

## 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, JANUARY 9, 2020 - 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  
Vivian H. Gray  
Ronald Okum  
JP Harris, Alternate

#### I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of December 12, 2019

#### II. PUBLIC COMMENT

#### III. ACTION ITEMS

A. Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer:  
That the Committee recommend the Board of Retirement adopt a "Watch"  
position on H.R. 3934, which would enact the "Equal Treatment of Public  
Servants Act of 2019," and H.R. 4540, which would enact the "Public  
Servants Protection and Fairness Act." (Memorandum dated December 30,  
2019)

#### IV. FOR INFORMATION

A. Engagement Report for December 2019  
Barry W. Lew, Legislative Affairs Officer

B. Staff Activities Report for December 2019  
Cassandra Smith, Director, Retiree Healthcare

- IV. FOR INFORMATION (Continued)
  - C. LACERA Claims Experience  
Stephen Murphy, Segal Consulting
  - D. 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.**

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

THURSDAY, DECEMBER 12, 2019, 11:22 A.M. – 12:03 P.M.

**COMMITTEE MEMBERS**

PRESENT: Les Robbins, Chair  
Shawn R. Kehoe, Vice Chair  
Ronald Okum  
JP Harris, Alternate

ABSENT: Vivian H. Gray

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Alan Bernstein (*left at 11:40 a.m.*)  
Thomas Walsh

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith, Director, Retiree Healthcare  
Barry W. Lew, Legislative Affairs Officer  
Kathy Migita

Segal Consulting

Stephen Murphy, Vice President

The meeting was called to order by Chair Robbins at 11:22 a.m. Due to the absence of Ms. Gray, the Chair announced that Mr. Harris, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of November 21, 2019

Mr. Harris made a motion, Mr. Kehoe seconded, to approve the minutes of the special meeting of November 21, 2019. The motion passed with Mr. Robbins abstaining.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Semi-Annual Report on Approved Engagements  
Barry W. Lew, Legislative Affairs Officer

The semi-annual report on approved engagements was discussed.

B. Engagement Report for November 2019  
Barry W. Lew, Legislative Affairs Officer

The engagement report was discussed.

C. Staff Activities Report for November 2019  
Cassandra Smith, Director, Retiree Healthcare

The staff activities report was discussed.

D. LACERA Claims Experience  
Stephen Murphy, Segal Consulting

The LACERA Claims Experience reports through October 2019 were discussed.

E. Federal Legislation  
Stephen Murphy, Segal Consulting

*(for discussion purposes)*

Segal Consulting gave an update on federal legislation.

IV. ITEMS FOR STAFF REVIEW

The Committee echoed the BOI request that Mr. Lew engage with LACERA's federal lobbyist with regard to the Government Pension Offset and Windfall Elimination bills. Also, Mr. Kehoe requested he be provided with the PEPRA annual compensation limit for 2013, the year PEPRA was implemented.

December 12, 2019

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V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 12:03 p.m.

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December 30, 2019

TO: Insurance, Benefits and Legislative Committee  
Les Robbins, Chair  
Shawn R. Kehoe, Vice Chair  
Vivian H. Gray  
Ronald A. Okum  
J.P. Harris, Alternate

FROM: Barry W. Lew   
Legislative Affairs Officer

FOR: January 9, 2019 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **H.R. 3934—Equal Treatment of Public Servants Act of 2019**  
**H.R. 4540—Public Servants Protection and Fairness Act**

*Author:* H.R. 3934: Brady [R-TX]  
H.R. 4540: Neal [D-MA]

*Sponsor:* H.R. 3934: Author and 44 co-sponsors  
H.R. 4540: Author and 86 co-sponsors

*Introduced:* H.R. 3934: July 24, 2019  
H.R. 4540: September 27, 2019

*Status:* H.R. 3934: Referred to House Committee on Ways and Means (07/24/2019)  
H.R. 4540: Referred to House Committee on Ways and Means (09/27/2019)

*Staff Recommendation:* H.R. 3934/H.R. 4540: Watch

## **RECOMMENDATION**

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt a “Watch” position on H.R. 3934, which would enact the “Equal Treatment of Public Servants Act of 2019,” and H.R. 4540, which would enact the “Public Servants Protection and Fairness Act.”

## **LEGISLATIVE POLICY STANDARD**

H.R. 3934 and H.R. 4540 would not repeal the Windfall Elimination Provision (WEP) but would provide a proportional formula for new retirees beginning in 2022; the bills do not address the Government Pension Offset (GPO). Although the Board of Retirement has traditionally supported repeal of the WEP and GPO, these proposals for a proportional formula may be of interest to the Board and its stakeholders (Legislative Policy, page 9).

## **SUMMARY**

H.R. 3934 and H.R. 4540 would provide a new proportional formula for retirees eligible for Social Security benefits starting in 2022 and provide an additional monthly payment to retirees currently affected by the WEP.

## **ANALYSIS**

### Existing Law

Social Security benefits are designed to replace a percentage of a worker's pre-retirement earnings. A Social Security benefit is calculated by separating average monthly earnings into three amounts known as "bend points." Each bend point is multiplied by a percentage, and the total of the three amounts is the Social Security benefit.

For example, for a worker who turns 62 in 2019, the first \$926 of average monthly earnings is multiplied by 90 percent, earnings between \$926 and \$5,583 are multiplied by 32 percent, and the earnings over \$5,583 are multiplied by 15 percent. The benefit amount is decreased or increased depending on whether the worker begins receiving benefits before or after full retirement age.

The WEP reduces the Social Security benefit of workers who qualify for a pension from a government employer that does not participate in Social Security, unless the worker has 30 years or more of substantial earnings. The percentage that is multiplied against the first \$926 of average monthly earnings is reduced from 90 percent to as low as 40 percent, based on years of substantial earnings. The reduction of the Social Security benefit under the WEP cannot exceed more than one-half of the worker's government pension amount.

### This Bill

On or after 2022. H.R. 3934 and H.R. 4540 would provide a proportional formula to calculate Social Security benefits for workers who receive a government pension from noncovered employment beginning in 2022. This new formula would prorate the Social Security benefit based on the proportion of covered employment to total covered and noncovered employment.

Social Security's Office of the Chief Actuary estimates that if the proportional formula in 2018 had been applied to current beneficiaries affected by the WEP, about 69 percent of them would have received a higher average monthly benefit (on average, \$74 higher), whereas 31 percent would have received a lower benefit (on average, \$55 lower).

Since the proportional formula could reduce benefits in some cases even further than the current WEP formula, the bills would also provide protection provisions. H.R. 3934 would provide that new Social Security beneficiaries between 2022 and 2060 would

receive the higher of the benefit under WEP or the proportional formula. Starting 2061, benefits are based solely on the proportional formula. In contrast, H.R. 4540 would provide that all future beneficiaries receive the higher of the benefit under the two formulas.

Before 2022. WEP-affected beneficiaries who became eligible for Social Security benefits before 2022 would receive an additional monthly payment that would offset a portion of the WEP reduction. Currently, the maximum dollar amount of monthly WEP reduction in 2019 is \$463 for new beneficiaries with 20 or fewer years of substantial earnings.

H.R. 3934 would provide \$100 per month for retired workers and \$50 per month for those receiving spousal benefits. H.R. 4540 would provide retired workers (but not dependents) an amount equal to the WEP reduction up to \$150 per month.<sup>1</sup>

Other provisions. H.R. 3934 and H.R. 4540 also provide for improvements in the reporting of noncovered earnings in Social Security account statements for estimating the WEP adjustment and for improvements to the collection and sharing of information related to state and local noncovered pensions.

#### Pro

Provides some Social Security benefit increases to WEP-affected beneficiaries.

Uses a more precise formula than the WEP to calculate a Social Security benefit replacement rate for future retirees based on covered employment.

#### Con

Does not repeal the WEP for current retirees.

Additional monthly payment for current retirees offsets no more than one-third of the current maximum monthly WEP reduction of \$463.

**IT IS THEREFORE RECOMMENDED THAT THE COMMITTEE** recommend that the Board of Retirement adopt a “Watch” position on H.R. 3934, which would enact the “Equal Treatment of Public Servants Act of 2019,” and H.R. 4540, which would enact the “Public Servants Protection and Fairness Act.”

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<sup>1</sup> The WEP reduction amount is \$138.90 for those with 27 years of substantial earnings. Therefore, those with less than 27 years of substantial earnings would not have a full offset of their WEP reduction based on the additional monthly payment of \$150.



**Reviewed and Approved:**



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**Steven P. Rice, Chief Counsel**

**Attachments**

Attachment 1—Board Positions Adopted on Related Legislation

Attachment 2—Support and Opposition

H.R. 3934 (Brady) as introduced on July 24, 2019

H.R. 4540 (Neal) as introduced on September 27, 2019

The WEP in Social Security: Proposals for a New Proportional Formula

cc: Santos H. Kreimann  
JJ Popowich  
Steven P. Rice  
Anthony J. Roda, Williams & Jensen

## **BOARD POSITIONS ADOPTED ON RELATED LEGISLATION**

H.R. 141 (2019, in committee) would amend the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

S. 521 (2019, in committee) would amend the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

SJR 3 (Resolution Chapter 129, Statutes of 2019) requested the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and Windfall Elimination Provision from the Social Security Act. The Board of Retirement adopted a “Support” position.

H.R. 1205 (2017, held in committee) would have amended the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

S. 915 (2017, held in committee) would have amended the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

SJR 1 (Resolution Chapter 92, Statutes of 2015) requested the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and Windfall Elimination Provision from the Social Security Act. The Board of Retirement adopted a “Support” position.

H.R. 711 (2015, held in committee) would have amended the Social Security Act to replace the Windfall Elimination Provision with a new formula for the treatment of noncovered earnings in determining Social Security benefits for individuals who become eligible for benefits after 2016. It would have established a second formula to modify the Windfall Elimination Provision for current beneficiaries. The Board of Retirement adopted a “Watch” position.

H.R. 973 (2015, held in committee) would have amended the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

S. 1651 (2015, held in committee) would have amended the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

H.R. 1332 (2011, held in committee) would have amended the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

AJR 10 (Resolution Chapter 103, Statutes of 2009) requested the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and Windfall Elimination Provision from the Social Security Act. The Board of Retirement adopted a “Support” position.

S. 484 (2009, held in committee) would have amended the Social Security Act to repeal the Government Pension Offset and the Windfall Elimination Provision. The Board of Retirement adopted a “Support” position.

AJR 5 (Resolution Chapter 116, Statutes of 2007) requested the President and the Congress of the United States to pass legislation repealing the Government Pension Offset and Windfall Elimination Provision from the Social Security Act. The Board of Retirement adopted a “Support” position.

## **SUPPORT**

### H.R. 3934

Houston Firefighters' Relief and Retirement Fund  
Association of Texas Professional Educators  
Texas Retired Teachers Association  
National Active and Retired Federal Employees Association  
International Union of Police Associations  
Louisiana State Employees' Retirement System  
National Conference of State Social Security Administrators  
Ohio Public Employees Retirement System

### H.R. 4540

International Association of Fire Fighters  
National Association of Police Organizations  
Fraternal Order of Police  
Social Security Works  
Strengthen Social Security Coalition  
National Committee to Preserve Social Security and Medicare  
American Federation of State, County, & Municipal Employees  
Service Employees International Union  
National Education Association  
American Federation of Teachers  
Alliance for Retired Americans  
National Active and Retired Federal Employees Association  
National Conference of State Social Security Administrators  
Mass Retirees  
New England Police Benevolent Association  
Retired Educators Association of Massachusetts  
Louisiana Sheriff's Association  
Texas Retired Teachers Association  
Association of Texas Professional Educators  
Ohio Public Employees Retirement System

## **OPPOSITION**

Unknown

116TH CONGRESS  
1ST SESSION

# H. R. 3934

To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2019

Mr. BRADY (for himself, Mr. ARRINGTON, Mr. BABIN, Mr. BACON, Mr. BUCSHON, Mr. BURGESS, Mr. CARTER of Texas, Mr. CONAWAY, Mr. FLORES, Mr. GONZALEZ of Texas, Ms. GRANGER, Mr. GRAVES of Louisiana, Mr. GUTHRIE, Mr. KEVIN HERN of Oklahoma, Mr. HURD of Texas, Mr. KING of Iowa, Mr. LATTI, Mr. MARCHANT, Mr. MCCAUL, Mr. OLSON, Mr. RATCLIFFE, Mr. SHIMKUS, Mr. TAYLOR, Mr. VELA, Mr. WEBER of Texas, Mr. WRIGHT, Mr. RICE of South Carolina, and Mr. CRENSHAW) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Equal Treatment of  
5 Public Servants Act of 2019”.

1 **SEC. 2. REPLACEMENT OF THE WINDFALL ELIMINATION**  
2 **PROVISION WITH A FORMULA EQUALIZING**  
3 **BENEFITS FOR CERTAIN INDIVIDUALS WITH**  
4 **NONCOVERED EMPLOYMENT.**

5 (a) IN GENERAL.—Section 215(a) of the Social Secu-  
6 rity Act (42 U.S.C. 415(a)) is amended by inserting after  
7 paragraph (7) the following:

8 “(8)(A) In the case of an individual whose primary  
9 insurance amount would be computed under paragraph  
10 (1) of this subsection—

11 “(i) who first becomes eligible for an old-age or  
12 disability insurance benefit after 2060,

13 “(ii) who subsequently becomes entitled to such  
14 benefit, and

15 “(iii) who has earnings derived from noncovered  
16 service performed in a year after 1977,

17 the primary insurance amount of such individual shall be  
18 the amount computed or recomputed under this para-  
19 graph.

20 “(B) The primary insurance amount of an individual  
21 described in subparagraph (A), as computed or recom-  
22 puted under this paragraph, shall be the product derived  
23 by multiplying—

24 “(i) the individual’s primary insurance amount,  
25 as determined under paragraph (1) of this sub-  
26 section and subparagraph (C) of this paragraph, by

1           “(ii) a fraction—

2                   “(I) the numerator of which is the individ-  
3           ual’s average indexed monthly earnings (deter-  
4           mined without regard to subparagraph (C)),  
5           and

6                   “(II) the denominator of which is an  
7           amount equal to the individual’s average in-  
8           dexed monthly earnings (as determined under  
9           subparagraph (C)),

10 rounded, if not a multiple of \$0.10, to the next lower mul-  
11 tiple of \$0.10.

12           “(C)(i) For purposes of determining an individual’s  
13 primary insurance amount pursuant to clauses (i) and  
14 (ii)(II) of subparagraph (B), the individual’s average in-  
15 dexed monthly earnings shall be determined by treating  
16 all recorded noncovered earnings (as defined in clause  
17 (ii)(I)) derived by the individual from noncovered service  
18 performed in each year after 1977 as ‘wages’ (as defined  
19 in section 209 for purposes of this title), which shall be  
20 treated as included in the individual’s adjusted total cov-  
21 ered earnings (as defined in clause (ii)(II)) for such cal-  
22 endar year together with amounts consisting of ‘wages’ (as  
23 so defined without regard to this subparagraph) paid dur-  
24 ing such calendar year and self-employment income (as

1 defined in section 211(b)) for taxable years ending with  
2 or during such calendar year.

3 “(ii) For purposes of this subparagraph:

4 “(I) The term ‘recorded noncovered earnings’  
5 means earnings derived from noncovered service  
6 (other than noncovered service as a member of a  
7 uniformed service (as defined in section 210(m)) for  
8 which satisfactory evidence is determined by the  
9 Commissioner to be available in the records of the  
10 Commissioner.

11 “(II) The term ‘adjusted total covered earnings’  
12 means, in connection with an individual for any cal-  
13 endar year, the sum of the wages paid to the indi-  
14 vidual during such calendar year (as adjusted under  
15 subsection (b)(3)) plus the self-employment income  
16 derived by the individual during any taxable year  
17 ending with or during such calendar year (as ad-  
18 justed under subsection (b)(3)).

