

AGENDA

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

**300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101**

THURSDAY, DECEMBER 13, 2018 - 9:00 A.M.**

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

COMMITTEE MEMBERS:

Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Herman B. Santos
Gina Zapanta-Murphy
Thomas Walsh, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of November 7, 2018

II. PUBLIC COMMENT

III. ACTION ITEMS

- A. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer:
That the Committee provide further instruction to staff on potential LACERA
sponsorship of legislation on compensation for board meeting attendance.
(Memorandum dated December 4, 2018)
- B. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer:
That the Committee review and recommend that the Board of Retirement
adopt the revised Legislative Policy. (Memorandum dated December 5,
2018)

IV. FOR INFORMATION

- A. Semi-Annual Report on Approved Engagements
Barry W. Lew, Legislative Affairs Officer
- B. Engagement Report for November 2018
Barry W. Lew, Legislative Affairs Officer
- C. Staff Activities Report for November 2018
Cassandra Smith, Director, Retiree Healthcare
- D. LACERA Claims Experience
Stephen Murphy, Segal Consulting
- E. Federal Legislation
Stephen Murphy, Segal Consulting
(for discussion purposes)

V. ITEMS FOR STAFF REVIEW

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

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

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

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

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

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

WEDNESDAY, NOVEMBER 7, 2018, 11:50 A.M. – 12:10 P.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Gina Zapanta-Murphy
Thomas Walsh, Alternate

ABSENT: Herman B. Santos

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Vivian H. Gray
JP Harris
Joseph Kelly

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith
Barry Lew

Segal Consulting

Stephen Murphy

The meeting was called to order by Chair Robbins at 11:50 a.m. Due to the absence of Mr. Santos, the Chair announced that Mr. Walsh, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of October 11, 2018

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the minutes of the regular meeting of October 11, 2018. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee review and recommend that the Board of Retirement adopt the revised Legislative Policy. (Memorandum dated October 30, 2018)

Mr. Robbins made a motion, Mr. Walsh seconded, to move this item to the December Committee meeting. The motion passed unanimously.

IV. FOR INFORMATION

A. Engagement Report for October 2018
Barry W. Lew, Legislative Affairs Officer

The engagement report was discussed.

B. Staff Activities Report for October 2018
Cassandra Smith, Director, Retiree Healthcare

The staff activities report was discussed.

C. LACERA Claims Experience
Stephen Murphy, Segal Consulting

The LACERA Claims Experience reports through August 2018 were discussed.

IV. FOR INFORMATION (Continued)

- D. Federal Legislation
Stephen Murphy, Segal Consulting
(for discussion purposes)

Segal Consulting gave an update on federal legislation.

V. ITEMS FOR STAFF REVIEW

There was nothing to report.

VI. GOOD OF THE ORDER

(For information purposes only)


VII. ADJOURNMENT

The meeting adjourned at 12:10 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.**

December 4, 2018

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Herman B. Santos
Gina Zapanta-Murphy
Thomas Walsh, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: December 13, 2018 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Potential LACERA Sponsorship of Legislation on Compensation for Board Meeting Attendance**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee provide further instruction to staff on potential LACERA sponsorship of legislation on compensation for board meeting attendance.

BACKGROUND

Each year, the 20 retirement systems operating under the County Employees Retirement Law of 1937 (CERL) are asked to submit proposals to the Legislative Committee of the State Association of County Retirement Systems (SACRS) for sponsorship in SACRS legislative platform for the upcoming year. This year, the SACRS Legislative Committee received three proposals for inclusion in the SACRS 2019 legislative platform. Two of the proposals submitted by the Fresno County Employees' Retirement Association (FCERA) were withdrawn since they required more development in their formulations and further evaluation of their potential ramifications. The remaining proposal was submitted by the Orange County Employees Retirement System (OCERS) and pertained to the compensation of board members. OCERS proposed that the current compensation rate of \$100 be increased to \$200. The SACRS Legislative Committee reviewed the OCERS proposal in September 2018 and made no recommendation for or against SACRS sponsorship of the proposal.

The Insurance, Benefits and Legislative Committee (IBLC) reviewed the OCERS proposal at its meeting on October 11, 2018. The IBLC recommended that the Board of Retirement direct its voting delegate to support SACRS sponsorship of the OCERS proposal for the SACRS 2019 legislative platform.¹ The IBLC also directed staff to

¹ The proposal would have been voted on at the SACRS Business Meeting on November 16, 2018 at the SACRS 2018 Fall Conference. However, on October 16, 2018, the SACRS Legislative Committee

return to the IBLC in 60 days with an action plan on sponsoring legislation to increase the compensation rate from \$100 to \$500 per meeting for applicable board members.

EXISTING LAW

Government Code Section 31521 (Attachment 1) authorizes a board of supervisors in counties having a retirement board consisting of nine members and an alternate retired member to provide that the fourth, fifth, eighth, ninth, and alternate retired members receive compensation of \$100 for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board. In counties having a board of investments, the board of supervisors may provide that the fifth, sixth, seventh, eighth, and ninth members likewise receive compensation of \$100. The members eligible for this compensation consist of appointed and retired members. Elected board members who are employees of the county have their official board duties included as part of their county employment and do not receive any additional compensation.

In 1990, LACERA sponsored legislation to amend Section 31521 to remove ambiguity regarding compensation for committee meetings that must be authorized by the *entire* board. However, a separate Section 31521.1 (Attachment 1) was instead added to the Government Code that applied only to LACERA. This section in its initial version did not include the word “entire,” so that authorized committee meetings may be approved by 6 members of a 9-member board and not the entire board. Under existing law, Section 31521.1 applies only to LACERA with respect to compensation of board members, whereas Section 31521 applies to the other retirement systems operating under CERL. Subsequent amendments to the two sections over the years have made them virtually identical, and the current compensation rate in both sections is \$100 per meeting for not more than five meetings per month.

In 2007, LACERA sponsored legislation to add Section 31521.3 (Attachment 1) to the Government Code that would authorize a board of supervisors to provide that the fourth, fifth, sixth, eighth, ninth, and alternate retired members of LACERA’s Board of Retirement receive compensation for the review and analysis of disability retirement cases. The compensation rate is \$100 per 8-hour day and not to exceed 32 hours per month. The compensation rate is subject to biennial cost-of-living adjustments by the Board of Retirement and is currently at \$118.

ISSUE

The OCERS proposal contained research on the history of the current rate of \$100. It found that the rate was raised from \$10 to \$15 in 1951, to \$25 in 1953, to \$50 in 1965, and then to \$100 in 1970. The proposal also noted that trustees at the California Public

announced that OCERS withdrew its proposal from consideration. At the November 7, 2018 meeting of the Board of Retirement, staff informed the Board that the proposal had been withdrawn and that there was no need to provide directions to LACERA’s voting delegate on the matter.

Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) receive \$100 as do nearly every other political appointee to a board or commission in California.

The discussion at the IBLC meeting on October 11, 2018 indicated that the current compensation rate of \$100 did not sufficiently reflect the workload that trustees engage in to fulfill their fiduciary responsibilities. Since the rate was established in 1970 without a cost-of-living adjustment, its purchasing power has diminished over a period of almost 50 years. Moreover, it was noted that although the compensation rate of \$100 was common for many boards and commissions in California, it was by no means universal because a few boards and commissions do receive higher rates. For example, under the California Water Code, the governing board of a water district may adopt an ordinance that increases its board member compensation rate of \$100 per day by 5 percent following the operative date of the last adjustment. In another example, the City of Los Angeles' Board of Public Works is a full-time, paid Board that meets three times a week.

In order to increase the current compensation rate from \$100 to \$500 per meeting and have that rate apply only to LACERA, the Board of Retirement and the Board of Investments would need to sponsor legislation that would amend existing Government Code Section 31521.1 to reflect the new rate. Since the provision covers members of both the Board of Retirement and Board of Investments, a proposal to amend Section 31521.1 would be a joint issue for both boards.

Workload

Summary documents entitled "Powers and Duties of Retirement Board Members" and "Powers and Duties of Investment Board Members" (Attachment 2) are provided to voters to enable them to evaluate candidates for each board. The documents provide an overview of the workload of board members in fulfilling their responsibilities and fiduciary duties.

Members of the Board of Retirement can expect to spend approximately 120 – 140 hours per month (equivalent to 3 – 3.5 40-hour workweeks) in discharging their duties to LACERA. Members of the Board of Investments can expect to spend approximately 80 hours per month (equivalent to 2 40-hour workweeks). Each summary document contains 11 categories of duties that include, for example, attending board and committee meetings (including reviewing relevant meeting materials); overseeing LACERA management through policies, procedures, governance processes, operational reports, and budgets; reviewing disability retirement applications; overseeing litigation, vendors, and consultants; and ensuring legal compliance.

Attachment 3 provides a sample workload analysis covering the period December 2017 to November 2018 based on data compiled from meeting minutes and educational and

expense reports. The analysis covers the most recent 12-month period and may not necessarily be representative of a typical year or show trends over time that would require data from more 12-month periods. The analysis covers workload categories such as number of board and committee meetings attended, duration of board and committee meetings, commuting time, disability case reviews, and number and length of educational conferences attended.

PROPOSED SOLUTION

Government Code Section 31521.1 applies only to LACERA. Amending this section to reflect a compensation rate of \$500 would authorize the Board of Supervisors of the County of Los Angeles to provide compensation to specified board members at that rate.

If the Board of Retirement and the Board of Investments decide to sponsor legislation to amend Section 31521.1 to reflect a compensation rate of \$500, staff would engage with LACERA's state legislative advocate in locating a legislator to author a bill for the 2019 legislative session. If the bill passes, Section 31521.1 would reflect a new compensation rate of \$500 that would be effective January 1, 2020.

RISKS AND CONSIDERATIONS

Locating an author. In 2007, a similar legislative proposal was submitted by OCERS for SACRS sponsorship. SACRS was unable to locate a legislator willing to carry the bill. The proposed legislation to increase the compensation rate is not merely technical in nature, which otherwise would generally be carried by a policy committee. It is potentially controversial and would most likely require an actual legislator to carry it.

Scope of proposal. The issue of raising the current compensation rate from \$100 to \$500 grew out of a discussion related to the OCERS proposal of raising the rate to \$200 for board meeting attendance. LACERA is the only CERL system whose board members receive compensation for the review and analysis of disability retirement cases. The IBLC and the Board of Retirement should consider whether LACERA's proposed legislation would also amend Section 31521.3 from a rate of \$100 per 8-hour day to \$500 per 8-hour day, not to exceed 32 hours per month. This would raise the maximum payable amount each month from \$400 to \$2,000 and potentially amplify the controversial nature of this proposal.

Policy committees. The recent mid-term elections resulted in some turnover in the California State Legislature. There may be new members and leadership changes in the policy committees that deal with public sector retirement plans. It is unclear at this point what the attitudes and priorities relating to public sector retirement issues are for the upcoming membership within the policy committees.

New governor. Governor-elect Gavin Newsom replaces outgoing Governor Jerry Brown. The incoming Governor may also be appointing new legislative support staff. It is unclear at this point what the attitudes and priorities relating to public sector retirement issues are for the Governor-elect and his staff.

Co-sponsorship. CalPERS and CalSTRS are the largest public sector pension plans in California and the United States with certain trustees who are also subject to a compensation rate of \$100. It may be helpful to ascertain whether CalPERS or CalSTRS is amenable to co-sponsorship of legislation that would increase the board compensation rate.

County of Los Angeles. The Board of Supervisors of the County of Los Angeles, LACERA's plan sponsor, provides the compensation to specified board members for meeting attendance each month. The process for payment involves LACERA forwarding requests for payment to the County, which pays board members on the 15th of each month; the County subsequently invoices LACERA for reimbursement.

Although the cost for compensation is ultimately paid as an administrative expense from LACERA's trust funds, Section 31521.1 indicates that the Board of Supervisors provides the compensation. The Board of Supervisors' state legislative agenda is to oppose legislation that mandates or authorizes compensation or benefit changes without its approval. The potential legislation would most likely not be successful if there is opposition from the Board of Supervisors. Moreover, even if the statute were amended to reflect a compensation rate of \$500, the increase would only be effective if the Board of Supervisors decides to provide that higher amount. Understanding the Board of Supervisors' view on this proposal and garnering its support would be essential factors to the success of this proposal.

Compensation survey. At the November 15, 2018 meeting of the SACRS Legislative Committee, the SACRS lobbyists discussed the fact that there was merit to the proposal of increasing a compensation rate that was last updated in 1970. However, instead of arbitrarily setting a new amount in statute, it would require an evidence-based approach such as a compensation survey of all California boards and commissions. Conducting such a survey might require the services of a California government agency such as the Department of Finance, Department of Human Resources, State Auditor, State Controller, or Legislative Analyst's Office. A comprehensive compensation survey may provide the necessary information to address the issue of board compensation through a statewide approach.

CONCLUSION

Increasing the compensation rate from \$100 to \$500 requires a simple change to the existing provision under Section 31521.1. However, political factors will ultimately determine the success of the proposed legislation based on the foregoing risks and

considerations. One path would be for LACERA to sponsor legislation that would amend Section 31521.1. Other paths may include co-sponsorship or deferring action until the feasibility of conducting a compensation survey can be determined.

The legislative timeline for 2019 include the following initial deadlines:

- January 25, 2019: Last day to submit bill requests to the Office of the Legislative Counsel.
- February 22, 2019: Last day for bills to be introduced.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE provide further instruction to staff on potential LACERA sponsorship of legislation on compensation for board meeting attendance.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

- Attachment 1 – Government Code Sections 31521, 31521.1, 31521.3
- Attachment 2 – Powers and Duties: Board of Retirement and Board of Investments
- Attachment 3 – Workload Analysis

cc: Board of Investments
Lou Lazatin
Robert Hill
JJ Popowich
Steven Rice
Jonathan Grabel
Joe Ackler, Ackler & Associates

ATTACHMENT 1

State of California

GOVERNMENT CODE

Section 31521

31521. The board of supervisors may provide that the fourth and fifth members, and in counties having a board consisting of nine members or nine members and an alternate retired member, the fourth, fifth, sixth, eighth, ninth, and alternate retired members, and in counties having a board of investments under Section 31520.2, the fifth, sixth, seventh, eighth, and ninth members of the board of investments, shall receive compensation at a rate of not more than one hundred dollars (\$100) for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board.

(Amended by Stats. 2007, Ch. 320, Sec. 3. Effective January 1, 2008.)

State of California

GOVERNMENT CODE

Section 31521.1

31521.1. (a) The board of supervisors may provide that in counties having a board consisting of nine members and an alternate retired member, the fourth, fifth, sixth, eighth, ninth, and alternate retired members, and in counties having a board of investments under Section 31520.2, the fifth, sixth, seventh, eighth, and ninth members of the board of investments, shall receive compensation at a rate of not more than one hundred dollars (\$100) for a meeting, or for a meeting of a committee authorized by the board, for not more than five meetings per month, together with actual and necessary expenses for all members of the board.

(b) This section shall apply only in a county of the first class, as defined by Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28022, as amended by Chapter 43 of the Statutes of 1961.

(Amended by Stats. 2007, Ch. 320, Sec. 4. Effective January 1, 2008.)

State of California

GOVERNMENT CODE

Section 31521.3

31521.3. (a) The board of supervisors may provide that the fourth, fifth, sixth, eighth, ninth, and alternate retired members of the board of retirement shall receive compensation for the review and analysis of disability retirement cases. The compensation shall be limited to the first time a case is considered by the board and shall not exceed one hundred dollars (\$100) per day. The compensation shall be prorated for less than eight hours of work in a single day.

(b) A board member compensated pursuant to subdivision (a) shall certify to the retirement board, in a manner specified by the retirement board, the number of hours spent reviewing disability cases each month. The number of hours compensated under this section shall not exceed 32 hours per month.

(c) On or before March 31, 2010, and on or before March 31 in each even-numbered year thereafter, the compensation limit established by the board of supervisors pursuant to subdivision (a) shall be adjusted biennially by the board of retirement to reflect any change in the Consumer Price Index for the Los Angeles, Riverside, and Orange County areas that has occurred in the previous two calendar years, rounded to the nearest dollar.

(d) This section shall apply only in a county of the first class, as defined by Section 28020, as amended by Chapter 1204 of the Statutes of 1971, and Section 28022, as amended by Chapter 43 of the Statutes of 1961.

(Amended by Stats. 2008, Ch. 179, Sec. 103. Effective January 1, 2009.)

