one party to provide the services.

A. Notice Regarding the California Public Records Act and Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250, et. seq.) and the Brown Act (California Government Code Section 54950, et seq.) (collectively, the Acts). The Acts provide generally that records relating to a public agency's business are open to public inspection and copying and that the subject matter of this RFP is a matter for public open session discussion by the Board, unless specifically exempted under one of several exemptions set forth in the Acts. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Acts, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a respondent represents it has a good faith belief that the material is exempt from disclosure under the Acts; however, such designations will not

necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by LACERA under the Acts.

LACERA will use reasonable means to ensure that material marked “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPRIETARY” is safeguarded and held in confidence. LACERA will not be liable, however, for disclosure of such material if deemed appropriate in LACERA’s sole discretion. LACERA retains the right to disclose all information provided by a respondent.

If LACERA denies public disclosure of any materials designated as “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPRIETARY”, the respondent agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses. including without limitation attorneys’ fees, expenses and court costs of any nature whatsoever (collectively, Claims) arising from or relating to LACERA’s non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to LACERA’s public disclosure of any such designated portions of a proposal if LACERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If LACERA staff recommends any respondent to the IBLC and Board for hiring, such recommendation, the reasons for the recommendation, and the relevant proposal(s) will appear on a publicly posted agenda and in supporting materials for public meetings of the IBLC and Board.

B. Reservations by LACERA

In addition to the other provisions of this RFP, LACERA reserves the right to:

1. Cancel this RFP, in whole or in part, at any time.
2. Make such investigation as it deems necessary to determine the respondent’s ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as LACERA may request.
3. Reject the proposal of any respondent who is not currently in a position to perform the contract, or who has previously failed to perform similar

contracts properly, or in a timely manner, or for any other reason in LACERA's sole discretion.

4. Reject all proposals submitted in response to this RFP.
5. Waive irregularities, to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.
6. Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of LACERA in LACERA's sole discretion, which may not be the proposal offering the lowest fees.
7. Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.

C. Ownership of Proposals

The information that a respondent submits in response to this RFP becomes the exclusive property of LACERA. LACERA will not return any proposal.

D. Valid Period of Proposal

The pricing, terms, conditions, and other information stated in each proposal must remain valid for 120 days from the date of delivery of the proposal to LACERA.

E. Cost of Proposal

LACERA shall not be liable for any costs respondents incur in connection with the preparation or submission of a proposal.

Exhibit C
Legislative Policy

LACERA LEGISLATIVE POLICY

Restated
and Approved:

Board of Retirement: October 13, 2016
Board of Investments: October 12, 2016

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Statement of Mission and Purpose

The Los Angeles County Employees Retirement Association (LACERA) was established under the County Employees Retirement Law of 1937 (CERL) and administers retirement benefits provided by CERL and the California Public Employees' Pension Reform Act of 2013 (PEPRA). LACERA is governed by the Board of Retirement and the Board of Investments. The Boards have plenary authority and fiduciary responsibility for the system as provided by Section 17 of Article XVI of the California Constitution and in CERL. The Boards have the sole and exclusive fiduciary responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to its members and beneficiaries.

The existence of LACERA and the fiduciary responsibility of its governing Boards are embodied in the organizational mission to *produce, protect, and provide the promised benefits*.

Each element of our mission informs the foundation of this Legislative Policy:

- *Produce* the highest quality of service for our members and sponsors.
- *Protect* the promised benefits through prudent investment and conservation of plan assets.
- *Provide* the promised benefits.

LACERA's retirement plan benefits are provided by CERL, PEPRA, and other provisions under the California Government Code. As a tax-qualified defined benefit plan, LACERA is also subject to federal law under the Internal Revenue Code. The value to our members of the benefits administered by LACERA may also be affected by other provisions of state and federal law. Changes to provisions that affect LACERA are achieved through the state and federal legislative process and through forms of direct democracy by California voters, which include ballot initiatives and referenda. It is also intended that this policy cover state and federal rulemaking, although such action takes place within the Executive branch of government rather than the Legislative. These various proposals, whether submitted through the state or federal legislative process or through rulemaking, may enhance or detract from LACERA's administrative capability and mission; they may also further or infringe upon the Boards' fiduciary responsibilities, member rights and benefits, or LACERA's mission. As such, the Boards will proactively monitor such proposals and voice its position regarding proposals as described in this policy.

LACERA may identify issues that it determines to pursue through sponsorship of legislative proposals. The scope of such issues may vary in applicability to LACERA only or also to other public retirement systems. The diversity of public retirement plans within California implies a diversity of issues that may overlap with or have impact upon other public retirement systems. Consequently, the Boards may directly sponsor

legislation or they may co-sponsor legislation with other public retirement systems, through the State Association of County Retirement Systems, or with other parties that may have an alignment of interest with LACERA with respect to an issue or proposal.

The purpose of this Legislative Policy is to:

- Establish legislative policy standards to guide staff in making recommendations regarding legislative proposals to the Boards.
- Define the range of positions that the Boards may take with respect to legislative proposals.
- Establish a standard memorandum format to provide legislative analysis and recommendations to the Boards.
- Define circumstances in which the Board may need to communicate a position regarding a legislative proposal before the proposal is considered at a regularly scheduled Board meeting.
- Establish guidelines for staff and Board actions related to ballot measures.
- Provide for status reports of LACERA's legislative advocacy efforts.

The overall goal of this policy is to provide the Boards with flexibility to pursue legislative action on any and all issues that the Boards may view as affecting LACERA's mission.

This policy shall be reviewed by the Board of Retirement and Board of Investments biannually at the end of each two-year legislative session and may be amended by action of both Boards at any time.

Legislative Policy Standards

The legislative policy standards are categorized for the Board of Retirement, the Board of Investments, and both Boards. Legislative action items of interest to the Board of Retirement are first brought before the Board of Retirement's Insurance, Benefits and Legislative Committee for consideration before being recommended to the Board of Retirement. However, items may go directly to the Board of Retirement for consideration with the agreement of both the Chair of the Board of Retirement and the Chair of the Insurance, Benefits and Legislative Committee.

Legislative action items of interest to the Board of Investments are brought directly to the Board of Investments.

Legislative action items of interest to both the Board of Retirement and Board of Investments are brought separately to both Boards. However, such items to be considered by the Board of Retirement will first be considered by the Board of Retirement's Insurance, Benefits, and Legislative Committee before being recommended to the Board of Retirement.

The legislative policy standards conceptually relate to LACERA's mission to produce, protect, and provide the promised benefits; the legislative policy standards also embody the themes of quality of service, prudent investment, conservation of plan assets, and prompt delivery of benefits and services within each element of LACERA's mission.

Legislative proposals or rulemaking that are enacted into law ultimately require implementation by LACERA. The approach staff will take in formulating positions and recommendations is to foster collaboration with divisions within LACERA and resources outside of LACERA, including other public pension systems, LACERA's legislative advocate, and others whose interests align with LACERA's or who may have relevant information, to fully assess the impact of proposals.

Although the legislative policy standards are intended to guide staff in formulating positions and recommendations to the Boards on legislative proposals or rulemaking, the Boards may in their discretion adopt any position on specific proposals. This policy is not intended to limit the flexibility of the Boards to take a position or other action on any legislative matter or rulemaking that may impact LACERA or its stakeholders, whether or not the specific subject matter is listed in this policy.

Board of Retirement

- Support proposals that provide the Board of Retirement with increased flexibility in its administration of retirement plans and operations or enable more efficient and effective service to members and stakeholders.
- Support proposals that correct structural deficiencies in plan design.

- Support proposals that provide clarification, technical updates, or conforming changes to the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act of 2013, or other applicable provisions under California law related to public retirement systems.
- Support proposals that protect vested benefits or have a positive impact upon LACERA's members.
- Support proposals that seek to prevent fraud in connection with retirement benefits and applications.
- Oppose proposals that infringe on the Board of Retirement's plenary authority or fiduciary responsibility.
- Oppose proposals that deprive members of vested benefits.
- Oppose proposals that mandate the release of confidential information of members and beneficiaries.
- Oppose proposals that jeopardize the tax-exempt status of LACERA's qualified retirement plan under the Internal Revenue Code and the California Revenue and Taxation Code or the deferred treatment of income tax on employer and employee contributions and related earnings.
- Oppose proposals that create unreasonable costs or complexity in the administration of retirement benefits.
- Oppose proposals that are contrary to or interfere with the Board of Retirement's adopted policies or decisions.

Board of Investments

- Support proposals that give increased flexibility to the Board of Investments in its investment policy and administration.
- Support proposals that preserve the assets and minimize the liabilities of trust funds administered by LACERA.
- Support proposals that are consistent with the Board of Investments' Corporate Governance Principles.
- Support proposals that are consistent with the Board of Investments' Statement of Investment Beliefs.
- Support proposals that promote transparent financial reporting.

- Oppose proposals that infringe on the Board of Investments' authority over the actuarial valuation process.
- Oppose proposals that infringe on the Board of Investments' plenary authority or fiduciary responsibility, including but not limited to investment mandates or restrictions.
- Oppose proposals that create unreasonable costs or complexity in the administration of investments.
- Oppose proposals that are contrary to or interfere with the Board of Investment's adopted policies or decisions.

Board of Retirement & Board of Investments

- Support proposals that harmonize the powers and functions of the Board of Retirement and Board of Investments but do not encroach on each Board's respective separate jurisdiction.
- Support proposals that enhance board member education and ethics.
- Address proposals related to the administrative budget.
- Address proposals related to the appointment of personnel.

Definitions of Board Positions

SPONSOR OR CO-SPONSOR

- Indicates that the proposal was initiated by the Board or that the proposal was initiated by one or more organizations with which LACERA shares sponsorship.
- Authorizes staff to engage with LACERA's legislative advocate to achieve passage of the proposal.

SUPPORT

- Indicates that the Board believes the proposal should become law.
- Authorizes staff to engage with LACERA's legislative advocate to achieve passage of the proposal.

SUPPORT IF AMENDED

- Indicates that the Board conditionally supports the proposal in becoming law and that amendments are necessary to facilitate implementation and administration.
- Authorizes staff to engage with LACERA's legislative advocate to communicate the Board's position and incorporate amendments into the proposal.

NEUTRAL

- Indicates that the proposal affects LACERA and its stakeholders, but the Board neither supports nor opposes it.
- Does not require engagement with LACERA's legislative advocate to achieve passage or defeat of the proposal.

OPPOSE

- Indicates that the Board does not believe the proposal should become law.
- Authorizes staff to engage with LACERA's legislative advocate to communicate the Board's position and to defeat the proposal.

OPPOSE UNLESS AMENDED

- Indicates that the Board conditionally opposes the proposal in becoming law and that amendments are necessary to remove the Board's opposition.
- Authorizes staff to engage with LACERA's legislative advocate to communicate the Board's position and to incorporate amendments into the proposal.

WATCH

- Indicates that the proposal does not affect LACERA and its stakeholders but would be enacted under a law that covers LACERA such as CERL or PEPRA.
- Indicates that proposal will be resubmitted to the Board for consideration if amendments cause the proposal to affect LACERA and its stakeholders.

Once the Board has acted, these positions will typically be communicated by means of a letter from the Chief Executive Officer to the appropriate legislative officers. Staff coordinates with LACERA's legislative advocate in preparing this letter and developing a communication and distribution strategy for the letter, which may include verbal communications by the legislative advocate with relevant legislators and/or legislative staff. In the rulemaking context, LACERA's positions will typically be communicated to the enacting state or federal agency by means of a comment letter where the agency has provided an opportunity for public comment on a proposed rule before it is finalized and becomes effective.

Legislative Analysis Memorandum Format

The following is an outline of the format of the legislative analysis memorandum provided by staff. In general, the memorandum will follow this format but may be modified for specific cases.

Date

TO:

FROM:

FOR:

SUBJECT: **Bill Number**

Author:

Sponsor:

Introduced:

Amended:

Status:

Board Position:

Committee Recommendation:

Staff Recommendation:

[If the memo addresses rulemaking, the Subject section will provide similar relevant information.]

RECOMMENDATION

[This section states staff's or the Committee's recommendation to the Board.]

LEGISLATIVE POLICY STANDARD

[This section discusses the application of LACERA's legislative policy standards to the proposal and the justification for the recommendation to the Board.]

SUMMARY

[This section describes the provisions of the proposal and the key additions or updates the proposal makes to existing law.]

ANALYSIS

[This section provides an analysis of the effects and implications of the proposal on LACERA.]

IT IS THEREFORE RECOMMENDED THAT YOUR BOARD

[This section restates staff's or the Committee's recommendation and summary or concluding comments.]

Attachments

Attachment 1—Board Positions Adopted On Related Legislation

[This attachment states the positions the Board has previously taken on the subject matter of the bill.]

Attachment 2—Support And Opposition

[This attachment identifies those entities that have already taken a position on the bill.]

Bill Text

Action between Board Meetings

The Board of Retirement generally meets twice a month, including a disability meeting on the first Wednesday and an administrative meeting on the Thursday following the second Wednesday; the Board of Investments meets once a month on the second Wednesday. The meeting schedules of the Boards do not necessarily accord with the hearing schedules and deadlines of the Legislature.

The policy will provide direction for staff to engage with LACERA's legislative advocate to communicate a position on amendments to a bill before formal consideration by the Board of Retirement or Board of Investments if all the following conditions are met:

1. The Board had adopted a Support, Support If Amended, Oppose, or Oppose Unless Amended position on the bill *before* it was amended.
2. Substantive amendments that may justify a change in the Board's position to other than Neutral or Watch have occurred in the bill *after* the Board adopted a position and *before* the next regularly scheduled board meeting.
3. Consideration of the amended bill by a legislative committee or by the Assembly or Senate floor will occur *before* the amended bill can be considered at the next regularly scheduled board meeting.

Staff will take the following actions:

1. Prepare a legislative analysis of the amended bill for use in consultation.
2. Consult with the Chief Counsel, Chief Executive Officer, and legislative advocate for input regarding the amended bill to determine if the new position should be communicated to the Legislature.
3. If the new position should be communicated to the Legislature, consult with the Chair (or if not available, the Vice Chair) of the Board that has jurisdiction over the subject matter of the amended bill and obtain approval that the new position be communicated.
4. At the next regularly scheduled Board meeting, present a report to the Board regarding the position communicated in Step 3 and a summary of actions taken.

Ballot Measures

California law provides for citizens to use ballot measures to initiate a state statute or a constitutional amendment or to repeal legislation through a veto referendum. The California State Legislature may also use ballot measures to offer legislatively referred state statutes or constitutional amendments.

In general, a government agency may not spend *public funds* for a partisan *campaign* advocating the passage or defeat of a ballot measure. It is, however, permissible for a government agency to engage in *informational* activities. What distinguishes *informational* activities from *campaign* activities depends on the style, tenor, and timing of the activity.

From time to time, ballot measures may be offered that are related to public retirement plans. The following guidelines are intended to provide guidance on actions that may be taken with respect to ballot measures on public retirement plans:

- Providing informational staff reports and analysis on the ballot measure's effect in a meeting open to the public.
- Providing a recommendation for the Board to take a position on the ballot measure in a meeting open to the public where all perspectives can be shared. (The Board may or may not take a position on any ballot measure. The Board may take a position when it determines it is necessary to publicly express its opinion for or against a matter on which it feels strongly with respect to its impact on LACERA.)
- Providing the Board's position and views on the ballot measure's merits and effects to interested stakeholders and organizations.
- Responding to inquiries from stakeholders and the public regarding the Board's position and views on the ballot measure.

The Fair Political Practices Commission (FPPC) was created by the Political Reform Act and requires government agencies to report expenses used to advocate or unambiguously urge the passage or defeat of a measure in an election. The FPPC also prohibits government agencies from paying for communication materials that advocate or unambiguously urge the passage or defeat of a measure in an election. LACERA must be cautious in not engaging in activities that can be characterized as *campaign* activities, which are prohibited and would be subject to campaign expenditure reporting requirements. Therefore, all activities related to ballot measures are subject to review by Chief Counsel.

Status Reports

For bills on which the Boards have taken a position, staff will provide a monthly status report listing each bill, its current status in the legislative process, and copies of communications used for lobbying the Legislature. The status report will be included in the green folders provided to the Board of Retirement and Board of Investments before regularly scheduled board meetings.

At the end of each legislative session, staff will provide a year-end report of all the bills on which the Boards had taken a position and their final disposition.

Legislative Process

The following pages include an outline¹ and a flowchart² of the California legislative process through which a bill becomes law. In general, bills in the federal legislative process move through similar stages.

¹ Overview of Legislative Process – Official California Legislative Information (<http://www.leginfo.ca.gov/bil2lawx.html>).

² The Life Cycle of Legislation: From Idea into Law. California Legislature: Assembly Rules Committee.

OVERVIEW OF LEGISLATIVE PROCESS

The process of government by which bills are considered and laws enacted is commonly referred to as the Legislative Process. The California State Legislature is made up of two houses: the Senate and the Assembly. There are 40 Senators and 80 Assembly Members representing the people of the State of California. The Legislature has a legislative calendar containing important dates of activities during its two-year session.

Idea

All legislation begins as an idea or concept. Ideas and concepts can come from a variety of sources. The process begins when a Senator or Assembly Member decides to author a bill.

The Author

A Legislator sends the idea for the bill to the Legislative Counsel where it is drafted into the actual bill. The draft of the bill is returned to the Legislator for introduction. If the author is a Senator, the bill is introduced in the Senate. If the author is an Assembly Member, the bill is introduced in the Assembly.

First Reading/Introduction

A bill is introduced or read the first time when the bill number, the name of the author, and the descriptive title of the bill is read on the floor of the house. The bill is then sent to the Office of State Printing. No bill may be acted upon until 30 days has passed from the date of its introduction.

Committee Hearings

The bill then goes to the Rules Committee of the house of origin where it is assigned to the appropriate policy committee for its first hearing. Bills are assigned to policy committees according to subject area of the bill. For example, a Senate bill dealing with health care facilities would first be assigned to the Senate Health and Human Services Committee for policy review. Bills that require the expenditure of funds must also be heard in the fiscal committees: Senate Appropriations or Assembly Appropriations. Each house has a number of policy committees and a fiscal committee. Each committee is made up of a specified number of Senators or Assembly Members.

During the committee hearing the author presents the bill to the committee and testimony can be heard in support of or opposition to the bill. The committee then votes by passing the bill, passing the bill as amended, or defeating the bill. Bills can be amended several times. Letters of support or opposition are important and should be mailed to the author and committee members before the bill is scheduled to be heard in committee. It takes a majority vote of the full committee membership for a bill to be passed by the committee.