19 “(iii) The Commissioner of Social Security shall pro-  
20 vide by regulation or other public guidance for methods  
21 for determining whether satisfactory evidence is available  
22 in the records of the Commissioner for earnings for non-  
23 covered service (other than noncovered service as a mem-  
24 ber of a uniformed service (as defined in section 210(m))  
25 to be treated as recorded noncovered earnings. Such meth-



1 ods shall provide for reliance on earnings information  
2 which is provided to the Commissioner by employers and  
3 which, as determined by the Commissioner, constitute a  
4 reasonable basis for treatment of earnings for noncovered  
5 service as recorded noncovered earnings. In making deter-  
6 minations under this clause, the Commissioner shall also  
7 take into account any documentary or other evidence of  
8 earnings derived from noncovered service by an individual  
9 which is provided by the individual to the Commissioner  
10 and which the Commissioner considers appropriate as a  
11 reasonable basis for treatment of such earnings as re-  
12 corded noncovered earnings.

13       “(D) Upon the death of an individual whose primary  
14 insurance amount is computed or recomputed under this  
15 paragraph, such primary insurance amount shall be com-  
16 puted or recomputed under paragraph (1) of this sub-  
17 section.

18       “(E) In the case of any individual whose primary in-  
19 surance amount would be computed under this paragraph  
20 who first becomes entitled after 1985 to a monthly peri-  
21 odic payment made by a foreign employer or foreign coun-  
22 try that is based in whole or in part upon noncovered serv-  
23 ice, the primary insurance amount of such individual shall  
24 be computed or recomputed under paragraph (7) or para-  
25 graph (1), as applicable, for months beginning with the

1 first month of the individual’s initial entitlement to such  
2 monthly periodic payment.”.

3 (b) CONFORMING AMENDMENTS.—Section  
4 215(a)(7)(A) of such Act (42 U.S.C. 415(a)(7)(A)) is  
5 amended—

6 (1) in clause (i)—

7 (A) by striking “after 1985” and inserting  
8 “after 1985 and before 2061”; and

9 (B) by striking “or” at the end;

10 (2) in clause (ii)—

11 (A) by striking “after 1985” each place it  
12 appears and inserting “after 1985 and before  
13 2061”; and

14 (B) by adding “or” at the end;

15 (3) by inserting after clause (ii) the following:

16 “(iii) is an individual described in paragraph  
17 (8)(E),”; and

18 (4) by striking “hereafter in this paragraph and  
19 in subsection (d)(3)” and inserting “in this para-  
20 graph, paragraphs (8) and (9), and subsection  
21 (d)(3)”.

22 (c) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply with respect to monthly insurance  
24 benefits payable on or after January 1, 2022.

1 **SEC. 3. BENEFIT CALCULATION DURING TRANSITION PE-**  
2 **RIOD.**

3 (a) IN GENERAL.—Section 215(a) of the Social Secu-  
4 rity Act (42 U.S.C. 415(a)), as amended by section 2, is  
5 further amended by inserting after paragraph (8) the fol-  
6 lowing:

7 “(9)(A) In the case of an individual whose primary  
8 insurance amount would be computed under paragraph  
9 (1) of this subsection—

10 “(i) who first becomes eligible for an old-age or  
11 disability insurance benefit after 2021 and before  
12 2061,

13 “(ii) who subsequently becomes entitled to such  
14 benefit, and

15 “(iii) who has earnings derived from noncovered  
16 service performed in a year after 1977,

17 the primary insurance amount of such individual shall be  
18 the higher of the amount computed or recomputed under  
19 paragraph (7) without regard to this paragraph or the  
20 amount that would be computed or recomputed under  
21 paragraph (8) if the individual were an individual de-  
22 scribed in subparagraph (A) of such paragraph.”.

23 (b) CONFORMING AMENDMENT.—Section  
24 215(a)(7)(A) of such Act (42 U.S.C. 415(a)(7)(A)), as  
25 amended by section 2(b), is further amended by striking

1 “shall be computed or recomputed” and inserting “shall,  
2 subject to paragraph (9), be computed or recomputed”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply with respect to monthly insurance  
5 benefits payable on or after January 1, 2022.

6 **SEC. 4. ADDITIONAL MONTHLY PAYMENT FOR INDIVID-**  
7 **UALS WHOSE BENEFIT AMOUNT IS REDUCED**  
8 **BY THE WINDFALL ELIMINATION PROVISION.**

9 (a) IN GENERAL.—Section 215(a) of such Act (42  
10 U.S.C. 415(a)), as amended by sections 2 and 3, is further  
11 amended by adding at the end the following:

12 “(10)(A) For any month in a calendar year after  
13 2019, the Commissioner of Social Security shall, subject  
14 to subparagraphs (C) and (D), make an additional month-  
15 ly payment of \$100 to each individual who is an eligible  
16 individual for such month, and an additional monthly pay-  
17 ment of \$50 to each individual (other than an eligible indi-  
18 vidual) who is entitled to a benefit under section 202 for  
19 such month on the basis of the wages and self-employment  
20 income of such eligible individual.

21 “(B) For purposes of this paragraph, the term ‘eligi-  
22 ble individual’ for a month means an individual who—

23 “(i)(I) first becomes eligible for an old-age or  
24 disability insurance benefit under this title before  
25 2022; or

1           “(II) is an individual described in paragraph  
2           (8)(E); and

3           “(ii) is entitled to an old-age or disability insur-  
4           ance benefit under this title for such month based  
5           on a primary insurance amount that was computed  
6           or recomputed under paragraph (7) (and not subse-  
7           quently recomputed under any other paragraph of  
8           this subsection).

9           “(C) In any case in which this title provides that no  
10          monthly benefit under section 202 or 223 shall be paid  
11          to an individual for a month, no additional monthly pay-  
12          ment shall be paid to the individual for such month. This  
13          subparagraph shall not apply in the case of an individual  
14          whose monthly benefit under section 202 or 223 is re-  
15          duced, regardless of the amount of the reduction, based  
16          on the individual’s receipt of other income or benefits for  
17          such month or the application of section 203(a) or due  
18          to the adjustment or recovery of an overpayment under  
19          section 204.

20          “(D)(i) An individual is not entitled to receive more  
21          than one additional monthly payment for a month under  
22          this paragraph.

23          “(ii) An eligible individual who is entitled to a benefit  
24          under section 202 on the basis of the wages and self-em-  
25          ployment income of another eligible individual for a month

1 shall receive an additional monthly payment under this  
2 paragraph in the amount of \$100 for such month.

3 “(E) Except for purposes of adjustment or recovery  
4 of an overpayment under section 204, an additional  
5 monthly payment under this paragraph shall not be sub-  
6 ject to any reduction or deduction under this title.

7 “(F) Whenever benefit amounts under this title are  
8 increased by any percentage effective with any month as  
9 a result of a determination made under subsection (i),  
10 each of the dollar amounts in subparagraph (A) shall be  
11 increased by the same percentage for months beginning  
12 with such month.”

13 (b) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply with respect to monthly insurance  
15 benefits payable on or after January 1, 2020.

16 **SEC. 5. REPORTING OF NONCOVERED EARNINGS ON SO-**  
17 **CIAL SECURITY ACCOUNT STATEMENTS.**

18 (a) IN GENERAL.—Section 1143(a)(2) of the Social  
19 Security Act (42 U.S.C. 1320b–13(a)(2)) is amended—

20 (1) by redesignating subparagraphs (B)  
21 through (E) as subparagraphs (C) through (F); and

22 (2) by inserting after subparagraph (A) the fol-  
23 lowing:

24 “(B) the amount of earnings derived by  
25 the eligible individual from service performed

1 after 1977 which did not constitute employment  
2 (as defined in section 210), not including serv-  
3 ice as a member of a uniformed service (as de-  
4 fined in section 210(m)), as shown by the  
5 records of the Commissioner at the date of the  
6 request;”.

7 (b) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply with respect to Social Security ac-  
9 count statements issued on or after January 1, 2020.

10 **SEC. 6. STUDY ON PARTNERING WITH STATE AND LOCAL**  
11 **PENSION SYSTEMS.**

12 (a) STUDY.—

13 (1) IN GENERAL.—The Commissioner of Social  
14 Security shall study and test the administrative fea-  
15 sibility of partnering with State and local pension  
16 systems, or other governmental entities, to improve  
17 the collection and sharing of information relating to  
18 State and local noncovered pensions.

19 (2) COORDINATION WITH STATE AND LOCAL  
20 PENSION SYSTEMS.—In conducting the study de-  
21 scribed in paragraph (1), the Commissioner shall co-  
22 ordinate with State and local pension systems that  
23 reflect the diversity of systems and individual experi-  
24 ences to explore the development of automated data

1 exchange agreements that facilitate reporting of in-  
2 formation relating to noncovered pensions.

3 (b) REPORT.—The Commissioner of Social Security  
4 shall conclude the study described in subsection (a) not  
5 later than 4 years after the date of enactment of this Act.  
6 As soon as possible after conclusion of the study and not  
7 later than 4½ years after the date of enactment of this  
8 Act, the Commissioner shall submit to the Committee on  
9 Ways and Means of the House of Representatives and the  
10 Committee on Finance of the Senate a report on the re-  
11 sults of the study. Such report shall include the following:

12 (1) A discussion of how the automated data ex-  
13 change agreements could be implemented to cover  
14 noncovered pensions nationally, including the range  
15 of implementation timelines across State and local  
16 pension systems, or with other governmental entities.

17 (2) An analysis of the barriers to developing  
18 automated data exchange agreements and lessons  
19 learned that can help address these barriers.

20 (3) A description of alternative methods for ob-  
21 taining information related to noncovered pensions,  
22 and an analysis of the barriers to obtaining non-  
23 covered pension data through such methods.

24 (4) An explanation of how coverage information  
25 is obtained by the Social Security Administration



1 when an individual purchases service credits to apply  
2 to a new covered or noncovered pension after moving  
3 from another covered or noncovered pension within  
4 the State or in another State.

5 (5) An estimate of the total amount, as of the  
6 date of the enactment of this Act, of noncovered  
7 pensions not reported to the Social Security Admin-  
8 istration as a result of noncompliance with voluntary  
9 reporting policies.

10 (c) STATE AND LOCAL PENSION INFORMATION TO  
11 BE REQUESTED BY THE COMMISSIONER.—Section 202 of  
12 the Social Security Act (42 U.S.C. 402) is amended by  
13 inserting after subsection (l) the following:

14 “(m) STATE AND LOCAL PENSION INFORMATION TO  
15 BE REQUESTED BY THE COMMISSIONER.—

16 “(1) The Commissioner may partner with  
17 States to request information, including the informa-  
18 tion specified in paragraph (2), with respect to any  
19 designated distribution (as defined in section  
20 3405(e)(1) of the Internal Revenue Code of 1986)  
21 from an employer deferred compensation plan (as  
22 defined in section 3405(e)(5) of such Code) of the  
23 State (or political subdivision thereof) to a partici-  
24 pant of such plan in any case in which any portion  
25 of such participant’s earnings for service under such

1 plan did not constitute ‘employment’ as defined in  
2 section 210 for purposes of this title.

3 “(2) The information specified in this para-  
4 graph is the following:

5 “(A) The name and Social Security ac-  
6 count number of the participant receiving the  
7 designated distribution.

8 “(B) The dollar amount of the designated  
9 distribution and the date paid.

10 “(C) The date on which the participant  
11 initially became eligible for a designated dis-  
12 tribution under the plan and, if different, the  
13 date of payment of the initial designated dis-  
14 tribution.

15 “(D) The dates of each period of service  
16 under the plan that did not constitute ‘employ-  
17 ment’ as defined in section 210 for purposes of  
18 this title, and the dates of any other period of  
19 service under the plan.”.

20 (d) DEFINITIONS.—In this section—

21 (1) the term “noncovered pension” means a  
22 pension any part of which is based on noncovered  
23 service (within the meaning of section 215(a)(7) of  
24 the Social Security Act (42 U.S.C. 415(a)(7))); and

1           (2) the term “covered pension” means any  
2           other pension.

○

116TH CONGRESS  
1ST SESSION

# H. R. 4540

To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 27, 2019

Mr. NEAL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Servants Pro-  
5 tection and Fairness Act”.

1 **SEC. 2. ALTERNATIVE FORMULA EQUALIZING BENEFITS**  
2 **FOR CERTAIN INDIVIDUALS WITH NON-**  
3 **COVERED EMPLOYMENT.**

4 (a) IN GENERAL.—Section 215(a) of the Social Secu-  
5 rity Act (42 U.S.C. 415(a)) is amended by inserting after  
6 paragraph (7) the following:

7 “(8)(A) In the case of an individual whose primary  
8 insurance amount would be computed under paragraph  
9 (1) of this subsection—

10 “(i) who first becomes eligible for an old-age or  
11 disability insurance benefit after 2021 and who sub-  
12 sequently becomes entitled to such benefit;

13 “(ii) who has earnings derived from noncovered  
14 service performed in a year after 1977 and is enti-  
15 tled to a monthly periodic payment based on such  
16 earnings; and

17 “(iii) who has less than 30 years of coverage  
18 (as defined for purposes of paragraph (7)(D)),

19 the primary insurance amount of such individual shall be  
20 the higher of the amount computed or recomputed under  
21 paragraph (7) without regard to this paragraph or the  
22 amount computed or recomputed under this paragraph.

23 “(B) The primary insurance amount of an individual  
24 described in subparagraph (A), as computed or recom-  
25 puted under this paragraph, shall be the product derived  
26 by multiplying—

1           “(i) the individual’s primary insurance amount,  
2           as determined under paragraph (1) of this sub-  
3           section and subparagraph (C) of this paragraph, by

4           “(ii) a fraction—

5                   “(I) the numerator of which is the individ-  
6                   ual’s average indexed monthly earnings (deter-  
7                   mined without regard to subparagraph (C)),  
8                   and

9                   “(II) the denominator of which is an  
10                  amount equal to the individual’s average in-  
11                  dexed monthly earnings (as determined under  
12                  subparagraph (C)),

13 rounded, if not a multiple of \$0.10, to the next lower mul-  
14 tiple of \$0.10.

15           “(C)(i) For purposes of determining an individual’s  
16 primary insurance amount and average indexed monthly  
17 earnings pursuant to clauses (i) and (ii)(II) of subpara-  
18 graph (B), the individual’s average indexed monthly earn-  
19 ings shall be determined by treating all recorded non-  
20 covered earnings (as defined in clause (ii)(I)) derived by  
21 the individual from noncovered service performed in each  
22 year after 1977 as ‘wages’ (as defined in section 209 for  
23 purposes of this title), which shall be treated as included  
24 in the individual’s adjusted total covered earnings (as de-  
25 fined in clause (ii)(II)) for such calendar year together

1 with amounts consisting of ‘wages’ (as so defined without  
2 regard to this subparagraph) paid during such calendar  
3 year and self-employment income (as defined in section  
4 211(b)) for taxable years ending with or during such cal-  
5 endar year.

6 “(ii) For purposes of this subparagraph:

7 “(I) The term ‘recorded noncovered earnings’  
8 means earnings derived from noncovered service  
9 (other than noncovered service as a member of a  
10 uniformed service (as defined in section 210(m))) for  
11 which satisfactory evidence is determined by the  
12 Commissioner to be available in the records of the  
13 Commissioner.

14 “(II) The term ‘adjusted total covered earnings’  
15 means, in connection with an individual for any cal-  
16 endar year, the sum of the wages paid to the indi-  
17 vidual during such calendar year (as adjusted under  
18 subsection (b)(3)) plus the self-employment income  
19 derived by the individual during any taxable year  
20 ending with or during such calendar year (as ad-  
21 justed under subsection (b)(3)).