ATTACHMENT 2

POWERS AND DUTIES OF RETIREMENT BOARD MEMBERS

The Board of Retirement provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

INTRODUCTION

The overall responsibility of the Board of Retirement is to oversee the administration of the retirement pension system and the retiree health care program to ensure that members are provided with the promised benefits upon completion of their public service with Los Angeles County and other participating public employers. In total, members of the Board of Retirement can expect to commit approximately 120-140 hours of their time each month to discharging their duties to the retirement system.

As to those elected Board members who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board members will be required to spend a great majority of their working time each month in carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of Board members are explained in detail below.

BOARD MEMBER RESPONSIBILITIES

A Board member's duties include:

1. ***Board and Committee Meetings.*** The Board meets twice each month unless otherwise specified, usually on the first Wednesday and second Thursday, with each meeting generally lasting from 6 to 8 hours. In addition, the Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Investments, including the Audit Committee. Some committees meet monthly; others meet less frequently but up to several times per year. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours. In addition to the time required to attend meetings, considerable time is required to prepare for meetings and review relevant materials developed by staff and management.
2. ***General Management.*** The general management of LACERA is under the Board of Retirement's oversight. To exercise this responsibility, the Board establishes policies, procedures, and governance processes, and

receives, discusses, and questions reports on operational activities. A few management functions are shared with the Board of Investments. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Retirement is not responsible for investments or for the adoption of funding policies and the setting of contribution rates. The Legislature assigned those responsibilities to the Board of Investments.

3. ***Payment of Retirement Pension Benefits.*** The Board of Retirement administers a statutory retirement plan; it does not establish retirement benefits. This means that retirement benefits can only be provided if they have been authorized by the State Legislature in the County Employees Retirement Law of 1937, found in the California Government Code beginning at Section 31450, and the California Public Employees' Pension Reform Act of 2013, found in the California Government Code beginning at Section 7522. Retirement benefits not authorized by the retirement laws cannot be implemented by the Board of Retirement; rather, a bill must be processed through the Legislature to amend the retirement laws. With only a few exceptions, the Legislature has required the County Board of Supervisors to adopt a resolution approving benefit enhancements before they can take effect.
4. ***Disability Retirement Applications.*** One of the most important – and by far the most time consuming – duties of a Board member is to review disability retirement applications and to participate in the Board's decision to grant or deny disability retirements according to applicable legal standards. It is anticipated the Board of Retirement will process approximately 30 to 50 disability retirement cases per month. Board members carefully review each application and the medical evidence supporting the application. A Board member will then participate in the Board's deliberations and vote on each application.
5. ***Retiree Healthcare Benefits.*** The Board oversees the administration of retiree healthcare benefits under contract with the County and other participating employers.
6. ***Claims and Litigation.*** The Board decides claims made by members concerning their benefits and related issues. The Board also oversees litigation, other than securities litigation.
7. ***Retention and Oversight of Vendors, Consultants, and Experts.*** The Board approves and oversees the retention and performance of vendors, consultants, and experts to assist in the administration of the system and to aid the Board when appropriate.

8. **Delegation.** The day-to-day operations of the retirement system are delegated to staff and outside service providers. Board members consider what responsibilities will be delegated and to whom delegation is made. Board members ensure that delegated responsibilities are properly performed through monitoring, questioning, and accountability.
9. **Legal Compliance.** The Board ensures that the retirement system maintains compliance with the plan documents and all applicable laws governing the system. Board members comply with this responsibility by conducting a periodic review of plan documents and monitoring changing legal requirements.
10. **Education.** Board members are legally required to educate themselves on appropriate topics, which may include benefits administration, disability evaluation, fair hearings, pension fund governance, new board member orientation, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the member continues on the Board.
11. **Involvement.** Board members may participate in state and national pension and retirement related organizations, including serving as an executive or committee member in these organizations.

FIDUCIARY DUTIES

Board members have the following fiduciary duties:

1. **Duty of Loyalty.** The California Constitution provides that Board of Retirement members are fiduciaries and are required to, “discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.” All Board members, whether elected or appointed, have the same fiduciary duty. The Board members’ duty of loyalty at all times is to the participants and beneficiaries as a whole. Board members do not serve as the agent or representative of the agency or group responsible for their election or appointment. Where different groups of participants have different interests on an issue, Board members have a duty to be impartial as between conflicting participant interests and act to serve the overall best interests of all of the participants of the system.
2. **Duty of Care.** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of providing benefits and paying the costs of administering the system. Under the Constitution, members of the Board of Retirement “shall

discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board members must exercise reasonable effort and diligence in administering and exercising oversight over the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board members must monitor the administration of the system, follow the plan documents and applicable law, and take corrective action when required to ensure the sound administration of the system so that benefits and related services are timely and correctly delivered to participants and their beneficiaries and the other matters under the responsibility of the Board of Retirement are properly performed.

CONFLICTS OF INTEREST

Board members must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board members must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board members are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board members are subject to public disclosure of their economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board members should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.

APPROVED BY THE BOARD OF RETIREMENT ON FEBRUARY 15, 2018.

POWERS AND DUTIES OF INVESTMENTS BOARD MEMBERS

The Board of Investments provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

INTRODUCTION

The Board of Investments oversees investment of LACERA's pension retirement fund (\$52.5 billion as of June 30, 2017) and determination of County and member contribution rates. In total, members of the Board of Investments can expect to commit approximately 80 hours of their time each month to discharging their duties to the retirement system.

As to those elected Board members who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board members will be required to spend a great majority of their working time each month in carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of Board members are explained in detail below.

BOARD MEMBER RESPONSIBILITIES

A Board member's duties include:

1. ***Board and Committee Meetings.*** The Board meets once each month unless otherwise specified, usually on the second Wednesday, with each meeting generally lasting from 6 to 8 hours. In addition to the time required to attend meetings, approximately 24 hours per meeting is required to prepare for meetings and review relevant materials developed by staff and management. The Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Retirement, including the Audit Committee. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours per committee plus additional preparation time of a similar or greater number of hours.
2. ***Pension Fund Investments.*** The Board of Investments has exclusive control of all retirement system investments and is responsible for establishing investment beliefs and objectives, the asset allocation for the portfolio, strategies, policies, and governance processes, which are subject to change by Board action. The Board evaluates risk and return,

including consideration of corporate governance issues. The Board makes these decisions based on information and input provided by staff and external consultants. Currently, LACERA's investment portfolio is, with a few exceptions, externally managed. The Board does not make individual investment selections for the externally managed portfolio; rather, it selects investment advisors and managers to make investments for LACERA in accordance with investment objectives and guidelines established by the Board. The Board of Investments and its staff then regularly monitor and evaluate the investment activities and results of its advisors and managers.

3. **Retiree Healthcare Funds.** Under agreement with the County and other participating employers, the Board of Investments manages and invests trust funds prepaid for future retiree healthcare benefits.
4. **Contribution Rates and Actuarial Services.** Using an actuarial valuation process, the Board of Investments determines the level of contributions necessary to fund retirement benefits. The Board of Investments is responsible for setting actuarial valuation policies, selecting the actuary who will perform the valuation, and approving the actuarial valuation services provided. The actuary submits to the Board of Investments for the Board's approval such changes in County and member contribution rates as are necessary to fund retirement benefits.
5. **Securities Litigation.** The Board of Investments, with the assistance of counsel and staff, is charged with actively identifying, evaluating and monitoring securities class action lawsuits in which the fund has sustained a loss, and to determine whether the best interests of the fund are served by actively participating in such cases.
6. **Other Fund Management.** A few management functions are shared with the Board of Retirement. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including the approval of class specifications for LACERA's employees, the approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and the approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Investments is not responsible for general administration of the retirement system and benefits. The Legislature assigned those responsibilities to the Board of Retirement.
7. **Retention and Oversight of Vendors, Consultants, and Experts.** The Board approves and oversees the retention and performance of vendors, consultants, and experts to assist in system operations and aid the Board when appropriate.

8. **Delegation.** The day-to-day investment operations of the retirement system are delegated to staff and outside service providers. Board members consider what responsibilities will be delegated and to whom delegation is made. Board members ensure that delegated responsibilities are properly performed through monitoring, questioning, and accountability.
9. **Legal Compliance.** The Board ensures that the retirement system maintains compliance with the plan documents and all applicable laws governing the system. Board members comply with this responsibility by conducting a periodic review of plan documents and monitoring changing legal requirements.
10. **Education.** Board members are legally required to educate themselves on appropriate topics, which may include pension fund investments and investment management processes, actuarial matters, pension funding, pension fund governance, new board member orientation, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the member continues on the Board.
11. **Involvement.** Board members may participate in state and national pension and investment related organizations, including serving as an executive or committee member in these organizations.

FIDUCIARY DUTIES

Board members have the following fiduciary duties:

1. **Duty of Loyalty.** The California Constitution provides that Board of Investments members are fiduciaries and are required to, “discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.” All Board members, whether elected or appointed, have the same fiduciary duty. The Board members’ duty of loyalty at all times is to the participants and beneficiaries as a whole. Board members do not serve as the agent or representative of the agency or group responsible for their election or appointment. Where different groups of participants have different interests on an issue, Board members have a duty to be impartial as between conflicting participant interests and act to serve the overall best interests of all of the participants of the system.
2. **Duty of Care.** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of

providing benefits and paying the costs of administering the system. Under the Constitution, members of the Board of Investments “shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.” Governing law provides that the Board “may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.” The Constitution further requires that Board members “shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board members must exercise reasonable effort and diligence in administering and exercising oversight over the investments of the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board members must monitor the investments of the system, follow the plan documents and applicable law, and take corrective action when required to ensure the sound administration of the retirement fund’s investments and the other matters under the responsibility of the Board of Investments are properly performed.

CONFLICTS OF INTEREST

Board members must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board members must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board members are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board members are subject to public disclosure of their economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board members should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.

APPROVED BY THE BOARD OF INVESTMENTS ON FEBRUARY 14, 2018.

ATTACHMENT 3

WORKLOAD ANALYSIS

| BOARD MEETING ATTENDANCE | | |
|---|---|--|
| | Average number of compensable meetings per month | Commuting time: average hours per month per meeting roundtrip |
| BOARD OF RETIREMENT | | |
| All members (n = 11) | 4.7 | 1.2 |
| Appointed, retired, alternate retired members (n = 6) | 5 | 1.1 |
| Elected members / ex-officio (n = 5) | 4.3 | 1.5 |
| BOARD OF INVESTMENTS | | |
| All members (n = 9) | 3.8 | 1.4 |
| Appointed and retired members (n = 5) | 3.8 | 1.9 |
| Elected members / ex-officio (n = 4) | 3.9 | 0.9 |
| DISABILITY CASE REVIEW | | |
| | Average compensable hours per month | |
| BOARD OF RETIREMENT | | |
| Appointed, retired, alternate retired members (n = 6) | 23.2 | |
| MEETING DURATION | | |
| | Average hours per meeting per month | |
| BOARD OF RETIREMENT | | |
| Full Board | 2.5 | |
| Committees (n = 3) | 0.3 | |
| BOARD OF INVESTMENTS | | |
| Full Board | 3.2 | |
| Committees (n = 6) | 0.7 | |
| JOINT MEETINGS | | |
| Both Boards | 6.5 | |
| Committees (n = 2) | 1.4 | |
| AD HOC MEETINGS | | |
| Committees (n = 3) | 1.5 | |
| EDUCATIONAL CONFERENCES | | |
| | Average number of conferences | Average number of days per conference |
| BOARD OF RETIREMENT | 4.4 | 4 |
| BOARD OF INVESTMENTS | 9.6 | 3.2 |

December 5, 2018

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Herman Santos
Gina Zapanta-Murphy
Thomas Walsh, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: December 13, 2018 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Adoption of Revised Legislative Policy**

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee review and recommend that the Board of Retirement adopt the revised Legislative Policy.

LEGAL AUTHORITY

The Legislative Policy provides that “[it] 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.” If your Committee recommends that the Board of Retirement adopt the revised Legislative Policy, staff will concurrently recommend that the Board of Investments also adopt the revised Legislative Policy.

DISCUSSION

The Legislative Policy for the Board of Retirement and Board of Investments originally consisted of two separate documents. The separate policies were restated and redeveloped into a single-source joint policy document that was approved by the Board of Retirement on October 13, 2016 and the Board of Investments on October 12, 2018.

The Legislative Policy was most recently revised by the Board of Retirement on May 10, 2018 and the Board of Investments on May 9, 2018 to ensure that LACERA can respond efficiently and effectively to time-sensitive matters before they can be considered at the next regularly scheduled board meeting.

The current review of the Legislative Policy is being undertaken in accordance with its regularly scheduled review at the end of each two-year legislative session. Staff is

seeking approval on the proposed revisions as well as feedback on any additional revisions the Committee may have.

State Association of County Retirement Systems

Each year, SACRS solicits legislative proposals from retirement systems operating under the County Employees Retirement Law of 1937 (CERL). These proposals are typically voted on at the Business Meeting of the SACRS Fall Conferences. Each retirement system is entitled to one voting delegate for SACRS-related business matters, including legislative proposals.

Legislative proposals submitted to SACRS are typically administrative in nature. This year, however, there were two proposals that were investment-related (which were ultimately withdrawn and not voted on at the SACRS 2018 Fall Conference). LACERA is the only CERL retirement system that has an investment board. Members of both the Board of Retirement and Board of Investments are regular members of SACRS. Currently, the LACERA voting delegate is the Chief Executive Officer, with alternate delegates being the Board of Retirement members in order of board seat.

Although investment-related proposals for SACRS sponsorship are rare, staff contemplates that a LACERA policy on SACRS business matters may be necessary to clarify the mechanism by which the Board of Investments may give voting instructions to the LACERA voting delegate on investment-related legislative proposals that fall under its subject-matter jurisdiction. Staff will submit a proposal in the near future for consideration by both Boards.

SUMMARY OF PROPOSED REVISIONS

Page 7: The Legislative Policy currently lists specific matters that would fall under the purview of both the Board of Retirement and Board of Investments. The proposed revision would include in general any other administrative or organizational matters that affect both Boards.

Page 15: Monthly status reports on legislation were previously included as Green Folder items. The policy regarding Green Folder items was changed in April 2018 such that the items must relate to an agendaized subject matter. As such, the status reports will be included as reports on the board agendas.

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IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE review and recommend that the Board of Retirement adopt the revised Legislative Policy.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

Attachment A—Legislative Policy (redlined)

Attachment B—Legislative Policy (clean)

cc: Lou Lazatin
Robert Hill
JJ Popowich
Steven Rice
Jonathan Grabel
Allan Cochran
Bernie Buenaflor
Ricki Contreras
Cassandra Smith
Anthony J. Roda, Williams & Jensen
Joe Ackler, Ackler & Associates

ATTACHMENT A

LACERA LEGISLATIVE POLICY

Revised:

Board of Retirement: ~~May 10, 2018~~[date]

Board of Investments: ~~May 9, 2018~~[date]

Table of Contents

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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.
- Address proposals related to administrative or organizational matters that affect both Boards.

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.
- If amendments requested by LACERA are adopted, authorizes staff to engage with LACERA’s legislative advocate to achieve passage of the proposal without a resubmission of the proposal to the Board, unless the Board directs otherwise.
- If there are substantive¹ amendments to the proposal not requested by LACERA that may cause the Board not to support the proposal, staff will resubmit the proposal to the Board for consideration.

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.

¹ The term “substantive” as used in this Legislative Policy is defined as a change in the proposal that does not merely provide clarification but creates and defines rights and duties or, conversely, removes rights and duties.

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.
- If amendments requested by LACERA are adopted, the Board's position will be Neutral or Watch without a resubmission of the proposal to the Board, unless the Board directs otherwise.
- If there are substantive amendments to the proposal not requested by LACERA that may cause the Board not to remove its opposition, staff will resubmit the proposal to the Board for consideration.

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 although the proposal is not based on a law that covers LACERA such as CERL or PEPRA, the proposal may be of interest or concern to the Board and its stakeholders and that the Board in the future may take a substantive position on the matter.
- 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. Since the meeting schedules of the Boards do not necessarily accord with the hearing schedules and deadlines of the state Legislature and Congress. In the event a time-sensitive matter arises, action by staff may be required before the matter is considered by the Board at the next regularly scheduled Board meeting.

I. Legislation on Which the Board Previously Adopted a Position

Staff may 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 or Oppose 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 Executive Officer, Chief Counsel, 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.

II. Formally Affiliated Organizations

1. Staff may participate in joint written communications that are organized or requested by formal organizations to which LACERA has formally affiliated and that are consistent with the Board's legislative policy standards.
2. In the event a matter has been addressed in written communications by a formal organization to which LACERA has formally affiliated, staff may, consistent with the Board's legislative policy standards, write letters of support or opposition or engage in advocacy on the matter.