Each house maintains a schedule of legislative committee hearings. Prior to a bill's hearing, a bill analysis is prepared that explains current law, what the bill is intended to do, and some background information. Typically the analysis also lists organizations that support or oppose the bill.

Second and Third Reading

Bills passed by committees are read a second time on the floor in the house of origin and then assigned to third reading. Bill analyses are also prepared prior to third reading. When a bill is read the third time it is explained by the author, discussed by the Members and voted on by a roll call vote. Bills that require an appropriation or that take effect immediately, generally require 27 votes in the Senate and 54 votes in the Assembly to be passed. Other bills generally require 21 votes in the Senate and 41 votes in the Assembly. If a

bill is defeated, the Member may seek reconsideration and another vote.

Repeat Process in other House

Once the bill has been approved by the house of origin it proceeds to the other house where the procedure is repeated.

Resolution of Differences

If a bill is amended in the second house, it must go back to the house of origin for concurrence, which is agreement on the amendments. If agreement cannot be reached, the bill is referred to a two house conference committee to resolve differences. Three members of the committee are from the Senate and three are from the Assembly. If a compromise is reached, the bill is returned to both houses for a vote.

Governor

If both houses approve a bill, it then goes to the Governor. The Governor has three choices. The Governor can sign the bill into law, allow it to become law without his or her signature, or veto it. A governor's veto can be overridden by a two thirds vote in both houses. Most bills go into effect on the first day of January of the next year. Urgency measures take effect immediately after they are signed or allowed to become law without signature.

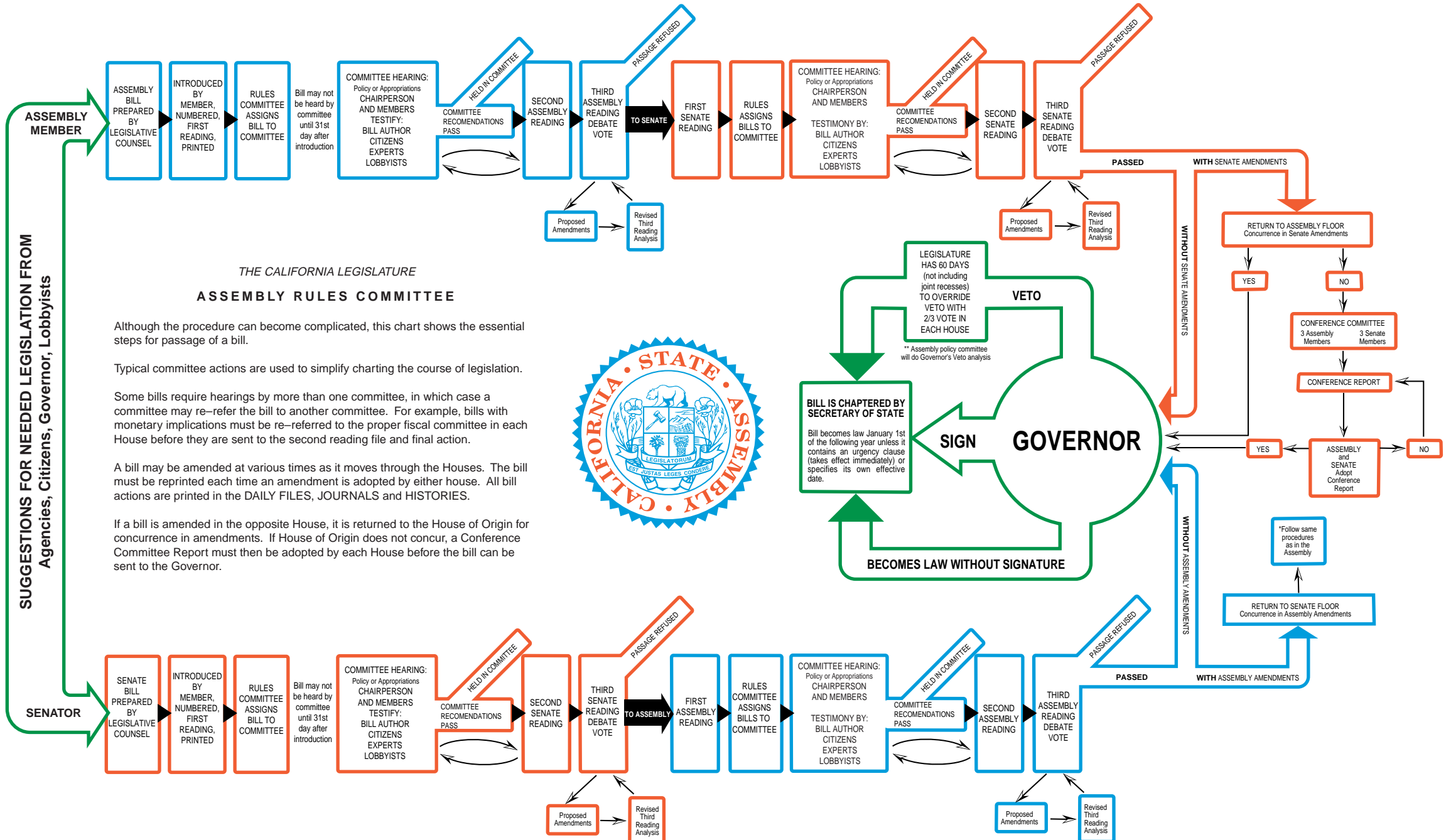
California Law

Bills that are passed by the Legislature and approved by the Governor are assigned a chapter number by the Secretary of State. These Chaptered Bills (also referred to as Statutes of the year they were enacted) then become part of the California Codes. The California Codes are a comprehensive collection of laws grouped by subject matter.

The California Constitution sets forth the fundamental laws by which the State of California is governed. All amendments to the Constitution come about as a result of constitutional amendments presented to the people for their approval.

THE LIFE CYCLE OF LEGISLATION

From Idea into Law



THE CALIFORNIA LEGISLATURE

ASSEMBLY RULES COMMITTEE

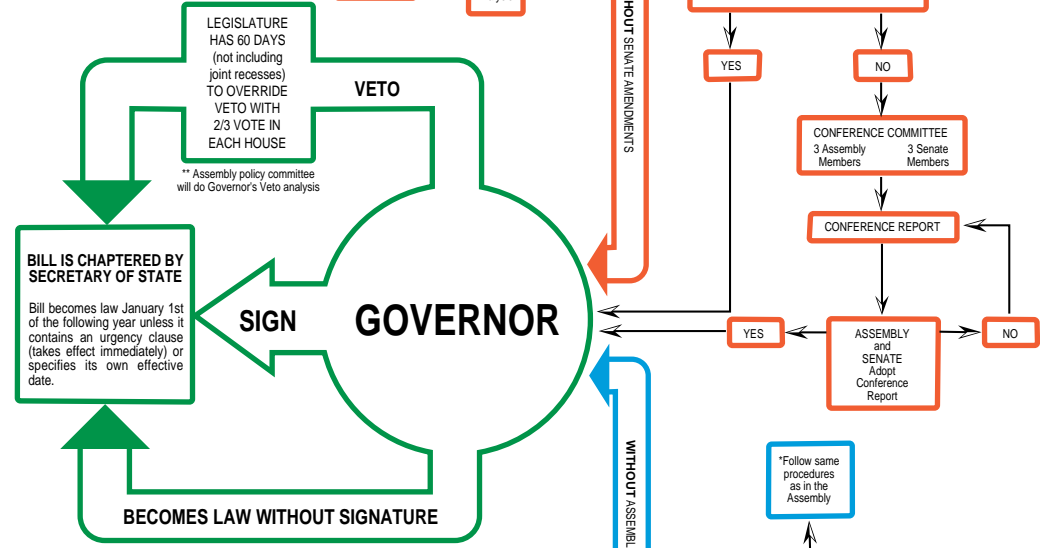
Although the procedure can become complicated, this chart shows the essential steps for passage of a bill.

Typical committee actions are used to simplify charting the course of legislation.

Some bills require hearings by more than one committee, in which case a committee may re-refer the bill to another committee. For example, bills with monetary implications must be re-referred to the proper fiscal committee in each House before they are sent to the second reading file and final action.

A bill may be amended at various times as it moves through the Houses. The bill must be reprinted each time an amendment is adopted by either house. All bill actions are printed in the DAILY FILES, JOURNALS and HISTORIES.

If a bill is amended in the opposite House, it is returned to the House of Origin for concurrence in amendments. If House of Origin does not concur, a Conference Committee Report must then be adopted by each House before the bill can be sent to the Governor.



SUGGESTIONS FOR NEEDED LEGISLATION FROM
 Agencies, Citizens, Governor, Lobbyists
ASSEMBLY MEMBER
SENATOR

March 22, 2017

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

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 13, 2017 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Assembly Bill 1310—Member Statements**

Author: Allen [R]
Sponsor: Author-sponsored
Introduced: February 17, 2017
*Status: To ASSEMBLY Committee on PUBLIC EMPLOYEES,
RETIREMENT AND SOCIAL SECURITY (03/13/2017)*

Staff Recommendation: Watch

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Watch” position on Assembly Bill 1310, which requires certain disclosures on member statements.

LEGISLATIVE POLICY STANDARD

A “Watch” position indicates that the legislative proposal does not affect LACERA and its stakeholders but would be enacted under a law that covers LACERA or other retirement systems of the County Employees Retirement Law of 1937 (CERL). Chapter 21 of Division 7 of Title 1 of the Government Code contains provisions that generally apply to California public pension and retirement plans. The proposal would add a new section to Article 1 of Chapter 21.

SUMMARY

AB 1310 would require the retirement board of a public retirement system to disclose the system’s unfunded liability and healthcare debt on member statements (also known as “benefit statements”) provided to members of the system.

ANALYSIS

Existing Law

CERL and other sections of the Government Code that are applicable to LACERA contain no provisions that require LACERA to provide benefit statements to its members or that specify the content of the benefit statements.

This Bill

AB 1310 requires that the retirement board of a public retirement system disclose the unfunded liability and healthcare debt of the system on the benefit statements provided to the members of the system. A “public retirement system” is defined as a state or local public employee retirement system but would not include a retirement system created by the University of California or a charter county or charter city.

The County of Los Angeles became a charter county on June 2, 1913 and established LACERA on January 1, 1938. Therefore, LACERA is a retirement system that was created by a charter county, and the requirements of AB 1310 do not apply to LACERA since it is not a “public retirement system” as defined by the bill.

With respect to CERL retirement systems, AB 1310 would apply to those systems that were not created by a charter county. Currently, the charter counties with retirement systems under CERL include Alameda, Fresno, Los Angeles, Orange, Sacramento, San Bernardino, San Diego, and San Mateo. General law counties with retirement systems under CERL include Contra Costa, Ventura, Kern, San Joaquin, Santa Barbara, Marin, Sonoma, Stanislaus, Tulare, Merced, Imperial, and Mendocino.

LACERA Benefit Statements

LACERA currently provides annual benefit statements to its members who are not retired. The statement contains information current as of the end of the month of a member’s birthday and is mailed to a member within two months after his or her birthday. The benefit statement includes the member’s personal information, plan type, contribution balance, service credit (earned and purchased), retirement eligibility, and beneficiary information. As such, the member’s benefit statement contains information specific to that member in terms of understanding the current status of his or her account and planning for retirement. If AB 1310 were to apply to LACERA, the inclusion of fund-specific liability information in a benefit statement that contains primarily member-specific information may create confusion for the member regarding the status of his or her benefits.

Although AB 1310 does not apply to LACERA, the information required to be disclosed by AB 1310 is already disclosed in LACERA’s annual financial reports. LACERA is required by CERL and other sections of the Government Code to prepare annual financial reports of the retirement fund that are filed with the Auditor-Controller of the

County of Los Angeles and with the State Controller. The annual reports are publicly available on LACERA's website and upon request.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a "Watch" position on Assembly Bill 1310, which requires certain disclosures on member statements.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

Attachment 1—Board Positions Adopted on Related Legislation

Attachment 2—Support And Opposition

AB 1310 (Allen) as introduced February 17, 2017

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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

None

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SUPPORT

None

OPPOSITION

None

ASSEMBLY BILL

No. 1310

Introduced by Assembly Member Travis Allen

February 17, 2017

An act to add Section 7500.3 to the Government Code, relating to public retirement systems.

LEGISLATIVE COUNSEL'S DIGEST

AB 1310, as introduced, Travis Allen. Public retirement systems: member statements: unfunded liability disclosure.

Existing law establishes various public agency retirement systems, including the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937, among others, and these systems provide defined benefits to public employees based on age, service credit, and amount of final compensation. Under existing law, benefits provided to members of those systems are generally funded by employer contributions, employee contributions, and investment returns.

This bill would require the retirement board of a public retirement system, as defined, to disclose the unfunded liability and healthcare debt of the system on each member statement provided to members of the system.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7500.3 is added to the Government Code,
2 to read:
3 7500.3. (a) The retirement board of a public retirement system
4 shall disclose the unfunded liability and healthcare debt of the
5 system on each member statement provided to members of the
6 system.
7 (b) For purposes of this section, “public retirement system”
8 means a state or local public employee retirement system but does
9 not include a retirement system created by an entity described in
10 Section 9 of Article IX of, or Section 4 or 5 of Article XI of, the
11 California Constitution.

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March 29, 2017

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

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 13, 2017 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Senate Bill 32—California Public Employees’ Pension Reform Act of 2018**

Author: Moorlach [R]
Sponsor: Author-sponsored
Introduced: December 5, 2016
Amended: March 2, 2017
Status: Re-referred to SENATE Committee on PUBLIC EMPLOYMENT AND RETIREMENT (03/08/2017)

Staff Recommendation: Watch

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Watch” position on Senate Bill 32, which would enact the California Public Employees’ Pension Reform Act of 2018.

LEGISLATIVE POLICY STANDARD

SB 32 proposes changes in plan design related to the definition of pensionable compensation, membership status after reemployment, final compensation period, and cost-of-living adjustments and is not consistent with existing legislative policy standards that would entail support or opposition. A “Watch” position indicates that the proposal does not affect LACERA and its stakeholders but would be enacted under a law that covers LACERA such as the County Employees Retirement Law of 1937 or the California Public Employees’ Pension Reform Act of 2013 (PEPRA 2013). Although the provision related to the definition of pensionable compensation would apply to LACERA, the provisions of the California Public Employees’ Pension Reform Act of 2018 (PEPRA 2018), if passed, would not apply to LACERA unless the plan sponsor elects to make PEPRA 2018 or any section thereof applicable.

SUMMARY

SB 32, as amended on March 2, 2017, would make various changes to the Public Employees' Retirement Law, Teacher's Retirement, and the California Public Employees' Pension Reform Act of 2013. It would also enact the California Public Employees' Pension Reform Act of 2018.

ANALYSIS

Citizens' Pension Oversight Committee

- Applies to CalPERS and CalSTRS only.
- Establishes a Citizens' Pension Oversight Committee to serve in an advisory role to the Board of Administration of the Public Employees' Retirement System (CalPERS) and the Teachers' Retirement Board (CalSTRS).
- Requires CalPERS and CalSTRS to file copies of their annual financial reports with the Citizens' Pension Oversight Committee.

Hybrid Plan

- Applies to CalPERS only.
- Requires the Board of Administration to develop a hybrid plan that consists of defined benefit and defined contribution components to be submitted to the Legislature for approval.
- Applies to members who become members of CalPERS on or after approval of the hybrid plan by the Legislature.

Reduction of Unfunded Liability

- Applies to CalPERS only.
- Requires the Board of Administration to determine the system's level of unfunded liability in 1980 and to reduce the system's current unfunded liability to that level by 2030, with the goal of fully funding the system.

Safety Member Classification

- Applies to CalPERS only.
- Requires the Board of Administration to review the duties of employees in safety member classifications and reclassify them into positions specified in the bill.

Employer Contributions

- Applies to CalPERS only.

- Requires the Board of Administration to increase the employer contribution rate by 10 percent in any year in which the unfunded actuarial liability is greater than zero.

Pensionable Compensation

The bill amends the definition of “pensionable compensation” under PEPRA 2013. The amended definition would apply to any public retirement systems subject to PEPRA 2013, which includes LACERA.

Current law provides that “pensionable compensation” means the normal monthly rate of pay or base pay paid in cash to similarly situated members of the same group or class of employment.

The bill would make a legislative finding and declaration that “normal monthly rate of pay or base pay” does not include and was not intended to include incentive pay, educational pay, premium pay, special assignment pay, or holiday pay. It would also require that a retirement board not deem these pay items as compensation, consistent with the finding and declaration of the Legislature.

The bill does not define the nature of each pay item. Given the plethora of payroll codes in each public retirement system subject to PEPRA 2013, that lack of definition may cause ambiguities in the determination of whether specific pay codes fall within the pay items listed in the bill.

California Public Employees’ Pension Reform Act of 2018

SB 32 adds a new Article 5 to a chapter of the Government Code that generally applies to California public pension and retirement plans. Article 5 would be known as the California Public Employees’ Pension Reform Act of 2018 (PEPRA 2018).

In addition to definitional provisions, PEPRA 2018 contains three main provisions:

- Final compensation.
- Cost-of-living adjustments.
- Membership after reemployment.

Final compensation. New members as of January 1, 2018 would have their final compensation based on at least 60 consecutive months. PEPRA 2013 currently requires final compensation to be based on at least 36 consecutive months.

Cost-of-living adjustments. For any year beginning on or after January 1, 2018, a public retirement system shall not make a cost-of-living adjustment to any allowance payable to a retired member or beneficiary if the unfunded actuarial liability of either CalPERS or CalSTRS is greater than zero.

Membership after reemployment. A new member as of January 1, 2018 who leaves a public employer participating in the public retirement system for employment with an employer that does not participate in the public retirement system and is subsequently reemployed by the original public employer at least one year after he or she left would be subject to the same benefits, contributions, and other terms and conditions applicable to a new member on that date of reemployment. For example, the reemployed member would be subject to a new rate of contribution or a different plan tier if these terms applied to a new member.

Applicability. PEPRA 2018 does not apply to the public employers that include the University of California, charter counties, and charter cities or to the public retirement systems created by those public employers. However, such public employers may elect to make PEPRA 2018 or any section thereof applicable.

The County of Los Angeles became a charter county on June 2, 1913 and established LACERA on January 1, 1938. Therefore, LACERA is a retirement system that was created by a charter county, and PEPRA 2018 does not apply to LACERA unless the County of Los Angeles elects to make it or any section thereof applicable.