22 “(iii) The Commissioner of Social Security shall pro-  
23 vide by regulation or other public guidance for methods  
24 for determining whether satisfactory evidence is available  
25 in the records of the Commissioner for earnings for non-

1 covered service (other than noncovered service as a mem-  
2 ber of a uniformed service (as defined in section 210(m)))  
3 to be treated as recorded noncovered earnings. Such meth-  
4 ods shall provide for reliance on earnings information pro-  
5 vided to the Commissioner by employers and which, as de-  
6 termined by the Commissioner, constitute a reasonable  
7 basis for treatment of earnings for noncovered service as  
8 recorded noncovered earnings. In making determinations  
9 under this clause, the Commissioner shall also take into  
10 account any documentary or other evidence of earnings de-  
11 rived from noncovered service by an individual which is  
12 provided by the individual to the Commissioner and which  
13 the Commissioner considers appropriate as a reasonable  
14 basis for treatment of such earnings as recorded non-  
15 covered earnings.

16       “(iv) In the case of any individual who, at the time  
17 of application for old-age or disability insurance benefits  
18 under this title, has recorded noncovered earnings in an  
19 amount the Commissioner of Social Security determines  
20 may entitle the individual to a monthly periodic payment  
21 based on such earnings (but whose application does not  
22 report such a monthly periodic payment), the Commis-  
23 sioner shall reconfirm with the individual whether such a  
24 monthly periodic payment is being paid in order to ensure



1 the proper application of paragraph (7) and this para-  
2 graph.

3 “(D) Upon the death of an individual whose primary  
4 insurance amount is computed or recomputed under this  
5 paragraph, such primary insurance amount shall be com-  
6 puted or recomputed under paragraph (1) of this sub-  
7 section.

8 “(E) In the case of any individual whose primary in-  
9 surance amount would be computed under this paragraph  
10 who first becomes entitled after 1985 to a monthly peri-  
11 odic payment made by a foreign employer or foreign coun-  
12 try that is based in whole or in part upon noncovered serv-  
13 ice, the primary insurance amount of such individual shall  
14 be computed or recomputed under paragraph (7) or para-  
15 graph (1), as applicable, for months beginning with the  
16 first month of the individual’s initial entitlement to such  
17 monthly periodic payment.”.

18 (b) CONFORMING AMENDMENTS.—Section  
19 215(a)(7)(A) of such Act (42 U.S.C. 415(a)(7)(A)) is  
20 amended—

21 (1) by striking “hereafter in this paragraph and  
22 in subsection (d)(3)” and inserting “in this para-  
23 graph, paragraph (8), and subsection (d)(3)”; and

1           (2) by striking “shall be computed or recom-  
2           puted” and inserting “shall, subject to paragraph  
3           (8), be computed or recomputed”.

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply with respect to monthly insurance  
6 benefits payable on or after January 1, 2022.

7 **SEC. 3. ADDITIONAL MONTHLY PAYMENT FOR CERTAIN IN-**  
8                           **DIVIDUALS WHOSE BENEFIT AMOUNT IS RE-**  
9                           **DUCE** **BY THE WINDFALL ELIMINATION**  
10                          **PROVISION.**

11           (a) IN GENERAL.—Section 215(a) of such Act (42  
12 U.S.C. 415(a)), as amended by section 2(a), is further  
13 amended by adding at the end the following:

14           “(9)(A) For any month beginning at least 270 days  
15 after the date of the enactment of the Public Servants  
16 Protection and Fairness Act, the Commissioner of Social  
17 Security shall, subject to subparagraphs (D) and (E),  
18 make an additional monthly payment to each individual  
19 who is an eligible individual for such month, in an amount  
20 equal to the amount determined under subparagraph (C)  
21 with respect to such eligible individual.

22           “(B) For purposes of this paragraph, the term ‘eligi-  
23 ble individual’ for a month means an individual (other  
24 than an individual described in paragraph (8)(E)) who—

1           “(i) first becomes eligible for an old-age or dis-  
2           ability insurance benefit under this title before 2022;  
3           and

4           “(ii) is entitled to an old-age or disability insur-  
5           ance benefit under this title for such month based  
6           on a primary insurance amount that was computed  
7           or recomputed under paragraph (7) (and not subse-  
8           quently recomputed under any other paragraph of  
9           this subsection).

10 For purposes of clause (i), an individual shall be deemed  
11 eligible for a benefit for a month if, upon filing application  
12 therefor in such month, the individual would be entitled  
13 to such benefit for such month.

14           “(C)(i) The amount determined under this paragraph  
15 with respect to an eligible individual is \$150, except that  
16 in any case in which the amount by which the primary  
17 insurance amount of such eligible individual that would  
18 be computed for the individual’s initial computation month  
19 under paragraph (1) of this subsection without regard to  
20 paragraph (7) exceeds the amount of such primary insur-  
21 ance amount computed or recomputed for such month  
22 under paragraph (7) is less than \$150, the amount deter-  
23 mined under this paragraph shall equal the amount of  
24 such excess.

1       “(ii) For purposes of this subparagraph, the term  
2 ‘initial computation month’ means, with respect to an indi-  
3 vidual, the later of—

4               “(I) the 1st month beginning at least 270 days  
5 after the date of the enactment of the Public Serv-  
6 ants Protection and Fairness Act; or

7               “(II) the 1st month for which the individual’s  
8 primary insurance amount is computed or recom-  
9 puted under paragraph (7).

10       “(D) In any case in which this title provides that no  
11 monthly benefit under section 202 or 223 shall be paid  
12 to an individual for a month, no additional monthly pay-  
13 ment shall be paid to the individual for such month. This  
14 subparagraph shall not apply in the case of an individual  
15 whose monthly benefit under section 202 or 223 is re-  
16 duced, regardless of the amount of the reduction, based  
17 on—

18               “(i) the individual’s receipt of other income or  
19 benefits for such month; or

20               “(ii) the adjustment or recovery of an overpay-  
21 ment under section 204.

22       “(E) Except for purposes of adjustment or recovery  
23 of an overpayment under section 204, an additional  
24 monthly payment under this paragraph shall not be sub-  
25 ject to any reduction or deduction under this title.

1 “(F) Whenever benefit amounts under this title are  
2 increased by any percentage effective with any month as  
3 a result of a determination made under subsection (i),  
4 each additional monthly payment amount payable to an  
5 eligible individual under this paragraph shall be increased  
6 by the same percentage for months beginning with such  
7 month.

8 “(G) The amount of any additional monthly payment  
9 under this paragraph shall be disregarded for purposes of  
10 determining the eligibility or benefit amount of an indi-  
11 vidual for supplemental security income benefits payable  
12 under title XVI of the Social Security Act, but only if such  
13 individual—

14 “(i) is eligible for a cash benefit payable under  
15 section 1611, section 1619(a), or section 1631(a)(7)  
16 for the 1st month beginning at least 270 days after  
17 the date of the enactment of the Public Servants  
18 Protection and Fairness Act;

19 “(ii) is an individual described in section  
20 1619(b) for such month; or

21 “(iii) is eligible for a State supplementary pay-  
22 ment for such month of the type referred to in sec-  
23 tion 1616(a) (or payments of the type described in  
24 section 212(a) of Public Law 93–66) which are paid  
25 by the Commissioner under an agreement referred to

1 in section 1616(a) (or section 212(a) of Public Law  
2 93–66).”.

3 (b) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply with respect to monthly insurance  
5 benefits payable for months beginning at least 270 days  
6 after the date of the enactment of this Act.

7 **SEC. 4. IMPROVEMENT IN SOCIAL SECURITY ACCOUNT**  
8 **STATEMENTS FOR PUBLIC SERVANTS.**

9 (a) **IN GENERAL.**—Section 1143(a) of the Social Se-  
10 curity Act (42 U.S.C. 1320b–13(a)) is amended—

11 (1) in paragraph (2)—

12 (A) by redesignating subparagraphs (B)  
13 through (E) as subparagraphs (C) through (F);

14 (B) by inserting after subparagraph (A)  
15 the following:

16 “(B) the amount of earnings derived by  
17 the eligible individual from service performed  
18 after 1977 which did not constitute employment  
19 (as defined in section 210), not including serv-  
20 ice as a member of a uniformed service (as de-  
21 fined in section 210(m)), as shown by the  
22 records of the Commissioner at the date of the  
23 request;” and

24 (C) in subparagraph (E) (as redesignated  
25 by subparagraph (A)), by inserting “(in the

1 case of an eligible individual described in para-  
2 graph (3)(C)(ii), calculated using a primary in-  
3 surance amount estimated pursuant to para-  
4 graph (8) of section 215(a) and including a no-  
5 tation indicating the use of such method of cal-  
6 culation)” after “account”.

7 (2) in paragraph (3)(C)(ii)—

8 (A) by striking “wages or self-employment  
9 income” and inserting “wages, self-employment  
10 income, and earnings derived from noncovered  
11 service (within the meaning of section  
12 215(a)(7))”; and

13 (B) by striking “of noncovered employ-  
14 ment” and inserting “that the individual’s pri-  
15 mary insurance amount will be computed under  
16 paragraph (7) or (8) of section 215(a)”.

17 (b) CONFORMING AMENDMENTS.—Section 1143 of  
18 the Social Security Act (42 U.S.C. 1320b–13) is amend-  
19 ed—

20 (1) in subsection (a)(2)(F) (as redesignated by  
21 subsection (a)(1)(A) of this section), by striking  
22 “sections 202(k)(5) and 215(a)(7)” and all that fol-  
23 lows through “auxiliary benefits” and inserting “sec-  
24 tions 202(k)(5), 215(a)(7), and 215(a)(8)”; and

25 (2) in subsection (d)(1)—

1 (A) by striking “maximum”; and

2 (B) by striking “section 215(a)(7)” and in-  
3 serting “sections 215(a)(7) and 215(a)(8)”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply with respect to Social Security ac-  
6 count statements issued on or after January 1, 2022.

7 **SEC. 5. STUDY ON AVAILABILITY OF INFORMATION RELAT-**  
8 **ING TO RETIREMENT PLANS.**

9 (a) IN GENERAL.—The Comptroller General shall  
10 conduct a study to determine the extent to which State  
11 and local governments (or their designees) that maintain  
12 retirement plans for their employees possess or otherwise  
13 have access to information sufficient to determine what  
14 amount of a participant’s benefits under such plan are  
15 based on noncovered service (within the meaning of section  
16 215(a)(7) of the Social Security Act (42 U.S.C.  
17 415(a)(7))).

18 (b) REPORT.—Not later than 2 years after the date  
19 of the enactment of this Act, the Comptroller General shall  
20 submit a report to the Committee on Ways and Means  
21 of the House of Representatives and the Committee on  
22 Finance of the Senate on the results of the study described  
23 in subsection (a).



1 **SEC. 6. HOLD HARMLESS FOR THE SOCIAL SECURITY**  
2 **TRUST FUNDS.**

3       There are appropriated, out of any moneys in the  
4 Treasury not otherwise appropriated, to each of the Fed-  
5 eral Old-Age and Survivors Insurance Trust Fund and the  
6 Federal Disability Insurance Trust Fund for each fiscal  
7 year such amounts as the chief actuary of the Social Secu-  
8 rity Administration shall certify are necessary to place  
9 each such Trust Fund in the same position at the end  
10 of such fiscal year as it would have been in if the amend-  
11 ments made by this Act had not been enacted.

○



November 8, 2019

# The Windfall Elimination Provision (WEP) in Social Security: Proposals for a New Proportional Formula

## Background

Social Security is a work-based federal insurance program that provides income support to workers and their eligible family members in the event of a worker’s retirement, disability, or death. Although participation in Social Security is compulsory for most workers, about 6% of workers in paid employment or self-employment are not covered by Social Security in 2019 (i.e., earnings are not taxable or creditable for program purposes).

The regular Social Security benefit formula is progressive, replacing a greater share of career-average earnings for low-paid workers than for high-paid workers. Career-average earnings in Social Security are calculated as *average indexed monthly earnings* (AIME), which is the monthly average of the highest 35 years of covered earnings after indexing for wage growth. If a person has earnings not covered by Social Security, those noncovered earnings are shown as zeros in their Social Security earnings records. As a result, the regular formula cannot distinguish workers who have low career-average earnings because they worked for many years at low earnings in covered employment from workers who appear to have low career-average earnings because they worked for many years in jobs not covered by Social Security. Therefore, based on the regular formula, a worker who worked in both covered and noncovered employment might receive a higher replacement rate of career-average earnings than a worker with the same earnings who spent an entire career in covered employment (see **Table 1**, column [1]). The windfall elimination provision (WEP) is designed to remove such an unintended advantage, or *windfall*, for certain beneficiaries with earnings not covered by Social Security.

## The Current WEP Formula

The regular Social Security benefit formula applies three factors—90%, 32%, and 15%—to three different brackets of a worker’s AIME. The result is the *primary insurance amount* (PIA), which is the worker’s basic monthly benefit at the full retirement age before any adjustments. Under current law, the WEP reduction is based on years of coverage (YOCs). The amount of substantial covered earnings needed for a YOC is \$24,675 in 2019. For people with 20 or fewer YOCs, the WEP reduces the first factor from 90% to 40%. For each year of substantial covered earnings in excess of 20, the first factor increases by 5%. The WEP factor reaches 90% for those with 30 or more YOCs, and at that point it is phased out. In addition, the WEP reduction cannot exceed one-half of the pension benefit based on the worker’s noncovered employment, and it does not apply to those who do not receive such a pension.

## The Proportional Formula

Shortly before the WEP was enacted in 1983 (P.L. 98-21), the bipartisan National Commission on Social Security Reform (the Greenspan Commission) described two different methods of eliminating the *windfall* benefits: (1) the current-law method of adjusting the first replacement factor (90%) as discussed above; and (2) a proportional formula. The proportional formula for WEP purposes would apply the regular Social Security benefit formula to all past earnings from both covered *and* noncovered employment. The resulting benefit would then be multiplied by the ratio of career-average earnings (AIME) from covered employment only to career-average earnings (AIME) from both covered and noncovered employment.

The proportional formula better reflects the Greenspan Commission’s recommendation for people with some earnings from noncovered employment to receive the same replacement rate as those workers who spent their entire careers in covered employment (see **Table 1**, column [3]), whereas the current-law WEP can only *approximately* achieve that goal (see **Table 1**, column [2]). However, in 1983, the Social Security Administration (SSA) lacked the data on noncovered earnings needed to make the benefit adjustment under the proportional formula, so Congress adopted the current WEP formula instead. As of 2017, SSA has 35 years of data on earnings from both covered and noncovered employment. This data’s availability means that the proportional formula is now an option for Congress to consider.

**Table 1. Illustrative Examples: Replacement Rates (Benefits as a Share of AIME) Under Alternative Formulas**

Employment	Regular Formula (w/o WEP) (1)	Current-law WEP (2)	Proportional Formula (3)
Covered: 35 years; Noncovered: 0 years	46%	46%	46%
Covered: 15 years; Noncovered: 20 years	65%	37%	46%

**Source:** Congressional Research Service.

**Notes:** The worker is assumed to earn \$45,000 (indexed by average wage growth) per year, and become eligible for benefits in 2019.

## Comparing the Current WEP and the Proportional Formula

If the proportional formula had applied to current beneficiaries in 2018, SSA’s Office of the Chief Actuary

(OCACT) estimates that about 1.1 million beneficiaries affected by the current WEP (or 69%) would have received a *higher* benefit and about 0.5 million (or 31%) would have received a *lower* benefit. In addition, 13.5 million beneficiaries with some noncovered earnings who are not affected by the current WEP would have received a *lower* benefit. Therefore, if the proportional formula were applied to new beneficiaries, it would generate program savings.