Staff will take the following actions:

1. Prepare a legislative analysis of the matter for use in consultation.
2. Consult with the Chief Executive Officer, Chief Counsel, and legislative advocate to determine whether staff should engage in the written communications described in II.1 and II.2.
3. If staff should engage in the written communications described in II.1 and II.2, consult with the Chair (or if not available, the Vice Chair) of the Board that has jurisdiction over the subject matter and obtain approval to engage in such written communications.
4. At the next regularly scheduled Board meeting, present a report to the Board of actions taken and copies of the written communications.

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 or that staff is monitoring, 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 California State Legislature, United States Congress, the Governor of California, the President of the United States, or any regulatory agencies. 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~~ provided as monthly reports to the Board of Retirement and Board of Investments.

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 outline² and a flowchart³ of the California legislative process through which a bill becomes law. In general, bills in the federal legislative process move through similar stages.

² Overview of Legislative Process – Official California Legislative Information (<http://www.leginfo.ca.gov/bil2lawx.html>).

³ 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.

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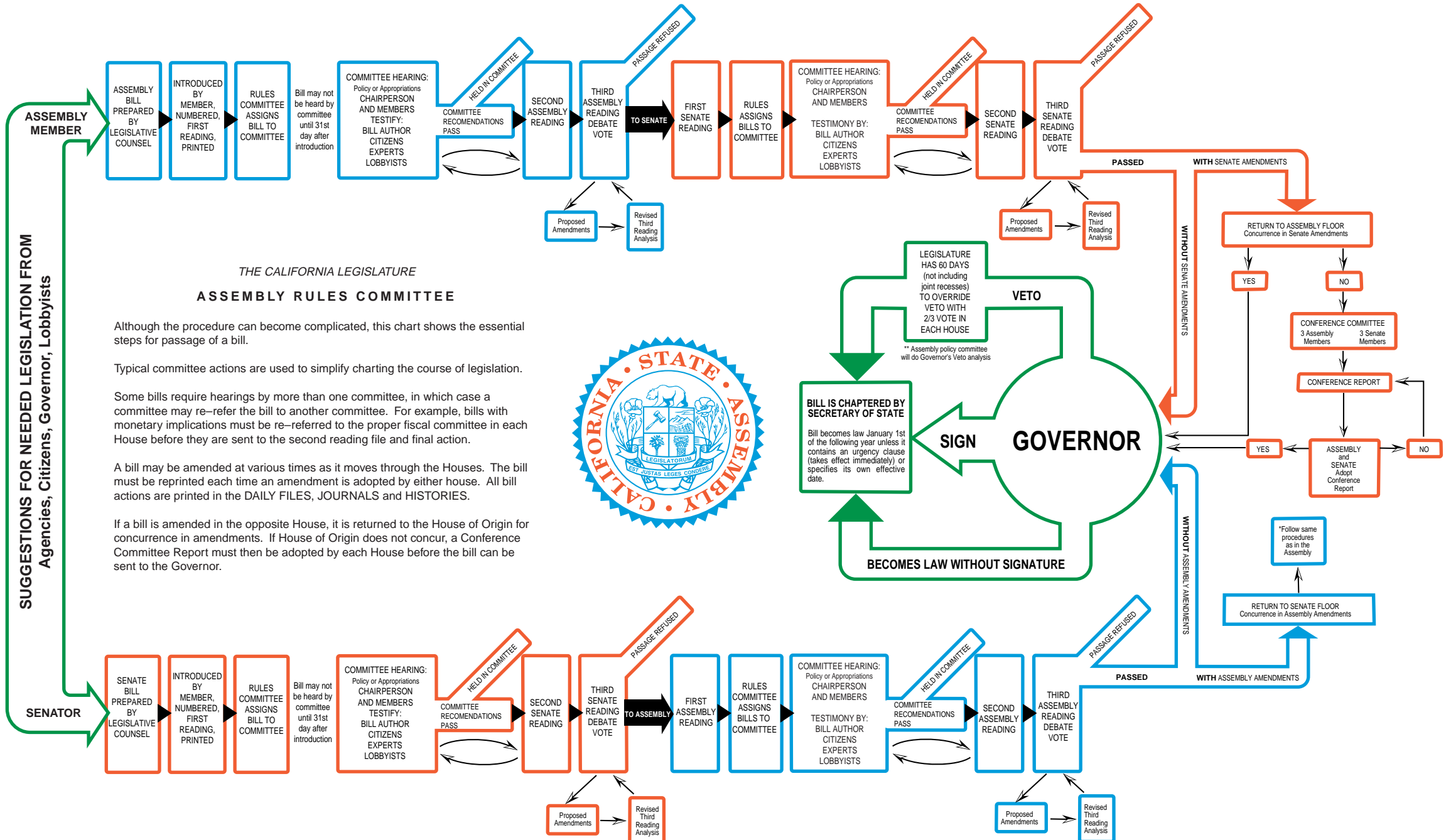
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From Idea into Law



THE CALIFORNIA LEGISLATURE

ASSEMBLY RULES COMMITTEE

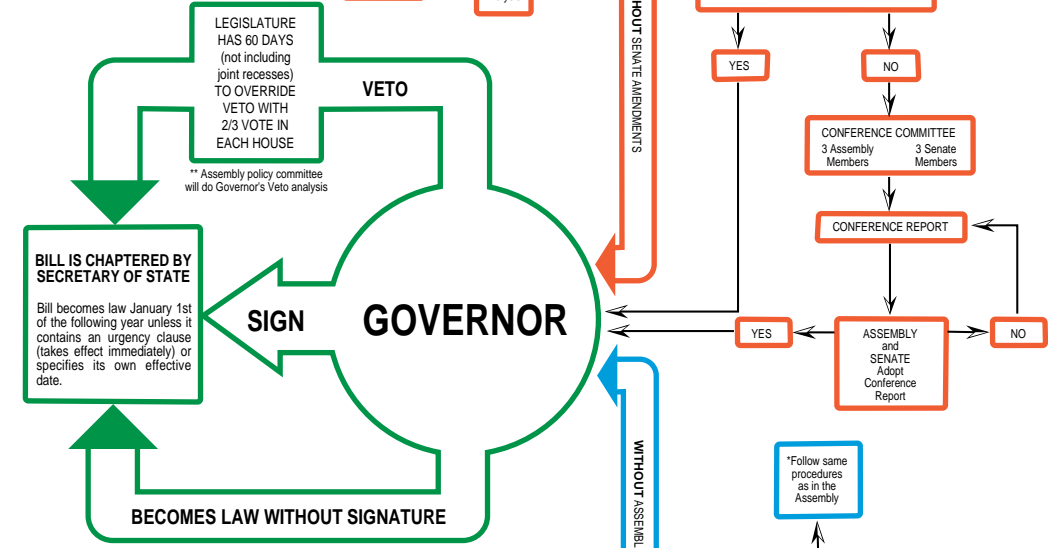
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SUGGESTIONS FOR NEEDED LEGISLATION FROM
 Agencies, Citizens, Governor, Lobbyists
ASSEMBLY MEMBER
SENATOR

Change Log

Restated and approved by the Board of Retirement on October 13, 2016 and the Board of Investments on October 12, 2016.

Revised by the Board of Retirement on May 10, 2018 and the Board of Investments on May 9, 2018.

ATTACHMENT B

LACERA LEGISLATIVE POLICY

Revised:

Board of Retirement: [date]

Board of Investments: [date]

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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.
- Address proposals related to administrative or organizational matters that affect both Boards.

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.
- If amendments requested by LACERA are adopted, authorizes staff to engage with LACERA’s legislative advocate to achieve passage of the proposal without a resubmission of the proposal to the Board, unless the Board directs otherwise.
- If there are substantive¹ amendments to the proposal not requested by LACERA that may cause the Board not to support the proposal, staff will resubmit the proposal to the Board for consideration.

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.

¹ The term “substantive” as used in this Legislative Policy is defined as a change in the proposal that does not merely provide clarification but creates and defines rights and duties or, conversely, removes rights and duties.

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.
- If amendments requested by LACERA are adopted, the Board's position will be Neutral or Watch without a resubmission of the proposal to the Board, unless the Board directs otherwise.
- If there are substantive amendments to the proposal not requested by LACERA that may cause the Board not to remove its opposition, staff will resubmit the proposal to the Board for consideration.

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 although the proposal is not based on a law that covers LACERA such as CERL or PEPRA, the proposal may be of interest or concern to the Board and its stakeholders and that the Board in the future may take a substantive position on the matter.
- 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. Since the meeting schedules of the Boards do not necessarily accord with the hearing schedules and deadlines of the state Legislature and Congress. In the event a time-sensitive matter arises, action by staff may be required before the matter is considered by the Board at the next regularly scheduled Board meeting.

I. Legislation on Which the Board Previously Adopted a Position

Staff may 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 or Oppose 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 Executive Officer, Chief Counsel, 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.

II. Formally Affiliated Organizations

1. Staff may participate in joint written communications that are organized or requested by formal organizations to which LACERA has formally affiliated and that are consistent with the Board's legislative policy standards.
2. In the event a matter has been addressed in written communications by a formal organization to which LACERA has formally affiliated, staff may, consistent with the Board's legislative policy standards, write letters of support or opposition or engage in advocacy on the matter.

Staff will take the following actions:

1. Prepare a legislative analysis of the matter for use in consultation.
2. Consult with the Chief Executive Officer, Chief Counsel, and legislative advocate to determine whether staff should engage in the written communications described in II.1 and II.2.
3. If staff should engage in the written communications described in II.1 and II.2, consult with the Chair (or if not available, the Vice Chair) of the Board that has jurisdiction over the subject matter and obtain approval to engage in such written communications.
4. At the next regularly scheduled Board meeting, present a report to the Board of actions taken and copies of the written communications.

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 or that staff is monitoring, 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 California State Legislature, United States Congress, the Governor of California, the President of the United States, or any regulatory agencies. The status report will be provided as monthly reports to the Board of Retirement and Board of Investments.

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 outline² and a flowchart³ of the California legislative process through which a bill becomes law. In general, bills in the federal legislative process move through similar stages.

² Overview of Legislative Process – Official California Legislative Information (<http://www.leginfo.ca.gov/bil2lawx.html>).

³ 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.

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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.

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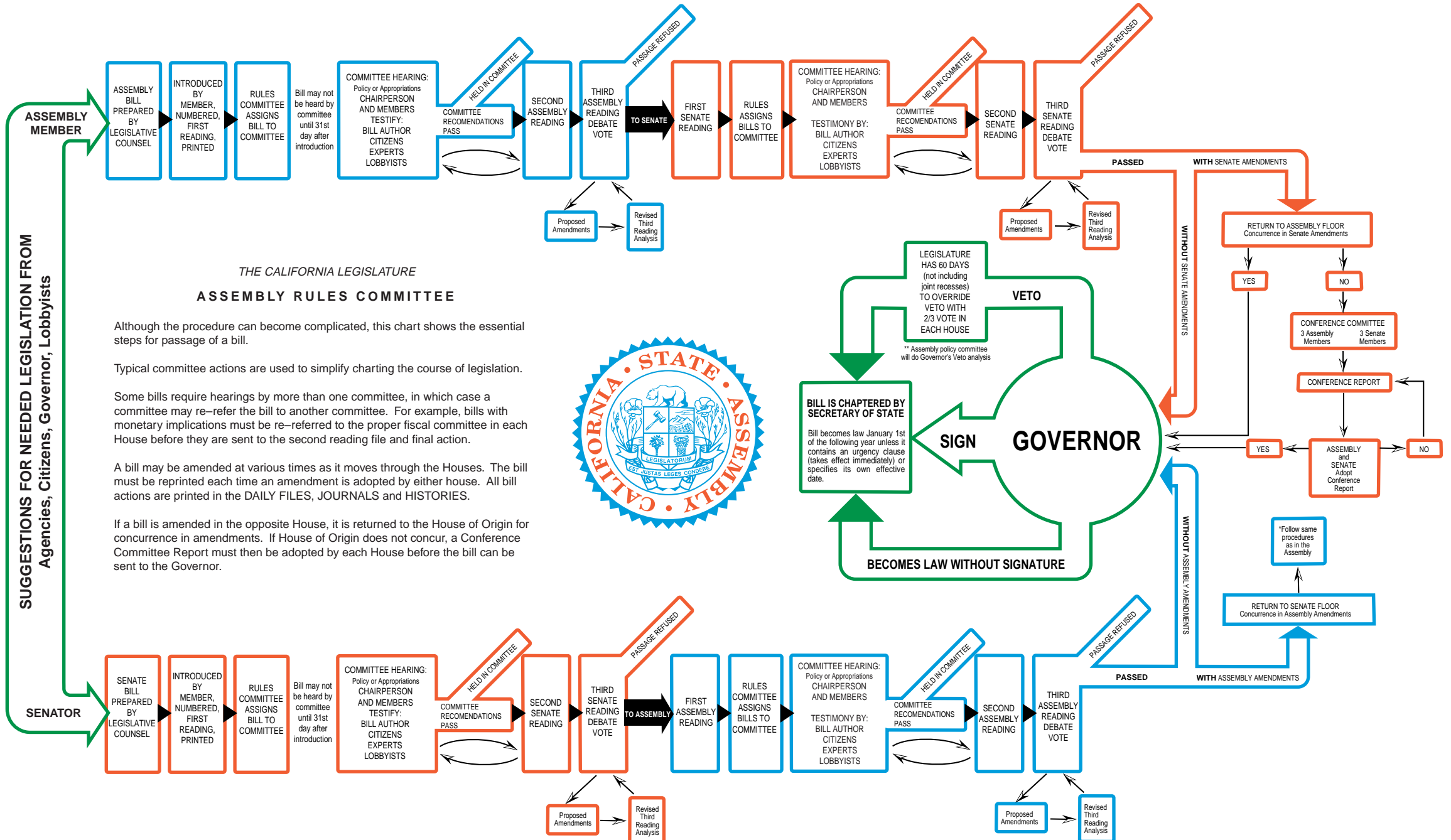
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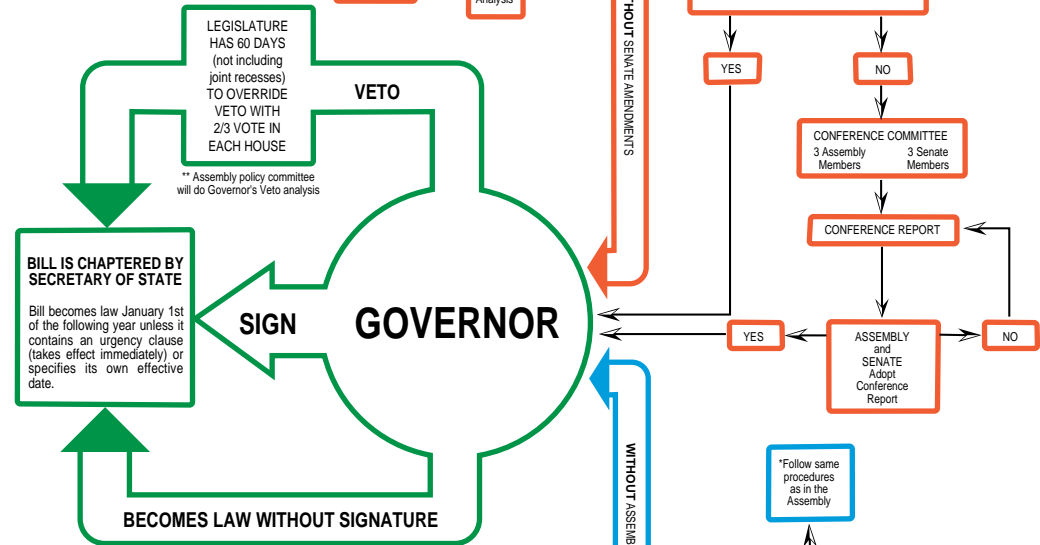
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SUGGESTIONS FOR NEEDED LEGISLATION FROM
 Agencies, Citizens, Governor, Lobbyists
ASSEMBLY MEMBER
SENATOR

Change Log


Restated and approved by the Board of Retirement on October 13, 2016 and the Board of Investments on October 12, 2016.

Revised by the Board of Retirement on May 10, 2018 and the Board of Investments on May 9, 2018.

December 4, 2018

FOR INFORMATION ONLY

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Shawn R. Kehoe, Vice Chair
Herman B. Santos
Gina Zapanta-Murphy
Thomas Walsh, Alternate

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: December 13, 2018 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Semi-Annual Report on Approved Engagements**

LEGAL AUTHORITY

The Board of Retirement's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits provides that staff will present semi-annual reports to the Insurance, Benefits and Legislative Committee each year as to the status of all approved engagements.