With respect to CERL retirement systems, PEPRA 2018 would apply to those systems that were not created by a charter county. However, any of the charter counties may elect to make PEPRA 2018 or any section thereof applicable. Currently, the charter counties with retirement systems under CERL include Alameda, Fresno, Los Angeles, Orange, Sacramento, San Bernardino, San Diego, and San Mateo. General law counties with retirement systems under CERL include Contra Costa, Ventura, Kern, San Joaquin, Santa Barbara, Marin, Sonoma, Stanislaus, Tulare, Merced, Imperial, and Mendocino.

In contrast, PEPRA 2013 also did not apply to charter counties—except to the extent that the charter county was a participating employer in a retirement system governed by state statute. Therefore, PEPRA 2013 applied to all counties (general law and charter) with retirement systems under CERL.

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IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a “Watch” position on Senate Bill 32, which would enact the California Public Employees’ Pension Reform Act of 2018.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

- Attachment 1—Board Positions Adopted on Related Legislation
- Attachment 2—Support And Opposition
- SB 32 (Moorlach) as amended on March 2, 2017
- SB 32 (Moorlach) as introduced on December 5, 2016

SB 32

Attachment 1—Board Positions Adopted on Related Legislation

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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

AB 2474 (Chapter 741, Statutes of 2014) conformed the County Employees Retirement Law of 1937 to the requirements of the California Public Employees' Pension Reform Act of 2013. The Board of Retirement adopted a "Support" position.

SB 13 (Chapter 528, Statutes of 2013) provided clarifying amendments to the California Public Employees' Pension Reform Act of 2013. The Board of Retirement adopted a "Support" position.

AB 340 (Chapter 296, Statutes of 2012) enacted the California Public Employees' Pension Reform Act of 2013. The Board of Retirement adopted a "Watch" position.

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SUPPORT

None

OPPOSITION

None

AMENDED IN SENATE MARCH 2, 2017

SENATE BILL

No. 32

Introduced by Senator Moorlach

December 5, 2016

An act to amend Section 22217 of the Education Code, and to amend Sections 7522.34 and 20228 of, to add Sections 7512.5, 20140, 20141, 20418, and 20818 to, and to add Article 5 (commencing with Section 7523) to Chapter 21 of Division 7 of Title 1 of, the Government Code, relating to public employees' ~~retirement~~ retirement, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 32, as amended, Moorlach. ~~Public employees' retirement.~~ *California Public Employees' Pension Reform Act of 2018.*

(1) The Public Employees' Retirement Law creates the Public Employees' Retirement System (PERS), and the Teachers' Retirement Law creates the State Teachers' Retirement System (STRS), for the provision of service, disability, and other benefits to members. Existing law vests the Teachers' Retirement Board, which administers STRS, and the Board of Administration of PERS with fiduciary responsibility over the assets of their respective retirement systems and requires the boards to, among other things, employ public accountants who are not in public employment to audit the financial statements of the systems, as specified.

This bill would create the Citizens' Pension Oversight Committee to serve in an advisory role to the Teachers' Retirement Board and the Board of Administration of PERS. The bill would require the committee, on or before January 1, 2019, and annually thereafter, to review the actual pension costs and obligations of PERS and STRS and report on

these costs and obligations to the public and would require reports of audits of STRS and PERS conducted by the public accountants described above to be filed with the committee for this purpose.

(2) Under the Public Employees' Retirement Law, benefits provided by PERS are funded by employer and employee contributions and investment returns. Existing law requires the Board of Administration of PERS to set and adjust employer contribution rates in relation to the system's actuarial liability and provides for the deposit of employer contributions into the Public Employees' Retirement Fund, a continuously appropriated fund. Existing law authorizes the board to adopt a funding period of 30 years to amortize unfunded accrued actuarial obligations for current and prior service for the purpose of determining employer contribution rates for contracting agencies and school employers and to adopt an amortization period of 40 years for any unfunded actuarial liability for the benefits applicable to all state miscellaneous members and all state peace officer/firefighter members.

This bill would require the board to determine what the level of the unfunded liability of PERS was in 1980 and would further require the board to reduce the unfunded liability of PERS to that level, to be achieved by 2030, with the goal of fully funding PERS. The bill, in any year in which the unfunded actuarial liability of PERS is greater than zero, would require the board to increase the employer contribution rate otherwise provided by law for the state, contracting agencies, and school employers by 10 percent. By increasing deposits into a continuously appropriated fund, the bill would make an appropriation.

(3) Existing law prescribes different benefit formulas for members of PERS depending on a member's classification and date of entry into the system, among other factors.

This bill would require the Board of Administration of PERS, on or before January 1, 2019, to develop and submit to the Legislature for approval a hybrid plan consisting of defined benefit and defined contribution components, as specified, and would require the plan to be applied to members who elect to be subject to the plan or who are first employed by the state, a contracting agency, or a school employer and become members of the system on or after the approval of the plan by the Legislature. The bill would further require the board, on or before January 1, 2019, to review the duties of officers and employees in positions included in the safety member classification pursuant to certain provisions of the Public Employees' Retirement Law and reclassify the positions according to specified criteria. The bill would

apply this reclassification to persons who are first employed by the state and become state members of PERS on or after January 1, 2018.

(4) The California Public Employees' Pension Reform Act of 2013 (PEPRA), on and after January 1, 2013, requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, provides that the pensionable compensation of a new member of the system is the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members, as specified. PEPRA also requires the final compensation used to determine a retirement benefit to be paid to the new member to be the highest average annual pensionable compensation earned by the member during a period of at least 36 consecutive months, or at least 3 consecutive school years if applicable, as specified.

This bill would prohibit a public retirement board from deeming certain forms of pay to be pensionable compensation and would make related legislative findings and declarations.

This bill would enact the California Public Employees' Pension Reform Act of 2018 (PEPRA 2018). The bill, for an individual who becomes a member of any public retirement system, as defined, for the first time on or after January 1, 2018, and who was not a member of any other public retirement system prior to that date, would require the final compensation used to determine the member's retirement benefits to be the highest annual pensionable compensation earned by the member during a period of at least 60 consecutive months, or at least 5 consecutive school years if applicable, as specified. The bill would also provide that if the member leaves the employment of a public employer participating in a public retirement system for other employment, as specified, and is subsequently reemployed by the public employer at least one year later, the member will be subject to the same benefits, contributions, and other terms and conditions applicable to an individual who becomes a member of the public retirement system for the first time on the date of the member's return, for service rendered on or after that date.

(5) Existing law provides for the application of cost of living adjustments to allowances paid to persons retired under, or survivors or beneficiaries of members or persons retired under, various public retirement systems.

The bill, as part of PEPRA 2018, would prohibit a public retirement system from making a cost of living adjustment to any allowance payable to, or on behalf of, a person retired under the system, or to any survivor

or beneficiary of a member or person retired under the system, for any year beginning on or after January 1, 2018, in which PERS or STRS is not fully funded.

~~The California Public Employees’ Pension Reform Act of 2013, on and after January 1, 2013, established various limits on retirement benefits generally applicable to a public employee retirement system in the state, with specified exceptions.~~

~~This bill would state the intent of the Legislature to enact legislation to resume the public employee pension reform begun in the California Public Employees’ Pension Reform Act of 2013.~~

Vote: majority. Appropriation: ~~no~~yes. Fiscal committee: ~~no~~yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 22217 of the Education Code is amended*
 2 *to read:*

3 22217. (a) The board shall employ a certified public accountant
 4 or public accountant, who is not in public employment, to audit
 5 the financial statements of the system. The costs of the audit shall
 6 be paid from the income of the retirement fund. The audit shall be
 7 made annually and the audit report shall be incorporated into the
 8 annual report filed with the Governor and the Legislature pursuant
 9 to Section 22324. *A copy of the audit report shall also be filed*
 10 *with the Citizens’ Pension Oversight Committee created by Section*
 11 *7512.5 of the Government Code.*

12 (b) These audits shall not be duplicated by the Department of
 13 Finance or the State Auditor. The system shall be exempt from a
 14 pro rata general administrative charge for auditing.

15 *SEC. 2. Section 7512.5 is added to the Government Code, to*
 16 *read:*

17 7512.5. (a) *The Citizens’ Pension Oversight Committee is*
 18 *hereby created. The committee shall serve in an advisory role to*
 19 *the Board of Administration of the Public Employees’ Retirement*
 20 *System and the Teachers’ Retirement Board. The committee shall*
 21 *consist of no more than nine members, and no less than five*
 22 *members, jointly appointed by the Board of Administration of the*
 23 *Public Employees’ Retirement System and the Teachers’*
 24 *Retirement Board from persons with experience in fiduciary*

1 *matters who do not receive benefits from the Public Employees’*
2 *Retirement System or the State Teachers’ Retirement System.*

3 *(b) On or before January 1, 2019, and annually thereafter, the*
4 *committee shall review the actual pension costs and obligations*
5 *of the Public Employees’ Retirement System and the State*
6 *Teachers’ Retirement System and report on these costs and*
7 *obligations to the public. As part of this review, the committee*
8 *shall review the audit reports filed with the committee pursuant*
9 *to Section 22217 of the Education Code and Section 20228 of this*
10 *code.*

11 *SEC. 3. Section 7522.34 of the Government Code is amended*
12 *to read:*

13 7522.34. (a) “Pensionable compensation” of a new member
14 of any public retirement system means the normal monthly rate
15 of pay or base pay of the member paid in cash to similarly situated
16 members of the same group or class of employment for services
17 rendered on a full-time basis during normal working hours,
18 pursuant to publicly available pay schedules, subject to the
19 limitations of subdivision (c).

20 (b) Compensation that has been deferred shall be deemed
21 pensionable compensation when earned rather than when paid.

22 (c) Notwithstanding any other law, “pensionable compensation”
23 of a new member does not include the following:

24 (1) Any compensation determined by the board to have been
25 paid to increase a member’s retirement benefit under that system.

26 (2) Compensation that had previously been provided in kind to
27 the member by the employer or paid directly by the employer to
28 a third party other than the retirement system for the benefit of the
29 member and which was converted to and received by the member
30 in the form of a cash payment.

31 (3) Any one-time or ad hoc payments made to a member.

32 (4) Severance or any other payment that is granted or awarded
33 to a member in connection with or in anticipation of a separation
34 from employment, but is received by the member while employed.

35 (5) Payments for unused vacation, annual leave, personal leave,
36 sick leave, or compensatory time off, however denominated,
37 whether paid in a lump sum or otherwise, regardless of when
38 reported or paid.

39 (6) Payments for additional services rendered outside of normal
40 working hours, whether paid in a lump sum or otherwise.

1 (7) Any employer-provided allowance, reimbursement, or
2 payment, including, but not limited to, one made for housing,
3 vehicle, or uniforms.

4 (8) Compensation for overtime work, other than as defined in
5 Section 207(k) of Title 29 of the United States Code.

6 (9) Employer contributions to deferred compensation or defined
7 contribution plans.

8 (10) Any bonus paid in addition to the compensation described
9 in subdivision (a).

10 (11) Any other form of compensation a public retirement board
11 determines is inconsistent with the requirements of subdivision
12 (a).

13 (12) Any other form of compensation a public retirement board
14 determines should not be pensionable compensation.

15 (13) (A) Any form of compensation identified that has been
16 agreed to be nonpensionable pursuant to a memorandum of
17 understanding for state employees bound by the memorandum of
18 understanding. The state employer subject to the memorandum of
19 understanding shall inform the retirement system of the excluded
20 compensation and provide a copy of the memorandum of
21 understanding.

22 (B) The state employer may determine if excluded compensation
23 identified in subparagraph (A) shall apply to nonrepresented state
24 employees who are aligned with state employees subject to the
25 memorandum of understanding described in subparagraph (A).
26 The state employer shall inform the retirement system of the
27 exclusion of this compensation and provide a copy of the public
28 pay schedule detailing the exclusion.

29 (d) (1) *The Legislature finds and declares that “normal monthly*
30 *rate of pay or base pay,” as used in subdivision (a), does not*
31 *include, and was not intended to include, incentive pay, educational*
32 *pay, premium pay, special assignment pay, or holiday pay.*

33 (2) *Pursuant to paragraph (1), a public retirement board shall*
34 *not deem incentive pay, educational pay, premium pay, special*
35 *assignment pay, or holiday pay to be a form of compensation*
36 *consistent with subdivision (a).*

37 *SEC. 4. Article 5 (commencing with Section 7523) is added to*
38 *Chapter 21 of Division 7 of Title 1 of the Government Code, to*
39 *read:*

1
2 *Article 5. California Public Employees' Pension Reform Act*
3 *of 2018*
4

5 *7523. This article shall be known, and may be cited, as the*
6 *California Public Employees' Pension Reform Act of 2018.*

7 *7523.05. For the purposes of this article:*

8 *(a) "Member" means a public employee who is a member of a*
9 *public retirement system.*

10 *(b) "New member as of January 1, 2018," means an individual*
11 *who becomes a member of any public retirement system for the*
12 *first time on or after January 1, 2018, and who was not a member*
13 *of any other public retirement system prior to that date.*

14 *(c) "Public employee" means an officer, including one who is*
15 *elected or appointed, or an employee of a public employer.*

16 *(d) (1) "Public employer" includes:*

17 *(A) The state and every state entity, including, but not limited*
18 *to, the Legislature, the judicial branch, including judicial officers,*
19 *and the California State University.*

20 *(B) Any political subdivision of the state, or agency or*
21 *instrumentality of the state or subdivision of the state, including,*
22 *but not limited to, a city, county, city and county, school district,*
23 *community college district, joint powers authority, joint powers*
24 *agency, and any public agency, authority, board, commission, or*
25 *district.*

26 *(C) Any charter school that elects or is required to participate*
27 *in a public retirement system.*

28 *(2) Notwithstanding paragraph (1), "public employer" does*
29 *not include an entity described in Section 9 of Article IX of, or*
30 *Section 4 or 5 of Article XI of, the California Constitution, except*
31 *to the extent that the entity elects to make this article, or any section*
32 *thereof, applicable to the entity.*

33 *(e) (1) "Public retirement system" means the Public Employees'*
34 *Retirement System, the State Teachers' Retirement System, the*
35 *Legislators' Retirement System, the Judges' Retirement System,*
36 *the Judges' Retirement System II, county and district retirement*
37 *systems created pursuant to the County Employees Retirement*
38 *Law of 1937 (Chapter 3 (commencing with Section 31450) of Part*
39 *3 of Division 4 of Title 3), independent public retirement systems,*
40 *and to individual retirement plans offered by public employers.*

1 (2) *Notwithstanding paragraph (1), “public retirement system”*
2 *does not include a retirement system created by an entity described*
3 *in Section 9 of Article IX of, or Section 4 or 5 of Article XI of, the*
4 *California Constitution, except to the extent that the entity elects*
5 *to make this article, or any section thereof, applicable to the entity.*

6 7523.10. *Notwithstanding Section 7522.32 or any other law,*
7 *for the purposes of determining a retirement benefit to be paid to*
8 *a new member as of January 1, 2018, of a public retirement system,*
9 *final compensation shall mean the highest average annual*
10 *pensionable compensation earned by the member during a period*
11 *of at least 60 consecutive months, or at least five consecutive school*
12 *years if applicable, immediately preceding his or her retirement*
13 *or last separation from service if earlier, or during any other*
14 *period of at least 60 consecutive months, or at least five consecutive*
15 *school years if applicable, during the member’s applicable service*
16 *that the member designates on the application for retirement.*

17 7523.20. *Notwithstanding any other law, except as otherwise*
18 *required by Section 9 of Article I of the California Constitution,*
19 *a public retirement system shall not make a cost of living*
20 *adjustment to any allowance payable to, or on behalf of, a person*
21 *retired under the system, or to any survivor or beneficiary of a*
22 *member or person retired under the system, for any year beginning*
23 *on or after January 1, 2018, in which either of the following is*
24 *true:*

25 (a) *The unfunded actuarial liability of the State Teachers’*
26 *Retirement System, as determined by the Teachers’ Retirement*
27 *Board, is greater than zero.*

28 (b) *The unfunded actuarial liability of the Public Employees’*
29 *Retirement System, as determined by the Board of Administration*
30 *of the Public Employees’ Retirement System, is greater than zero.*

31 7523.30. *Notwithstanding any other law, a new member as of*
32 *January 1, 2018, of a public retirement system who, on or after*
33 *January 1, 2018, leaves the employment of a public employer*
34 *participating in the public retirement system for employment with*
35 *an employer that does not participate in the public retirement*
36 *system and who is subsequently reemployed by the same public*
37 *employer at least one year after he or she left, shall, upon the date*
38 *of his or her reemployment, be subject to the same benefits,*
39 *contributions, and other terms and conditions applicable to an*
40 *individual who becomes a member of the public retirement system*

1 *for the first time on that date, for service rendered on or after that*
2 *date.*

3 *SEC. 5. Section 20140 is added to the Government Code, to*
4 *read:*

5 *20140. (a) On or before January 1, 2019, the board shall*
6 *develop and submit to the Legislature for approval a hybrid plan*
7 *that consists of the following:*

8 *(1) A defined benefit component that utilizes low-risk*
9 *investments.*

10 *(2) A defined contribution component under which an*
11 *employee's contributions will be matched by employer*
12 *contributions up to a certain percent.*

13 *(b) Notwithstanding any other law, a member who is first*
14 *employed by the state, a contracting agency, or a school employer*
15 *and becomes a member of the system on or after the approval of*
16 *the hybrid plan by the Legislature shall participate in the hybrid*
17 *plan.*

18 *(c) A member not described in subdivision (b) may elect to*
19 *participate in the hybrid plan.*

20 *SEC. 6. Section 20141 is added to the Government Code, to*
21 *read:*

22 *20141. The board shall determine what the level of the*
23 *unfunded liability of the system was in 1980 and shall reduce the*
24 *unfunded liability of the system to that level, to be achieved by*
25 *2030, with the goal of fully funding the system.*

26 *SEC. 7. Section 20228 of the Government Code is amended to*
27 *read:*

28 *20228. The board shall annually employ a certified public*
29 *accountant, who is not in public employment, to audit the financial*
30 *statements of this system. The costs of the audit shall be paid from*
31 *the income of the retirement fund. The audit shall be made*
32 *annually. The board shall file a copy of the audit report with the*
33 *Governor, the Secretary of the Senate, ~~and~~ the Chief Clerk of the*
34 *Assembly, and the Citizens' Pension Oversight*
35 *Committee.*

36 *The board, for purposes of Section 7504, may file internally*
37 *prepared financial statements with the Controller within six months*
38 *of the end of the fiscal year, and shall file independently audited*
39 *financial statements as soon as they are available.*

1 The annual audits of the financial statements of the system shall
2 not be duplicated by the Department of Finance or the State
3 Auditor.