Below are two examples in which beneficiaries affected by the current WEP would receive lower benefits under the proportional formula:

- *Beneficiaries with YOCs near 30.* Certain beneficiaries with YOCs near 30 would have a relatively high replacement factor (e.g., 85% for 29 YOCs) under current law. Therefore, those beneficiaries' benefit reduction under the current WEP might be smaller than under the proportional formula.
- *Beneficiaries with relatively high career-average earnings.* Since the current WEP reduction is limited to the first bracket in the PIA formula, it might underadjust the benefit for some high earners with noncovered employment, resulting in a smaller benefit reduction under current law than under the proportional formula.

Current beneficiaries who had noncovered earnings and are exempt from the current-law WEP but would receive a lower benefit using the proportional formula might include (1) beneficiaries with 30 or more years of substantial covered earning; (2) beneficiaries who do not receive a pension based on noncovered work; and (3) beneficiaries who fit both categories.

## Legislation in 116<sup>th</sup> Congress

Two bills introduced in 2019 would replace the current-law WEP approach with a proportional formula for certain individuals who would become eligible for Social Security benefits in 2022 or later: (1) H.R. 3934 (the Equal Treatment of Public Servants Act), introduced by Representative Kevin Brady, and (2) H.R. 4540 (the Public Servants Protection and Fairness Act), introduced by Representative Richard E. Neal.

### No Benefit Cuts Relative to Current Law

Because the proportional formula could reduce Social Security benefits for some future beneficiaries with noncovered employment compared to current law, both bills provide a protection provision, wherein individuals would receive a benefit based on the higher of the the current WEP formula or the proportional formula. H.R. 3934 would apply the protection provision during the transitional period for new beneficiaries who become eligible for benefits during 2022 through 2060. For those who become eligible in 2061 and later, benefits would be based solely on the proportional formula. In contrast, H.R. 4540 would apply the protection provision to all future beneficiaries, and as with current law, the proportional formula would not apply to workers who do not receive a noncovered pension or who have 30 or more years of substantial covered earnings.

### Additional Monthly Payments to Current Beneficiaries

As discussed earlier, the proportional formula could provide a higher benefit to certain beneficiaries compared to current law, so both bills would provide additional monthly payments to current WEP-affected beneficiaries who are first eligible for benefits *before* 2022. The additional monthly payments would be provided as long as the eligible individual is receiving Social Security benefits, and would increase with cost-of-living adjustments. H.R. 3934 would provide an additional monthly payment of \$100 to workers and \$50 to dependents, starting in 2020. H.R. 4540 would provide worker beneficiaries (but not dependents) an additional monthly payment equal to the lesser of \$150 or the current WEP reduction amount, starting nine months after enactment. The additional monthly payment under H.R. 4540 would be excluded in determining eligibility and the benefit amount under the Supplemental Security Income (SSI) program.

### Cost Estimates and Funding Rules

The OCACT estimates that H.R. 3934 would cost about \$23.1 billion from 2020 through 2029, including \$1.5 billion for the new proportional formula and \$21.6 billion for the additional monthly payments. Over the 75-year projection period, future savings from the proportional formula would offset the cost of the additional monthly payments and the protection provision during the transitional period, so the bill would have no significant effect on Social Security's long-term financial outlook.

The OCACT estimates that H.R. 4540 would cost about \$34.3 billion from 2020 through 2029, including \$1.5 billion for the new proportional formula and \$32.8 billion for the additional monthly payments. Over the 75-year projection period, the present value of the overall cost would be about \$94.5 billion. The bill would provide transfers from the General Fund of the Treasury to the Social Security trust funds in amounts needed to fully offset the bill's costs, so it would have no effect on Social Security's long-term financial outlook.

### Other Provisions

The annual Social Security statements that SSA makes available to all eligible workers provide benefit estimates based only on covered employment, with no estimates of the WEP adjustment. Because of this limitation, beneficiaries have argued that they were not given sufficient notice of how much their benefits would be reduced by the WEP. To address this issue, both bills would require SSA to show noncovered as well as covered earnings records on the statements. Moreover, H.R. 4540 would require the statements to include projected benefits using the proportional formula for those workers who would likely be subject to the WEP.

In addition, both bills would require studies on ways to facilitate data exchanges between SSA and state and local governments for purposes of improving WEP administration.

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Zhe Li, Analyst in Social Policy

## Disclaimer

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**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE  
ENGAGEMENT REPORT  
DECEMBER 2019  
FOR INFORMATION ONLY**

**Kentucky Retirement Systems End-of-Year Proposals**

The Kentucky Public Pension Oversight Board assists the Kentucky General Assembly (i.e., the Kentucky Legislature) with its review, analysis, and oversight of the administration, benefits, investments, funding, laws and administrative regulations, and legislation on retirement issues. The Oversight Board recently approved ten recommendations to the General Assembly, which include—

- Adding the state treasurer to the Oversight Board, which currently includes representatives of the Governor, state auditor, and attorney general.
- Adding state legislators as non-voting members to the boards of the Kentucky Retirement Systems (KRS) and state Teachers' Retirement System (TRS).
- Moving from a liability-based model to a percent-pay model in assigning pension liability to plan sponsors.
- Improving the pension systems' ability to absorb "large shocks" caused by investment or assumption changes.
- Payment of KRS retiree costs affecting individuals with service in multiple state retirement systems.
- Examining the level of retiree health and pension fund requests from TRS.
- Funding the actuarially required contributions of the pension systems by the General Assembly. ([Source](#))

**"Public" 401(k) Option**

Presidential candidate Pete Buttigieg has proposed a federal 401(k)-type plan that would require employers to contribute a 3-percent match to participating employees. Similar to the auto-IRA programs in states such as California, Oregon, and Connecticut, the program would require employers to offer the program if they do not already offer a pension or defined contribution plan. Workers would have two accounts: a rainy day account and a retirement account. Workers who contribute 1.5 percent into the rainy day account would receive a 3-percent match into the retirement account. The rainy day account can be accessed any time without penalty, but the retirement account is only available at retirement unless a safety valve is triggered, such as disability or unemployment. The proposal is intended to enable middle-earning workers with lifetime participation to retire with over \$500,000 in savings. ([Source](#))

### **SECURE Act Passes**

The “Setting Every Community Up for Retirement Enhancement Act of 2019” was recently signed into law. Most of the provisions on retirement savings deal with defined contribution plans. One provision that also affects pension plans increases the age for mandatory distributions from age 70 ½ to 72. Current law requires that plan participants must begin taking distributions by April 1 of the year following the year in which they attain age 70 ½. The new law applies to plan participants that attain 70 ½ beginning in 2020; they must begin taking distributions once they turn age 72. [\(Source\)](#)

### **NASRA Issue Brief: State and Local Government Spending on Public Employee Retirement Systems**

The National Association of State Retirement Administrators released an issue brief that examined on a nationwide basis state and local government contributions to pension trust funds. Costs went from 4.1 percent in FY 89 to a low of 2.3 percent in FY 02 and reached 4.7 percent in FY 17. Projected to FY 18, this represents in aggregate about \$160 billion contributed to trust funds by plan sponsors. However, spending by state and local entities vary widely from less than 2 percent to nearly 10 percent. In California, the percentage rose from 4.76 in FY 08 to 6.50 in FY 17.

Public pensions are financed from a combination of contributions from employers, employees, and investment earnings. Over a 30-year period since 1989, investment earnings have accounted for 63 percent of pension revenue, employer contributions 26 percent, and employee contributions 11 percent. [\(Source\)](#)

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE  
RETIREE HEALTHCARE BENEFITS PROGRAM  
STAFF ACTIVITIES REPORT  
DECEMBER 2019  
FOR INFORMATION ONLY**

**2020 - Medicare Part B Premium Reimbursement Program**

At their December 17, 2019, Board meeting, the Board of Supervisors approved renewing the Medicare Part B Premium Reimbursement Program for the 2020 calendar year for retirees enrolled in a LACERA-administered Medicare Risk Health Maintenance Organization (HMO) or Medicare Supplement Plan.

As a result, staff conducted the 2020 Medicare Part B Premium Verification Notice mass mailing to all members/survivors currently enrolled in a LACERA-administered medical plan on December 23, 2019, informing them to submit their 2020 Medicare Part B monthly premium verification to LACERA for review and adjustment.

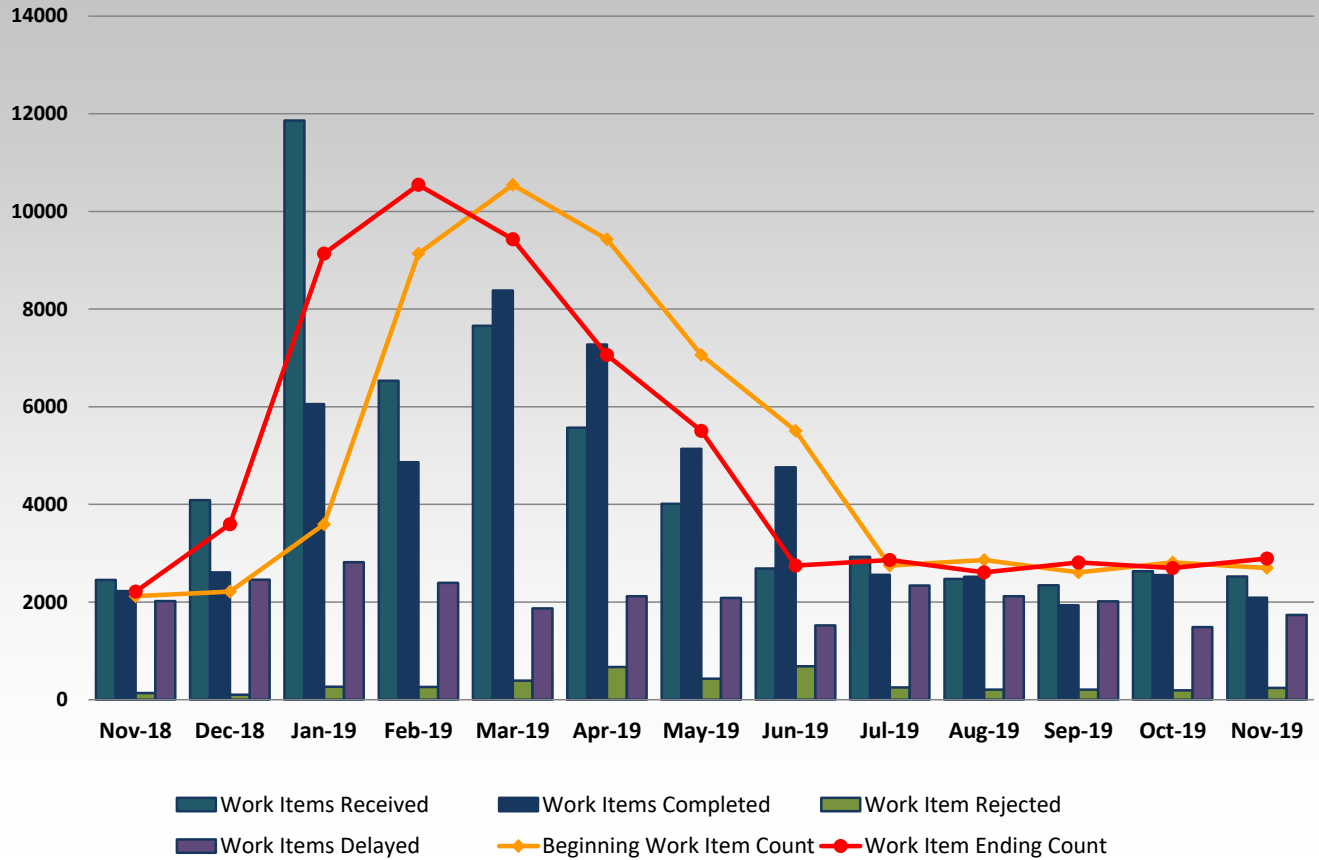
We would like to thank the following teams for their assistance and support in this annual project: Retiree Healthcare, Administrative Services (DPC), Systems, Member Services, and Communications.

# Retiree Healthcare Division

## Trend Report

NOVEMBER, 2018 ~ NOVEMBER, 2019

Updated 12/20/2019



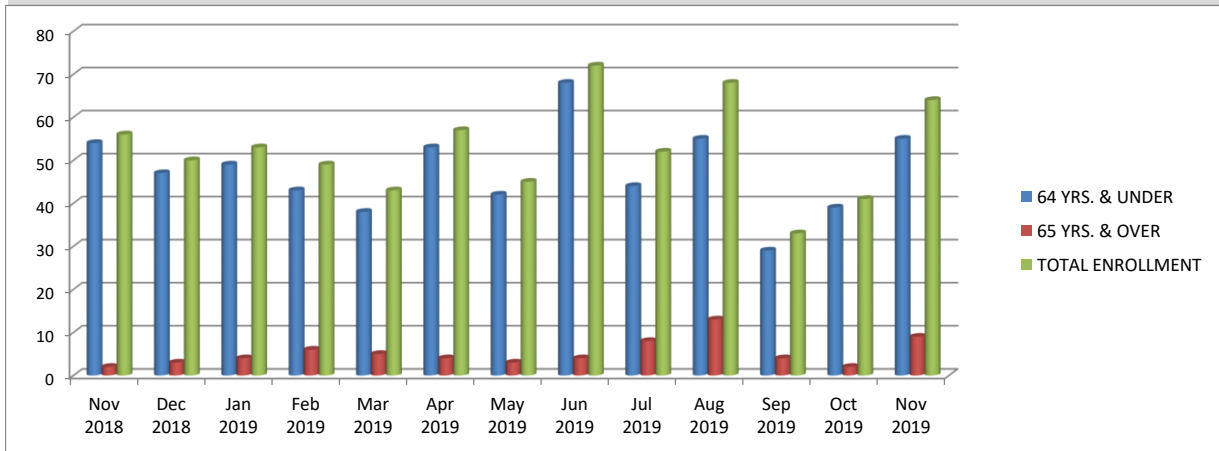
	Beginning Work Item Count	Work Items Received	Work Items Completed	Work Item Rejected	Work Items Delayed	Work Item Ending Count
Nov-18	2121	2452	2222	138	2022	2213
Dec-18	2213	4087	2606	100	2456	3594
Jan-19	3594	11862	6052	265	2816	9139
Feb-19	9139	6532	4862	264	2392	10545
Mar-19	10545	7658	8380	390	1869	9433
Apr-19	9433	5573	7274	671	2121	7061
May-19	7061	4012	5137	429	2086	5507
Jun-19	5507	2686	4758	687	1520	2748
Jul-19	2748	2927	2560	254	2337	2861
Aug-19	2861	2471	2516	208	2121	2608
Sep-19	2608	2344	1933	205	2016	2814
Oct-19	2814	2631	2553	194	1488	2698
Nov-19	2698	2522	2088	242	1737	2890



## Retirees Monthly Age Breakdown NOVEMBER, 2018 ~ NOVEMBER, 2019

### Disability Retirement

MONTH	64 YRS. & UNDER	65 YRS. & OVER	TOTAL ENROLLMENT
Nov 2018	54	2	56
Dec 2018	47	3	50
Jan 2019	49	4	53
Feb 2019	43	6	49
Mar 2019	38	5	43
Apr 2019	53	4	57
May 2019	42	3	45
Jun 2019	68	4	72
Jul 2019	44	8	52
Aug 2019	55	13	68
Sep 2019	29	4	33
Oct 2019	39	2	41
Nov 2019	55	9	64



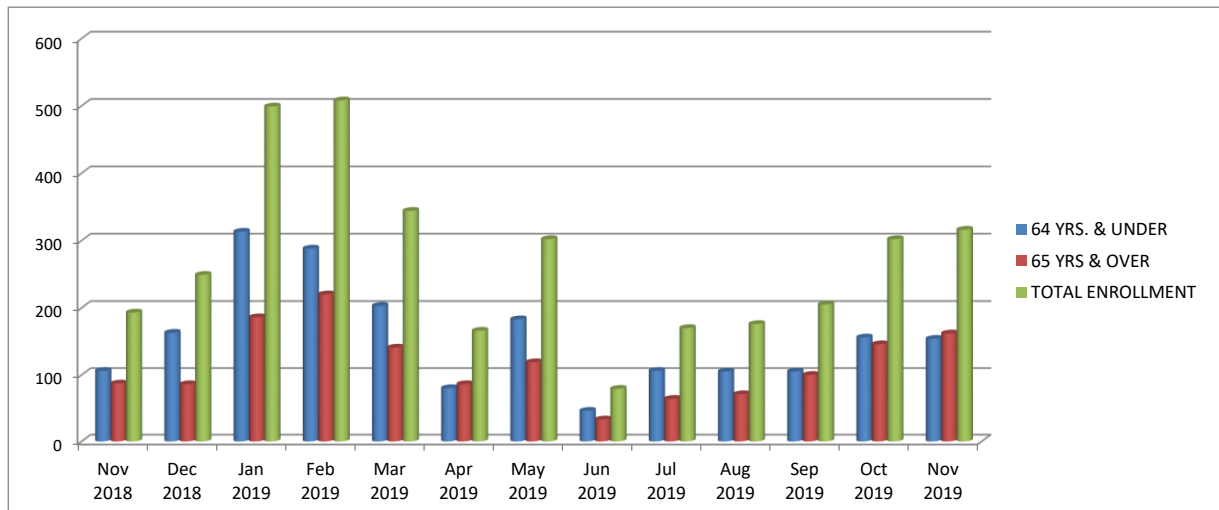
**PLEASE NOTE:**

- December 's data (12/2019) is not yet available as data is provided on a full month basis.
- Next Report will include the following dates: December 1, 2018 through December 31, 2019.