INTRODUCTION

In 2017, the Board of Retirement approved sponsorship of legislation that would provide statutory authority to the Board of Retirement to correct certain board decisions regarding the effective date of disability retirement that were based upon an error of law. In the effort to locate an author and achieve passage of the legislation, staff met with policy committee staff and certain members of the California State Legislature on January 16-17, 2018.

The Board of Retirement also approved two engagements this year that included visits to Congress on May 23-24, 2018 and to the California State Legislature on August 15, 2018. The purpose of the visits was to promote LACERA's presence and visibility with the legislative branches of the state and federal governments in accordance with the Policy on Engagement.

ENGAGEMENTS

California State Legislature: January 16-17, 2018

Chief Counsel Steven Rice and Legislative Affairs Officer Barry Lew attended meetings with members of the California State Legislature and staff of the Legislature's policy

committees that deal with public sector retirement systems. The meetings were arranged by LACERA's state legislative advocate, Joe Ackler of Ackler & Associates.

LACERA staff met with the staff of the Assembly Public Employees, Retirement & Social Security Committee and the Senate Public Employment & Retirement Committee to assist them in understanding LACERA's need for the legislation and how LACERA would implement the legislation, if passed. We addressed all questions and concerns that the committee staff had about our proposed legislation.

LACERA staff also met with Senators Ben Allen, Anthony Portantino, and Richard Pan, and Assembly Members Reginald Jones-Sawyer and Freddie Rodriguez. We provided education to the legislators regarding LACERA's history, organization, and operations. We also offered to act as a subject-matter resource on retirement matters for the legislators. LACERA is located in Senator Portantino's district. Senator Pan was the Chair of the Senate Public Employment & Retirement Committee. Assembly Member Rodriguez was the Chair of the Assembly Public Employees, Retirement & Social Security Committee and ultimately carried AB 2076 for LACERA, which was signed into law and enabled LACERA to correct prior board decisions regarding the effective date of disability retirement.

Congress: May 23-24, 2018

Board of Retirement Chair Vivian Gray, Vice-Chair Herman Santos, Board member Alan Bernstein, and Legislative Affairs Officer Barry Lew attended meetings with certain members of the California Delegation in Congress (which consists of 55 members: 2 Senators and 53 Representatives). LACERA's federal legislative advocates, Anthony J. Roda of Williams & Jensen and Shane Doucet of Doucet Consulting Solutions, arranged and hosted the meetings.

LACERA Board members and staff met with the staff of Senators Dianne Feinstein and Kamala Harris, House Majority Leader Kevin McCarthy and Minority Leader Nancy Pelosi, and Representatives Jimmy Gomez, Lucille Royal-Allard, Ted Lieu, Maxine Waters, and Devin Nunes. Board members and staff were able to speak directly with Representatives Steve Knight, Barbara Lee, Eric Swalwell, and House Ways and Means Committee members Linda Sanchez and Judy Chu. The Ways and Means Committee has subject-matter jurisdiction over programs authorized by the Social Security Act, including Medicare; LACERA is located in Representative Chu's district.

LACERA Board members, staff, and the legislative advocates provided information on LACERA's history, organization, and operations with regard to the retirement security of its members. We highlighted LACERA's support for the repeal of the Windfall Elimination Provision and Government Pension Offset as well as opposition to the application of unrelated business income tax on public pension plans and opposition to the requirements of the Public Employee Pension Transparency Act.

California State Legislature: August 15, 2018

LACERA Interim Deputy Chief Executive Officer James Brekk and Legislative Affairs Officer Barry Lew attended meetings with members of the California State Legislature arranged by LACERA's state legislative advocate, Joe Ackler of Ackler & Associates.

LACERA staff met with Senators John Moorlach, Mike Morrell, Connie Leyva, and Henry Stern and Assembly Members Ed Chau and Freddie Rodriguez. We also met with Ronda Paschal, Governor Jerry Brown's Deputy Legislative Director. The meetings were an ongoing effort by LACERA staff to educate legislators and their staff about LACERA's history, organization, and operations.

Senator Morrell was the Vice-Chair and Senators Moorlach and Leyva were members of the Senate Public Employment & Retirement Committee. Assembly Member Rodriguez was the Chair of the Assembly Public Employees, Retirement & Social Security Committee. We had the opportunity to thank Chair Rodriguez, who carried AB 2076 on behalf of LACERA, and his staff for their work on the bill. We also thanked Ms. Paschal for her assistance on AB 2076, which was signed by Governor Brown.

CONCLUSION

The meetings LACERA Board members and staff attended with legislators and their staff in Congress and the California State Legislature were overall very positive and broadened LACERA's visibility. The recent mid-term elections in November has resulted in new members and possible leadership changes in Congress and the California State Legislature. Staff will continue to consult with our federal and state legislative advocates to further promote LACERA's visibility and presence at the state and federal levels.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

cc: Lou Lazatin
Robert Hill
JJ Popowich
Steven P. Rice
Anthony J. Roda, Williams & Jensen
Joe Ackler, Ackler & Associates

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
ENGAGEMENT REPORT
NOVEMBER 2018
FOR INFORMATION ONLY**

Financial Independence, Retire Early

The Wall Street Journal chronicles a number of people who are adherents of a movement dubbed “Financial Independence, Retirement Early” (FIRE). They are often millennials and younger members of Generation X who have college degrees, above-average incomes, and the discipline to adopt a strict do-it-yourself approach to retirement. Even though they are better educated than prior generations, they also have less wealth than prior generations. Their philosophy is based on a 1992 book “Your Money or Your Life” that found a new audience after the 2008 financial crisis. This generation of Americans is flouting the traditional norms of spending decades working and then retiring at age 65 due to dissatisfaction with unfulfilling work, decline in the traditional social safety nets, and a desire for more economic security after the 2008 financial crisis. The FIRE movement has an ecosystem of podcasts, blogs, books, and conferences that provides ways to save more, spend less, and manage investments. For example, the approaches include saving as much as three-quarters of income (five times the 15% savings rate recommended by conventional financial advisers), setting firm spending limits, and growing your own food. [\(Source\)](#)

The 401(k) Turns 40

In 1978, Congress passed the Revenue Act of 1978 and added paragraph (k) to Internal Revenue Code Section 401 that placed parameters around pretax contributions made to cash-deferred plans. The provision became effective in 1980. Ted Benna is the former benefits consultant who is widely credited with creating the first 401(k) plan, and the Johnson Cos.’ 401(k) plan became the first such plan when it became effective January 1, 1981. Today, there are 55 million active 401(k) plan participants with more than \$5 trillion in their accounts. At the same time, an estimated 50% of Americans do not have access to a 401(k), and only about 53% of companies with 5 to 250 employees have retirement savings plans. Proposed solutions to the problems of availability and access include requiring all employers to offer 401(k)’s or IRA’s funded through payroll deductions with auto-enrollment and auto-escalation features. [\(Source\)](#)

CalSavers

About 20 companies in California have signed up to be part of a pilot for the CalSavers program, a retirement savings plan managed by the California Secure Choice Retirement Savings Investment Board. It will be open to all employers in July 2019. By 2022, companies with at least 5 employees must either sign up for CalSavers or offer

their own retirement savings program. Workers are automatically enrolled in CalSavers but can opt out. The program is not a pension plan but rather one that offers individual retirement accounts to workers. The program currently offers Roth IRA's but will start to offer traditional IRA's in July 2019 as well. The accounts are not guaranteed by the state, and investors may be subject to losses. Currently, CalSavers is the subject of a lawsuit by the Howard Jarvis Taxpayers Association that argues it is an employer-sponsored retirement plan that should be governed by federal law, which would impose administrative and compliance costs on the program, but that the State Treasurer's Office contends does not apply to CalSavers. ([Source](#)) ([Source](#))

Internal Revenue Service 2019 Plan Limits

The IRS announced the dollar limitations for benefits and contributions for qualified retirement plans in 2019. As a qualified plan, LACERA is subject to some of these limitations that relate to defined benefit plans. The annual compensation limit increased from \$275,000 to \$280,000. The annual benefit limitation increased from \$220,000 to \$225,000.

([Source](#)) ([Source](#))

Staff Note: The annual compensation limit applies to LACERA members who first became members on or after July 1, 1996. PEPRAs members are also subject to a lower compensation limit of \$124,180 (service included in federal system) and \$149,016 (service not included in federal system). LACERA members whose benefits exceed the annual benefit limitation receive those benefits through a replacement benefit plan.

U.S. Life Expectancy Declines Third Year in a Row

The Centers for Disease Control and Prevention released a data brief in November 2018 showing a decline in U.S. life expectancy for the third year in a row. This is a trend that has not been seen since 1915 – 1918 that included World War I and the flu pandemic. Overall life expectancy is at 78.6 in 2017, a decrease from 78.7 in 2016. The leading causes of death are heart disease and cancer, although these have continued to decline. However, deaths from drug overdoses have increased to 70,237 in 2017 from 63,632 in 2016; the number has quadrupled since 1999. Deaths from suicide have climbed steadily since 1999 and grown worse since 2006. There is a widening gap in suicide rates between urban and rural Americans; the rate is almost double for rural counties compared to urban counties. ([Source](#)) ([Source](#)) ([Source](#)) ([Source](#))

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
RETIREE HEALTHCARE BENEFITS PROGRAM
STAFF ACTIVITIES REPORT
NOVEMBER 2018
FOR INFORMATION ONLY**

2019 Medicare Part B Premium Announcement

The Centers for Medicare & Medicaid Services (CMS) announced the 2019 Medicare Part B premiums/deductibles amount recently. According to CMS, the standard monthly premium for Medicare Part B enrollees will be \$135.50 for 2019, an increase of \$1.50 from \$134 in 2018.

Staff is working with our consultant, Segal, and the County in efforts to obtain approval from the County Board of Supervisors to continue offering the Medicare Part B Premium Reimbursement Program in 2019, standard amount only. Staff was informed this item will go before the Board of Supervisors at their December 18, 2018, meeting. Staff will continue to keep your Board apprised on the status of this item.

2019 Medicare Part B Premium Reimbursement Amounts – LACFF Local 1014

Staff received notification from LACFF Local 1014 that their Board of Trustees has approved reimbursement of all 2019 Medicare Part B premiums for their eligible participants. The information was provided to Systems to update the 2019 Medicare Part B premium reimbursement amounts in the System.

We would like to thank Systems staff for their continued support with this annual project.

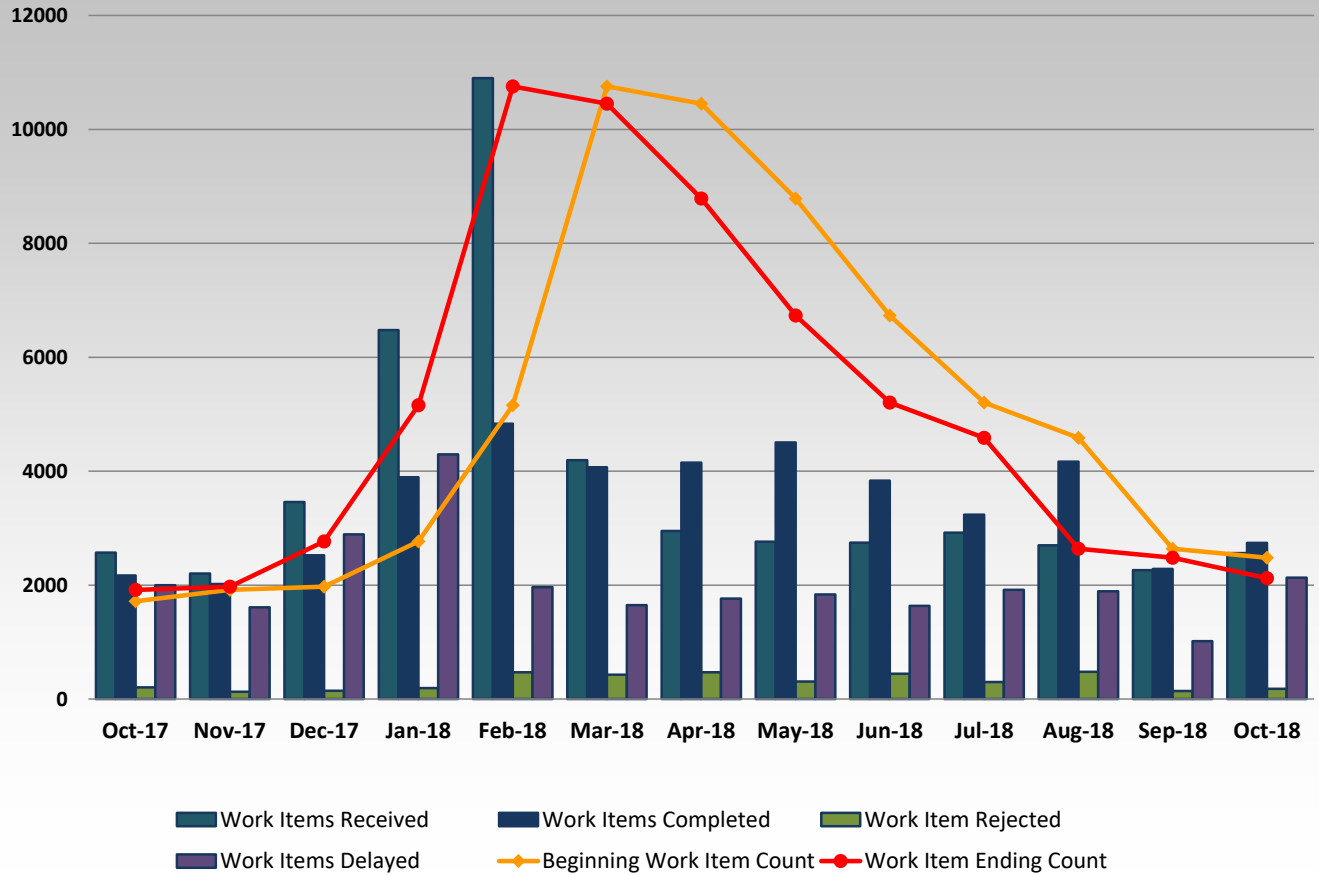
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Retiree Healthcare Division

Trend Report

OCTOBER 2017 ~ OCTOBER 2018

Updated 11/28/2018

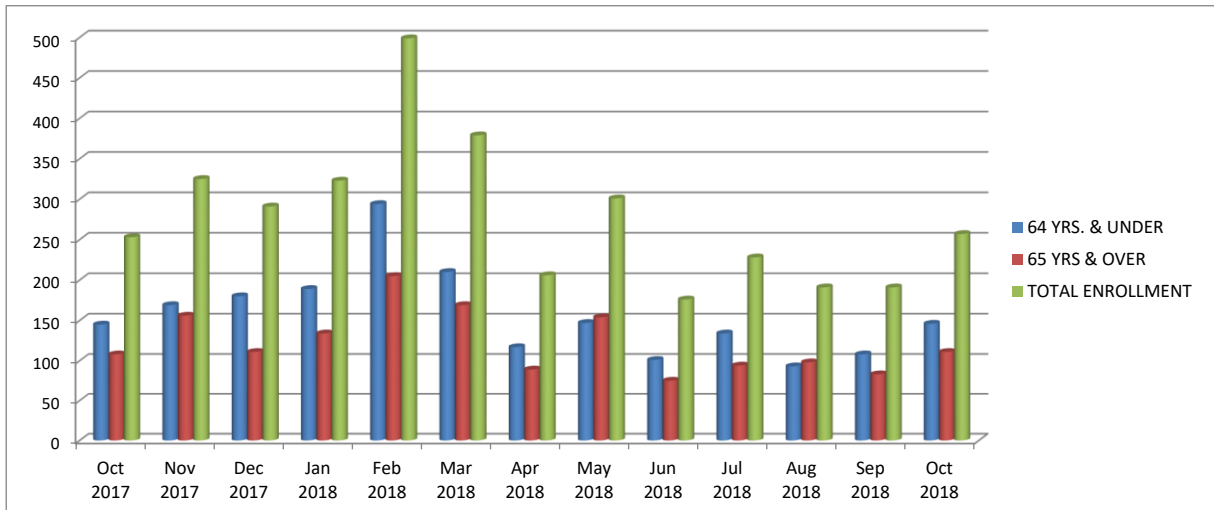


| | Beginning Work Item Count | Work Items Received | Work Items Completed | Work Item Rejected | Work Items Delayed | Work Item Ending Count |
|--------|---------------------------|---------------------|----------------------|--------------------|--------------------|------------------------|
| Oct-17 | 1716 | 2571 | 2167 | 205 | 1999 | 1915 |
| Nov-17 | 1915 | 2202 | 2018 | 126 | 1611 | 1973 |
| Dec-17 | 1973 | 3457 | 2521 | 143 | 2892 | 2766 |
| Jan-18 | 2766 | 6478 | 3895 | 190 | 4293 | 5159 |
| Feb-18 | 5159 | 10900 | 4834 | 470 | 1965 | 10755 |
| Mar-18 | 10755 | 4192 | 4069 | 425 | 1648 | 10453 |
| Apr-18 | 10453 | 2949 | 4148 | 468 | 1764 | 8786 |
| May-18 | 8786 | 2762 | 4506 | 309 | 1835 | 6733 |
| Jun-18 | 6733 | 2746 | 3834 | 442 | 1635 | 5203 |
| Jul-18 | 5203 | 2920 | 3236 | 300 | 1918 | 4587 |
| Aug-18 | 4587 | 2699 | 4168 | 478 | 1891 | 2640 |
| Sep-18 | 2640 | 2264 | 2285 | 139 | 1018 | 2480 |
| Oct-18 | 2480 | 2562 | 2742 | 179 | 2129 | 2121 |