4 This section does not affect the ability of the State Auditor or
5 the Department of Finance to conduct other types of audits of the
6 system as otherwise authorized by statute. This system shall be
7 exempt from a pro rata general administrative charge for auditing.

8 *SEC. 8. Section 20418 is added to the Government Code, to*
9 *read:*

10 *20418. (a) On or before January 1, 2019, the board shall*
11 *review the duties of officers and employees in positions included*
12 *in the safety member classification pursuant to this article and*
13 *shall reclassify the positions, for the purposes of the system, as*
14 *follows:*

15 *(1) "Patrol member," "state peace officer/firefighter member"*
16 *or "state safety member," for positions with principal duties that*
17 *place the employee or officer in the position in harm's way. The*
18 *board shall not reclassify a position as "patrol member," "state*
19 *peace officer/firefighter member," or "state safety member" on*
20 *the sole basis that the position involves law enforcement.*

21 *(2) "State miscellaneous member" or "state industrial member"*
22 *for positions not described in paragraph (1).*

23 *(b) Notwithstanding this article or any other law, the*
24 *reclassification of positions pursuant to subdivision (a) shall apply*
25 *to any person who is first employed by the state and becomes a*
26 *state member of the system on or after January 1, 2018.*

27 *SEC. 9. Section 20818 is added to the Government Code, to*
28 *read:*

29 *20818. Notwithstanding any other law, in any year in which*
30 *the unfunded actuarial liability of the system is greater than zero,*
31 *the board shall increase the employer contribution rate otherwise*
32 *provided by law for the state, contracting agencies, and school*
33 *employers by 10 percent.*

34 ~~SECTION 1. It is the intent of the Legislature to enact~~
35 ~~legislation to resume the public employee pension reform begun~~
36 ~~in the California Public Employees' Pension Reform Act of 2013.~~

Introduced by Senator Moorlach

December 5, 2016

An act relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 32, as introduced, Moorlach. Public employees' retirement.

The California Public Employees' Pension Reform Act of 2013, on and after January 1, 2013, established various limits on retirement benefits generally applicable to a public employee retirement system in the state, with specified exceptions.

This bill would state the intent of the Legislature to enact legislation to resume the public employee pension reform begun in the California Public Employees' Pension Reform Act of 2013.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to resume the public employee pension reform begun
- 3 in the California Public Employees' Pension Reform Act of 2013.

O

April 4, 2017

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

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 13, 2017 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Senate Constitutional Amendment 8—Reduction of Retirement Benefits**

*Author: Moorlach [R]
Sponsor: Author-sponsored
Introduced: February 15, 2017
Status: Referred to SENATE Committee on Public Employment & Retirement and Committee on Elections & Constitutional Amendments (02/23/17)*

Staff Recommendation: Oppose

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt an “Oppose” position on Senate Constitutional Amendment 8, which provides authority to a government employer to reduce public employee retirement benefits.

LEGISLATIVE POLICY STANDARD

SCA 8 would provide authority to a government employer (i.e., a plan sponsor) to reduce retirement benefits based on work not yet performed but not reduce retirement benefits for work already performed. The Board of Retirement’s legislative policy standard is to oppose proposals that deprive members of vested benefits (Legislative Policy, page 6). As currently understood in the context of the “California Rule” established by *Allen v. City of Long Beach* (1955), 45 Cal.2d 128, vested benefits include not only benefits accrued for work already performed but also benefits that are accrued in the future for work not yet performed—unless a comparable benefit is provided that offsets the reduction of future benefits for work not yet performed. SCA 8 does not provide for an offsetting benefit consistent with the California Rule.

SUMMARY

SCA 8 is a legislatively referred constitutional amendment that would permit a government employer to reduce retirement benefits based on work not yet performed by an employee. The measure is prohibited from being interpreted as permitting the reduction of retirement benefits for work that has been performed by an employee.

ANALYSIS

Existing Law

Allen v. City of Long Beach (1955), 45 Cal.2d 128 established the “California Rule,” which permitted the reasonable modification of contractual pension rights, provided that any changes that result in a disadvantage to employees should be accompanied by comparable new advantages. For example, any decreases to future benefit accruals would not be permitted unless a comparable advantage to compensate for that decrease were provided. A case currently pending review in the California Supreme Court, *Marin Assn. of Public Employees v. Marin County Employees’ Retirement Assn* (2016) 2 Cal.App.5th 674, will be examining the issue of whether the exclusion of certain items of compensation earnable on a prospective basis was permissible. The exclusion of such items may result in a lower final compensation and therefore a lower retirement benefit.

This Bill

SCA 8 would amend the California Constitution to permit a government employer to reduce retirement benefits based on work not yet performed by an employee. However, the measure would be prohibited from being interpreted to permit the reduction of retirement benefits for work already performed by an employee.

A “government employer” is defined as the state and any political subdivisions of the state, including but not limited to various public entities. Charter counties such as the County of Los Angeles would be included in the definition of a government employer.

“Retirement benefits” would include defined benefit pension plans, defined contribution plans, retiree health care plans, or any form of deferred compensation offered by a government employer.

This analysis will examine the retirement benefits administered by LACERA, which include the defined benefit plan and the retiree health care plan.

Defined benefit pension plans. These plans provide a lifetime monthly benefit based on a formula consisting of final compensation, service credit, and an age factor. A reduction of a defined benefit would entail a reduction in any of these factors in the benefit formula.

The reduction of final compensation can be achieved in two ways. One method would be increasing the number of pay periods in which final compensation is calculated. For example, a 36-month final compensation period would result in a lower final compensation than a 12-month period. The other method would be excluding certain items of compensation earnable or pensionable compensation from being considered as includible in final compensation. Not including such items would result in a lower final compensation amount and therefore a lower retirement benefit. This is the issue that is under review in *Marin Assn. of Public Employees v. Marin County Employees' Retirement Assn.*

Service credit is currently earned based upon making the required contribution for a pay period. For example, a full-time member would earn service credit for each pay period in which he or she makes the full contribution. A half-time member would earn service credit on a half-time basis since he or she would be making half the contribution required of a full-time member. Thus, the rate of service credit accrual is based on the time basis of the member's employment position. It is not clear whether the rate of service credit accrual can be based on something other than the time basis of a member's position.

The age factor is based upon the member's plan tier. Generally, this is the most significant factor that determines the value of a member's retirement benefit. For example, at LACERA, Plan A members generally receive the highest retirement benefit compared to other plan tiers, all other things being equal. SCA 8 would permit a government employer to establish a lower plan tier and thus apply a lower age factor to work performed (as measured by service credit) on a prospective basis.

Retiree health care plans. Members currently accrue a health care subsidy for the retiree health care plan that begins at 40 percent of the benchmark premium cost with 10 years of service. For each additional year of service, members receive an additional 4-percent subsidy. A reduction of retirement benefits in the context of the health care plan may involve stopping or reducing the rate of accrual for the health care subsidy. For example, a member with 15 years of service may have accrued a 60-percent subsidy but would no longer accrue 4 percent (or may accrue a lower subsidy percentage) for additional years of service going forward if the benefit were to be reduced based on SCA 8.

Legislatively referred constitutional amendment. This proposal must be passed by two-thirds of the membership of the Senate and the Assembly in order for it to be submitted for ratification or rejection by the state's voters. In contrast, initiated constitutional amendments are proposed by citizens that must gather a sufficient number of signatures for the proposal to appear on a ballot.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt an “Oppose” position on Senate Constitutional Amendment 8, which provides authority to a government employer to reduce public employee retirement benefits.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

Attachment 1—Board Positions Adopted on Related Legislation
Attachment 2—Support And Opposition
SCA 8 (Moorlach) as introduced on February 15, 2017

cc: Gregg Rademaher
Robert Hill
John Popowich
Fern Billingsy
Johanna Fontenot
Michael Herrera
Jill Rawal
Joe Ackler, Ackler & Associates

SCA 8

Attachment 1—Board Positions Adopted on Related Legislation

Insurance, Benefits and Legislative Committee

April 4, 2017

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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

ACA 8 (2016, died in committee) limits enhancements to a retirement benefit to service performed on or after the operative date of the enhancement. The Board of Retirement adopted a “Watch” position.

AB 1812 (2016, died in committee) limits retirement benefits to \$100,000 per year for members of a public retirement system whose service is not covered by Social Security and to \$80,000 per year for members whose service is covered by Social Security. The limits apply to new members on or after January 1, 2017. The Board of Retirement adopted an “Oppose” position.

AB 1633 (2012, died in committee) limits retirement benefits to \$100,000 per year for members of a public retirement system whose service is not covered by Social Security and to \$80,000 per year for members whose service is covered by Social Security. The limits apply to new members on or after January 1, 2013. The Board of Retirement adopted a “Watch” position.

SCA 8
Attachment 2—Support And Opposition
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SUPPORT

None

OPPOSITION

None

Introduced by Senator Moorlach

February 15, 2017

Senate Constitutional Amendment No. 8—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 17.5 to Article XVI thereof, relating to public employee retirement benefits.

LEGISLATIVE COUNSEL'S DIGEST

SCA 8, as introduced, Moorlach. Public employee retirement benefits.

Existing statutory law establishes various public agency retirement systems, including, among others, the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937, and these systems provide defined pension benefits to public employees based on age, service credit, and amount of final compensation. The California Constitution permits a city or county to adopt a charter for purposes of its governance that supersedes general laws of the state in regard to specified subjects, including compensation of city or county employees. The California Constitution establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Under their respective independent constitutional authority, charter cities and counties and the University of California may and have established retirement systems. The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires the retirement systems to which it applies to modify their provisions to conform with its requirements. PEPRA excepts from its provisions retirement systems established by charter cities and counties and the University of California. PEPRA requires the retirement systems that

it regulates and that offer defined benefit plans to provide specified defined benefit formulas and prescribes requirements regarding employer and employee contributions to defined benefit pension plans.

This measure would permit a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law. The measure would prohibit it from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed, as specified. The measure would define government employer and retirement benefits for the purposes of its provisions.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

1 WHEREAS, The State of California has made retirement
2 security a priority for public employees since the early part of the
3 20th century by creating various state and local pension systems;
4 and

5 WHEREAS, Over nearly a century of experience has shown
6 that when planned and paid for, pensions can be useful in attracting
7 and retaining good talent to public service. However, pension
8 systems have also shown great weaknesses in properly accounting
9 for their future retirement obligations, paying the normal costs of
10 funding pension plans and mitigating risk associated with the
11 market, thus often shifting unfunded liabilities and other financial
12 risks to taxpayer costs of paying retirement and pension benefits
13 when they outstrip revenues and investment returns; and

14 WHEREAS, The nonpartisan Legislative Analyst's Office
15 estimates the current unfunded liabilities for the Public Employees'
16 Retirement System, the Teachers' Retirement System, and the
17 University of California Retirement System at approximately \$140
18 billion; and

19 WHEREAS, The Pew Charitable Trusts, using data from 2012,
20 found California ranked highest in the nation for unfunded pension
21 obligations; and

22 WHEREAS, The unfunded public pension liabilities of
23 California and its local governments' are estimated to be over
24 one-half trillion dollars; and

1 WHEREAS, Public pension debt has contributed to the
2 bankruptcies of the cities of Stockton, Vallejo, and San Bernardino
3 and has left other California municipalities in dire fiscal straits.
4 As a result, several municipalities in the state now have the difficult
5 task of balancing budgets in a way that is fair to both public
6 employees and taxpayers, while continuing to provide basic
7 services; and

8 WHEREAS, As noted by the Manhattan Institute: “In recent
9 years, California municipalities have seen retirement benefit costs
10 grow at a rate above that of taxes, fees, and charges. ‘Crowd-out’
11 is the term given to this condition by some public officials forced
12 to deal with the resulting fiscal strain. Balanced budget
13 requirements mandate that when costs grow more rapidly than
14 revenues, something must give. All too often, this has meant
15 reductions in core government services, most of which—police,
16 fire, libraries, parks, and street and sidewalk maintenance—are
17 delivered at the local level in California”; and

18 WHEREAS, While state government retirees collect guaranteed
19 pensions, young and future taxpayers will be responsible for paying
20 the bill. Growing unfunded obligations have particularly serious
21 ramifications for the millennial generation, who are sinking under
22 the weight of public debts and obligations incurred years before
23 they were even born; and

24 WHEREAS, While recent legislation and action by several
25 pension boards have put the state on a more prudent financial path,
26 much fundamental and substantial reform is still left to be done to
27 make California’s pension systems sustainable for both employees
28 and taxpayers; and

29 WHEREAS, Several recent polls, include those done by Reason
30 Foundation and the Public Policy Institute of California, show that
31 nearly three out of four of respondents say the amount of money
32 spent on public employee pensions is a problem and that voters
33 should have a great say in reforms; and

34 WHEREAS, Elements of true reform should make pensions fair
35 to government workers and accountable to taxpayers in a simple
36 and transparent manner, and include the ability for government
37 entities to create a defined contribution plan or defined
38 benefit/defined contribution hybrid pension plan for their current
39 and new employees. Fundamental reforms should address the

1 “California Rule” and allow the state and municipalities to modify
2 future pension benefits for current public employees; and

3 WHEREAS, Local governments and the electorate should have
4 a voice on what reforms may happen and how they may occur;
5 and

6 WHEREAS, Failing to now adequately address the current
7 pension unfunded liabilities in California and ignoring the debt
8 pressure pension costs have on other budget priorities will only
9 prolong the problems and delay meaningful reform. It will also
10 endanger future pension benefits promised to public employees,
11 risk the reduction or elimination of governmental services, and
12 cause taxpayers to incur higher taxes to pay for unfunded liabilities;
13 and

14 WHEREAS, It is in the interest of all Californians to encourage
15 a public pension law that provides a fair, workable plan to pay
16 down the accumulated pension debt as quickly as possible and
17 implements processes and practices that ensure both the state and
18 local governments adequately fund their retirement promises; now,
19 therefore, be it

20 *Resolved by the Senate, the Assembly concurring,* That the
21 Legislature of the State of California at its 2017–18 session
22 commencing on the fifth day of December 2016, two-thirds of the
23 membership of each house concurring, hereby proposes to the
24 people of the State of California, that the Constitution of the State
25 be amended as follows:

26 That Section 17.5 is added to Article XVI thereof, to read:

27 SEC. 17.5. (a) Notwithstanding Section 9 of Article I, or any
28 other provision of this Constitution or law, a government employer
29 may reduce retirement benefits that are based on work not yet
30 performed by an employee regardless of the date that the employee
31 was first hired. This section shall not be interpreted to permit the
32 reduction of retirement benefits that a public employee has earned
33 based on work that has been performed, which shall continue to
34 be subject to the protections of Section 9 of Article I.

35 (b) For the purpose of this section:

36 (1) “Government employer” means the state, or a political
37 subdivision of the state, including, but not limited to, counties,
38 cities, charter counties, charter cities, a charter city and county,
39 school districts, special districts, boards, commissions, the Regents

1 of the University of California, the California State University,
2 and agencies thereof.

3 (2) “Retirement benefits” means defined benefit pension plans,
4 defined contribution plans, retiree health care plans, or any form
5 of deferred compensation offered by a government employer.

O

April 4, 2017

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

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: April 13, 2017 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Senate Constitutional Amendment 10—Voter Approval of Retirement Benefit Increases**

*Author: Moorlach [R]
Sponsor: Author-sponsored
Introduced: February 17, 2017
Status: Referred to SENATE Committee on Public Employment & Retirement and Committee on Elections & Constitutional Amendments (03/02/2017)*

Staff Recommendation:

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Neutral” position on Senate Constitutional Amendment 10, which requires retirement benefit increases to be approved by a two-thirds vote of the electorate.

LEGISLATIVE POLICY STANDARD

A “Neutral” position indicates that the legislative proposal affects LACERA and its stakeholders, but the Board neither supports nor opposes it. SCA 10 would prohibit a government employer from providing a retirement benefit increase unless that increase is approved by a two-thirds vote of the electorate of the applicable jurisdiction and is not consistent with existing legislative policy standards that would entail support or opposition.

SUMMARY

SCA 10 is a legislatively referred constitutional amendment that would prohibit a government employer from providing any retirement benefit increase to a public employee unless that increase is approved by a two-thirds vote of the electorate in the applicable jurisdiction and the vote is certified.

ANALYSIS

A “government employer” is defined as the state and any political subdivisions of the state, including but not limited to various public entities. Charter counties such as the County of Los Angeles would be included in the definition of a government employer.

“Retirement benefits” would include defined benefit pension plans, defined contribution plans, retiree health care plans, or any form of deferred compensation offered by a government employer.

A “benefit increase” is defined as any change that increases the value of an employee’s retirement benefit, including:

- Increasing a benefit formula.
- Increasing the rate of cost-of-living adjustments.
- Expanding categories of pay included in pension calculations.
- Reducing a vesting period.
- Lowering the eligible retirement age.
- Otherwise providing a new economic advantage for a government employee.

Retirement benefit increases generally result from a process of collective bargaining between employee organizations and employers. The agreements reached under the collective bargaining process are embodied in a memorandum of understanding. In the case of retirement benefit increases, legislative changes to applicable law are often necessary to implement the increases. For example, in 2001, the County of Los Angeles and its employee organizations reached agreement on several enhancements to retirement benefits administered by LACERA that were implemented under AB 399 (Chapter 778, Statutes of 2001).

The requirement under SCA 10 for voter approval of benefit increases is similar to provisions in two ballot measures that were proposed in 2015: the “Voter Empowerment Act of 2016” (15-0033) and its amended version also entitled “Voter Empowerment Act of 2016” (15-0076). Those measures prohibited government employers from enhancing the pension benefits of any employee in a defined benefit plan unless the voters of that jurisdiction approve that enhancement. “Benefit enhancement” was defined in a similar manner as “benefit increase” in SCA 10.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommend that the Board of Retirement adopt a “Neutral” position on Senate Constitutional Amendment 10, which requires retirement benefit increases to be approved by a two-thirds vote of the electorate.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

Attachment 1—Board Positions Adopted on Related Legislation
Attachment 2—Support And Opposition
SCA 10 (Moorlach) as introduced on February 17, 2017

SCA 10

Attachment 1—Board Positions Adopted on Related Legislation

Insurance, Benefits and Legislative Committee

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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

AB 340 (Chapter 296, Statutes of 2012) enacted the California Public Employees' Pension Reform Act of 2013. Among other provisions, it provided for benefit enhancements to apply only to service performed on or after the operative date of the enhancement and not to service performed prior to the operative date. The Board of Retirement adopted a "Watch" position.