## Retirees Monthly Age Breakdown NOVEMBER, 2018 ~ NOVEMBER, 2019

### Service Retirement

MONTH	64 YRS. & UNDER	65 YRS & OVER	TOTAL ENROLLMENT
Nov 2018	106	87	193
Dec 2018	163	86	249
Jan 2019	313	186	499
Feb 2019	288	220	508
Mar 2019	203	141	344
Apr 2019	80	86	166
May 2019	183	119	302
Jun 2019	46	33	79
Jul 2019	106	64	170
Aug 2019	105	71	176
Sep 2019	105	100	205
Oct 2019	156	146	302
Nov 2019	154	162	316



**PLEASE NOTE:**

- December's data (12/2019) is not yet available as data is provided on a **full month basis**.
- Next Report will include the following dates: December 1, 2018 through December 31, 2019.

**Medicare Part B Reimbursement and Penalty Report**  
**PAY PERIOD 12/31/2019**

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
<b>ANTHEM BC III</b>				
221	1	(\$134.00)	0	\$0.00
240	6812	\$837,652.90	3	\$188.00
241	145	\$17,883.70	0	\$0.00
242	859	\$106,211.50	0	\$0.00
243	4026	\$1,003,104.83	1	\$54.20
244	15	\$1,834.80	0	\$0.00
245	57	\$7,785.00	0	\$0.00
246	19	\$2,260.90	0	\$0.00
247	128	\$17,149.05	0	\$0.00
248	9	\$2,157.40	1	\$40.70
249	52	\$13,189.60	0	\$0.00
250	17	\$4,322.10	0	\$0.00
<b>Plan Total:</b>	<b>12,140</b>	<b>\$2,013,417.78</b>	<b>5</b>	<b>\$282.90</b>
<b>CIGNA-HEALTHSPRING PREFERRED with RX</b>				
321	29	\$3,547.40	0	\$0.00
322	8	\$973.80	0	\$0.00
324	16	\$4,005.30	0	\$0.00
327	3	\$375.90	0	\$0.00
329	1	\$226.70	0	\$0.00
<b>Plan Total:</b>	<b>57</b>	<b>\$9,129.10</b>	<b>0</b>	<b>\$0.00</b>
<b>KAISER SR. ADVANTAGE</b>				
403	10871	\$1,327,202.50	6	\$121.80
413	1561	\$201,197.70	0	\$0.00
418	5614	\$1,400,117.90	1	\$120.90
419	304	\$35,611.50	0	\$0.00
426	214	\$26,461.30	0	\$0.00
427	165	\$18,757.30	0	\$0.00
445	3	\$369.90	0	\$0.00
446	2	\$244.00	0	\$0.00
451	33	\$4,092.30	0	\$0.00
455	2	\$271.00	0	\$0.00
457	8	\$1,937.40	0	\$0.00
458	2	\$268.00	0	\$0.00
462	60	\$7,354.40	0	\$0.00
465	6	\$779.40	0	\$0.00
466	30	\$7,153.20	0	\$0.00
467	1	(\$271.00)	0	\$0.00
472	29	\$3,521.70	0	\$0.00
476	6	\$811.50	0	\$0.00
478	16	\$2,818.60	0	\$0.00
479	1	\$536.00	0	\$0.00
482	72	\$8,871.70	0	\$0.00
486	8	\$1,021.30	0	\$0.00
488	42	\$10,549.00	0	\$0.00
<b>Plan Total:</b>	<b>19,050</b>	<b>\$3,059,676.60</b>	<b>7</b>	<b>\$242.70</b>

**Medicare Part B Reimbursement and Penalty Report**

**PAY PERIOD 12/31/2019**

<b>Deduction Code</b>	<b>No. of Members</b>	<b>Reimbursement Amount</b>	<b>No. of Penalties</b>	<b>Penalty Amount</b>
<b>SCAN</b>				
611	308	\$38,064.60	0	\$0.00
613	104	\$26,047.50	0	\$0.00
<b>Plan Total:</b>	<b>412</b>	<b>\$64,112.10</b>	<b>0</b>	<b>\$0.00</b>
<b>UNITED HEALTHCARE GROUP MEDICARE ADV. HMO</b>				
701	1736	\$214,898.00	1	\$36.50
702	354	\$45,871.40	0	\$0.00
703	1048	\$264,762.75	0	\$0.00
704	84	\$11,004.70	0	\$0.00
705	31	\$7,831.00	0	\$0.00
<b>Plan Total:</b>	<b>3,253</b>	<b>\$544,367.85</b>	<b>1</b>	<b>\$36.50</b>
<b>Grand Total:</b>	<b>34,912</b>	<b>\$5,690,703.43</b>	<b>13</b>	<b>\$562.10</b>

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 12/31/2019

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
<b>ANTHEM BC III</b>				
221	1	(\$134.00)	0	\$0.00
240	6812	\$837,652.90	3	\$188.00
241	145	\$17,883.70	0	\$0.00
242	859	\$106,211.50	0	\$0.00
243	4026	\$1,003,104.83	1	\$54.20
244	15	\$1,834.80	0	\$0.00
245	57	\$7,785.00	0	\$0.00
246	19	\$2,260.90	0	\$0.00
247	128	\$17,149.05	0	\$0.00
248	9	\$2,157.40	1	\$40.70
249	52	\$13,189.60	0	\$0.00
250	17	\$4,322.10	0	\$0.00
<b>Plan Total:</b>	<b>12,140</b>	<b>\$2,013,417.78</b>	<b>5</b>	<b>\$282.90</b>
<b>CIGNA-HEALTHSPRING PREFERRED with RX</b>				
321	29	\$3,547.40	0	\$0.00
322	8	\$973.80	0	\$0.00
324	16	\$4,005.30	0	\$0.00
327	3	\$375.90	0	\$0.00
329	1	\$226.70	0	\$0.00
<b>Plan Total:</b>	<b>57</b>	<b>\$9,129.10</b>	<b>0</b>	<b>\$0.00</b>
<b>KAISER SR. ADVANTAGE</b>				
403	10871	\$1,327,202.50	6	\$121.80
413	1561	\$201,197.70	0	\$0.00
418	5614	\$1,400,117.90	1	\$120.90
419	304	\$35,611.50	0	\$0.00
426	214	\$26,461.30	0	\$0.00
427	165	\$18,757.30	0	\$0.00
445	3	\$369.90	0	\$0.00
446	2	\$244.00	0	\$0.00
451	33	\$4,092.30	0	\$0.00
455	2	\$271.00	0	\$0.00
457	8	\$1,937.40	0	\$0.00
458	2	\$268.00	0	\$0.00
462	60	\$7,354.40	0	\$0.00
465	6	\$779.40	0	\$0.00
466	30	\$7,153.20	0	\$0.00
467	1	(\$271.00)	0	\$0.00
472	29	\$3,521.70	0	\$0.00
476	6	\$811.50	0	\$0.00
478	16	\$2,818.60	0	\$0.00
479	1	\$536.00	0	\$0.00
482	72	\$8,871.70	0	\$0.00
486	8	\$1,021.30	0	\$0.00
488	42	\$10,549.00	0	\$0.00
<b>Plan Total:</b>	<b>19,050</b>	<b>\$3,059,676.60</b>	<b>7</b>	<b>\$242.70</b>

**Medicare Part B Reimbursement and Penalty Report**

**PAY PERIOD 12/31/2019**

<b>Deduction Code</b>	<b>No. of Members</b>	<b>Reimbursement Amount</b>	<b>No. of Penalties</b>	<b>Penalty Amount</b>
<b>SCAN</b>				
611	308	\$38,064.60	0	\$0.00
613	104	\$26,047.50	0	\$0.00
<b>Plan Total:</b>	<b>412</b>	<b>\$64,112.10</b>	<b>0</b>	<b>\$0.00</b>
<b>UNITED HEALTHCARE GROUP MEDICARE ADV. HMO</b>				
701	1736	\$214,898.00	1	\$36.50
702	354	\$45,871.40	0	\$0.00
703	1048	\$264,762.75	0	\$0.00
704	84	\$11,004.70	0	\$0.00
705	31	\$7,831.00	0	\$0.00
<b>Plan Total:</b>	<b>3,253</b>	<b>\$544,367.85</b>	<b>1</b>	<b>\$36.50</b>
<b>LOCAL 1014</b>				
804	184	\$31,792.20	0	\$0.00
805	171	\$26,897.30	0	\$0.00
806	614	\$190,811.80	0	\$0.00
807	38	\$6,304.40	0	\$0.00
808	11	\$3,181.20	0	\$0.00
812	226	\$33,953.70	0	\$0.00
813	1	\$144.60	0	\$0.00
<b>Plan Total:</b>	<b>1,245</b>	<b>\$293,085.20</b>	<b>0</b>	<b>\$0.00</b>
<b>Grand Total:</b>	<b>36,157</b>	<b>\$5,983,788.63</b>	<b>13</b>	<b>\$562.10</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Medical Plan</b>							
<b>Anthem Blue Cross Prudent Buyer Plan</b>							
201	581	\$591,591.36	\$94,817.37	\$503,889.35	\$598,706.72	(\$1,016.48)	\$597,690.24
202	304	\$609,917.65	\$50,833.10	\$549,085.90	\$599,919.00	(\$1,999.73)	\$597,919.27
203	78	\$176,028.84	\$42,472.58	\$129,042.70	\$171,515.28	\$0.00	\$171,515.28
204	36	\$47,029.68	\$16,564.92	\$29,158.38	\$45,723.30	\$0.00	\$45,723.30
205	1	\$277.44	\$11.10	\$266.34	\$277.44	\$0.00	\$277.44
<b>SUBTOTAL</b>	<b>1,000</b>	<b>\$1,424,844.97</b>	<b>\$204,699.07</b>	<b>\$1,211,442.67</b>	<b>\$1,416,141.74</b>	<b>(\$3,016.21)</b>	<b>\$1,413,125.53</b>
<b>Anthem Blue Cross I</b>							
211	731	\$855,474.68	\$55,096.73	\$801,548.23	\$856,644.96	(\$3,510.84)	\$853,134.12
212	268	\$569,351.70	\$33,233.25	\$525,574.90	\$558,808.15	\$0.00	\$558,808.15
213	56	\$139,279.84	\$16,514.63	\$127,739.49	\$144,254.12	\$0.00	\$144,254.12
214	18	\$27,862.56	\$4,705.68	\$23,156.88	\$27,862.56	\$0.00	\$27,862.56
215	2	\$792.86	\$31.72	\$761.14	\$792.86	\$0.00	\$792.86
<b>SUBTOTAL</b>	<b>1,075</b>	<b>\$1,592,761.64</b>	<b>\$109,582.01</b>	<b>\$1,478,780.64</b>	<b>\$1,588,362.65</b>	<b>(\$3,510.84)</b>	<b>\$1,584,851.81</b>
<b>Anthem Blue Cross II</b>							
221	2,187	\$2,565,253.76	\$152,116.00	\$2,442,007.33	\$2,594,123.33	(\$3,510.84)	\$2,590,612.49
222	1,904	\$4,029,744.81	\$98,012.89	\$3,817,515.10	\$3,915,527.99	\$2,108.71	\$3,917,636.70
223	728	\$1,815,612.20	\$74,763.44	\$1,742,995.63	\$1,817,759.07	(\$2,487.14)	\$1,815,271.93
224	173	\$267,790.16	\$27,212.38	\$246,769.46	\$273,981.84	\$0.00	\$273,981.84
225	2	\$792.86	\$198.21	\$594.65	\$792.86	\$0.00	\$792.86
<b>SUBTOTAL</b>	<b>4,994</b>	<b>\$8,679,193.79</b>	<b>\$352,302.92</b>	<b>\$8,249,882.17</b>	<b>\$8,602,185.09</b>	<b>(\$3,889.27)</b>	<b>\$8,598,295.82</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Anthem Blue Cross III</b>							
240	6,838	\$3,265,621.20	\$479,299.05	\$2,799,557.51	\$3,278,856.56	(\$11,458.32)	\$3,267,398.24
241	146	\$222,388.66	\$23,091.78	\$200,820.09	\$223,911.87	(\$1,523.21)	\$222,388.66
242	858	\$1,320,623.07	\$83,174.31	\$1,167,589.07	\$1,250,763.38	\$0.00	\$1,250,763.38
243	4,032	\$3,840,742.40	\$434,588.15	\$3,371,988.47	\$3,806,576.62	(\$1,897.60)	\$3,804,679.02
244	15	\$12,805.95	\$2,339.21	\$10,466.74	\$12,805.95	\$0.00	\$12,805.95
245	56	\$49,516.34	\$6,245.37	\$56,814.59	\$63,059.96	\$0.00	\$63,059.96
246	19	\$36,088.41	\$3,077.01	\$33,011.40	\$36,088.41	\$0.00	\$36,088.41
247	132	\$250,719.48	\$17,930.22	\$232,789.26	\$250,719.48	\$0.00	\$250,719.48
248	9	\$11,924.19	\$370.97	\$11,553.22	\$11,924.19	\$0.00	\$11,924.19
249	53	\$70,220.23	\$4,769.66	\$64,125.66	\$68,895.32	\$13,506.30	\$82,401.62
250	17	\$25,239.05	\$772.01	\$24,467.04	\$25,239.05	\$0.00	\$25,239.05
<b>SUBTOTAL</b>	<b>12,175</b>	<b>\$9,105,888.98</b>	<b>\$1,055,657.74</b>	<b>\$7,973,183.05</b>	<b>\$9,028,840.79</b>	<b>(\$1,372.83)</b>	<b>\$9,027,467.96</b>
<b>CIGNA Network Model Plan</b>							
301	288	\$467,786.88	\$144,508.67	\$323,278.21	\$467,786.88	\$0.00	\$467,786.88
302	110	\$322,522.20	\$92,649.01	\$221,077.13	\$313,726.14	\$0.00	\$313,726.14
303	13	\$45,007.30	\$14,952.70	\$23,130.40	\$38,083.10	\$0.00	\$38,083.10
304	16	\$34,480.32	\$15,905.26	\$18,575.06	\$34,480.32	\$0.00	\$34,480.32
<b>SUBTOTAL</b>	<b>427</b>	<b>\$869,796.70</b>	<b>\$268,015.64</b>	<b>\$586,060.80</b>	<b>\$854,076.44</b>	<b>\$0.00</b>	<b>\$854,076.44</b>



## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>CIGNA Healthspring Pref w/ Rx - Phoenix, AZ</b>							
321	29	\$11,150.21	\$1,614.87	\$9,535.34	\$11,150.21	(\$384.49)	\$10,765.72
322	9	\$15,230.25	\$947.66	\$12,590.34	\$13,538.00	\$0.00	\$13,538.00
324	16	\$12,175.68	\$1,674.16	\$10,501.52	\$12,175.68	\$0.00	\$12,175.68
327	3	\$6,669.03	\$444.60	\$6,224.43	\$6,669.03	\$0.00	\$6,669.03
329	1	\$1,362.53	\$0.00	\$1,362.53	\$1,362.53	\$0.00	\$1,362.53
<b>SUBTOTAL</b>	<b>58</b>	<b>\$46,587.70</b>	<b>\$4,681.29</b>	<b>\$40,214.16</b>	<b>\$44,895.45</b>	<b>(\$384.49)</b>	<b>\$44,510.96</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Kaiser/Senior Advantage</b>							
401	1,471	\$1,526,742.12	\$138,065.71	\$1,379,356.51	\$1,517,422.22	\$0.00	\$1,517,422.22
403	10,921	\$3,071,952.00	\$310,341.38	\$2,765,642.57	\$3,075,983.95	(\$4,460.76)	\$3,071,523.19
404	619	\$734,386.17	\$26,514.17	\$715,552.94	\$742,067.11	\$3,348.30	\$745,415.41
405	1,066	\$1,160,787.84	\$22,215.98	\$1,153,575.00	\$1,175,790.98	(\$2,173.76)	\$1,173,617.22
406	37	\$76,898.40	\$25,658.15	\$33,938.11	\$59,596.26	\$0.00	\$59,596.26
411	1,842	\$3,800,522.88	\$194,015.60	\$3,571,545.76	\$3,765,561.36	\$2,056.56	\$3,767,617.92
413	1,574	\$2,062,026.40	\$101,848.59	\$1,969,097.61	\$2,070,946.20	\$0.00	\$2,070,946.20
414	133	\$295,211.38	\$4,318.02	\$297,503.20	\$301,821.22	\$0.00	\$301,821.22
418	5,601	\$3,111,232.00	\$238,623.64	\$2,854,338.86	\$3,092,962.50	(\$3,875.20)	\$3,089,087.30
419	301	\$447,089.72	\$6,154.74	\$427,930.50	\$434,085.24	(\$1,451.59)	\$432,633.65
420	141	\$333,640.36	\$1,221.79	\$339,360.79	\$340,582.58	(\$2,349.58)	\$338,233.00
421	9	\$9,290.52	\$1,032.27	\$8,258.25	\$9,290.52	\$0.00	\$9,290.52
422	242	\$515,123.04	\$1,857.83	\$481,987.27	\$483,845.10	\$0.00	\$483,845.10
423	17	\$55,988.06	\$9,369.22	\$31,885.14	\$41,254.36	\$0.00	\$41,254.36
426	214	\$290,971.52	\$2,991.30	\$287,980.22	\$290,971.52	\$0.00	\$290,971.52
427	164	\$366,608.42	\$5,883.27	\$325,975.03	\$331,858.30	(\$2,195.26)	\$329,663.04
428	63	\$142,233.21	\$1,444.90	\$140,788.31	\$142,233.21	\$0.00	\$142,233.21
429	12	\$40,212.25	\$6,667.21	\$27,358.54	\$34,025.75	\$0.00	\$34,025.75
430	142	\$307,537.92	\$3,595.15	\$303,942.77	\$307,537.92	(\$2,165.76)	\$305,372.16
431	13	\$42,018.76	\$6,170.40	\$29,845.68	\$36,016.08	\$0.00	\$36,016.08
432	6	\$23,021.52	\$8,098.68	\$14,922.84	\$23,021.52	\$0.00	\$23,021.52
<b>SUBTOTAL</b>	<b>24,588</b>	<b>\$18,413,494.49</b>	<b>\$1,116,088.00</b>	<b>\$17,160,785.90</b>	<b>\$18,276,873.90</b>	<b>(\$13,267.05)</b>	<b>\$18,263,606.85</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Kaiser - Colorado</b>							
450	5	\$4,607.95	\$368.64	\$4,239.31	\$4,607.95	\$0.00	\$4,607.95
451	34	\$12,230.48	\$1,366.95	\$10,863.53	\$12,230.48	\$0.00	\$12,230.48
453	3	\$6,108.75	\$0.00	\$6,108.75	\$6,108.75	\$0.00	\$6,108.75
454	2	\$5,315.50	\$341.22	\$4,974.28	\$5,315.50	\$0.00	\$5,315.50
455	2	\$2,345.90	\$0.00	\$2,345.90	\$2,345.90	\$0.00	\$2,345.90
457	8	\$5,691.52	\$1,138.31	\$4,553.21	\$5,691.52	\$0.00	\$5,691.52
458	2	\$4,015.78	\$80.32	\$3,935.46	\$4,015.78	\$0.00	\$4,015.78
<b>SUBTOTAL</b>	<b>56</b>	<b>\$40,315.88</b>	<b>\$3,295.44</b>	<b>\$37,020.44</b>	<b>\$40,315.88</b>	<b>\$0.00</b>	<b>\$40,315.88</b>
<b>Kaiser - Georgia</b>							
441	4	\$4,434.68	\$0.00	\$4,434.68	\$4,434.68	\$0.00	\$4,434.68
442	4	\$4,434.68	\$0.00	\$4,434.68	\$4,434.68	\$0.00	\$4,434.68
445	3	\$4,572.42	\$0.00	\$4,572.42	\$4,572.42	\$0.00	\$4,572.42
446	2	\$3,048.28	\$0.00	\$3,048.28	\$3,048.28	\$0.00	\$3,048.28
461	15	\$16,630.05	\$3,059.92	\$14,678.80	\$17,738.72	\$0.00	\$17,738.72
462	61	\$25,831.67	\$3,768.87	\$22,062.80	\$25,831.67	\$0.00	\$25,831.67
463	2	\$4,418.68	\$1,255.61	\$3,163.07	\$4,418.68	\$0.00	\$4,418.68
465	6	\$9,144.84	\$914.48	\$8,230.36	\$9,144.84	\$0.00	\$9,144.84
466	29	\$25,168.20	\$939.62	\$23,389.64	\$24,329.26	(\$838.94)	\$23,490.32
467	1	\$2,624.81	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>SUBTOTAL</b>	<b>127</b>	<b>\$100,308.31</b>	<b>\$9,938.50</b>	<b>\$88,014.73</b>	<b>\$97,953.23</b>	<b>(\$838.94)</b>	<b>\$97,114.29</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Kaiser - Hawaii</b>							
471	5	\$4,776.15	\$114.63	\$4,661.52	\$4,776.15	\$0.00	\$4,776.15
472	29	\$12,992.87	\$2,069.89	\$10,922.98	\$12,992.87	\$0.00	\$12,992.87
473	1	\$1,766.93	\$596.65	\$1,170.28	\$1,766.93	\$0.00	\$1,766.93
474	3	\$5,707.38	\$0.00	\$5,707.38	\$5,707.38	\$0.00	\$5,707.38
476	6	\$8,371.56	\$3,264.90	\$5,106.66	\$8,371.56	\$0.00	\$8,371.56
478	15	\$14,208.96	\$817.02	\$9,839.70	\$10,656.72	\$0.00	\$10,656.72
479	1	\$2,206.96	\$393.00	\$8,434.84	\$8,827.84	\$0.00	\$8,827.84
<b>SUBTOTAL</b>	<b>60</b>	<b>\$50,030.81</b>	<b>\$7,256.09</b>	<b>\$45,843.36</b>	<b>\$53,099.45</b>	<b>\$0.00</b>	<b>\$53,099.45</b>
<b>Kaiser - Oregon</b>							
481	7	\$8,229.20	\$2,073.53	\$6,155.67	\$8,229.20	\$0.00	\$8,229.20
482	72	\$33,537.60	\$5,030.64	\$28,506.96	\$33,537.60	(\$1,397.40)	\$32,140.20
483	1	\$1,249.03	\$78.75	\$1,170.28	\$1,249.03	\$0.00	\$1,249.03
484	2	\$4,686.40	\$637.68	\$4,048.72	\$4,686.40	\$0.00	\$4,686.40
486	8	\$13,067.20	\$1,306.72	\$11,760.48	\$13,067.20	\$0.00	\$13,067.20
488	42	\$38,791.20	\$5,116.76	\$33,674.44	\$38,791.20	\$0.00	\$38,791.20
489	2	\$2,090.80	\$0.00	\$2,090.80	\$2,090.80	\$0.00	\$2,090.80
495	2	\$4,980.12	\$762.70	\$4,217.42	\$4,980.12	\$0.00	\$4,980.12
498	1	\$2,416.63	\$307.92	\$2,108.71	\$2,416.63	\$0.00	\$2,416.63
<b>SUBTOTAL</b>	<b>137</b>	<b>\$109,048.18</b>	<b>\$15,314.70</b>	<b>\$93,733.48</b>	<b>\$109,048.18</b>	<b>(\$1,397.40)</b>	<b>\$107,650.78</b>
<b>SCAN Health Plan</b>							
611	309	\$82,770.00	\$17,792.88	\$65,244.12	\$83,037.00	(\$267.00)	\$82,770.00
613	104	\$54,704.00	\$8,952.52	\$45,751.48	\$54,704.00	\$0.00	\$54,704.00
<b>SUBTOTAL</b>	<b>413</b>	<b>\$137,474.00</b>	<b>\$26,745.40</b>	<b>\$110,995.60</b>	<b>\$137,741.00</b>	<b>(\$267.00)</b>	<b>\$137,474.00</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>UHC Medicare Adv.</b>							
701	1,736	\$620,405.64	\$74,726.06	\$547,106.62	\$621,832.68	(\$1,427.04)	\$620,405.64
702	354	\$550,611.81	\$31,933.63	\$510,163.62	\$542,097.25	\$0.00	\$542,097.25
703	1,047	\$740,796.00	\$79,328.56	\$659,350.78	\$738,679.34	(\$2,822.08)	\$735,857.26
704	88	\$153,698.16	\$6,916.42	\$141,542.03	\$148,458.45	\$0.00	\$148,458.45
705	31	\$28,202.56	\$1,855.91	\$26,346.65	\$28,202.56	\$0.00	\$28,202.56
706	1	\$341.77	\$13.67	\$328.10	\$341.77	\$0.00	\$341.77
<b>SUBTOTAL</b>	<b>3,257</b>	<b>\$2,094,055.94</b>	<b>\$194,774.25</b>	<b>\$1,884,837.80</b>	<b>\$2,079,612.05</b>	<b>(\$4,249.12)</b>	<b>\$2,075,362.93</b>
<b>United Healthcare</b>							
707	451	\$541,880.78	\$59,982.34	\$486,672.72	\$546,655.06	\$1,193.57	\$547,848.63
708	401	\$875,945.94	\$57,380.43	\$803,375.34	\$860,755.77	\$0.00	\$860,755.77
709	335	\$868,015.68	\$68,453.21	\$796,979.09	\$865,432.30	\$2,583.38	\$868,015.68
<b>SUBTOTAL</b>	<b>1,187</b>	<b>\$2,285,842.40</b>	<b>\$185,815.98</b>	<b>\$2,087,027.15</b>	<b>\$2,272,843.13</b>	<b>\$3,776.95</b>	<b>\$2,276,620.08</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Local 1014 Firefighters</b>							
801	62	\$71,443.84	\$2,281.59	\$68,009.93	\$70,291.52	\$0.00	\$70,291.52
802	320	\$664,867.20	\$19,655.13	\$657,013.47	\$676,668.60	\$0.00	\$676,668.60
803	296	\$725,454.56	\$19,361.79	\$699,524.47	\$718,886.26	\$0.00	\$718,886.26
804	184	\$212,026.88	\$8,181.46	\$203,845.42	\$212,026.88	(\$32,944.52)	\$179,082.36
805	171	\$355,288.41	\$13,588.20	\$341,700.21	\$355,288.41	(\$28,975.01)	\$326,313.40
806	614	\$1,275,713.94	\$28,547.74	\$1,247,166.20	\$1,275,713.94	(\$199,122.64)	\$1,076,591.30
807	38	\$93,132.68	\$0.00	\$93,132.68	\$93,132.68	(\$6,304.40)	\$86,828.28
808	11	\$26,959.46	\$196.07	\$26,763.39	\$26,959.46	(\$3,181.20)	\$23,778.26
809	26	\$29,960.32	\$3,364.77	\$27,747.87	\$31,112.64	\$0.00	\$31,112.64
810	7	\$14,543.97	\$2,036.15	\$12,507.82	\$14,543.97	\$0.00	\$14,543.97
811	4	\$9,803.44	\$980.34	\$8,823.10	\$9,803.44	\$0.00	\$9,803.44
812	226	\$260,424.32	\$21,041.40	\$242,839.88	\$263,881.28	(\$33,953.70)	\$229,927.58
813	1	\$2,077.71	\$0.00	\$2,077.71	\$2,077.71	(\$144.60)	\$1,933.11
<b>SUBTOTAL</b>	<b>1,960</b>	<b>\$3,741,696.73</b>	<b>\$119,234.64</b>	<b>\$3,631,152.15</b>	<b>\$3,750,386.79</b>	<b>(\$304,626.07)</b>	<b>\$3,445,760.72</b>
<b>Medical Plan Total</b>	<b>51,514</b>	<b>\$48,691,340.52</b>	<b>\$3,673,401.67</b>	<b>\$44,678,974.10</b>	<b>\$48,352,375.77</b>	<b>(\$333,042.27)</b>	<b>\$48,019,333.50</b>

## Medical and Dental Vision Insurance Premiums January 2020

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
<b>Dental/Vision Plan</b>							
<b>CIGNA Indemnity Dental/Vision</b>							
501	24,406	\$1,273,329.92	\$143,487.96	\$1,138,917.80	\$1,282,405.76	(\$2,869.83)	\$1,279,535.93
502	22,751	\$2,473,365.00	\$190,929.68	\$2,273,312.92	\$2,464,242.60	(\$2,632.84)	\$2,461,609.76
503	12	\$769.80	\$73.14	\$696.66	\$769.80	\$0.00	\$769.80
<b>SUBTOTAL</b>	<b>47,169</b>	<b>\$3,747,464.72</b>	<b>\$334,490.78</b>	<b>\$3,412,927.38</b>	<b>\$3,747,418.16</b>	<b>(\$5,502.67)</b>	<b>\$3,741,915.49</b>
<b>CIGNA Dental HMO/Vision</b>							
901	3,321	\$153,396.99	\$19,453.37	\$134,590.28	\$154,043.65	(\$230.95)	\$153,812.70
902	2,350	\$222,500.08	\$19,682.56	\$202,253.40	\$221,935.96	(\$189.04)	\$221,746.92
903	2	\$93.56	\$22.45	\$71.11	\$93.56	\$0.00	\$93.56
<b>SUBTOTAL</b>	<b>5,673</b>	<b>\$375,990.63</b>	<b>\$39,158.38</b>	<b>\$336,914.79</b>	<b>\$376,073.17</b>	<b>(\$419.99)</b>	<b>\$375,653.18</b>
<b>Dental/Vision Plan Total</b>	<b>52,842</b>	<b>\$4,123,455.35</b>	<b>\$373,649.16</b>	<b>\$3,749,842.17</b>	<b>\$4,123,491.33</b>	<b>(\$5,922.66)</b>	<b>\$4,117,568.67</b>
<b>GRAND TOTALS</b>	<b>104,356</b>	<b>\$52,814,795.87</b>	<b>\$4,047,050.83</b>	<b>\$48,428,816.27</b>	<b>\$52,475,867.10</b>	<b>(\$338,964.93)</b>	<b>\$52,136,902.17</b>

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

\*Benchmark premiums are bolded.