Retirees Monthly Age Breakdown OCTOBER 2017 ~ OCTOBER 2018

Service Retirement

| MONTH | 64 YRS. & UNDER | 65 YRS & OVER | TOTAL ENROLLMENT |
|----------|-----------------|---------------|------------------|
| Oct 2017 | 145 | 108 | 253 |
| Nov 2017 | 169 | 156 | 325 |
| Dec 2017 | 180 | 111 | 291 |
| Jan 2018 | 189 | 134 | 323 |
| Feb 2018 | 294 | 205 | 499 |
| Mar 2018 | 210 | 169 | 379 |
| Apr 2018 | 117 | 89 | 206 |
| May 2018 | 147 | 154 | 301 |
| Jun 2018 | 101 | 75 | 176 |
| Jul 2018 | 134 | 94 | 228 |
| Aug 2018 | 93 | 98 | 191 |
| Sep 2018 | 108 | 83 | 191 |
| Oct 2018 | 146 | 111 | 257 |



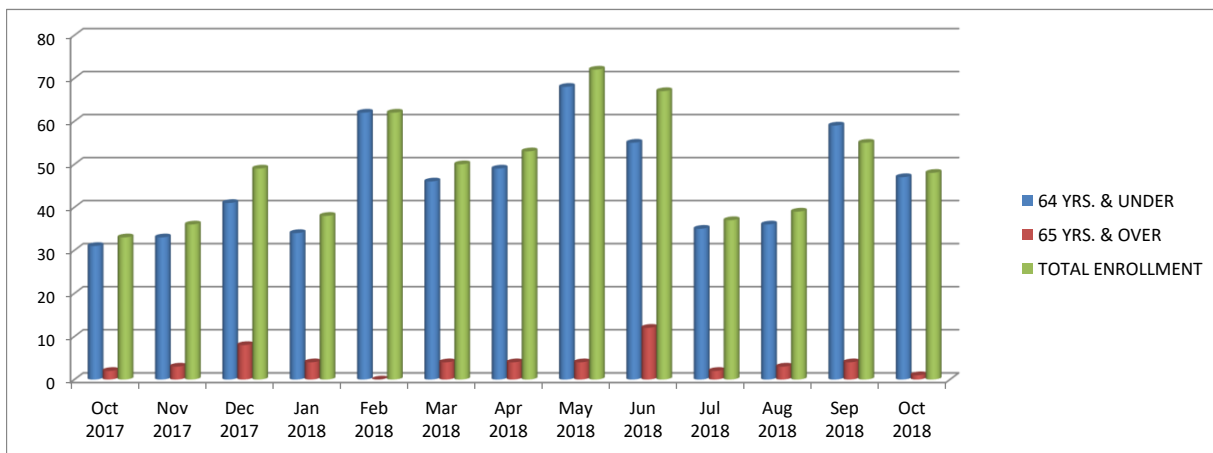
PLEASE NOTE:

- November's data (11/2018) is not yet available as data is provided on a **full month basis**.
- Next Report will include the following dates: November 1, 2017 through November 30, 2018.

Retirees Monthly Age Breakdown OCTOBER 2017 ~ OCTOBER 2018

Disability Retirement

| MONTH | 64 YRS. & UNDER | 65 YRS. & OVER | TOTAL ENROLLMENT |
|----------|-----------------|----------------|------------------|
| Oct 2017 | 31 | 2 | 33 |
| Nov 2017 | 33 | 3 | 36 |
| Dec 2017 | 41 | 8 | 49 |
| Jan 2018 | 34 | 4 | 38 |
| Feb 2018 | 62 | 0 | 62 |
| Mar 2018 | 46 | 4 | 50 |
| Apr 2018 | 49 | 4 | 53 |
| May 2018 | 68 | 4 | 72 |
| Jun 2018 | 55 | 12 | 67 |
| Jul 2018 | 35 | 2 | 37 |
| Aug 2018 | 36 | 3 | 39 |
| Sep 2018 | 59 | 4 | 55 |
| Oct 2018 | 47 | 1 | 48 |



PLEASE NOTE:

- November's data (11/2018) is not yet available as data is provided on a full month basis.
- Next Report will include the following dates: November 1, 2017 through November 30, 2018.

Medicare Part B Reimbursement and Penalty Report
PAY PERIOD 11/30/2018

| Deduction Code | No. of Members | Reimbursement Amount | No. of Penalties | Penalty Amount |
|---|-----------------------|-----------------------------|-------------------------|-----------------------|
| ANTHEM BC III | | | | |
| 240 | 6653 | \$772,293.20 | 7 | \$290.00 |
| 241 | 151 | \$17,620.70 | 0 | \$0.00 |
| 242 | 879 | \$107,703.10 | 0 | \$0.00 |
| 243 | 3865 | \$909,003.00 | 3 | \$119.60 |
| 244 | 19 | \$2,256.00 | 0 | \$0.00 |
| 245 | 51 | \$6,056.20 | 0 | \$0.00 |
| 246 | 18 | \$2,106.90 | 0 | \$0.00 |
| 247 | 108 | \$13,085.90 | 0 | \$0.00 |
| 248 | 14 | \$2,836.80 | 1 | \$36.50 |
| 249 | 51 | \$13,036.60 | 0 | \$0.00 |
| 250 | 17 | \$3,981.10 | 0 | \$0.00 |
| Plan Total: | 11,826 | 1,849,980 | 11 | \$446.10 |
| CIGNA-HEALTHSPRING PREFERRED with RX | | | | |
| 321 | 31 | \$3,316.60 | 0 | \$0.00 |
| 322 | 8 | \$927.60 | 0 | \$0.00 |
| 324 | 14 | \$3,168.50 | 0 | \$0.00 |
| 327 | 2 | \$238.90 | 0 | \$0.00 |
| 329 | 1 | \$226.70 | 0 | \$0.00 |
| Plan Total: | 56 | 7,878 | 0 | \$0.00 |
| KAISER SR. ADVANTAGE | | | | |
| 403 | 10513 | \$1,219,873.90 | 7 | \$159.20 |
| 404 | 1 | (\$118.00) | 0 | \$0.00 |
| 413 | 1605 | \$197,587.20 | 0 | \$0.00 |
| 418 | 5411 | \$1,272,980.10 | 2 | \$104.00 |
| 419 | 275 | \$31,744.30 | 0 | \$0.00 |
| 426 | 213 | \$24,892.70 | 0 | \$0.00 |
| 427 | 170 | \$18,845.40 | 0 | \$0.00 |
| 445 | 3 | \$344.90 | 0 | \$0.00 |
| 446 | 1 | \$106.00 | 0 | \$0.00 |
| 451 | 33 | \$3,817.10 | 0 | \$0.00 |
| 455 | 1 | \$134.00 | 0 | \$0.00 |
| 457 | 7 | \$1,491.90 | 0 | \$0.00 |
| 458 | 1 | \$134.00 | 0 | \$0.00 |
| 462 | 57 | \$6,539.70 | 0 | \$0.00 |
| 465 | 6 | \$716.70 | 0 | \$0.00 |
| 466 | 31 | \$7,126.40 | 0 | \$0.00 |
| 467 | 2 | \$268.00 | 0 | \$0.00 |
| 472 | 31 | \$3,489.50 | 0 | \$0.00 |
| 476 | 3 | \$360.70 | 0 | \$0.00 |
| 478 | 14 | \$3,408.10 | 0 | \$0.00 |
| 482 | 79 | \$10,065.60 | 0 | \$0.00 |
| 486 | 9 | \$1,116.40 | 0 | \$0.00 |
| 488 | 46 | \$9,863.80 | 0 | \$0.00 |
| 491 | 1 | \$104.90 | 0 | \$0.00 |
| 492 | 1 | \$104.90 | 0 | \$0.00 |
| Plan Total: | 18,514 | 2,814,998 | 9 | \$263.20 |

Medicare Part B Reimbursement and Penalty Report
PAY PERIOD 11/30/2018

| Deduction Code | No. of Members | Reimbursement Amount | No. of Penalties | Penalty Amount |
|--|-----------------------|-----------------------------|-------------------------|-----------------------|
| SCAN | | | | |
| 611 | 302 | \$35,642.40 | 0 | \$0.00 |
| 613 | 105 | \$24,568.50 | 0 | \$0.00 |
| Plan Total: | 407 | 60,211 | 0 | \$0.00 |
| UNITED HEALTHCARE GROUP MEDICARE ADV. HMO | | | | |
| 701 | 1671 | \$196,346.90 | 1 | \$36.50 |
| 702 | 318 | \$39,991.30 | 0 | \$0.00 |
| 703 | 974 | \$229,824.10 | 0 | \$0.00 |
| 704 | 80 | \$9,976.30 | 0 | \$0.00 |
| 705 | 25 | \$5,771.30 | 0 | \$0.00 |
| Plan Total: | 3,068 | 481,910 | 1 | \$36.50 |
| Grand Total: | 33,871 | 5,214,977 | 21 | \$745.80 |

Medicare Part B Reimbursement and Penalty Report
PAY PERIOD 11/30/2018

| Deduction Code | No. of Members | Reimbursement Amount | No. of Penalties | Penalty Amount |
|---|-----------------------|-----------------------------|-------------------------|-----------------------|
| ANTHEM BC III | | | | |
| 240 | 6653 | \$772,293.20 | 7 | \$290.00 |
| 241 | 151 | \$17,620.70 | 0 | \$0.00 |
| 242 | 879 | \$107,703.10 | 0 | \$0.00 |
| 243 | 3865 | \$909,003.00 | 3 | \$119.60 |
| 244 | 19 | \$2,256.00 | 0 | \$0.00 |
| 245 | 51 | \$6,056.20 | 0 | \$0.00 |
| 246 | 18 | \$2,106.90 | 0 | \$0.00 |
| 247 | 108 | \$13,085.90 | 0 | \$0.00 |
| 248 | 14 | \$2,836.80 | 1 | \$36.50 |
| 249 | 51 | \$13,036.60 | 0 | \$0.00 |
| 250 | 17 | \$3,981.10 | 0 | \$0.00 |
| Plan Total: | 11,826 | 1,849,980 | 11 | \$446.10 |
| CIGNA-HEALTHSPRING PREFERRED with RX | | | | |
| 321 | 31 | \$3,316.60 | 0 | \$0.00 |
| 322 | 8 | \$927.60 | 0 | \$0.00 |
| 324 | 14 | \$3,168.50 | 0 | \$0.00 |
| 327 | 2 | \$238.90 | 0 | \$0.00 |
| 329 | 1 | \$226.70 | 0 | \$0.00 |
| Plan Total: | 56 | 7,878 | 0 | \$0.00 |
| KAISER SR. ADVANTAGE | | | | |
| 403 | 10513 | \$1,219,873.90 | 7 | \$159.20 |
| 404 | 1 | (\$118.00) | 0 | \$0.00 |
| 413 | 1605 | \$197,587.20 | 0 | \$0.00 |
| 418 | 5411 | \$1,272,980.10 | 2 | \$104.00 |
| 419 | 275 | \$31,744.30 | 0 | \$0.00 |
| 426 | 213 | \$24,892.70 | 0 | \$0.00 |
| 427 | 170 | \$18,845.40 | 0 | \$0.00 |
| 445 | 3 | \$344.90 | 0 | \$0.00 |
| 446 | 1 | \$106.00 | 0 | \$0.00 |
| 451 | 33 | \$3,817.10 | 0 | \$0.00 |
| 455 | 1 | \$134.00 | 0 | \$0.00 |
| 457 | 7 | \$1,491.90 | 0 | \$0.00 |
| 458 | 1 | \$134.00 | 0 | \$0.00 |
| 462 | 57 | \$6,539.70 | 0 | \$0.00 |
| 465 | 6 | \$716.70 | 0 | \$0.00 |
| 466 | 31 | \$7,126.40 | 0 | \$0.00 |
| 467 | 2 | \$268.00 | 0 | \$0.00 |
| 472 | 31 | \$3,489.50 | 0 | \$0.00 |
| 476 | 3 | \$360.70 | 0 | \$0.00 |
| 478 | 14 | \$3,408.10 | 0 | \$0.00 |
| 482 | 79 | \$10,065.60 | 0 | \$0.00 |
| 486 | 9 | \$1,116.40 | 0 | \$0.00 |
| 488 | 46 | \$9,863.80 | 0 | \$0.00 |
| 491 | 1 | \$104.90 | 0 | \$0.00 |
| 492 | 1 | \$104.90 | 0 | \$0.00 |
| Plan Total: | 18,514 | 2,814,998 | 9 | \$263.20 |