SCA 10
Attachment 2—Support And Opposition
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SUPPORT

None

OPPOSITION

None

Introduced by Senator Moorlach

February 17, 2017

Senate Constitutional Amendment No. 10—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Section 17.3 to Article XVI thereof, relating to public employee retirement benefits.

LEGISLATIVE COUNSEL'S DIGEST

SCA 10, as introduced, Moorlach. Public employee retirement benefits.

Existing statutory law establishes various public agency retirement systems, including, among others, the Public Employees' Retirement System, the State Teachers' Retirement System, the Judges' Retirement System II, and various county retirement systems pursuant to the County Employees Retirement Law of 1937, and these systems provide defined pension benefits to public employees based on age, service credit, and amount of final compensation. The California Constitution permits a city or county to adopt a charter for purposes of its governance that supersedes general laws of the state in regard to specified subjects, including compensation of city or county employees. The California Constitution establishes the University of California as a public trust with full powers of organization and government, subject only to specified limitations. Under their respective independent constitutional authority, charter cities and counties and the University of California may and have established retirement systems. The California Public Employees' Pension Reform Act of 2013 (PEPRA) generally requires the retirement systems to which it applies to modify their provisions to conform with its requirements. PEPRA excepts from its provisions the retirement systems established by charter cities and counties and the

University of California. PEPPRA requires the retirement systems that it regulates and that offer defined benefit plans to provide specified defined benefit formulas, and prescribes requirements regarding employer and employee contributions to defined benefit pension plans.

This measure would prohibit a government employer from providing public employees any retirement benefit increase until that increase is approved by a $\frac{2}{3}$ vote of the electorate of the applicable jurisdiction and that vote is certified. The measure would define retirement benefit to mean any postemployment benefit and would define benefit increase as any change that increases the value of an employee's retirement benefit. The measure would define a government employer to include, among others, the state and any of its subdivisions, cities, counties, school districts, special districts, the Regents of the University of California, and the California State University.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

1 WHEREAS, The State of California has made retirement
2 security a priority for public employees since the early part of the
3 20th century by creating various state and local pension systems;
4 and

5 WHEREAS, Over nearly a century of experience has shown
6 that when planned and paid for, pensions can be useful in attracting
7 and retaining good talent to public service. However, pension
8 systems have also shown great weaknesses in properly accounting
9 for their future retirement obligations, paying the normal costs of
10 funding pension plans, and mitigating risk associated with the
11 market, thus often shifting unfunded liabilities and other financial
12 risks to taxpayer costs of paying retirement and pension benefits
13 when they outstrip revenues and investment returns; and

14 WHEREAS, The nonpartisan Legislative Analyst's Office
15 estimates the current unfunded liabilities for the Public Employees'
16 Retirement System, the Teachers' Retirement System, and the
17 University of California Retirement System at approximately \$140
18 billion; and

19 WHEREAS, The Pew Charitable Trusts, using data from 2012,
20 found California ranked highest in the nation for unfunded pension
21 obligations; and

1 WHEREAS, The unfunded public pension liabilities of
2 California and its local governments’ are estimated to be over
3 one-half trillion dollars; and

4 WHEREAS, Public pension debt has contributed to the
5 bankruptcies of the cities of Stockton, Vallejo, and San Bernardino
6 and has left other California municipalities in dire fiscal straits.
7 As a result, several municipalities in the state now have the difficult
8 task of balancing budgets in a way that is fair to both public
9 employees and taxpayers, while continuing to provide basic
10 services; and

11 WHEREAS, As noted by the Manhattan Institute: “In recent
12 years, California municipalities have seen retirement benefit costs
13 grow at a rate above that of taxes, fees, and charges. ‘Crowd-out’
14 is the term given to this condition by some public officials forced
15 to deal with the resulting fiscal strain. Balanced budget
16 requirements mandate that when costs grow more rapidly than
17 revenues, something must give. All too often, this has meant
18 reductions in core government services, most of which—police,
19 fire, libraries, parks, and street and sidewalk maintenance—are
20 delivered at the local level in California”; and

21 WHEREAS, While state government retirees collect guaranteed
22 pensions, young and future taxpayers will be responsible for paying
23 the bill. Growing unfunded obligations have particularly serious
24 ramifications for the millennial generation, who are sinking under
25 the weight of public debts and obligations incurred years before
26 they were even born; and

27 WHEREAS, While recent legislation and action by several
28 pension boards have put the state on a more prudent financial path,
29 much fundamental and substantial reform is still left to be done to
30 make California’s pension systems sustainable for both employees
31 and taxpayers; and

32 WHEREAS, Several recent polls, include those done by Reason
33 Foundation and the Public Policy Institute of California, show that
34 nearly three out of four of respondents say the amount of money
35 spent on public employee pensions is a problem and that voters
36 should have a great say in reforms; and

37 WHEREAS, Elements of true reform should make pensions fair
38 to government workers and accountable to taxpayers in a simple
39 and transparent manner, and include the ability for government
40 entities to create a defined contribution plan or defined

1 benefit/defined contribution hybrid pension plan for their current
2 and new employees. Fundamental reforms should address the
3 “California Rule” and allow the state and municipalities to modify
4 future pension benefits for current public employees; and

5 WHEREAS, Local governments and the electorate should have
6 a voice on what reforms may happen and how they may occur;
7 and

8 WHEREAS, Failing now to adequately address the current
9 pension unfunded liabilities in California and ignoring the debt
10 pressure pension costs have on other budget priorities will only
11 prolong the problems and delay meaningful reform. It will also
12 endanger future pension benefits promised to public employees,
13 risk the reduction or elimination of governmental services, and
14 cause taxpayers to incur higher taxes to pay for unfunded liabilities;
15 and

16 WHEREAS, It is in the interest of all Californians to encourage
17 a public pension law that provides a fair, workable plan to pay
18 down the accumulated pension debt as quickly as possible and
19 implements processes and practices that ensure both the state and
20 local governments adequately fund their retirement promises; now,
21 therefore, be it

22 *Resolved by the Senate, the Assembly concurring,* That the
23 Legislature of the State of California at its 2017–18 session
24 commencing on the fifth day of December 2016, two-thirds of the
25 membership of each house concurring, hereby proposes to the
26 people of the State of California, that the Constitution of the State
27 be amended as follows:

28 That Section 17.3 is added to Article XVI thereof, to read:

29 SEC. 17.3. (a) A government employer shall not provide public
30 employees any retirement benefit increase until that increase is
31 approved by a two-thirds vote of the electorate of the applicable
32 jurisdiction and the vote has been certified.

33 (b) For purposes of this section:

34 (1) “Benefit increase” means any change that increases the value
35 of an employee’s retirement benefit, including, but not limited to,
36 increasing a benefit formula, increasing the rate of cost-of-living
37 adjustments, expanding the categories of pay included in pension
38 calculations, reducing a vesting period, lowering the eligible
39 retirement age, or otherwise providing a new economic advantage
40 for the government employee.

1 (2) “Government employer” means the state, or a political
2 subdivision of the state, including, but not limited to, counties,
3 cities, charter counties, charter cities, a charter city and county,
4 school districts, special districts, boards, commissions, the Regents
5 of the University of California, the California State University,
6 and agencies thereof.

7 (3) “Retirement benefit” means any post employment benefit,
8 including, but not limited to, a benefit provided through a defined
9 benefit pension plan, defined contribution plan, retiree health care
10 plan, or any form of deferred compensation offered by government
11 employers.

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**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
RETIREE HEALTHCARE BENEFITS PROGRAM
STAFF ACTIVITIES REPORT
MARCH 2017
FOR INFORMATION ONLY**

**Retiree Wellness Program - Staying Healthy Together
Spring Half-Day Workshop**

As staff communicated to your Board last month, the spring half-day Staying Healthy Together Workshop will be held in April. The details are as follows:

Date/Time: Tuesday, April 18, 2017; 10:00 a.m. – 12:00 Noon
Location: Pickwick Gardens
1001 W. Riverside Drive
Burbank, CA
Presentation: Using Mindfulness to Help You Stay Connected
Presented by: Kristie Holt, from Anthem Blue Cross

Copies of the invitation were placed in your green folders. We hope that you can join us at this important event!

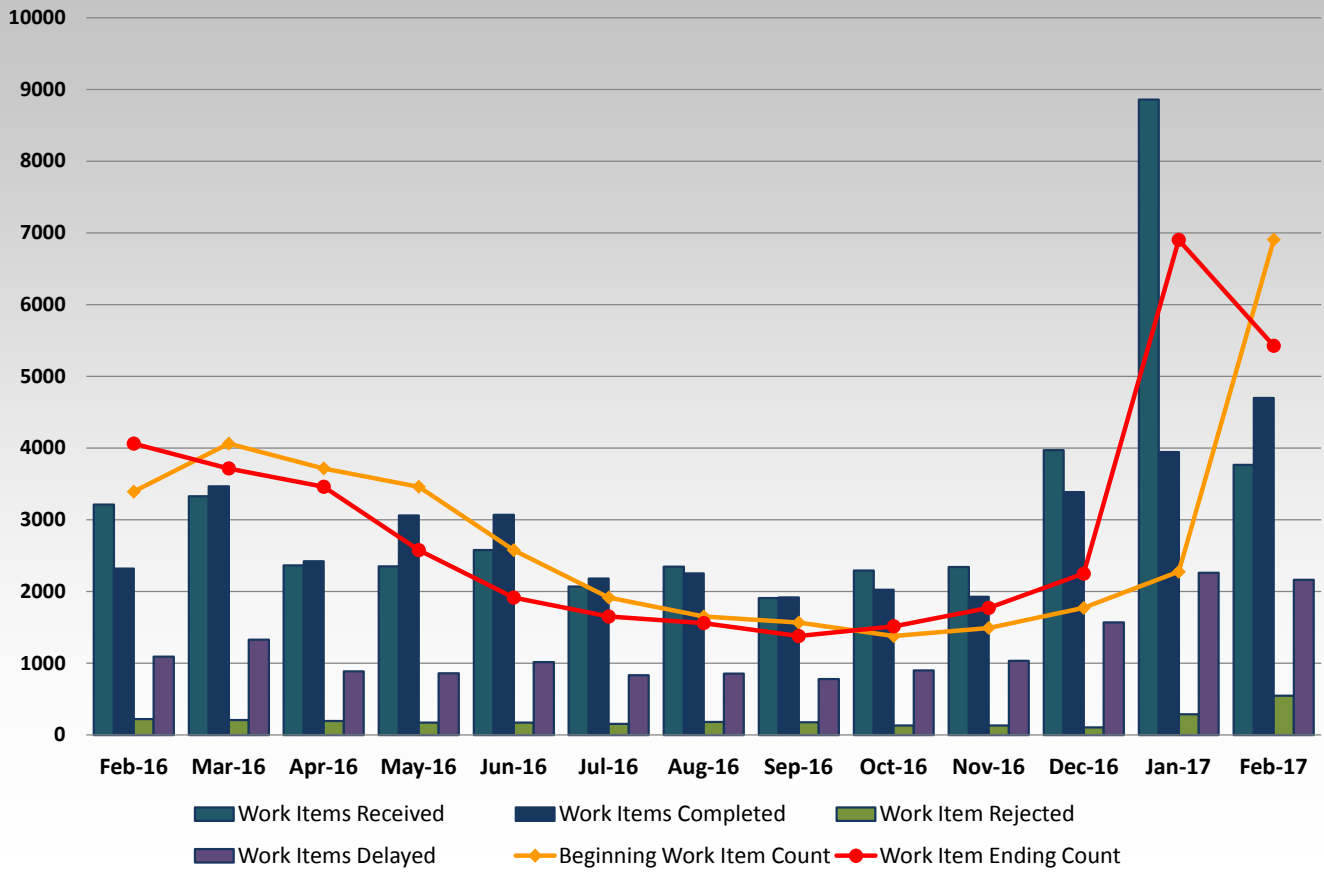
CVS/Caremark Prescription Drugs Annual Review Meeting

Staff, representatives from Aon and CVS/Caremark met on March 22, 2017, at the LACERA office to discuss the 2016 CVS/Caremark Prescription Drugs Annual Review for the Anthem Blue Cross Plans I, II, and III. As you may know, CVS/Caremark is the pharmacy benefit manager for the Anthem Blue Cross Plans I, II, and III. Below are highlights of the topics presented:

- 2016 Rx Utilization Review
- Program Ideas
- Administrative Items

Retiree Healthcare Division Trend Report

February 2016-February 2017
Updated 3/31/2017

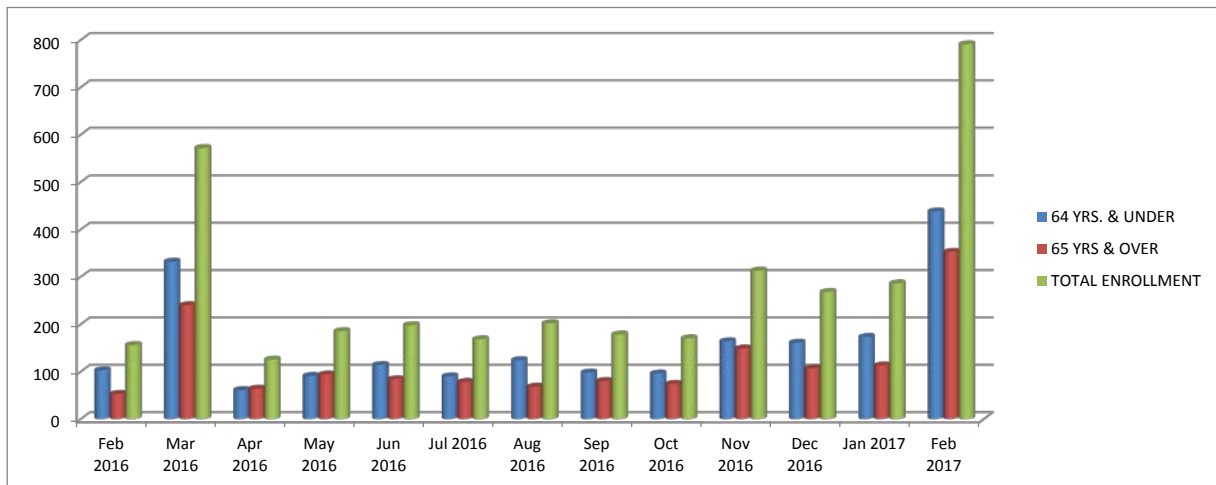


	Beginning Work Item Count	Work Items Received	Work Items Completed	Work Item Rejected	Work Items Delayed	Work Item Ending Count
Feb-16	3393	3214	2320	224	1094	4063
Mar-16	4063	3331	3467	210	1328	3717
Apr-16	3717	2365	2423	198	887	3461
May-16	3461	2350	3059	174	860	2578
Jun-16	2578	2579	3068	172	1015	1917
Jul-16	1917	2072	2183	154	836	1652
Aug-16	1652	2347	2255	183	855	1561
Sep-16	1568	1910	1920	178	780	1380
Oct-16	1380	2295	2027	132	899	1516
Nov-16	1494	2342	1929	135	1034	1772
Dec-16	1772	3970	3387	105	1572	2250
Jan-17	2276	8859	3944	288	2260	6903
Feb-17	6906	3767	4698	549	2164	5426

Retirees Monthly Age Breakdown FEBRUARY 2016 ~ FEBRUARY 2017

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
Sep 2016	98	80	178
Oct 2016	96	74	170
Nov 2016	164	149	313
Dec 2016	161	107	268
Jan 2017	173	113	286
Feb 2017	438	353	791



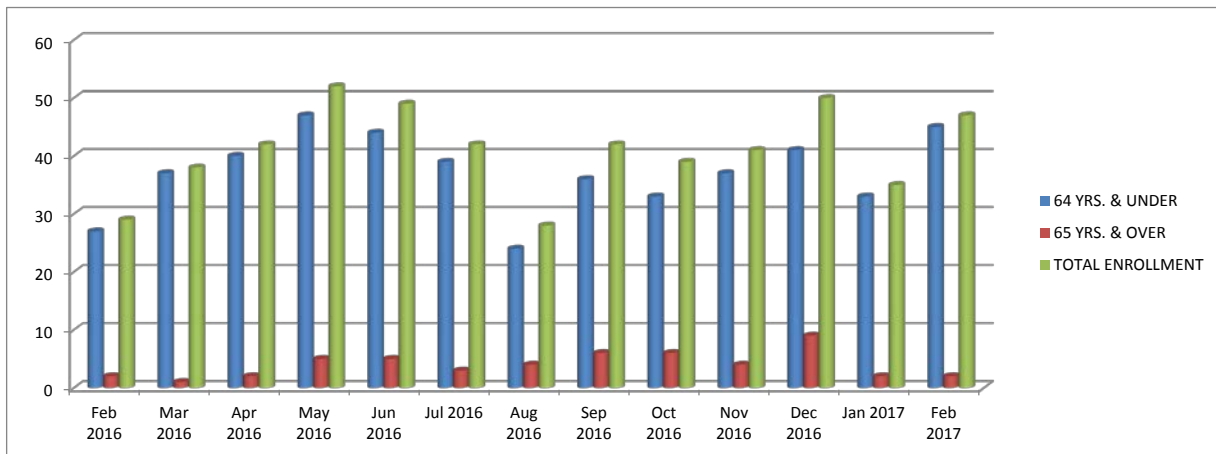
PLEASE NOTE:

- March (3/2017) data is not yet available as data is provided on a full month basis.
- Next Report will include the following dates: February 1, 2016 through March 31, 2017.

Retirees Monthly Age Breakdown FEBRUARY 2016 ~ FEBRUARY 2017

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
Sep 2016	36	6	42
Oct 2016	33	6	39
Nov 2016	37	4	41
Dec 2016	41	9	50
Jan 2017	33	2	35
Feb 2017	45	2	47



PLEASE NOTE:

- March (2/2017) data is not yet available as data is provided on a **full month basis**.
- Next Report will include the following dates: February 1, 2016 through March 31, 2017.