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

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

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

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

**Kaiser**

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

\*Benchmark premiums are bolded.

CARRIER DEDUCTION PREMIUMS*	CODES	DEDUCTION CODE DEFINITIONS
<b><u>Kaiser (continued)</u></b>		
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")
<b><u>Kaiser Colorado</u></b>		
\$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")
<b><u>Kaiser Georgia</u></b>		
\$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
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**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
<b><u>Kaiser Oregon (continued)</u></b>		
\$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
<b><u>SCAN Health Plan</u></b>		
\$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.)
<b><u>United Healthcare Medicare Advantage (UHCMA)</u></b>		
(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
<b><u>United Healthcare (UHC)</u></b>		
(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
<b><u>Local 1014 Firefighters</u></b>		
\$914.03	801	Member Under 65
\$1,648.06	802	Member + 1 Under 65
\$1,944.04	803	Member + 2 Under 65
\$914.03	804	Member with Medicare
\$1,648.06	805	Member + 1; 1 Medicare
\$1,648.06	806	Member + 1; 2 Medicare
\$1,944.04	807	Member + 2; 1 Medicare
\$1,944.04	808	Member + 2; 2 Medicare

\*Benchmark premiums are bolded.

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

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

**CIGNA Indemnity - Dental/Vision**

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

**CIGNA HMO - Dental/Vision**

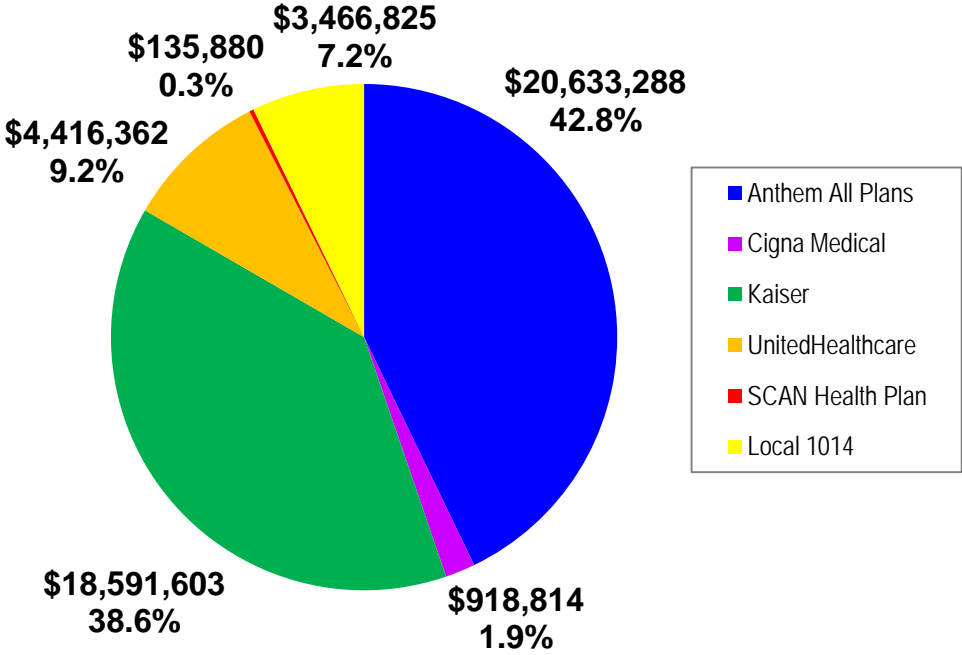
\$39.02	901	Retiree Only
\$81.07	902	Retiree and Dependent(s)
\$39.56	903	Survivor Children Only Rates

**Los Angeles County Employees Retirement Association**  
**Premium & Enrollment**  
*Coverage Month Ending November 2019*

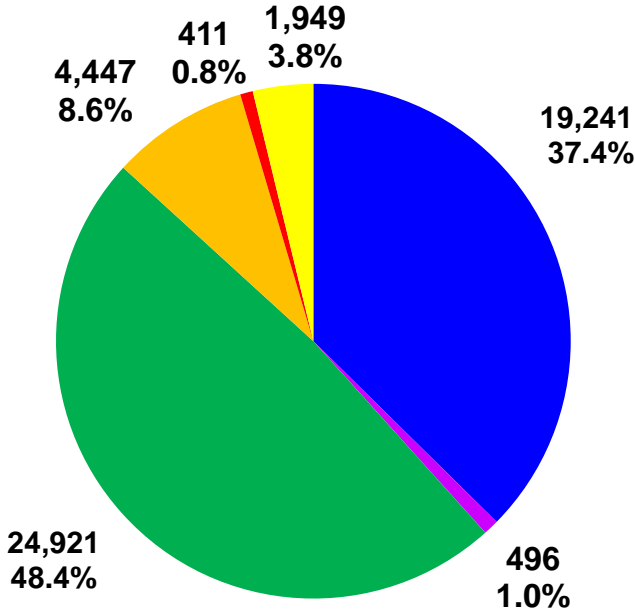
Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	\$20,633,288	42.8%	19,241	37.4%
Cigna Medical	\$918,814	1.9%	496	1.0%
Kaiser	\$18,591,603	38.6%	24,921	48.4%
UnitedHealthcare	\$4,416,362	9.2%	4,447	8.6%
SCAN Health Plan	\$135,880	0.3%	411	0.8%
Local 1014	\$3,466,825	7.2%	1,949	3.8%
<b>Combined Medical</b>	<b>\$48,162,772</b>	<b>100.0%</b>	<b>51,465</b>	<b>100.0%</b>

<b>Cigna Dental &amp; Vision (PPO and HMO)</b>	<b>\$4,126,981</b>	<b>52,789</b>
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**Monthly Premium**

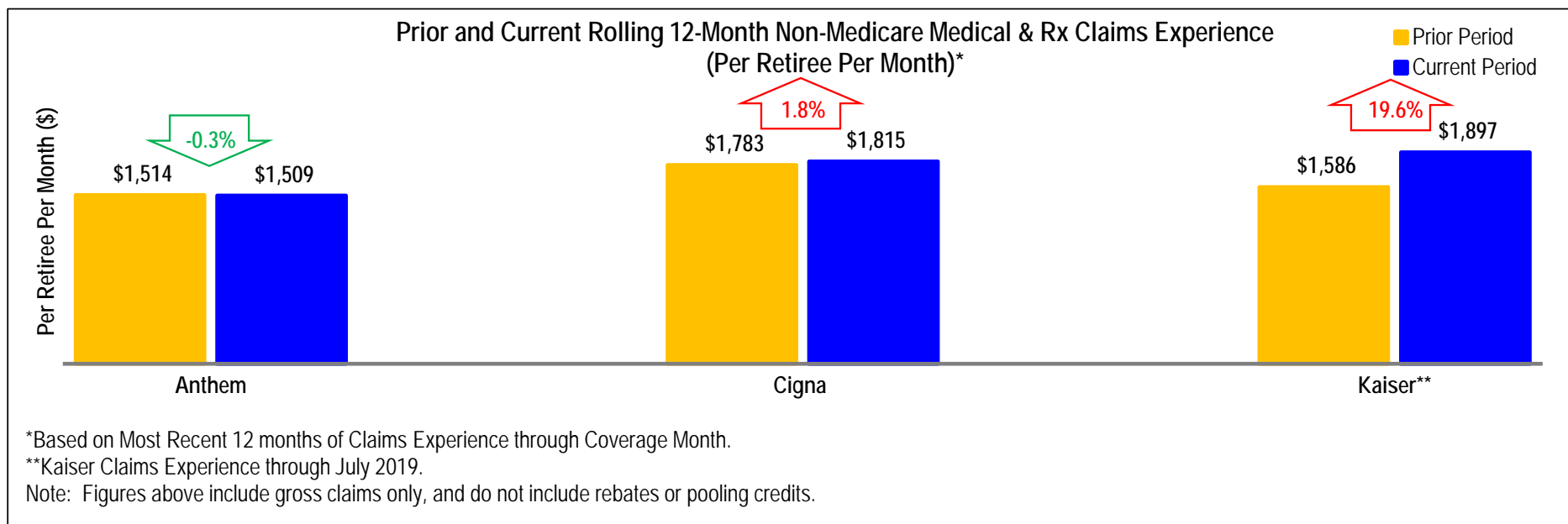
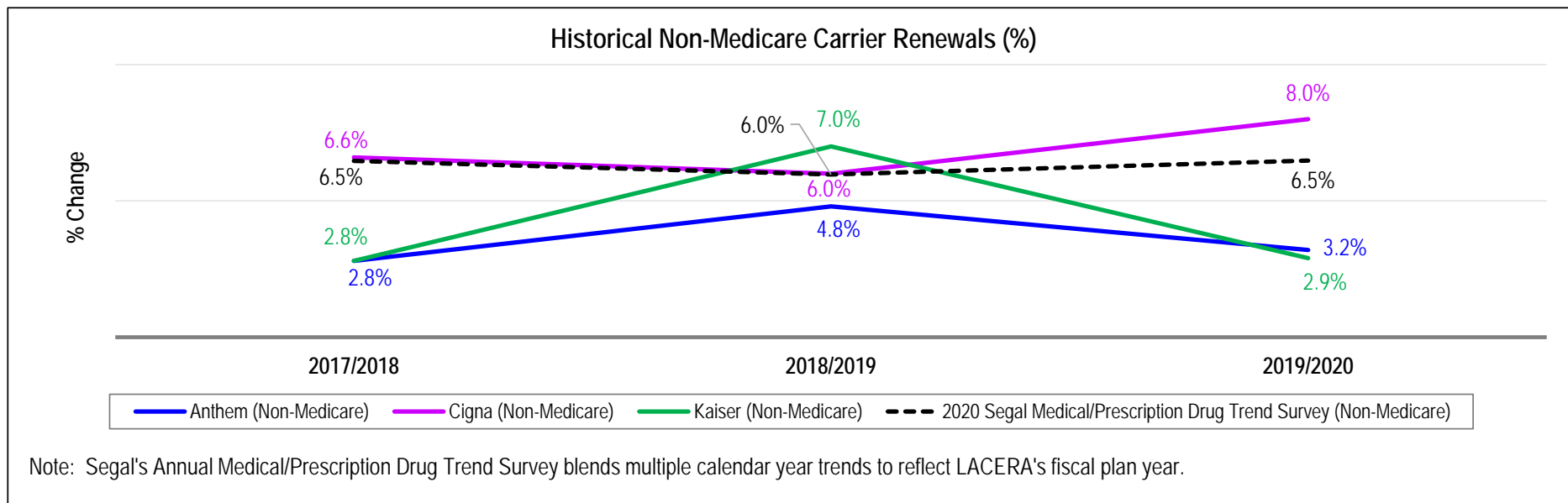


**Retirees**



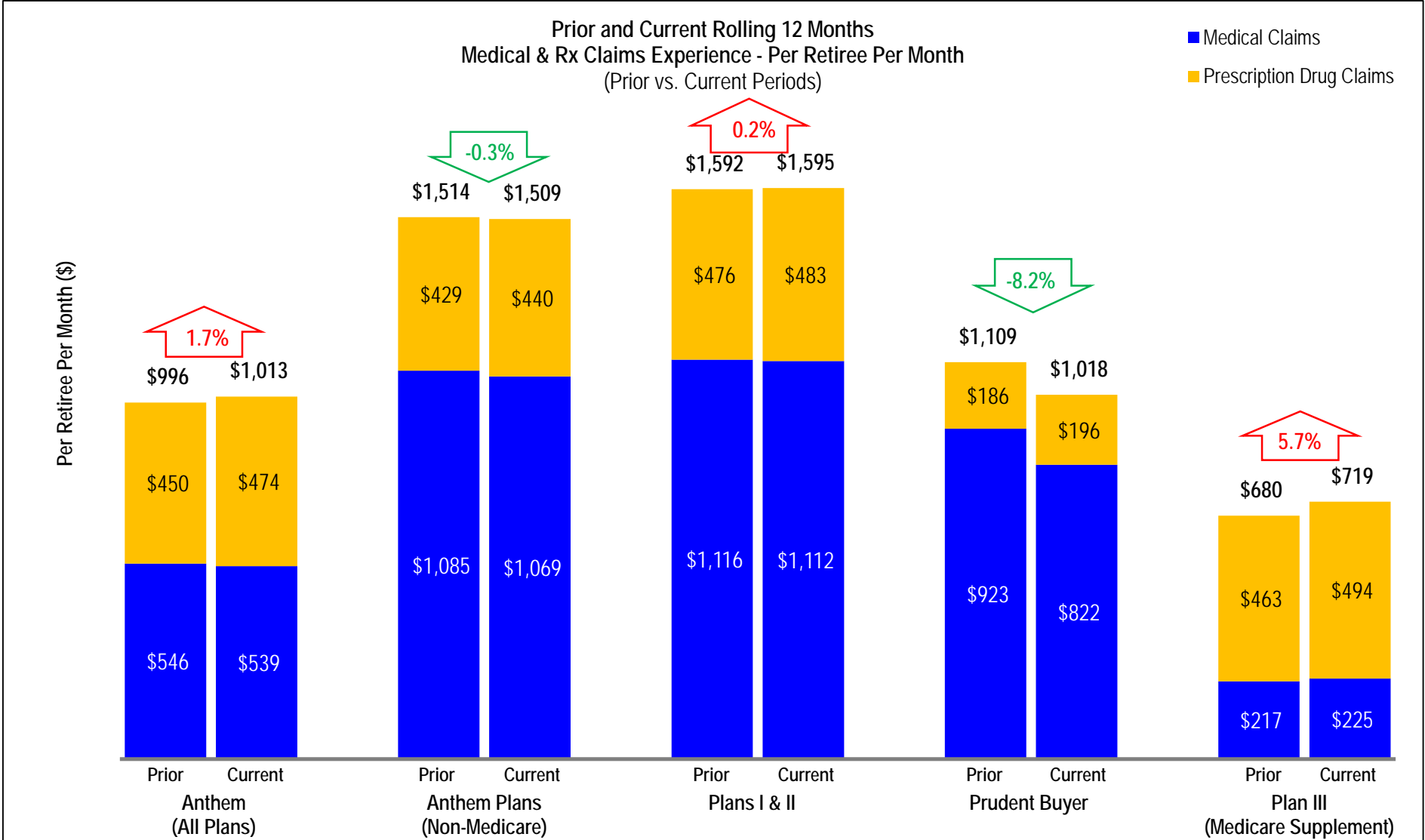
Note: Premiums **include** LACERA's Administrative Fee of \$8.00 per member, per plan, per month.

**Los Angeles County Employees Retirement Association**  
**Claims Experience by Carrier**  
*Coverage Month Ending November 2019*





**Los Angeles County Employees Retirement Association**  
**Anthem Claims Experience By Plan**  
*Coverage Month Ending November 2019*



Note:  
1. Figures above are based on most recent 12 months of Claims Experience through Coverage Month.  
2. Figures above include gross claims only, and do not include rebates or pooling credits.