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 11/30/2018

| Deduction Code | No. of Members | Reimbursement Amount | No. of Penalties | Penalty Amount |
|--|-----------------------|-----------------------------|-------------------------|-----------------------|
| SCAN | | | | |
| 611 | 302 | \$35,642.40 | 0 | \$0.00 |
| 613 | 105 | \$24,568.50 | 0 | \$0.00 |
| Plan Total: | 407 | 60,211 | 0 | \$0.00 |
| UNITED HEALTHCARE GROUP MEDICARE ADV. HMO | | | | |
| 701 | 1671 | \$196,346.90 | 1 | \$36.50 |
| 702 | 318 | \$39,991.30 | 0 | \$0.00 |
| 703 | 974 | \$229,824.10 | 0 | \$0.00 |
| 704 | 80 | \$9,976.30 | 0 | \$0.00 |
| 705 | 25 | \$5,771.30 | 0 | \$0.00 |
| Plan Total: | 3,068 | 481,910 | 1 | \$36.50 |
| LOCAL 1014 | | | | |
| 804 | 172 | \$27,744.90 | 0 | \$0.00 |
| 805 | 177 | \$25,546.40 | 0 | \$0.00 |
| 806 | 586 | \$167,757.00 | 0 | \$0.00 |
| 807 | 34 | \$5,386.00 | 0 | \$0.00 |
| 808 | 13 | \$4,022.50 | 0 | \$0.00 |
| 812 | 225 | \$31,443.20 | 0 | \$0.00 |
| 813 | 1 | \$134.00 | 0 | \$0.00 |
| Plan Total: | 1,208 | 262,034 | 0 | \$0.00 |
| Grand Total: | 35,079 | 5,477,011 | 21 | \$745.80 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|---|--------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|
| Medical Plan | | | | | | | |
| Anthem Blue Cross Prudent Buyer Plan | | | | | | | |
| 201 | 638 | \$579,571.96 | \$92,458.77 | \$483,479.51 | \$575,938.28 | (\$3,633.68) | \$572,304.60 |
| 202 | 329 | \$587,702.57 | \$55,018.86 | \$550,136.46 | \$605,155.32 | \$0.00 | \$605,155.32 |
| 203 | 90 | \$183,441.44 | \$41,566.66 | \$116,132.41 | \$157,699.07 | \$0.00 | \$157,699.07 |
| 204 | 35 | \$40,854.10 | \$15,711.28 | \$25,142.82 | \$40,854.10 | \$0.00 | \$40,854.10 |
| 205 | 1 | \$248.58 | \$9.94 | \$238.64 | \$248.58 | \$0.00 | \$248.58 |
| SUBTOTAL | 1,093 | \$1,391,818.65 | \$204,765.51 | \$1,175,129.84 | \$1,379,895.35 | (\$3,633.68) | \$1,376,261.67 |
| Anthem Blue Cross I | | | | | | | |
| 211 | 778 | \$892,747.22 | \$57,787.73 | \$849,508.59 | \$907,296.32 | (\$1,147.49) | \$906,148.83 |
| 212 | 283 | \$587,175.68 | \$34,982.35 | \$523,913.68 | \$558,896.03 | \$0.00 | \$558,896.03 |
| 213 | 57 | \$138,996.21 | \$17,654.90 | \$121,341.31 | \$138,996.21 | (\$2,438.53) | \$136,557.68 |
| 214 | 20 | \$30,354.60 | \$5,342.39 | \$25,012.21 | \$30,354.60 | \$0.00 | \$30,354.60 |
| 215 | 3 | \$1,166.46 | \$31.10 | \$1,135.36 | \$1,166.46 | \$0.00 | \$1,166.46 |
| SUBTOTAL | 1,141 | \$1,650,440.17 | \$115,798.47 | \$1,520,911.15 | \$1,636,709.62 | (\$3,586.02) | \$1,633,123.60 |
| Anthem Blue Cross II | | | | | | | |
| 221 | 2,153 | \$2,473,988.44 | \$151,851.34 | \$2,349,473.31 | \$2,501,324.65 | (\$9,179.92) | \$2,492,144.73 |
| 222 | 1,873 | \$3,878,667.52 | \$99,695.54 | \$3,715,069.04 | \$3,814,764.58 | (\$2,067.52) | \$3,812,697.06 |
| 223 | 645 | \$1,572,851.85 | \$65,693.87 | \$1,490,088.27 | \$1,555,782.14 | \$0.00 | \$1,555,782.14 |
| 224 | 170 | \$259,531.83 | \$27,410.15 | \$215,874.62 | \$243,284.77 | \$4,553.19 | \$247,837.96 |
| 225 | 2 | \$777.64 | \$194.41 | \$583.23 | \$777.64 | \$0.00 | \$777.64 |
| SUBTOTAL | 4,843 | \$8,185,817.28 | \$344,845.31 | \$7,771,088.47 | \$8,115,933.78 | (\$6,694.25) | \$8,109,239.53 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|---------------------------------|---------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| Anthem Blue Cross III | | | | | | | |
| 240 | 6,677 | \$3,126,371.71 | \$473,276.46 | \$2,657,611.64 | \$3,130,888.10 | (\$10,769.39) | \$3,120,118.71 |
| 241 | 152 | \$227,012.00 | \$25,957.03 | \$199,561.47 | \$225,518.50 | \$0.00 | \$225,518.50 |
| 242 | 887 | \$1,326,228.00 | \$93,821.67 | \$1,221,951.83 | \$1,315,773.50 | \$0.00 | \$1,315,773.50 |
| 243 | 3,874 | \$3,613,518.24 | \$413,079.92 | \$3,168,806.08 | \$3,581,886.00 | (\$2,791.08) | \$3,579,094.92 |
| 244 | 19 | \$15,905.85 | \$2,745.84 | \$13,160.01 | \$15,905.85 | \$0.00 | \$15,905.85 |
| 245 | 51 | \$42,694.65 | \$4,688.04 | \$38,006.61 | \$42,694.65 | \$0.00 | \$42,694.65 |
| 246 | 18 | \$33,521.58 | \$3,016.94 | \$30,504.64 | \$33,521.58 | \$0.00 | \$33,521.58 |
| 247 | 110 | \$206,716.41 | \$8,678.35 | \$188,726.51 | \$197,404.86 | \$0.00 | \$197,404.86 |
| 248 | 13 | \$18,187.26 | \$1,299.09 | \$14,289.99 | \$15,589.08 | \$0.00 | \$15,589.08 |
| 249 | 52 | \$67,552.68 | \$5,638.07 | \$63,213.70 | \$68,851.77 | \$0.00 | \$68,851.77 |
| 250 | 17 | \$24,746.90 | \$1,048.10 | \$23,698.80 | \$24,746.90 | \$0.00 | \$24,746.90 |
| SUBTOTAL | 11,870 | \$8,702,455.28 | \$1,033,249.51 | \$7,619,531.28 | \$8,652,780.79 | (\$13,560.47) | \$8,639,220.32 |
| CIGNA Network Model Plan | | | | | | | |
| 301 | 314 | \$472,438.12 | \$129,407.53 | \$343,030.59 | \$472,438.12 | (\$1,504.58) | \$470,933.54 |
| 302 | 134 | \$363,879.68 | \$91,476.82 | \$269,687.34 | \$361,164.16 | \$0.00 | \$361,164.16 |
| 303 | 17 | \$54,509.31 | \$15,663.99 | \$32,432.46 | \$48,096.45 | \$0.00 | \$48,096.45 |
| 304 | 17 | \$33,934.04 | \$14,203.52 | \$19,730.52 | \$33,934.04 | \$0.00 | \$33,934.04 |
| SUBTOTAL | 482 | \$924,761.15 | \$250,751.86 | \$664,880.91 | \$915,632.77 | (\$1,504.58) | \$914,128.19 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|--|--------------|--------------------|-------------------|-----------------------|--------------------|---------------|--------------------|
| CIGNA Healthspring Pref w/ Rx - Phoenix, AZ | | | | | | | |
| 321 | 30 | \$11,919.19 | \$1,614.87 | \$9,919.83 | \$11,534.70 | \$0.00 | \$11,534.70 |
| 322 | 9 | \$14,358.87 | \$893.44 | \$11,870.00 | \$12,763.44 | \$0.00 | \$12,763.44 |
| 324 | 14 | \$10,653.72 | \$1,293.67 | \$9,360.05 | \$10,653.72 | \$0.00 | \$10,653.72 |
| 327 | 2 | \$4,174.04 | \$417.40 | \$3,756.64 | \$4,174.04 | \$0.00 | \$4,174.04 |
| 329 | 1 | \$1,323.31 | \$0.00 | \$1,323.31 | \$1,323.31 | \$0.00 | \$1,323.31 |
| SUBTOTAL | 56 | \$42,429.13 | \$4,219.38 | \$36,229.83 | \$40,449.21 | \$0.00 | \$40,449.21 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|--------------------------------|---------------|------------------------|-----------------------|------------------------|------------------------|----------------------|------------------------|
| Kaiser/Senior Advantage | | | | | | | |
| 401 | 1,519 | \$1,529,422.50 | \$137,478.43 | \$1,404,720.69 | \$1,542,199.12 | \$0.00 | \$1,542,199.12 |
| 403 | 10,572 | \$2,902,344.48 | \$297,087.40 | \$2,611,979.16 | \$2,909,066.56 | (\$5,396.40) | \$2,903,670.16 |
| 404 | 573 | \$647,179.75 | \$20,291.01 | \$644,178.18 | \$664,469.19 | \$2,251.06 | \$666,720.25 |
| 405 | 1,000 | \$1,051,350.00 | \$22,688.12 | \$1,033,918.63 | \$1,056,606.75 | (\$3,154.05) | \$1,053,452.70 |
| 406 | 40 | \$76,534.70 | \$29,204.11 | \$39,863.79 | \$69,067.90 | (\$1,866.70) | \$67,201.20 |
| 411 | 1,796 | \$3,598,037.80 | \$182,878.55 | \$3,385,192.25 | \$3,568,070.80 | (\$8,729.45) | \$3,559,341.35 |
| 413 | 1,607 | \$2,050,897.92 | \$105,438.06 | \$1,950,536.34 | \$2,055,974.40 | (\$2,804.46) | \$2,053,169.94 |
| 414 | 128 | \$273,535.47 | \$3,689.54 | \$265,605.07 | \$269,294.61 | \$0.00 | \$269,294.61 |
| 418 | 5,401 | \$2,927,563.48 | \$226,380.43 | \$2,692,935.65 | \$2,919,316.08 | (\$2,702.90) | \$2,916,613.18 |
| 419 | 278 | \$388,298.25 | \$5,622.67 | \$374,755.00 | \$380,377.67 | (\$2,783.50) | \$377,594.17 |
| 420 | 134 | \$302,813.10 | \$1,345.83 | \$299,224.21 | \$300,570.04 | \$0.00 | \$300,570.04 |
| 421 | 9 | \$9,026.10 | \$1,002.91 | \$8,023.19 | \$9,026.10 | \$0.00 | \$9,026.10 |
| 422 | 230 | \$470,637.50 | \$2,373.65 | \$468,263.85 | \$470,637.50 | \$0.00 | \$470,637.50 |
| 423 | 17 | \$48,647.20 | \$9,207.66 | \$36,577.94 | \$45,785.60 | \$0.00 | \$45,785.60 |
| 426 | 213 | \$281,959.98 | \$3,293.92 | \$261,537.65 | \$264,831.57 | (\$2,635.14) | \$262,196.43 |
| 427 | 170 | \$364,729.32 | \$3,583.30 | \$354,747.26 | \$358,330.56 | \$0.00 | \$358,330.56 |
| 428 | 56 | \$121,457.28 | \$1,388.09 | \$120,069.19 | \$121,457.28 | \$0.00 | \$121,457.28 |
| 429 | 9 | \$29,842.30 | \$4,365.60 | \$19,508.24 | \$23,873.84 | \$0.00 | \$23,873.84 |
| 430 | 145 | \$303,731.50 | \$3,812.35 | \$299,919.15 | \$303,731.50 | \$0.00 | \$303,731.50 |
| 431 | 15 | \$43,650.75 | \$7,072.80 | \$36,577.95 | \$43,650.75 | \$0.00 | \$43,650.75 |
| 432 | 4 | \$14,901.60 | \$5,147.48 | \$9,754.12 | \$14,901.60 | \$0.00 | \$14,901.60 |
| SUBTOTAL | 23,916 | \$17,436,560.98 | \$1,073,351.91 | \$16,317,887.51 | \$17,391,239.42 | (\$27,821.54) | \$17,363,417.88 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|--------------------------|--------------|---------------------|--------------------|-----------------------|---------------------|---------------|---------------------|
| Kaiser - Colorado | | | | | | | |
| 450 | 5 | \$4,848.35 | \$853.31 | \$3,995.04 | \$4,848.35 | \$0.00 | \$4,848.35 |
| 451 | 33 | \$11,987.91 | \$1,235.10 | \$10,752.81 | \$11,987.91 | \$0.00 | \$11,987.91 |
| 453 | 1 | \$2,143.00 | \$75.48 | \$2,067.52 | \$2,143.00 | \$0.00 | \$2,143.00 |
| 454 | 1 | \$2,893.11 | \$552.12 | \$2,340.99 | \$2,893.11 | \$0.00 | \$2,893.11 |
| 455 | 1 | \$1,310.30 | \$0.00 | \$1,310.30 | \$1,310.30 | \$0.00 | \$1,310.30 |
| 457 | 7 | \$5,029.78 | \$1,149.66 | \$3,880.12 | \$5,029.78 | \$0.00 | \$5,029.78 |
| 458 | 1 | \$2,202.25 | \$0.00 | \$2,202.25 | \$2,202.25 | \$0.00 | \$2,202.25 |
| SUBTOTAL | 49 | \$30,414.70 | \$3,865.67 | \$26,549.03 | \$30,414.70 | \$0.00 | \$30,414.70 |
| Kaiser - Georgia | | | | | | | |
| 441 | 3 | \$3,493.23 | \$50.76 | \$3,442.47 | \$3,493.23 | \$0.00 | \$3,493.23 |
| 442 | 4 | \$4,657.64 | \$67.68 | \$4,589.96 | \$4,657.64 | \$0.00 | \$4,657.64 |
| 445 | 3 | \$4,739.64 | \$0.00 | \$4,739.64 | \$4,739.64 | \$0.00 | \$4,739.64 |
| 446 | 1 | \$1,579.88 | \$0.00 | \$1,579.88 | \$1,579.88 | \$0.00 | \$1,579.88 |
| 461 | 14 | \$16,301.74 | \$2,669.56 | \$13,632.18 | \$16,301.74 | \$0.00 | \$16,301.74 |
| 462 | 59 | \$24,984.73 | \$3,853.57 | \$21,131.16 | \$24,984.73 | \$0.00 | \$24,984.73 |
| 463 | 3 | \$6,962.46 | \$1,793.66 | \$5,168.80 | \$6,962.46 | \$0.00 | \$6,962.46 |
| 465 | 6 | \$9,479.28 | \$947.93 | \$8,531.35 | \$9,479.28 | \$0.00 | \$9,479.28 |
| 466 | 31 | \$26,007.14 | \$604.04 | \$25,403.10 | \$26,007.14 | \$0.00 | \$26,007.14 |
| 467 | 2 | \$5,472.58 | \$595.52 | \$4,877.06 | \$5,472.58 | \$0.00 | \$5,472.58 |
| SUBTOTAL | 126 | \$103,678.32 | \$10,582.72 | \$93,095.60 | \$103,678.32 | \$0.00 | \$103,678.32 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|-------------------------|--------------|---------------------|--------------------|-----------------------|---------------------|-------------------|---------------------|
| Kaiser - Hawaii | | | | | | | |
| 471 | 6 | \$6,019.20 | \$561.79 | \$5,457.41 | \$6,019.20 | \$0.00 | \$6,019.20 |
| 472 | 31 | \$13,517.24 | \$2,092.99 | \$11,424.25 | \$13,517.24 | \$0.00 | \$13,517.24 |
| 473 | 1 | \$1,646.39 | \$498.90 | \$1,147.49 | \$1,646.39 | \$0.00 | \$1,646.39 |
| 474 | 4 | \$7,993.60 | \$0.00 | \$7,993.60 | \$7,993.60 | \$0.00 | \$7,993.60 |
| 476 | 3 | \$4,293.72 | \$2,633.49 | \$1,660.23 | \$4,293.72 | \$0.00 | \$4,293.72 |
| 478 | 14 | \$12,097.12 | \$829.51 | \$11,267.61 | \$12,097.12 | \$0.00 | \$12,097.12 |
| SUBTOTAL | 59 | \$45,567.27 | \$6,616.68 | \$38,950.59 | \$45,567.27 | \$0.00 | \$45,567.27 |
| Kaiser - Oregon | | | | | | | |
| 481 | 7 | \$8,288.42 | \$1,839.52 | \$6,448.90 | \$8,288.42 | \$0.00 | \$8,288.42 |
| 482 | 79 | \$34,178.56 | \$5,641.63 | \$31,998.05 | \$37,639.68 | \$0.00 | \$37,639.68 |
| 484 | 2 | \$4,720.22 | \$750.58 | \$3,969.64 | \$4,720.22 | \$0.00 | \$4,720.22 |
| 486 | 9 | \$14,478.30 | \$1,866.09 | \$12,612.21 | \$14,478.30 | \$0.00 | \$14,478.30 |
| 488 | 45 | \$39,434.88 | \$5,177.95 | \$29,970.53 | \$35,148.48 | \$0.00 | \$35,148.48 |
| 489 | 1 | \$2,140.72 | \$416.20 | \$2,735.18 | \$3,151.38 | \$0.00 | \$3,151.38 |
| 491 | 1 | \$1,495.00 | \$0.00 | \$1,495.00 | \$1,495.00 | \$0.00 | \$1,495.00 |
| 492 | 1 | \$1,694.64 | \$338.93 | \$1,355.71 | \$1,694.64 | \$0.00 | \$1,694.64 |
| 495 | 2 | \$5,064.00 | \$928.96 | \$4,135.04 | \$5,064.00 | \$0.00 | \$5,064.00 |
| 498 | 1 | \$2,446.06 | \$378.54 | \$2,067.52 | \$2,446.06 | \$0.00 | \$2,446.06 |
| SUBTOTAL | 148 | \$113,940.80 | \$17,338.40 | \$96,787.78 | \$114,126.18 | \$0.00 | \$114,126.18 |
| SCAN Health Plan | | | | | | | |
| 611 | 304 | \$93,936.00 | \$20,499.06 | \$74,054.94 | \$94,554.00 | (\$927.00) | \$93,627.00 |
| 613 | 105 | \$64,050.00 | \$10,894.60 | \$53,155.40 | \$64,050.00 | \$0.00 | \$64,050.00 |
| SUBTOTAL | 409 | \$157,986.00 | \$31,393.66 | \$127,210.34 | \$158,604.00 | (\$927.00) | \$157,677.00 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|--------------------------|--------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|
| UHC Medicare Adv. | | | | | | | |
| 701 | 1,672 | \$597,216.24 | \$72,920.83 | \$529,576.05 | \$602,496.88 | (\$2,497.32) | \$599,999.56 |
| 702 | 317 | \$482,601.60 | \$31,278.71 | \$439,466.77 | \$470,745.48 | \$0.00 | \$470,745.48 |
| 703 | 970 | \$687,882.00 | \$71,680.73 | \$604,983.71 | \$676,664.44 | \$0.00 | \$676,664.44 |
| 704 | 82 | \$141,638.67 | \$10,791.22 | \$127,315.06 | \$138,106.28 | \$0.00 | \$138,106.28 |
| 705 | 25 | \$22,597.00 | \$940.05 | \$21,656.95 | \$22,597.00 | (\$903.88) | \$21,693.12 |
| 706 | 1 | \$332.14 | \$13.29 | \$318.85 | \$332.14 | \$0.00 | \$332.14 |
| SUBTOTAL | 3,067 | \$1,932,267.65 | \$187,624.83 | \$1,723,317.39 | \$1,910,942.22 | (\$3,401.20) | \$1,907,541.02 |
| United Healthcare | | | | | | | |
| 707 | 458 | \$530,991.46 | \$56,608.08 | \$475,542.75 | \$532,150.83 | \$1,159.37 | \$533,310.20 |
| 708 | 406 | \$859,238.10 | \$62,472.20 | \$796,765.90 | \$859,238.10 | \$0.00 | \$859,238.10 |
| 709 | 319 | \$800,402.90 | \$58,824.02 | \$739,069.78 | \$797,893.80 | (\$7,315.59) | \$790,578.21 |
| SUBTOTAL | 1,183 | \$2,190,632.46 | \$177,904.30 | \$2,011,378.43 | \$2,189,282.73 | (\$6,156.22) | \$2,183,126.51 |