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2017

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
202	1	\$268.00	0	\$0.00
211	1	(\$104.90)	0	\$0.00
240	6,328	\$696,003.70	8	\$202.90
241	168	\$17,753.60	1	\$62.90
242	843	\$95,085.10	0	\$0.00
243	3,629	\$793,675.30	7	\$483.10
244	19	\$2,087.40	0	\$0.00
245	53	\$5,974.00	0	\$0.00
246	20	\$2,213.00	0	\$0.00
247	93	\$10,783.70	0	\$0.00
248	10	\$2,150.70	1	\$36.50
249	43	\$9,690.40	0	\$0.00
250	13	\$3,118.60	0	\$0.00
Plan Total:	11,221	\$1,638,698.60	17	\$785.40
CIGNA-HEALTHSPRING PREFERRED with RX				
321	29	\$3,143.50	0	\$0.00
322	9	\$1,166.50	0	\$0.00
324	14	\$2,962.50	0	\$0.00
327	2	\$238.90	0	\$0.00
329	2	\$440.70	0	\$0.00
Plan Total:	56	\$7,952.10	0	\$0.00
KAISER SR. ADVANTAGE				
403	9,813	\$1,078,121.94	8	\$440.10
404	1	(\$104.90)	0	\$0.00
413	1,660	\$188,541.00	0	\$0.00
418	4,965	\$1,088,032.60	4	\$33.60
419	271	\$29,121.70	0	\$0.00
426	208	\$23,201.60	0	\$0.00
427	167	\$16,669.10	0	\$0.00
445	2	\$210.90	0	\$0.00
451	33	\$3,598.10	0	\$0.00
457	11	\$2,329.10	0	\$0.00
458	1	\$134.00	0	\$0.00
462	48	\$5,118.10	0	\$0.00
465	12	\$1,280.30	0	\$0.00
466	25	\$5,360.50	0	\$0.00
472	34	\$3,595.70	0	\$0.00
476	6	\$892.00	0	\$0.00
478	11	\$2,307.80	0	\$0.00
482	79	\$8,656.10	0	\$0.00
486	9	\$1,017.00	0	\$0.00
488	44	\$9,764.00	0	\$0.00
492	1	\$104.90	0	\$0.00
494	1	\$226.70	0	\$0.00
Plan Total:	17,402	\$2,468,178.24	12	\$473.70

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2017

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	289	\$31,673.50	0	\$0.00
613	110	\$23,848.10	0	\$0.00
Plan Total:	399	\$55,521.60	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,520	\$168,962.00	1	\$36.50
702	329	\$39,241.80	0	\$0.00
703	838	\$182,443.90	1	\$10.50
704	76	\$9,226.60	0	\$0.00
705	27	\$6,086.50	0	\$0.00
Plan Total:	2,790	\$405,960.80	2	\$47.00
Grand Total:	31,868	\$4,576,311.34	31	\$1,306.10

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2017

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240	6,328	\$696,003.70	8	\$202.90
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243	3,629	\$793,675.30	7	\$483.10
244	19	\$2,087.40	0	\$0.00
245	53	\$5,974.00	0	\$0.00
246	20	\$2,213.00	0	\$0.00
247	93	\$10,783.70	0	\$0.00
248	10	\$2,150.70	1	\$36.50
249	43	\$9,690.40	0	\$0.00
250	13	\$3,118.60	0	\$0.00
Plan Total:	11,221	\$1,638,698.60	17	\$785.40
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321	29	\$3,143.50	0	\$0.00
322	9	\$1,166.50	0	\$0.00
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413	1,660	\$188,541.00	0	\$0.00
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457	11	\$2,329.10	0	\$0.00
458	1	\$134.00	0	\$0.00
462	48	\$5,118.10	0	\$0.00
465	12	\$1,280.30	0	\$0.00
466	25	\$5,360.50	0	\$0.00
472	34	\$3,595.70	0	\$0.00
476	6	\$892.00	0	\$0.00
478	11	\$2,307.80	0	\$0.00
482	79	\$8,656.10	0	\$0.00
486	9	\$1,017.00	0	\$0.00
488	44	\$9,764.00	0	\$0.00
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494	1	\$226.70	0	\$0.00
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Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 3/31/2017

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Plan Total:	399	\$55,521.60	0	\$0.00
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	1,520	\$168,962.00	1	\$36.50
702	329	\$39,241.80	0	\$0.00
703	838	\$182,443.90	1	\$10.50
704	76	\$9,226.60	0	\$0.00
705	27	\$6,086.50	0	\$0.00
Plan Total:	2,790	\$405,960.80	2	\$47.00
LOCAL 1014				
804	160	\$22,445.70	0	\$0.00
805	172	\$23,484.30	0	\$0.00
806	560	\$134,272.26	0	\$0.00
807	34	\$4,959.40	0	\$0.00
808	10	\$2,280.00	0	\$0.00
812	216	\$24,959.90	0	\$0.00
Plan Total:	1,152	\$212,401.56	0	\$0.00
Grand Total:	33,020	\$4,788,712.90	31	\$1,306.10

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Medical Plan							
Anthem Blue Cross Prudent Buyer Plan							
201	718	\$606,735.34	\$99,761.10	\$508,661.96	\$608,423.06	(\$2,531.58)	\$605,891.48
202	404	\$673,480.92	\$67,845.73	\$597,341.09	\$665,186.82	\$0.00	\$665,186.82
203	99	\$185,315.13	\$43,165.19	\$136,534.33	\$179,699.52	\$0.00	\$179,699.52
204	37	\$40,113.55	\$15,915.22	\$25,282.48	\$41,197.70	\$0.00	\$41,197.70
205	1	\$231.33	\$9.25	\$222.08	\$231.33	\$0.00	\$231.33
SUBTOTAL	1,259	\$1,505,876.27	\$226,696.49	\$1,268,041.94	\$1,494,738.43	(\$2,531.58)	\$1,492,206.85
Anthem Blue Cross I							
211	909	\$970,934.69	\$61,815.49	\$908,053.41	\$969,868.90	(\$5,328.95)	\$964,539.95
212	328	\$631,630.65	\$34,979.58	\$592,811.37	\$627,790.95	(\$1,919.85)	\$625,871.10
213	50	\$113,213.00	\$15,623.36	\$97,589.64	\$113,213.00	\$0.00	\$113,213.00
214	19	\$26,780.12	\$5,158.70	\$21,621.42	\$26,780.12	\$0.00	\$26,780.12
215	4	\$1,418.04	\$205.61	\$1,212.43	\$1,418.04	\$0.00	\$1,418.04
SUBTOTAL	1,310	\$1,743,976.50	\$117,782.74	\$1,621,288.27	\$1,739,071.01	(\$7,248.80)	\$1,731,822.21
Anthem Blue Cross II							
221	2,090	\$2,230,698.47	\$137,720.78	\$2,098,306.64	\$2,236,027.42	\$1,062.79	\$2,237,090.21
222	1,882	\$3,626,596.65	\$98,488.18	\$3,466,673.27	\$3,565,161.45	\$1,919.85	\$3,567,081.30
223	590	\$1,338,177.66	\$56,289.35	\$1,272,831.27	\$1,329,120.62	\$0.00	\$1,329,120.62
224	131	\$184,641.88	\$15,617.04	\$176,072.24	\$191,689.28	\$0.00	\$191,689.28
225	3	\$1,063.53	\$177.25	\$886.28	\$1,063.53	\$0.00	\$1,063.53
SUBTOTAL	4,696	\$7,381,178.19	\$308,292.60	\$7,014,769.70	\$7,323,062.30	\$2,982.64	\$7,326,044.94

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	6,348	\$2,741,726.70	\$435,240.05	\$2,334,103.45	\$2,769,343.50	(\$13,811.40)	\$2,755,532.10
241	164	\$232,471.33	\$26,487.44	\$196,873.03	\$223,360.47	\$0.00	\$223,360.47
242	841	\$1,167,858.93	\$76,536.56	\$1,056,942.12	\$1,133,478.68	\$2,751.14	\$1,136,229.82
243	3,628	\$3,125,132.44	\$364,558.70	\$2,714,291.18	\$3,078,849.88	(\$2,571.42)	\$3,076,278.46
244	19	\$14,655.27	\$3,285.86	\$11,369.41	\$14,655.27	\$0.00	\$14,655.27
245	54	\$41,651.82	\$5,815.82	\$35,064.67	\$40,880.49	(\$771.33)	\$40,109.16
246	19	\$34,302.00	\$3,292.99	\$31,009.01	\$34,302.00	\$0.00	\$34,302.00
247	94	\$161,219.40	\$9,090.03	\$152,129.37	\$161,219.40	\$0.00	\$161,219.40
248	10	\$11,965.90	\$1,914.54	\$10,051.36	\$11,965.90	\$0.00	\$11,965.90
249	43	\$52,649.96	\$4,475.25	\$46,978.12	\$51,453.37	\$0.00	\$51,453.37
250	13	\$17,430.01	\$1,179.87	\$17,590.91	\$18,770.78	\$0.00	\$18,770.78
SUBTOTAL	11,233	\$7,601,063.76	\$931,877.11	\$6,606,402.63	\$7,538,279.74	(\$14,403.01)	\$7,523,876.73
CIGNA Network Model Plan							
301	364	\$487,705.98	\$116,438.84	\$375,264.73	\$491,703.57	(\$6,662.65)	\$485,040.92
302	162	\$391,897.64	\$84,296.14	\$295,580.10	\$379,876.24	\$0.00	\$379,876.24
303	21	\$59,598.00	\$15,339.00	\$38,583.00	\$53,922.00	\$0.00	\$53,922.00
304	23	\$40,655.72	\$15,989.82	\$24,665.90	\$40,655.72	\$0.00	\$40,655.72
SUBTOTAL	570	\$979,857.34	\$232,063.80	\$734,093.73	\$966,157.53	(\$6,662.65)	\$959,494.88

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
CIGNA Healthspring Pref w/ Rx - Phoenix, AZ							
321	29	\$9,990.21	\$1,729.35	\$8,605.35	\$10,334.70	\$0.00	\$10,334.70
322	10	\$14,155.30	\$452.96	\$13,702.34	\$14,155.30	\$0.00	\$14,155.30
324	14	\$9,533.72	\$1,157.67	\$8,376.05	\$9,533.72	\$0.00	\$9,533.72
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	57	\$39,739.19	\$3,709.73	\$36,373.95	\$40,083.68	\$0.00	\$40,083.68

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,614	\$1,482,830.70	\$136,390.82	\$1,348,177.68	\$1,484,568.50	\$6,383.65	\$1,490,952.15
403	9,882	\$2,401,740.00	\$256,622.41	\$2,156,299.15	\$2,412,921.56	(\$5,565.88)	\$2,407,355.68
404	526	\$521,118.72	\$22,073.33	\$513,906.19	\$535,979.52	\$0.00	\$535,979.52
405	904	\$861,931.05	\$19,943.49	\$845,797.20	\$865,740.69	\$952.41	\$866,693.10
406	44	\$76,252.50	\$27,461.25	\$38,624.25	\$66,085.50	\$0.00	\$66,085.50
411	1,765	\$3,232,302.00	\$179,410.94	\$2,987,684.86	\$3,167,095.80	\$0.00	\$3,167,095.80
413	1,656	\$1,920,471.25	\$86,839.53	\$1,818,516.79	\$1,905,356.32	(\$1,146.55)	\$1,904,209.77
414	150	\$284,200.50	\$7,313.42	\$295,833.78	\$303,147.20	\$0.00	\$303,147.20
418	4,950	\$2,372,638.40	\$188,188.78	\$2,172,655.28	\$2,360,844.06	(\$3,817.60)	\$2,357,026.46
419	271	\$334,512.36	\$8,040.65	\$332,121.11	\$340,161.76	(\$1,225.32)	\$338,936.44
420	124	\$246,680.00	\$1,341.95	\$241,391.17	\$242,733.12	\$0.00	\$242,733.12
421	10	\$9,119.50	\$729.58	\$8,389.92	\$9,119.50	\$0.00	\$9,119.50
422	215	\$399,117.40	\$1,262.31	\$397,855.09	\$399,117.40	\$0.00	\$399,117.40
423	16	\$46,772.10	\$5,703.03	\$28,076.82	\$33,779.85	\$0.00	\$33,779.85
426	208	\$249,272.10	\$3,394.82	\$246,061.41	\$249,456.23	\$0.00	\$249,456.23
427	163	\$324,088.80	\$3,472.37	\$278,426.16	\$281,898.53	(\$1,929.10)	\$279,969.43
428	55	\$106,432.15	\$1,083.68	\$105,348.47	\$106,432.15	\$0.00	\$106,432.15
429	11	\$29,449.42	\$4,542.56	\$24,906.86	\$29,449.42	\$0.00	\$29,449.42
430	131	\$250,380.24	\$3,376.33	\$241,313.45	\$244,689.78	(\$3,793.64)	\$240,896.14
431	9	\$23,750.19	\$3,371.85	\$20,378.34	\$23,750.19	\$0.00	\$23,750.19
432	8	\$27,048.00	\$8,933.92	\$18,114.08	\$27,048.00	\$0.00	\$27,048.00
SUBTOTAL	22,712	\$15,200,107.38	\$969,497.02	\$14,119,878.06	\$15,089,375.08	(\$10,142.03)	\$15,079,233.05

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	4	\$4,250.44	\$510.05	\$3,740.39	\$4,250.44	\$0.00	\$4,250.44
451	33	\$11,324.28	\$1,393.25	\$9,931.03	\$11,324.28	\$0.00	\$11,324.28
453	3	\$7,047.99	\$858.96	\$3,839.70	\$4,698.66	\$0.00	\$4,698.66
457	11	\$7,461.52	\$1,302.37	\$6,159.15	\$7,461.52	\$0.00	\$7,461.52
458	1	\$2,391.04	\$126.78	\$2,264.26	\$2,391.04	\$0.00	\$2,391.04
SUBTOTAL	52	\$32,475.27	\$4,191.41	\$25,934.53	\$30,125.94	\$0.00	\$30,125.94
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	50	\$20,413.00	\$3,617.17	\$16,795.83	\$20,413.00	\$0.00	\$20,413.00
463	3	\$6,962.49	\$2,162.86	\$4,799.63	\$6,962.49	\$0.00	\$6,962.49
465	12	\$18,776.04	\$938.80	\$17,837.24	\$18,776.04	\$0.00	\$18,776.04
466	25	\$20,213.00	\$1,552.36	\$18,660.64	\$20,213.00	\$0.00	\$20,213.00
SUBTOTAL	115	\$96,275.30	\$12,678.98	\$82,431.91	\$95,110.89	\$0.00	\$95,110.89

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	7	\$7,022.40	\$1,123.58	\$5,898.82	\$7,022.40	\$0.00	\$7,022.40
472	34	\$12,859.48	\$1,981.87	\$10,877.61	\$12,859.48	\$0.00	\$12,859.48
473	1	\$1,496.36	\$430.57	\$1,065.79	\$1,496.36	\$0.00	\$1,496.36
474	3	\$7,993.60	(\$764.43)	\$4,761.23	\$3,996.80	\$0.00	\$3,996.80
476	6	\$8,240.52	\$3,900.51	\$5,713.43	\$9,613.94	\$0.00	\$9,613.94
478	11	\$8,232.84	\$329.31	\$7,903.53	\$8,232.84	\$0.00	\$8,232.84
SUBTOTAL	62	\$45,845.20	\$7,001.41	\$36,220.41	\$43,221.82	\$0.00	\$43,221.82
Kaiser - Oregon							
481	7	\$7,625.17	\$2,019.10	\$5,606.07	\$7,625.17	\$0.00	\$7,625.17
482	79	\$35,977.39	\$5,364.73	\$30,612.66	\$35,977.39	\$0.00	\$35,977.39
484	2	\$4,341.24	\$655.13	\$3,686.11	\$4,341.24	\$0.00	\$4,341.24
486	9	\$13,830.48	\$1,659.66	\$12,170.82	\$13,830.48	\$0.00	\$13,830.48
488	44	\$39,724.08	\$4,803.02	\$34,921.06	\$39,724.08	\$0.00	\$39,724.08
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	146	\$110,685.31	\$15,590.92	\$95,094.39	\$110,685.31	\$0.00	\$110,685.31
SCAN Health Plan							
611	291	\$89,337.00	\$18,849.80	\$71,715.20	\$90,565.00	(\$307.00)	\$90,258.00
613	109	\$66,660.00	\$11,635.20	\$52,600.80	\$64,236.00	(\$606.00)	\$63,630.00
SUBTOTAL	400	\$155,997.00	\$30,485.00	\$124,316.00	\$154,801.00	(\$913.00)	\$153,888.00

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
UHC Medicare Adv.							
701	1,520	\$507,517.08	\$63,024.16	\$447,818.72	\$510,842.88	(\$1,320.32)	\$509,522.56
702	329	\$440,733.12	\$31,317.33	\$412,078.83	\$443,396.16	\$0.00	\$443,396.16
703	835	\$551,357.24	\$55,398.61	\$487,415.55	\$542,814.16	\$0.00	\$542,814.16
704	77	\$115,778.74	\$6,014.44	\$111,267.92	\$117,282.36	\$0.00	\$117,282.36
705	27	\$22,390.02	\$1,144.38	\$21,245.64	\$22,390.02	\$0.00	\$22,390.02
SUBTOTAL	2,788	\$1,637,776.20	\$156,898.92	\$1,479,826.66	\$1,636,725.58	(\$1,320.32)	\$1,635,405.26
United Healthcare							
707	421	\$430,970.32	\$45,010.31	\$377,904.49	\$422,914.80	\$2,013.88	\$424,928.68
708	345	\$637,522.28	\$27,301.49	\$602,871.83	\$630,173.32	\$3,674.48	\$633,847.80
709	269	\$590,235.29	\$30,883.88	\$561,529.40	\$592,413.28	\$0.00	\$592,413.28
SUBTOTAL	1,035	\$1,658,727.89	\$103,195.68	\$1,542,305.72	\$1,645,501.40	\$5,688.36	\$1,651,189.76

Medical and Dental Vision Insurance Premiums

April 2017

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	46	\$47,564.00	\$1,344.20	\$43,728.66	\$45,072.86	\$0.00	\$45,072.86
802	263	\$490,331.94	\$13,498.13	\$476,833.81	\$490,331.94	\$0.00	\$490,331.94
803	231	\$508,015.20	\$17,857.50	\$503,528.84	\$521,386.34	\$4,398.40	\$525,784.74
804	161	\$166,474.00	\$8,540.84	\$154,611.64	\$163,152.48	(\$22,445.70)	\$140,706.78
805	175	\$326,266.50	\$10,365.97	\$316,631.26	\$326,997.23	(\$25,348.68)	\$301,648.55
806	560	\$1,044,052.80	\$33,708.04	\$1,010,344.76	\$1,044,052.80	(\$136,136.64)	\$907,916.16
807	35	\$76,972.00	\$703.74	\$76,268.26	\$76,972.00	(\$4,959.40)	\$72,012.60
808	10	\$21,992.00	\$175.94	\$21,816.06	\$21,992.00	(\$2,280.00)	\$19,712.00
809	23	\$23,782.00	\$3,164.04	\$21,651.96	\$24,816.00	\$0.00	\$24,816.00
810	5	\$9,321.90	\$1,528.79	\$7,793.11	\$9,321.90	\$0.00	\$9,321.90
811	5	\$10,996.00	\$791.71	\$10,204.29	\$10,996.00	\$0.00	\$10,996.00
812	218	\$225,412.00	\$19,501.24	\$206,944.76	\$226,446.00	(\$25,993.90)	\$200,452.10
SUBTOTAL	1,732	\$2,951,180.34	\$111,180.14	\$2,850,357.41	\$2,961,537.55	(\$212,765.92)	\$2,748,771.63
Medical Plan Total	48,167	\$41,140,761.14	\$3,231,141.95	\$37,637,335.31	\$40,868,477.26	(\$247,316.31)	\$40,621,160.95