# Los Angeles County Employees Retirement Association

## Kaiser Utilization

### Coverage Month Ending November 2019

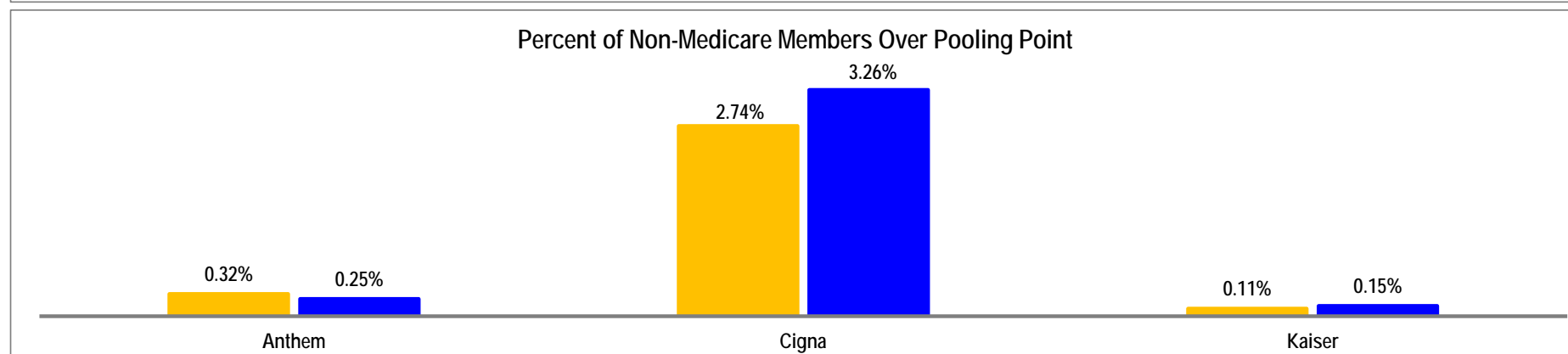
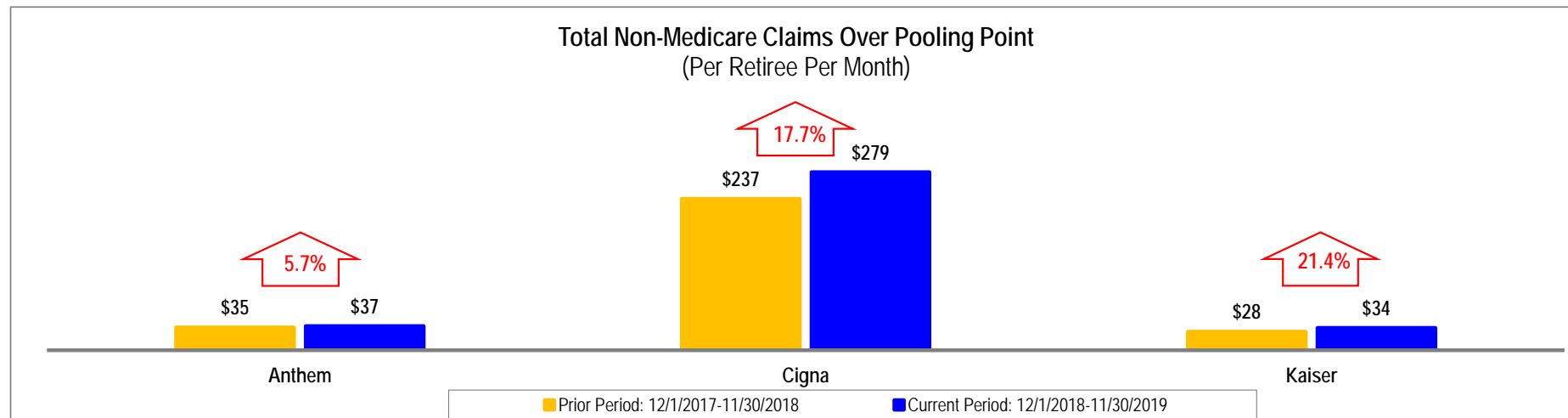
- Kaiser insures approximately 25,000 LACERA retirees with the majority enrolled in Medicare Advantage plans.
- Kaiser's Periodic Utilization Report (PUR) monitors utilization patterns of LACERA's non-Medicare population in Southern California.

Category	Current Period 8/1/2018 - 7/31/2019	Prior Period 8/1/2017 - 7/31/2018	Change
<b>Average Contract Size</b>	<b>2.56</b>	<b>2.35</b>	<b>8.94%</b>
<b>Average Members</b>	<b>8,732</b>	<b>8,737</b>	<b>-0.06%</b>
Inpatient Claims Per Member Per Month	\$203.45	\$188.70	7.82%
Outpatient Claims Per Member Per Month	\$327.43	\$277.39	18.04%
Pharmacy Per Member Per Month	\$96.97	\$101.19	-4.17%
Other Per Member Per Month	\$112.92	\$107.80	4.75%
<b>Total Claims Per Member Per Month</b>	<b>\$740.77</b>	<b>\$675.08</b>	<b>9.73%</b>
<b>Total Paid Claims</b>	<b>\$77,624,971</b>	<b>\$70,780,470</b>	<b>9.67%</b>
Large Claims over \$450,000 Pooling Point			
Number of Claims over Pooling Point	5	4	
Amount over Pooling Point	\$1,385,985	\$1,249,191	10.95%
% of Total Paid Claims	<b>1.79%</b>	<b>1.76%</b>	
Inpatient Days / 1000	370.3	315.2	17.48%
Inpatient Admits / 1000	56.1	57.6	-2.60%
Outpatient Visits / 1000	12,965.6	11,845.6	9.45%
Pharmacy Scripts Per Member Per Year	10.6	10.8	-1.85%

## Los Angeles County Employees Retirement Association

High Cost Claimants (Anthem, Cigna, & Kaiser)

Coverage Month Ending November 2019



### **Stop-Loss & Pooling Points Overview:**

Plan sponsors mitigate the financial risk associated with individual large claimants through reinsurance. Claims exceeding the specified individual pooling threshold are deducted from the carrier's renewal calculation. The pooling credit is offset by the carrier's pooling expense, which is applied to all policyholders.

Anthem and Cigna's figures are based on most recent 12 months of Claims Experience through Coverage Month. Kaiser's figures are based on claims experience period between August through July.

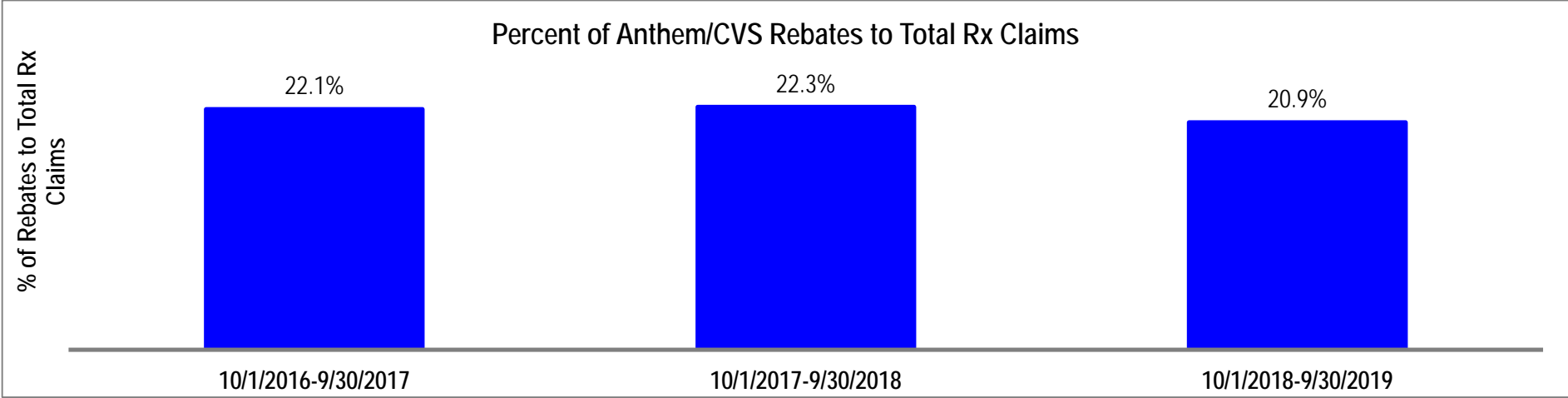
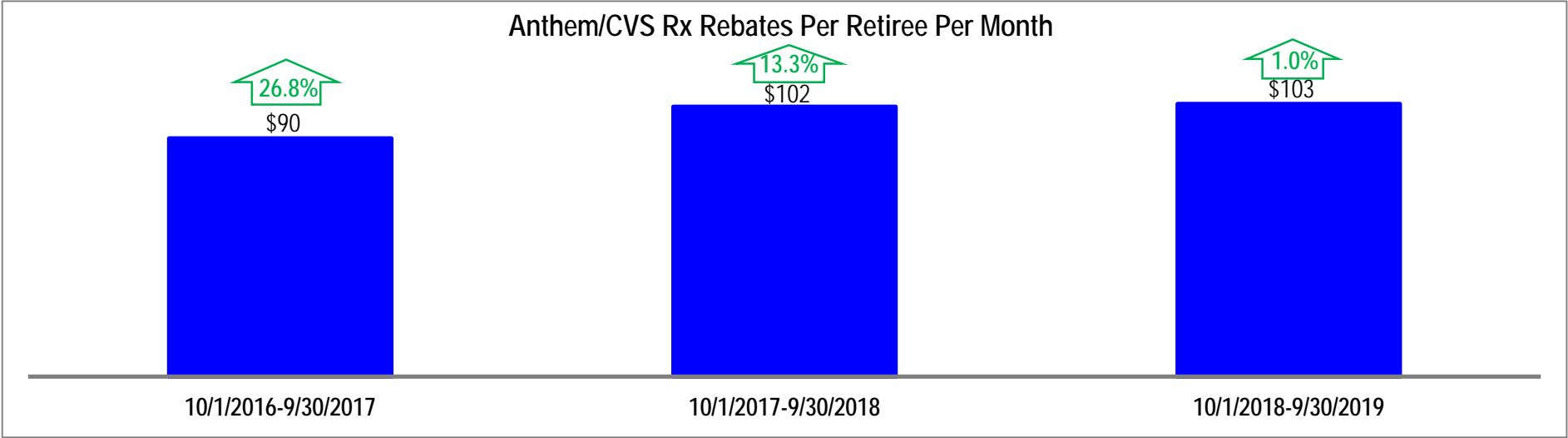
### **Pooling Points by Carrier:**

1. Anthem's pooling points are \$300,000 for Plans I & II, and \$250,000 for Prudent Buyer.
2. Cigna's pooling point is \$100,000.
3. Kaiser's pooling point is \$450,000.

# Los Angeles County Employees Retirement Association

## Prescription Drug Rebates (Anthem)

Coverage Month Ending November 2019



**Rebates Overview:**

Pharmacy Benefit Managers negotiate volume-based rebates with drug manufacturers of brand medications. Manufacturer rebates are passed on to plan sponsors and are used to offset pharmaceutical claims expenses.

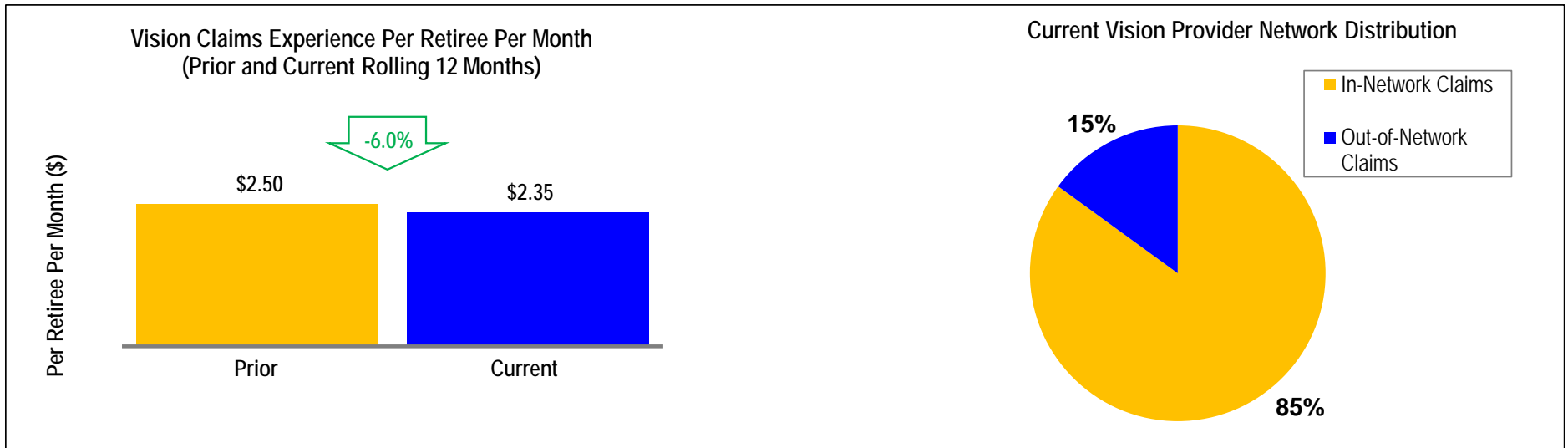
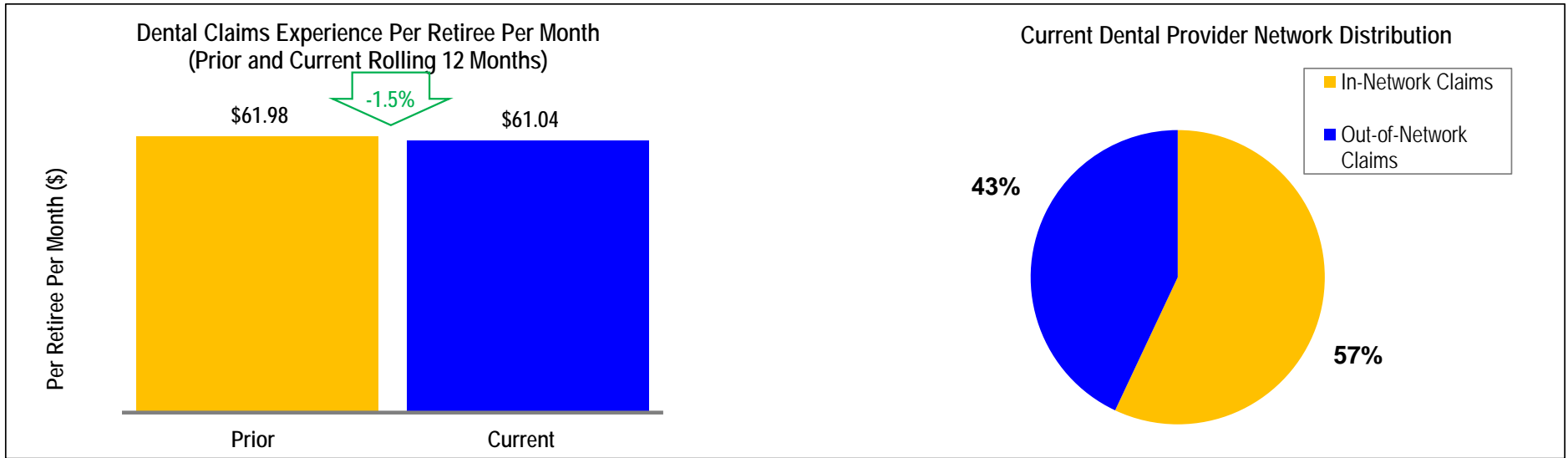
**Note:**

- 1. Prescription Claims and Rebates Data were provided by CVS.
- 2. Anthem Prudent Buyer prescription drugs are provided by Express Scripts Inc. and are not included in the charts above.

# Los Angeles County Employees Retirement Association

Cigna Dental & Vision Claims Experience

Coverage Month Ending November 2019



Notes:

1. Figures above are based on most recent 12 months of Claims Experience through Coverage Month.
2. Dental Claims Experience reflects passive use of Cigna's PPO Dental Network.