Medical and Dental Vision Insurance Premiums December 2018

| Carrier Codes | Member Count | Premium Amount | Member Amount | County Subsidy Amount | Total | Adjustments | Total Paid |
|--------------------------------|---------------|------------------------|-----------------------|------------------------|------------------------|-----------------------|------------------------|
| Local 1014 Firefighters | | | | | | | |
| 801 | 61 | \$68,490.19 | \$1,661.71 | \$66,828.48 | \$68,490.19 | \$0.00 | \$68,490.19 |
| 802 | 286 | \$578,998.42 | \$15,871.84 | \$565,834.58 | \$581,706.42 | \$2,024.47 | \$583,730.89 |
| 803 | 278 | \$663,877.90 | \$23,593.90 | \$646,110.85 | \$669,704.75 | \$0.00 | \$669,704.75 |
| 804 | 172 | \$193,119.88 | \$8,825.12 | \$182,488.36 | \$191,313.48 | (\$27,744.90) | \$163,568.58 |
| 805 | 177 | \$358,331.19 | \$12,308.77 | \$346,022.42 | \$358,331.19 | (\$25,546.40) | \$332,784.79 |
| 806 | 586 | \$1,186,339.42 | \$32,796.39 | \$1,153,543.03 | \$1,186,339.42 | (\$174,842.65) | \$1,011,496.77 |
| 807 | 34 | \$81,193.70 | \$955.22 | \$80,238.48 | \$81,193.70 | (\$5,386.00) | \$75,807.70 |
| 808 | 13 | \$31,044.65 | \$191.04 | \$30,853.61 | \$31,044.65 | (\$4,022.50) | \$27,022.15 |
| 809 | 25 | \$28,069.75 | \$3,256.07 | \$24,813.68 | \$28,069.75 | \$0.00 | \$28,069.75 |
| 810 | 7 | \$14,171.29 | \$1,983.98 | \$12,187.31 | \$14,171.29 | \$0.00 | \$14,171.29 |
| 811 | 5 | \$11,940.25 | \$859.70 | \$11,080.55 | \$11,940.25 | \$0.00 | \$11,940.25 |
| 812 | 225 | \$252,627.75 | \$20,434.61 | \$236,684.30 | \$257,118.91 | (\$26,390.65) | \$230,728.26 |
| 813 | 1 | \$2,024.47 | \$0.00 | \$2,024.47 | \$2,024.47 | (\$134.00) | \$1,890.47 |
| SUBTOTAL | 1,870 | \$3,470,228.86 | \$122,738.35 | \$3,358,710.12 | \$3,481,448.47 | (\$262,042.63) | \$3,219,405.84 |
| Medical Plan Total | 50,312 | \$46,378,998.70 | \$3,585,046.56 | \$42,581,658.27 | \$46,166,704.83 | (\$329,327.59) | \$45,837,377.24 |

Medical and Dental Vision Insurance Premiums December 2018

| 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 | 23,831 | \$1,243,129.28 | \$141,809.30 | \$1,108,669.54 | \$1,250,478.84 | (\$3,631.12) | \$1,246,847.72 |
| 502 | 22,079 | \$2,400,820.20 | \$189,105.00 | \$2,205,307.80 | \$2,394,412.80 | (\$2,883.88) | \$2,391,528.92 |
| 503 | 13 | \$833.95 | \$73.14 | \$696.66 | \$769.80 | \$0.00 | \$769.80 |
| SUBTOTAL | 45,923 | \$3,644,783.43 | \$330,987.44 | \$3,314,674.00 | \$3,645,661.44 | (\$6,515.00) | \$3,639,146.44 |
| CIGNA Dental HMO/Vision | | | | | | | |
| 901 | 3,313 | \$153,166.04 | \$19,605.80 | \$133,975.95 | \$153,581.75 | \$92.38 | \$153,674.13 |
| 902 | 2,303 | \$218,057.64 | \$20,480.36 | \$197,010.16 | \$217,490.52 | (\$94.52) | \$217,396.00 |
| 903 | 4 | \$187.12 | \$24.32 | \$162.80 | \$187.12 | \$0.00 | \$187.12 |
| SUBTOTAL | 5,620 | \$371,410.80 | \$40,110.48 | \$331,148.91 | \$371,259.39 | (\$2.14) | \$371,257.25 |
| Dental/Vision Plan Total | 51,543 | \$4,016,194.23 | \$371,097.92 | \$3,645,822.91 | \$4,016,920.83 | (\$6,517.14) | \$4,010,403.69 |
| GRAND TOTALS | 101,855 | \$50,395,192.93 | \$3,956,144.48 | \$46,227,481.18 | \$50,183,625.66 | (\$335,844.73) | \$49,847,780.93 |

| 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 |
|-----------------------------------|-------|----------------------------|
|-----------------------------------|-------|----------------------------|

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 |
|-----------------------------------|-------|----------------------------|
|-----------------------------------|-------|----------------------------|

Kaiser Georgia (continued)

| | | |
|------------|-----|--|
| \$1,689.48 | 463 | Retiree and Family (Two family members are "Basic") |
| \$2,531.72 | 464 | Retiree and Family (Three or more family members are "Basic") |
| \$1,203.35 | 465 | Retiree and Family (One family member is "Senior Advantage"; one is "Basic") |
| \$717.22 | 466 | Retiree and Family (Two family members are "Senior Advantage") |
| \$2,045.59 | 467 | Retiree and Family (One family member is "Senior Advantage"; two or more are "Basic") |
| \$1,559.46 | 468 | Retiree and Family (Two family members are "Senior Advantage"; one is "Basic") |
| \$1,915.57 | 469 | Retiree and Family (Three or more family members are "Senior Advantage"; one is "Basic") |
| \$2,045.59 | 470 | Retiree and Family (Three or more family members are "Basic"; one is "Senior Advantage") |

Kaiser Hawaii

| | | |
|------------|-----|---|
| \$795.16 | 471 | Retiree Only ("Basic" under age 65) |
| \$346.45 | 472 | Retiree Only ("Senior Advantage") |
| \$1,381.42 | 473 | Retiree Only (Over age 65 without Medicare Part A or Medicare Part B) |
| \$1,585.31 | 474 | Retiree and Family (Two family members are "Basic") |
| \$2,375.47 | 475 | Retiree and Family (Three or more family members are "Basic") |
| \$1,136.61 | 476 | Retiree and Family (One family member is "Senior Advantage"; one is "Basic") |
| \$2,171.58 | 477 | Retiree and Family (One family member is "Basic" under age 65; one is over age 65 without Medicare Part A or Medicare Part B) |
| \$687.90 | 478 | Retiree and Family (Two family members are "Senior Advantage") |
| \$1,722.87 | 479 | Retiree and Family (One family member is "Senior Advantage"; one is over age 65 without Medicare Part A or Medicare Part B) |

Kaiser Oregon

| | | |
|------------|-----|--|
| \$806.67 | 481 | Retiree Only ("Basic" under age 65) |
| \$465.92 | 482 | Retiree Only ("Senior Advantage") |
| \$1,205.27 | 483 | Retiree Only (Over age 65 without Medicare Part A or Medicare Part B) |
| \$1,608.34 | 484 | Retiree and Family (Two family members are "Basic") |
| \$2,410.01 | 485 | Retiree and Family (Three or more family members are "Basic") |
| \$1,267.59 | 486 | Retiree and Family (One family member is "Senior Advantage"; one is "Basic") |
| N/A | 487 | Retiree Only (Medicare Cost "Supplement" program) |
| \$926.84 | 488 | Retiree and Family (Two family members are "Senior Advantage") |
| \$1,110.84 | 489 | Retiree Only (Over age 65 with Medicare Part A only) |
| \$1,205.27 | 490 | Retiree Only (Over age 65 with Medicare Part B only) |

*Benchmark premiums are bolded.

| PREMIUMS* | CARRIER DEDUCTION CODES | DEDUCTION CODE DEFINITIONS |
|---|-------------------------------|---|
| <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 |
|-----------------------------------|-------|----------------------------|
|-----------------------------------|-------|----------------------------|

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

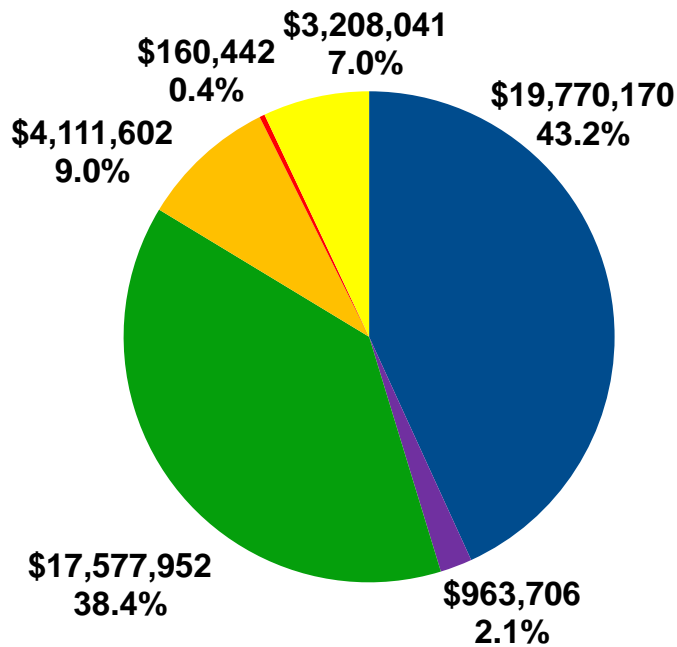
| | | |
|---------|-----|------------------------------|
| \$39.02 | 901 | Retiree Only |
| \$81.07 | 902 | Retiree and Dependent(s) |
| \$39.56 | 903 | Survivor Children Only Rates |

Los Angeles County Employees Retirement Association
 Premium & Enrollment
Coverage Month October 2018

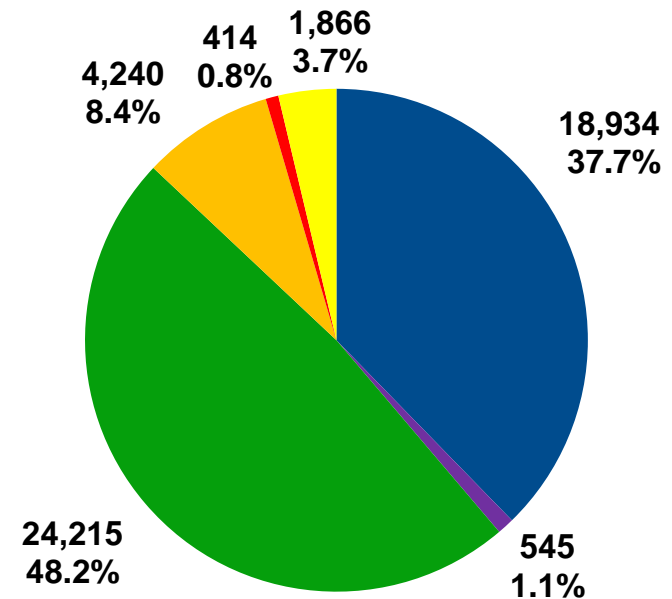
| Carrier / Plan | Monthly Premium | Percent of Total | Retirees | Percent of Total |
|-------------------------|---------------------|------------------|---------------|------------------|
| Anthem All Plans | \$19,770,170 | 43.2% | 18,934 | 37.7% |
| Cigna Medical | \$963,706 | 2.1% | 545 | 1.1% |
| Kaiser | \$17,577,952 | 38.4% | 24,215 | 48.2% |
| UnitedHealthcare | \$4,111,602 | 9.0% | 4,240 | 8.4% |
| SCAN Health Plan | \$160,442 | 0.4% | 414 | 0.8% |
| Local 1014 | \$3,208,041 | 7.0% | 1,866 | 3.7% |
| Combined Medical | \$45,791,913 | 100.0% | 50,214 | 100.0% |

| | | |
|--|--------------------|---------------|
| Cigna Dental & Vision (PPO and HMO) | \$3,994,450 | 51,422 |
|--|--------------------|---------------|

Monthly Premium



Retirees



- Anthem All Plans
- Cigna Medical
- Kaiser
- UnitedHealthcare
- SCAN Health Plan
- Local 1014

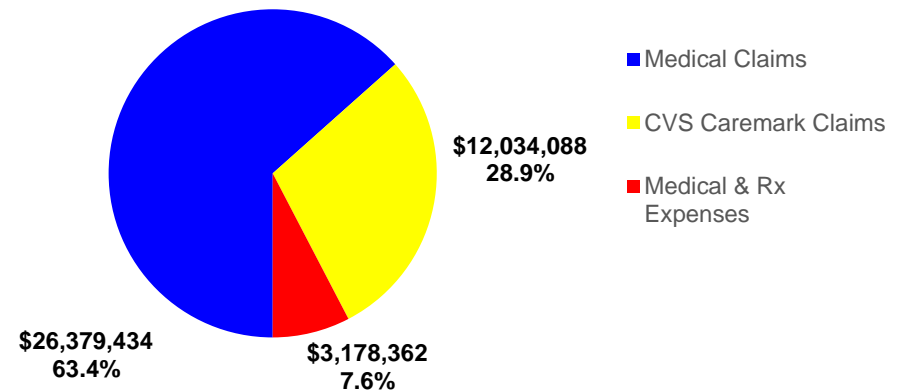
Los Angeles County Employees Retirement Association

Anthem Plans I & II

Coverage Month October 2018

| 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-18 | 6,003 | \$9,790,841 | \$6,299,972 | \$2,952,253 | \$9,252,225 | \$1,541.27 | 94.5% | \$795,141 | \$10,047,365 | 102.6% |
| Aug-18 | 5,991 | \$9,761,051 | \$7,134,674 | \$2,995,750 | \$10,130,424 | \$1,690.94 | 103.8% | \$793,878 | \$10,924,302 | 111.9% |
| Sep-18 | 5,994 | \$9,808,413 | \$6,069,698 | \$2,910,952 | \$8,980,650 | \$1,498.27 | 91.6% | \$794,335 | \$9,774,985 | 99.7% |
| Oct-18 | 5,998 | \$9,761,065 | \$6,875,091 | \$3,175,133 | \$10,050,224 | \$1,675.60 | 103.0% | \$795,008 | \$10,845,232 | 111.1% |
| Nov-18 | | | | | | | | | | |
| Dec-18 | | | | | | | | | | |
| Jan-19 | | | | | | | | | | |
| Feb-19 | | | | | | | | | | |
| Mar-19 | | | | | | | | | | |
| Apr-19 | | | | | | | | | | |
| May-19 | | | | | | | | | | |
| Jun-19 | | | | | | | | | | |
| YTD Plan Year | 23,986 | \$39,121,370 | \$26,379,434 | \$12,034,088 | \$38,413,523 | \$1,601.50 | 98.2% | \$3,178,362 | \$41,591,884 | 106.3% |
| 12 Month Rollup | 71,805 | \$113,406,656 | \$80,100,373 | \$33,712,860 | \$113,813,233 | \$1,585.03 | 100.4% | \$9,102,549 | \$122,915,783 | 108.4% |

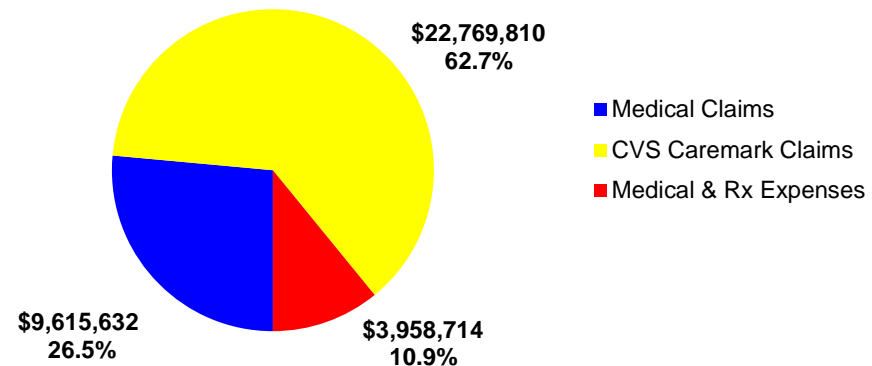
Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA
 Post May 2018 Medical Claims are adjusted higher by 0.95%
 due to transition in Anthem reports.