Medical and Dental Vision Insurance Premiums

April 2017

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	22,751	\$1,163,412.02	\$137,846.27	\$1,041,569.14	\$1,179,415.41	(\$3,124.50)	\$1,176,290.91
502	21,046	\$2,242,088.96	\$178,293.74	\$2,031,420.48	\$2,209,714.22	(\$2,337.18)	\$2,207,377.04
503	13	\$816.92	\$144.53	\$672.39	\$816.92	\$0.00	\$816.92
SUBTOTAL	43,810	\$3,406,317.90	\$316,284.54	\$3,073,662.01	\$3,389,946.55	(\$5,461.68)	\$3,384,484.87
CIGNA Dental HMO/Vision							
901	3,181	\$146,912.94	\$19,404.95	\$128,885.21	\$148,290.16	(\$230.85)	\$148,059.31
902	2,266	\$213,662.00	\$20,063.36	\$192,479.92	\$212,543.28	\$0.00	\$212,543.28
903	4	\$187.00	\$5.61	\$181.39	\$187.00	\$0.00	\$187.00
SUBTOTAL	5,451	\$360,761.94	\$39,473.92	\$321,546.52	\$361,020.44	(\$230.85)	\$360,789.59
Dental/Vision Plan Total	49,261	\$3,767,079.84	\$355,758.46	\$3,395,208.53	\$3,750,966.99	(\$5,692.53)	\$3,745,274.46
GRAND TOTALS	97,428	\$44,907,840.98	\$3,586,900.41	\$41,032,543.84	\$44,619,444.25	(\$253,008.84)	\$44,366,435.41

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

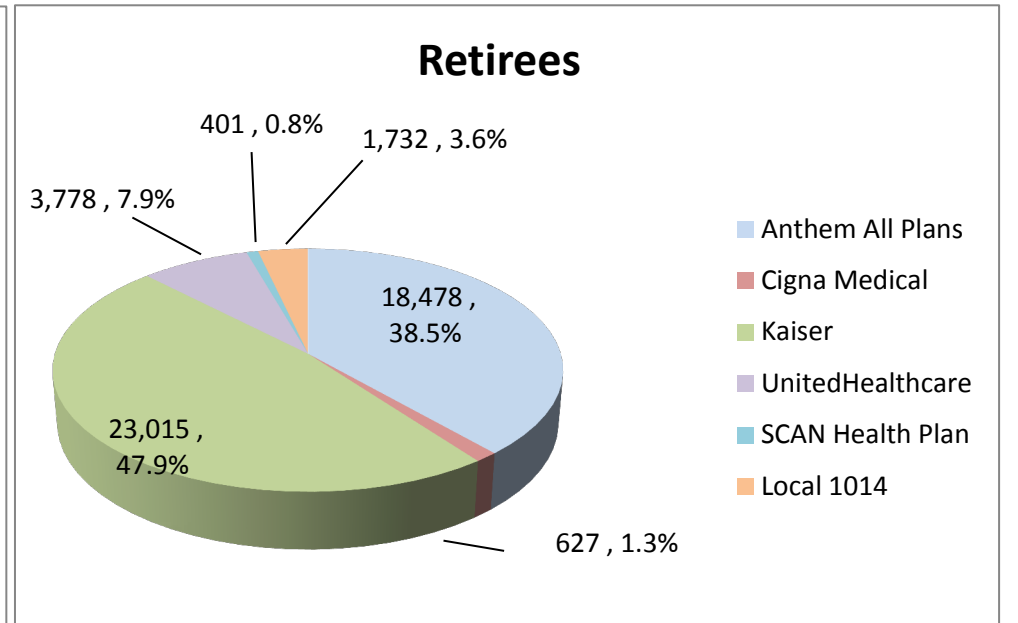
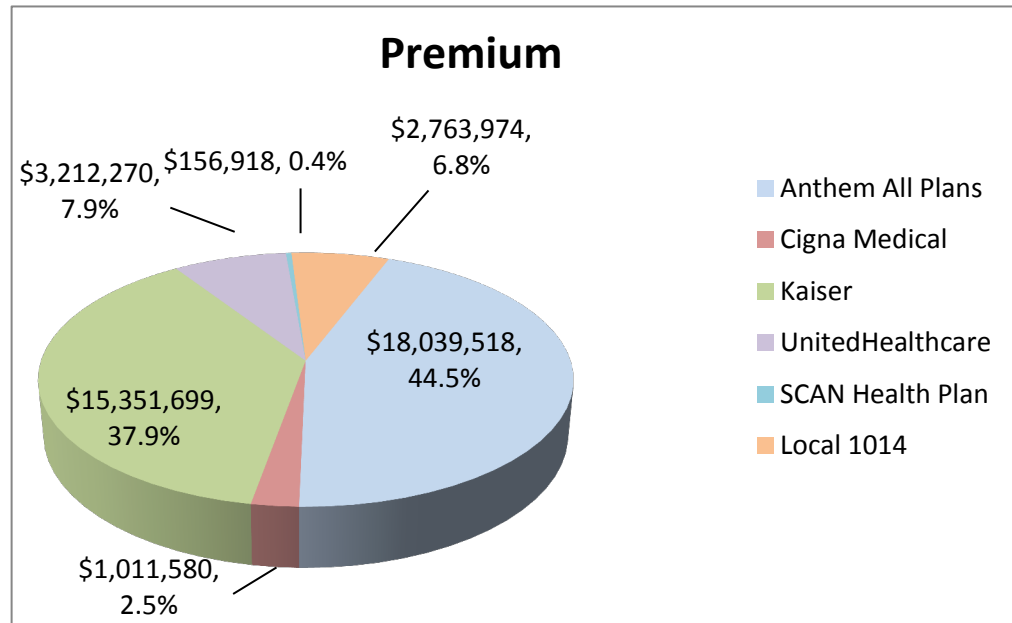


Premium and Enrollment

Coverage Month February 2017

Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	\$18,039,518	44.5%	18,478	38.5%
Cigna Medical	\$1,011,580	2.5%	627	1.3%
Kaiser	\$15,351,699	37.9%	23,015	47.9%
UnitedHealthcare	\$3,212,270	7.9%	3,778	7.9%
SCAN Health Plan	\$156,918	0.4%	401	0.8%
Local 1014	\$2,763,974	6.8%	1,732	3.6%
Combined Medical	\$40,535,959	100.0%	48,031	100.0%

Cigna Dental & Vision	\$3,746,471	49,106
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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

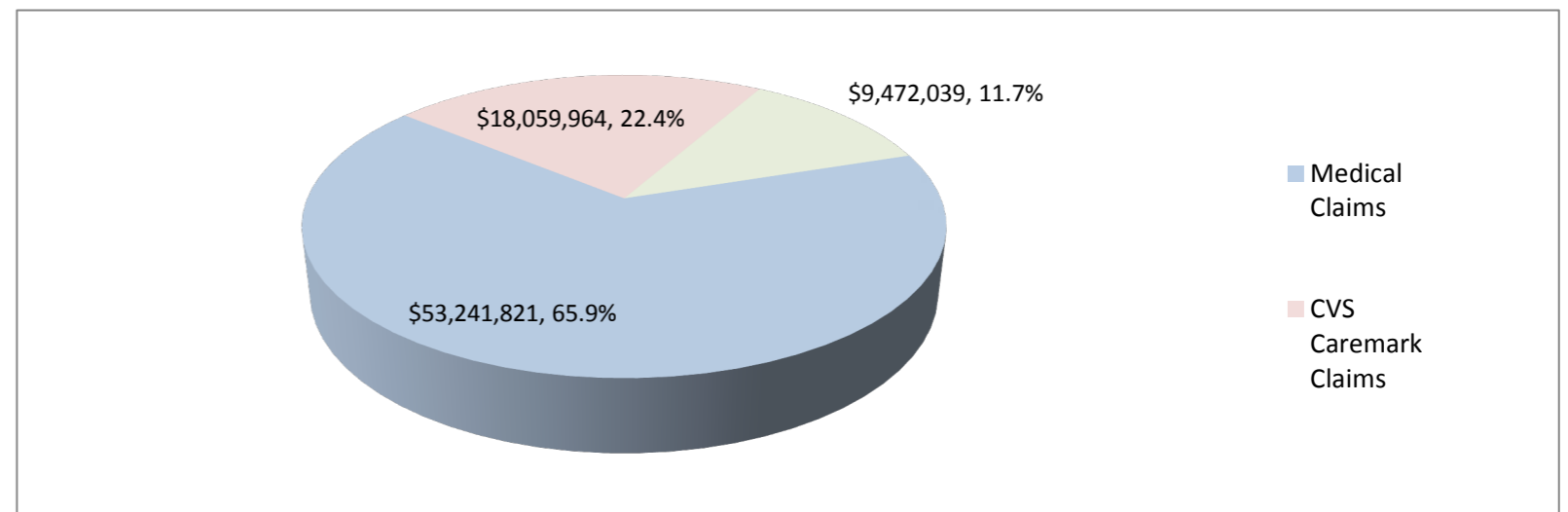
Anthem Plans I and II

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	6,065	\$9,111,569	\$6,408,946	\$1,939,840	\$8,348,785	\$1,376.55	91.6%	\$1,186,724	\$9,535,509	104.7%
Oct-16	6,043	\$9,086,383	\$6,521,156	\$2,190,072	\$8,711,228	\$1,441.54	95.9%	\$1,182,770	\$9,893,999	108.9%
Nov-16	6,025	\$9,041,462	\$7,823,642	\$2,310,711	\$10,134,352	\$1,682.05	112.1%	\$1,179,437	\$11,313,789	125.1%
Dec-16	6,016	\$9,027,477	\$7,044,987	\$2,176,658	\$9,221,645	\$1,532.85	102.2%	\$1,178,090	\$10,399,734	115.2%
Jan-17	6,010	\$9,029,340	\$5,286,698	\$2,412,010	\$7,698,708	\$1,280.98	85.3%	\$1,176,968	\$8,875,676	98.3%
Feb-17	6,005	\$9,030,218	\$5,747,803	\$2,564,515	\$8,312,318	\$1,384.23	92.1%	\$1,176,081	\$9,488,398	105.1%
Mar-17										
Apr-17										
May-17										
Jun-17										
YTD Plan Year	48,330	\$72,583,136	\$53,241,821	\$18,059,964	\$71,301,785	\$1,475.31	98.2%	\$9,472,039	\$80,773,823	111.3%
8 Month Average	6,041	\$9,072,892	\$6,655,228	\$2,257,495	\$8,912,723	\$1,475.31	98.2%	\$1,184,005	\$10,096,728	111.3%
12 Month Rollup	72,727	\$109,024,718	\$80,489,669	\$26,384,038	\$106,873,707	\$1,469.52	98.0%	\$13,419,662	\$120,293,369	110.3%

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



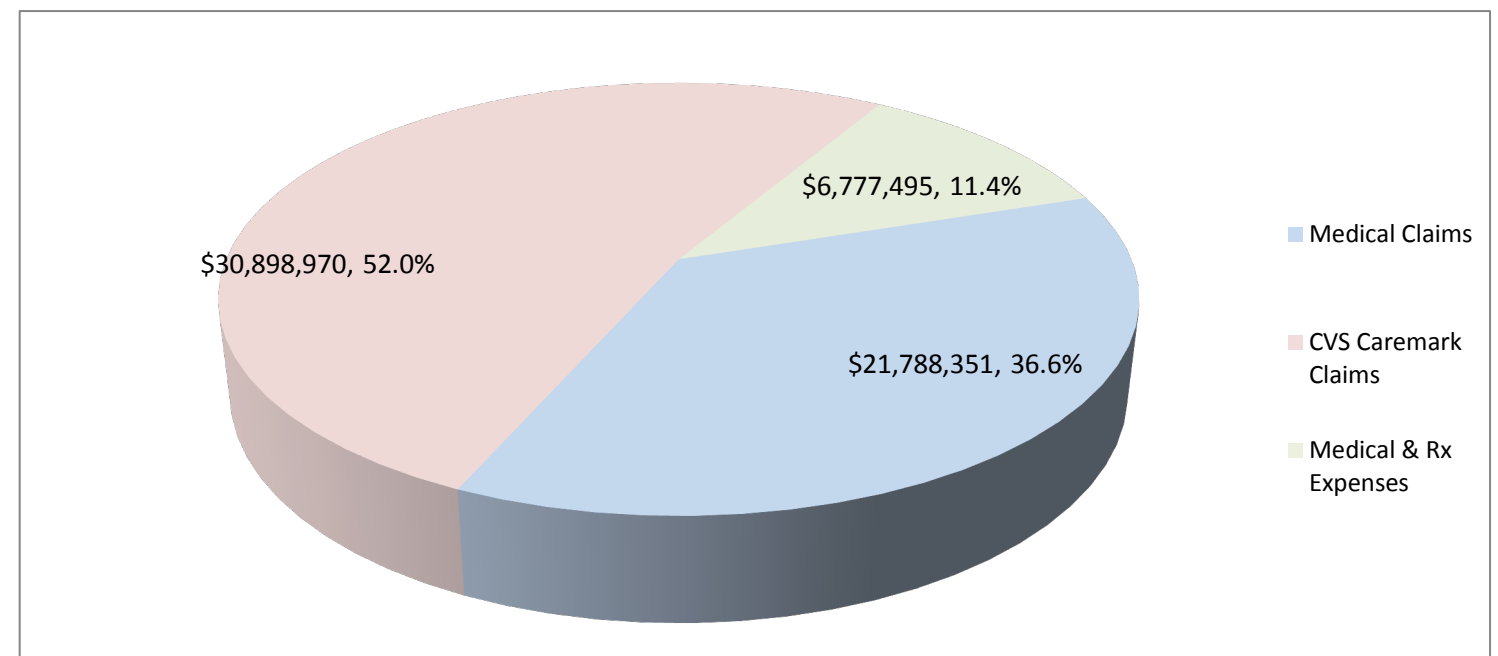
Anthem Plan III

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	11,112	\$7,458,876	\$2,956,685	\$3,631,303	\$6,587,988	\$592.87	88.3%	\$845,427	\$7,433,415	99.7%
Oct-16	11,131	\$7,449,421	\$3,010,763	\$3,770,776	\$6,781,539	\$609.25	91.0%	\$846,873	\$7,628,412	102.4%
Nov-16	11,150	\$7,412,057	\$2,933,086	\$3,773,422	\$6,706,508	\$601.48	90.5%	\$848,319	\$7,554,827	101.9%
Dec-16	11,160	\$7,479,004	\$2,734,313	\$3,895,819	\$6,630,133	\$594.10	88.6%	\$849,079	\$7,479,212	100.0%
Jan-17	11,185	\$7,479,338	\$2,556,474	\$3,895,819	\$6,452,293	\$576.87	86.3%	\$850,981	\$7,303,274	97.6%
Feb-17	11,195	\$7,494,130	\$1,847,070	\$4,476,666	\$6,323,736	\$564.87	84.4%	\$851,742	\$7,175,479	95.7%
Mar-17										
Apr-17										
May-17										
Jun-17										

YTD Plan Year	89,081	\$59,646,187	\$21,788,351	\$30,898,970	\$52,687,320	\$591.45	88.3%	\$6,777,495	\$59,464,815	99.7%
8 Month Average	11,135	\$7,455,773	\$2,723,544	\$3,862,371	\$6,585,915	\$591.45	88.3%	\$847,187	\$7,433,102	99.7%
12 Month Rollup	132,968	\$89,092,839	\$33,742,811	\$44,936,689	\$78,679,501	\$591.72	88.3%	\$9,826,751	\$88,506,252	99.3%