Los Angeles County Employees Retirement Association
Anthem Plan III
Coverage Month October 2018

| 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-18 | 11,726 | \$8,520,749 | \$2,251,965 | \$5,794,931 | \$8,046,897 | \$686.24 | 94.4% | \$985,309 | \$9,032,206 | 106.0% |
| Aug-18 | 11,753 | \$8,542,776 | \$2,626,233 | \$5,549,602 | \$8,175,835 | \$695.64 | 95.7% | \$987,578 | \$9,163,413 | 107.3% |
| Sep-18 | 11,802 | \$8,596,380 | \$2,167,185 | \$5,490,921 | \$7,658,106 | \$648.88 | 89.1% | \$991,695 | \$8,649,801 | 100.6% |
| Oct-18 | 11,831 | \$8,616,790 | \$2,570,248 | \$5,934,356 | \$8,504,604 | \$718.84 | 98.7% | \$994,132 | \$9,498,736 | 110.2% |
| Nov-18 | | | | | | | | | | |
| Dec-18 | | | | | | | | | | |
| Jan-19 | | | | | | | | | | |
| Feb-19 | | | | | | | | | | |
| Mar-19 | | | | | | | | | | |
| Apr-19 | | | | | | | | | | |
| May-19 | | | | | | | | | | |
| Jun-19 | | | | | | | | | | |
| YTD Plan Year | 47,112 | \$34,276,695 | \$9,615,632 | \$22,769,810 | \$32,385,442 | \$687.41 | 94.5% | \$3,958,714 | \$36,344,156 | 106.0% |
| 12 Month Rollup | 139,513 | \$97,958,113 | \$30,327,311 | \$64,110,854 | \$94,438,164 | \$676.91 | 96.4% | \$10,839,846 | \$105,278,010 | 107.5% |

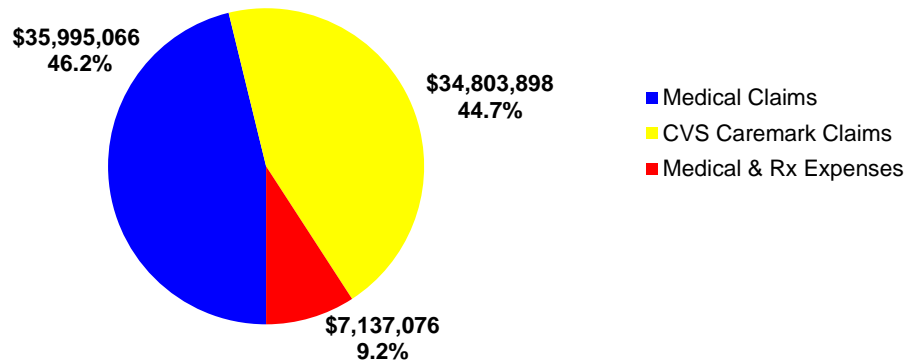
Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA
 Post May 2018 Medical Claims are adjusted higher by 0.95%
 due to transition in Anthem reports.



Los Angeles County Employees Retirement Association
Anthem Plans I, II, & III
Coverage Month October 2018

| 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-18 | 17,729 | \$18,311,591 | \$8,551,937 | \$8,747,184 | \$17,299,121 | \$975.75 | 94.5% | \$1,780,450 | \$19,079,571 | 104.2% |
| Aug-18 | 17,744 | \$18,303,827 | \$9,760,907 | \$8,545,352 | \$18,306,259 | \$1,031.69 | 100.0% | \$1,781,456 | \$20,087,715 | 109.7% |
| Sep-18 | 17,796 | \$18,404,793 | \$8,236,883 | \$8,401,873 | \$16,638,756 | \$934.97 | 90.4% | \$1,786,031 | \$18,424,786 | 100.1% |
| Oct-18 | 17,829 | \$18,377,854 | \$9,445,339 | \$9,109,489 | \$18,554,828 | \$1,040.71 | 101.0% | \$1,789,140 | \$20,343,968 | 110.7% |
| Nov-18 | | | | | | | | | | |
| Dec-18 | | | | | | | | | | |
| Jan-19 | | | | | | | | | | |
| Feb-19 | | | | | | | | | | |
| Mar-19 | | | | | | | | | | |
| Apr-19 | | | | | | | | | | |
| May-19 | | | | | | | | | | |
| Jun-19 | | | | | | | | | | |
| YTD Plan Year | 71,098 | \$73,398,065 | \$35,995,066 | \$34,803,898 | \$70,798,964 | \$995.79 | 96.5% | \$7,137,076 | \$77,936,040 | 106.2% |
| 12 Month Rollup | 211,318 | \$211,364,769 | \$110,427,683 | \$97,823,714 | \$208,251,398 | \$985.49 | 98.5% | \$19,942,395 | \$228,193,793 | 108.0% |

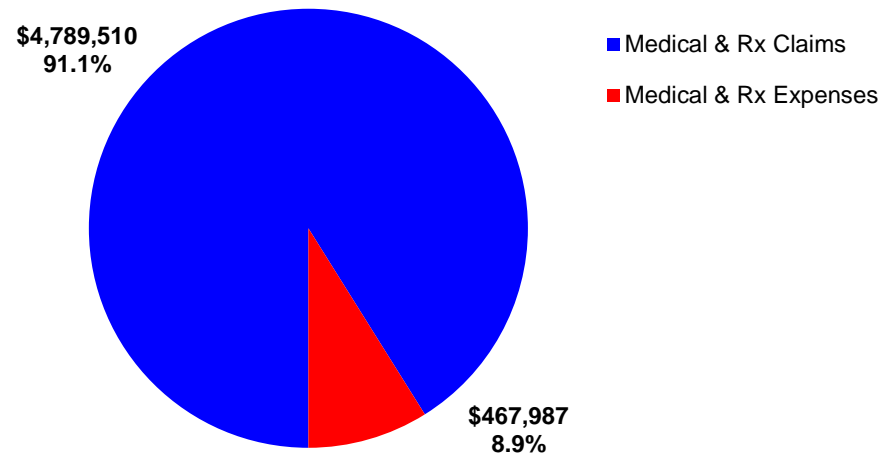
Medical Claims reported by Anthem
 CVS Caremark Claims reported by CVS
 Expenses: Anthem Admin, Stop Loss, and Premium Taxes
 Enrollment and Premium Reported by LACERA
 Post May 2018 Medical Claims are adjusted higher by 0.95%
 due to transition in Anthem reports.



Los Angeles County Employees Retirement Association
Anthem Prudent Buyer
Coverage Month October 2018

| 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-18 | 1,130 | \$1,422,807 | \$1,158,284 | \$1,025.03 | 81.4% | \$118,411 | \$1,276,696 | 89.7% |
| Aug-18 | 1,118 | \$1,384,769 | \$1,254,475 | \$1,122.07 | 90.6% | \$117,154 | \$1,371,629 | 99.1% |
| Sep-18 | 1,113 | \$1,395,115 | \$890,571 | \$800.15 | 63.8% | \$116,630 | \$1,007,201 | 72.2% |
| Oct-18 | 1,105 | \$1,392,316 | \$1,486,179 | \$1,344.96 | 106.7% | \$115,792 | \$1,601,971 | 115.1% |
| Nov-18 | | | | | | | | |
| Dec-18 | | | | | | | | |
| Jan-19 | | | | | | | | |
| Feb-19 | | | | | | | | |
| Mar-19 | | | | | | | | |
| Apr-19 | | | | | | | | |
| May-19 | | | | | | | | |
| Jun-19 | | | | | | | | |
| YTD Plan Year | 4,466 | \$5,595,008 | \$4,789,510 | \$1,072.44 | 85.6% | \$467,987 | \$5,257,497 | 94.0% |
| 12 Month Rollup | 13,761 | \$16,835,592 | \$15,533,326 | \$1,128.79 | 92.3% | \$1,703,471 | \$17,236,797 | 102.4% |

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

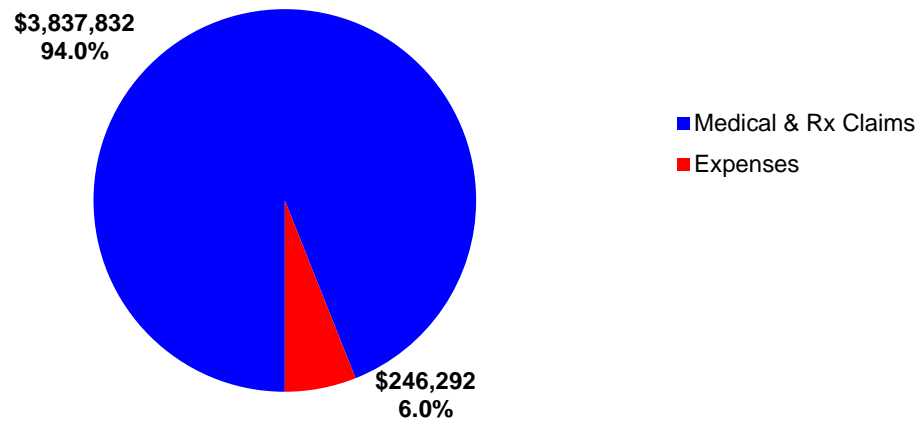
Cigna HMO ⁽¹⁾

Coverage Month October 2018

| Month | Monthly Enrollment | Monthly Premium | Medical & Rx Claims | Claims Per Retiree Per Month | Paid Loss Ratio | Expenses | Total Paid Claims & Expenses | Expense Ratio |
|------------------------|--------------------|-----------------|---------------------|------------------------------|-----------------|-------------|------------------------------|---------------|
| Jul-18 | 508 | \$959,148 | \$1,043,402 | \$2,053.94 | 108.8% | \$62,792 | \$1,106,194 | 115.3% |
| Aug-18 | 502 | \$946,828 | \$1,068,793 | \$2,129.07 | 112.9% | \$61,986 | \$1,130,779 | 119.4% |
| Sep-18 | 493 | \$932,088 | \$778,798 | \$1,579.71 | 83.6% | \$61,021 | \$839,819 | 90.1% |
| Oct-18 | 490 | \$924,026 | \$946,839 | \$1,932.32 | 102.5% | \$60,493 | \$1,007,332 | 109.0% |
| Nov-18 | | | | | | | | |
| Dec-18 | | | | | | | | |
| Jan-19 | | | | | | | | |
| Feb-19 | | | | | | | | |
| Mar-19 | | | | | | | | |
| Apr-19 | | | | | | | | |
| May-19 | | | | | | | | |
| Jun-19 | | | | | | | | |
| YTD Plan Year | 1,993 | \$3,762,089 | \$3,837,832 | \$1,925.66 | 102.0% | \$246,292 | \$4,084,124 | 108.6% |
| 12 Month Rollup | 6,176 | \$11,254,514 | \$11,092,300 | \$1,796.03 | 98.6% | \$1,138,640 | \$12,230,939 | 108.7% |

⁽¹⁾ Excludes Cigna's HealthSpring Preferred Plan.

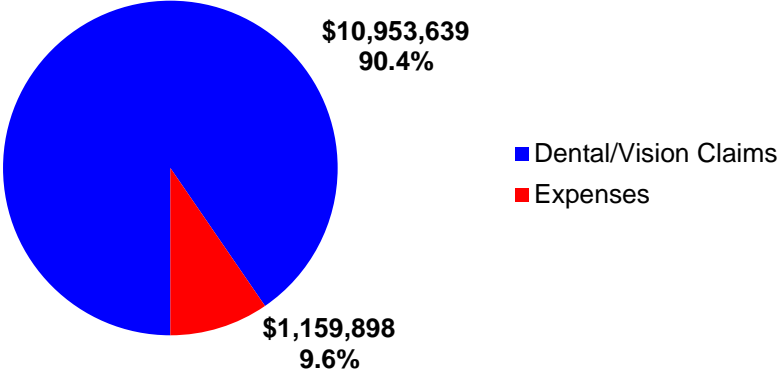
Monthly Enrollment and Premium Data as reported by LACERA
 Medical Claims reported by Cigna
 Expenses: Cigna Admin Costs and Premium Taxes
 Enrollment and Premium Reported by LACERA



Los Angeles County Employees Retirement Association
Cigna Dental PPO + Vision
Coverage Month October 2018

| 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-18 | 45,630 | \$3,615,753 | \$2,805,276 | 56.1% | \$61.48 | 77.6% | \$289,477 | \$3,094,753 | 85.6% |
| Aug-18 | 45,661 | \$3,615,280 | \$2,825,832 | 57.8% | \$61.89 | 78.2% | \$289,439 | \$3,115,272 | 86.2% |
| Sep-18 | 45,757 | \$3,633,545 | \$2,583,643 | 55.8% | \$56.46 | 71.1% | \$290,902 | \$2,874,545 | 79.1% |
| Oct-18 | 45,809 | \$3,623,282 | \$2,738,888 | 57.2% | \$59.79 | 75.6% | \$290,080 | \$3,028,968 | 83.6% |
| Nov-18 | | | | | | | | | |
| Dec-18 | | | | | | | | | |
| Jan-19 | | | | | | | | | |
| Feb-19 | | | | | | | | | |
| Mar-19 | | | | | | | | | |
| Apr-19 | | | | | | | | | |
| May-19 | | | | | | | | | |
| Jun-19 | | | | | | | | | |
| YTD Plan Year | 182,857 | \$14,487,859 | \$10,953,639 | 56.7% | \$59.90 | 75.6% | \$1,159,898 | \$12,113,537 | 83.6% |
| 12 Month Rollup | 542,248 | \$42,995,620 | \$35,089,812 | 56.2% | \$64.71 | 81.6% | \$3,225,925 | \$38,315,736 | 89.1% |

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



Los Angeles County Employees Retirement Association

Kaiser Utilization

Coverage Month October 2018

- Kaiser insures approximately 24,000 LACERA retirees, with the majority enrolled in Medicare Advantage plans.
- Kaiser's Periodic Utilization Report (PUR) monitors utilization patterns of LACERA's non-Medicare population in Southern California.

| Category | Current Period 8/1/2017 - 7/31/2018 | Prior Period 8/1/2016 - 7/31/2017 | Change |
|------------------------------|--|--------------------------------------|---------------|
| Average Contract Size | 2.35 | 2.29 | 2.62% |
| Average Members | 8,736 | 8,744 | -0.09% |
| Inpatient Claims PMPM | \$188.72 | \$196.04 | -3.73% |
| Outpatient Claims PMPM | \$277.42 | \$270.16 | 2.69% |
| Pharmacy Claims PMPM | \$101.20 | \$90.64 | 11.65% |
| Other Claims PMPM | \$107.81 | \$107.63 | 0.17% |
| Total Claims PMPM | \$675.15 | \$664.47 | 1.61% |

| | | | |
|--------------------------|---------------------|---------------------|--------------|
| Total Paid Claims | \$70,780,469 | \$69,722,919 | 1.52% |
|--------------------------|---------------------|---------------------|--------------|

| Large Claims over \$425,000 Pooling Point | | | |
|--|--------------|--------------|---------|
| Number of Claims over Pooling Point | 6 | 7 | |
| Amount over Pooling Point | \$1,376,914 | \$685,279 | 100.93% |
| % of Total Paid Claims | 1.95% | 0.98% | |

| | | | |
|--------------------------|----------|----------|--------|
| Inpatient Days / 1000 | 315.2 | 280.5 | 12.37% |
| Inpatient Admits / 1000 | 57.6 | 58.6 | -1.71% |
| Outpatient Visits / 1000 | 11,820.9 | 11,904.4 | -0.70% |
| Pharmacy Scripts PMPY | 10.8 | 10.9 | -0.92% |