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



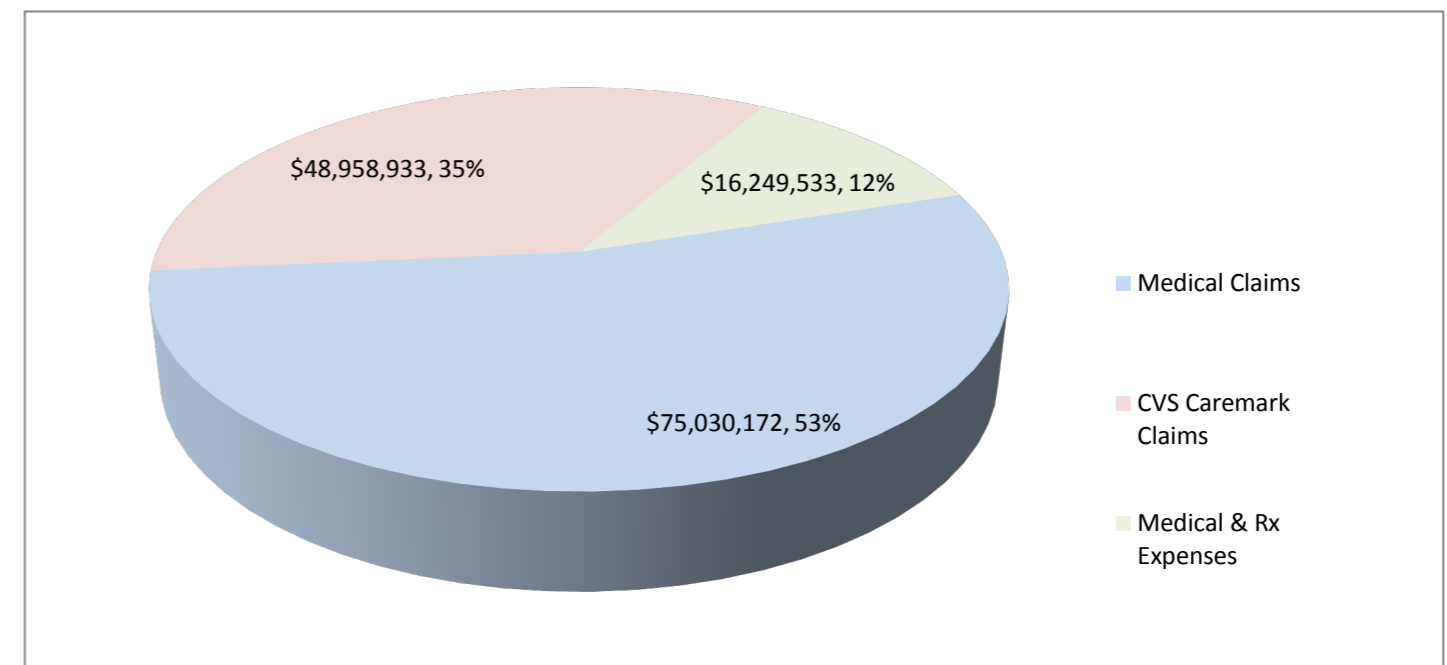
Anthem Plans I, II, and III

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	17,177	\$16,570,445	\$9,365,631	\$5,571,142	\$14,936,773	\$869.58	90.1%	\$2,032,151	\$16,968,924	102.4%
Oct-16	17,174	\$16,535,805	\$9,531,919	\$5,960,848	\$15,492,768	\$902.11	93.7%	\$2,029,643	\$17,522,411	106.0%
Nov-16	17,175	\$16,453,519	\$10,756,728	\$6,084,132	\$16,840,860	\$980.54	102.4%	\$2,027,756	\$18,868,616	114.7%
Dec-16	17,176	\$16,506,482	\$9,779,300	\$6,072,477	\$15,851,777	\$922.90	96.0%	\$2,027,169	\$17,878,946	108.3%
Jan-17	17,195	\$16,508,678	\$7,843,172	\$6,307,829	\$14,151,001	\$822.97	85.7%	\$2,027,949	\$16,178,951	98.0%
Feb-17	17,200	\$16,524,347	\$7,594,873	\$7,041,181	\$14,636,054	\$850.93	88.6%	\$2,027,823	\$16,663,877	100.8%
Mar-17										
Apr-17										
May-17										
Jun-17										

YTD Plan Year	137,411	\$132,229,323	\$75,030,172	\$48,958,933	\$123,989,105	\$902.32	93.8%	\$16,249,533	\$140,238,638	106.1%
8 Month Average	17,176	\$16,528,665	\$9,378,771	\$6,119,867	\$15,498,638	\$902.32	93.8%	\$2,031,192	\$17,529,830	106.1%
12 Month Rollup	205,695	\$198,117,557	\$114,232,480	\$71,320,728	\$185,553,208	\$902.08	93.7%	\$23,246,413	\$208,799,621	105.4%

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



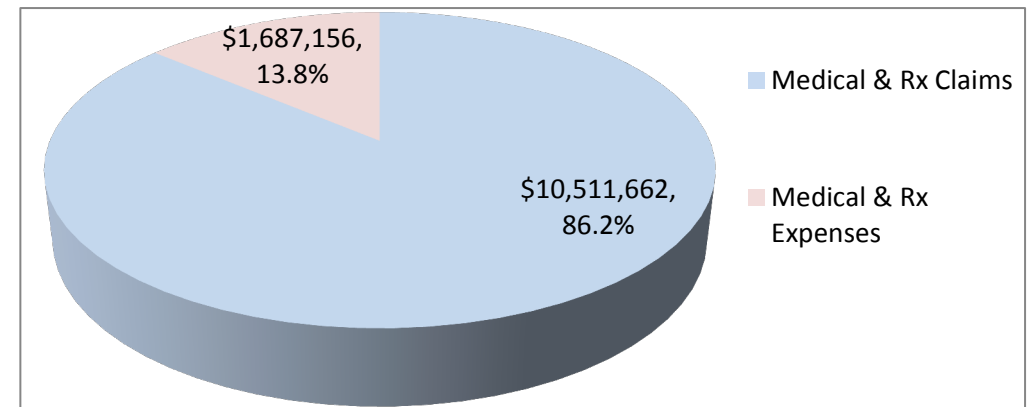
Anthem Prudent Buyer

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	1,302	\$1,546,234	\$1,512,698	\$1,161.83	97.8%	\$211,524	\$1,724,222	111.5%
Oct-16	1,298	\$1,529,406	\$1,442,196	\$1,111.09	94.3%	\$210,874	\$1,653,070	108.1%
Nov-16	1,297	\$1,519,166	\$1,313,711	\$1,012.88	86.5%	\$210,712	\$1,524,423	100.3%
Dec-16	1,296	\$1,534,396	\$1,226,492	\$946.37	79.9%	\$210,549	\$1,437,041	93.7%
Jan-17	1,281	\$1,511,991	\$1,081,781	\$844.48	71.5%	\$208,112	\$1,289,893	85.3%
Feb-17	1,278	\$1,515,171	\$1,240,390	\$970.57	81.9%	\$207,625	\$1,448,015	95.6%
Mar-17								
Apr-17								
May-17								
Jun-17								

YTD Plan Year	10,385	\$12,282,917	\$10,511,662	\$1,012.20	85.6%	\$1,687,156	\$12,198,818	99.3%
8 Month Average	1,298	\$1,535,365	\$1,313,958	\$1,011.75	85.6%	\$210,895	\$1,524,852	99.3%
12 Month Rollup	17,095	\$20,206,750	\$16,965,919	\$992.45	84.0%	\$2,591,073	\$19,556,991	96.8%

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



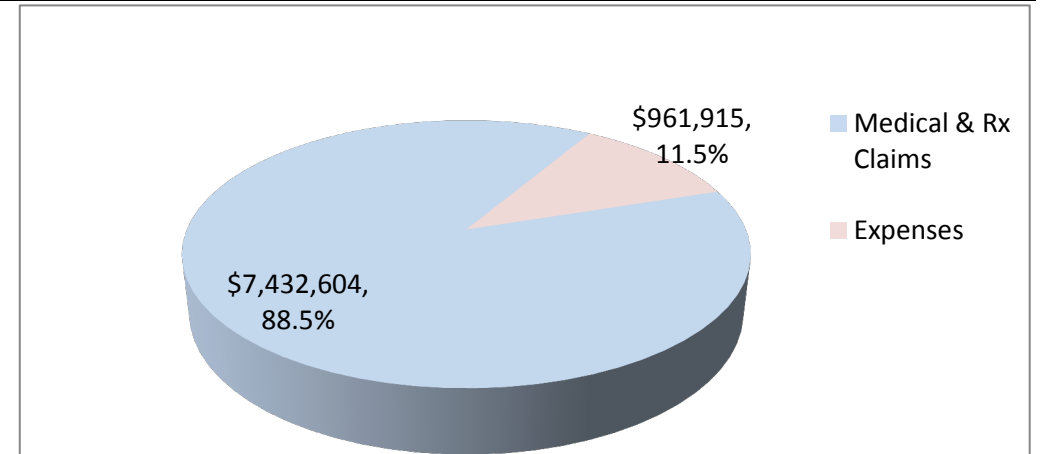
Cigna HMO

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	594	\$1,014,533	\$1,055,166	\$1,776.37	104.0%	\$121,643	\$1,176,808	116.0%
Oct-16	591	\$1,003,760	\$915,797	\$1,549.57	91.2%	\$120,351	\$1,036,147	103.2%
Nov-16	586	\$997,382	\$910,226	\$1,553.29	91.3%	\$119,586	\$1,029,813	103.3%
Dec-16	586	\$994,079	\$916,156	\$1,563.41	92.2%	\$119,190	\$1,035,346	104.2%
Jan-17	582	\$986,897	\$850,611	\$1,461.53	86.2%	\$118,329	\$968,940	98.2%
Feb-17	576	\$977,802	\$833,174	\$1,446.48	85.2%	\$117,238	\$950,413	97.2%
Mar-17								
Apr-17								
May-17								
Jun-17								

YTD Plan Year	4,713	\$8,022,640	\$7,432,604	\$1,577.04	92.6%	\$961,915	\$8,394,518	104.6%
8 Month Average	589	\$1,002,830	\$929,075	\$1,576.01	92.6%	\$120,239	\$1,049,315	104.6%
12 Month Rollup	7,139	\$12,050,839	\$11,470,853	\$1,606.79	95.2%	\$1,388,917	\$12,859,770	106.7%

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

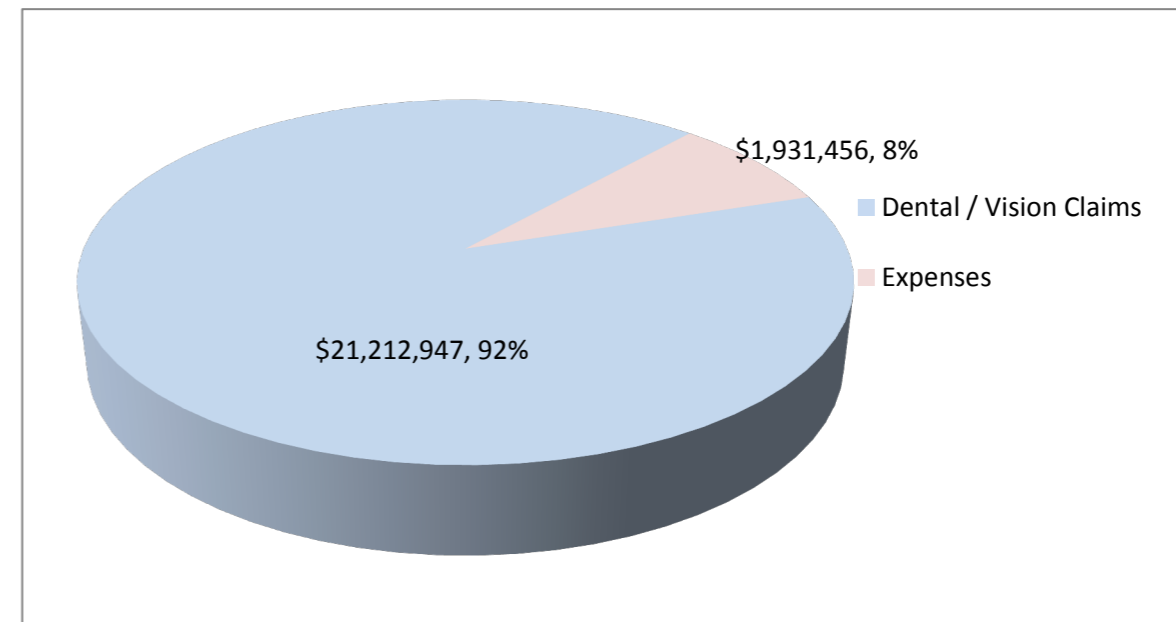


Cigna Dental PPO and Vision
Plan Year July 1, 2016 - June 30, 2017

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	43,417	\$3,364,087	\$2,602,511	56.8%	\$59.94	77.4%	\$240,742	\$2,843,253	84.5%
Oct-16	43,475	\$3,370,847	\$2,457,048	58.3%	\$56.52	72.9%	\$241,226	\$2,698,274	80.0%
Nov-16	43,509	\$3,368,847	\$2,492,934	58.3%	\$57.30	74.0%	\$241,083	\$2,734,017	81.2%
Dec-16	43,572	\$3,379,536	\$2,489,459	56.2%	\$57.13	73.7%	\$241,848	\$2,731,307	80.8%
Jan-17	43,639	\$3,386,797	\$2,807,693	55.3%	\$64.34	82.9%	\$242,367	\$3,050,060	90.1%
Feb-17	43,678	\$3,388,192	\$3,098,119	54.3%	\$70.93	91.4%	\$242,467	\$3,340,586	98.6%
Mar-17									
Apr-17									
May-17									
Jun-17									

YTD Plan Year	347,919	\$26,989,835	\$21,212,947	57.1%	\$60.97	78.6%	\$1,931,456	\$23,144,404	85.8%
8 Month Average	43,490	\$3,373,729	\$2,651,618	56.7%	\$60.97	78.6%	\$241,432	\$2,893,050	85.8%
12 Month Rollup	519,694	\$39,615,344	\$33,131,212	56.7%	\$63.75	83.6%	\$3,018,622	\$36,149,833	91.3%

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



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Kaiser Utilization

- At this committee's request, Aon has included a new report summarizing claim utilization data for Kaiser
- Of the 22,900 members enrolled in Kaiser, 17,200 or 75% are enrolled in Medicare Advantage plans.
- Kaiser does not provide utilization information for retirees enrolled in the MA plans.
- Kaiser is offered to LACERA members in five geographies. Southern California, with approx. 8700 enrolled members, is the only group currently credible from an experience monitoring perspective

Category	Current Period 8/1/15 - 7/31/16	Prior Period 8/1/14 - 7/31/15	Change
Average Members	8,714	8,517	2.31%
Inpatient Claims PMPM	\$201.39	\$231.48	-13.00%
Outpatient Claims PMPM	\$252.69	\$215.22	17.41%
Pharmacy	\$94.08	\$95.51	-1.50%
Other	\$109.95	\$111.30	-1.21%
Total Claims PMPM	\$658.11	\$653.52	0.70%
Total Paid Claims	\$68,817,246.48	\$66,792,358.08	3.03%
# of Large Claims over \$400,000 Pooling Po	5	7	
Large Claims \$ over \$400,000 Pooling Point	\$3,667,107	\$5,236,108	-29.97%
Large Claims as a % of all claims	5.33%	7.84%	
Inpatient Days / 1000	347.9	489.3	-28.90%
Inpatient Admits / 1000	73.6	80.3	-8.34%
Outpatient Visits / 1000	12,351.7	12,234.0	0.96%
Pharmacy Scripts PMPY	11.4	11.8	-3.39%

March 27, 2017

Legislative

House Leaders Pull Health Care Reform Bill

On March 24, 2017, leadership in the U.S. House of Representatives ended debate on the GOP's "American Health Care Act" and pulled the legislation from the floor after determining that it was likely to be defeated. The failure to move the legislation means that the Affordable Care Act (ACA), now in its eighth year, will remain in effect for the foreseeable future.

This means that employers will need to continue to review and assess the future ACA provisions that will likely impact employer group health plans, including the "Cadillac tax" on high-cost employer group health care plans, effective in 2020, and the employer mandate to offer affordable minimum value health care coverage to full-time employees.

Health

House Passes Small Business Health Fairness Act

On March 22, 2017, the U.S. House of Representatives passed with a 236–175 vote the Small Business Health Fairness Act of 2017 (H.R. 1101). The bill would "improve access and choice for entrepreneurs with small businesses with respect to medical care for their employees." As part of the provisions, the proposed legislation would expand the ability of small employer groups and individuals to join together to obtain health insurance through an unregulated association health plan. H.R. 1101 progresses to the Senate for consideration. In a Statement of Administration Policy, the White House indicated its support of the measure.

The full text of H.R. 1101 is available [here](#).

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

A fact sheet on H.R. 1101 is available [here](#).

Other HR Items

IRS Releases Revenue Procedure on Employee Consent for FICA and RRTA Refund Claims

On March 20, 2017, the Internal Revenue Service (IRS) issued Revenue Procedure 2017-28, which provides guidance to employers on the requirements for employee consent used by an employer to support a claim for refund of overpaid taxes under the Federal Insurance Contributions Act (FICA) and the Railroad Retirement Tax Act (RRTA). The Revenue Procedure clarifies the basic requirements for both a request for employee consent and for the employee consent, and permits employee consent to be requested, furnished, and retained in an electronic format. Also included is guidance concerning what constitutes “reasonable efforts” if employee consent is not secured in order to permit the employer to claim a refund of the employer share of overpaid FICA or RRTA taxes.

IRS Revenue Procedure 2017-28 is available [here](#).

March 20, 2017

Retirement

PBGC Releases First Installment of 2015 Data Book

On March 13, 2017, the Pension Benefit Guaranty Corporation (PBGC) released the first installment of the 2015 Data Book. The PBGC has published Pension Insurance Data Books and Tables annually since 1996 to present detailed statistics on PBGC program operations and benefit protections. This release includes:

- Updated figures for both the summary and claims tables; and
- An updated Multiemployer Graphical Supplement.

The PBGC will continue to update the data tables as they become available. Future releases will include updated data on guarantee payments and information on plans covered by the PBGC.

The Multiemployer Graphical Supplement is available [here](#).

The data tables are available [here](#).

March 13, 2017

Aon Hewitt Publications

House GOP Releases ACA "Repeal & Replace" Legislation Entitled the "American Health Care Act"

House Republicans (GOP) on March 6, 2017, released their long-awaited health care reform bill intended to “repeal and replace” the Patient Protection and Affordable Care Act (ACA), entitled the “American Health Care Act” (AHCA). The AHCA would, if enacted into law in its proposed form, amend substantial portions of the ACA, including the elimination of the individual mandate to purchase health insurance, the elimination of the penalties under the employer mandate, and the elimination or delay of several ACA taxes.

The following Aon Hewitt bulletin, which provides an overview of the AHCA, is available [here](#).

February 27, 2017

Legislative/Executive

President Trump to Address Congress February 28, 2017

President Trump is scheduled to speak before a joint session of Congress this Tuesday, February 28, 2017.

President Signs Executive Order Enforcing Regulatory Reform Agenda

On February 24, 2017, President Trump signed an Executive Order on “Enforcing the Regulatory Reform Agenda.” The Executive Order requires every agency to establish a Regulatory Reform Task Force. According to the press release:

- Each Regulatory Reform Task Force will evaluate existing regulations and identify candidates for repeal or modification;
- Each agency’s Task Force will focus on eliminating costly and unnecessary regulations; and
- Each agency will measure and report progress in achieving the President’s directives.

The Executive Order is available [here](#).

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

Health

CMS Issues Guidance Allowing “Grandmothered” Health Plans to Renew Through 2018

On February 23, 2017, the Department of Health and Human Services’ Centers for Medicare and Medicaid Services (CMS) published guidance addressing “grandmothered” health care plans as part of the Affordable Care Act. If a current health insurance policy is not grandfathered but was in effect prior to 2014, the plan is considered a transitional, or a “grandmothered” policy. These plans, which were not fully Affordable Care Act compliant, and were purchased between March 23, 2010, and October 1, 2013 (in some states, policies purchased through December 31, 2013), are considered grandmothered. The latest CMS guidance allows grandmothered plans (at a state’s discretion) to renew until as late as October 1, 2018, as long as they terminate no later than December 31, 2018 (this is the same as an extension that was issued in 2016, but with the deadlines pushed out by one year).

The CMS guidance is available [here](#).