

IN PERSON & VIRTUAL BOARD MEETING

*The Committee meeting will be held prior to the Board of Retirement meeting scheduled prior.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

Attention: If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the committee meeting, review the [Public Comment instructions](#).

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

AGENDA

A REGULAR MEETING OF THE INSURANCE, BENEFITS & LEGISLATIVE

COMMITTEE AND BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

8:30 A.M., WEDNESDAY, AUGUST 7, 2024

This meeting will be conducted by the Insurance, Benefits and Legislative Committee and Board of Retirement both in person and by teleconference under California Government Code Sections 54953(b), (f).

Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>.

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

*Teleconference Locations for Trustees and the Public under California Government Code Section 54953(b)
1388 Kapiolani Blvd., Honolulu, HI 96814*

COMMITTEE TRUSTEES:

Les Robbins, Chair
Vivian H. Gray, Vice Chair
Shawn R. Kehoe, Trustee
Ronald Okum, Trustee
David Ryu, Alternate Trustee

- I. CALL TO ORDER
- II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
 - A. Just Cause
 - B. Action on Emergency Circumstance Requests
 - C. Statement of Persons Present at AB 2449 Teleconference Locations

III. APPROVAL OF MINUTES

- A. Approval of the Minutes of the Regular Meeting of July 3, 2024

IV. PUBLIC COMMENT

(Members of the public may address the Committee orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Committee meeting.

If you select oral comment, we will contact you via email with information and instruction as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Committee. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.com.)

V. NON-CONSENT ITEMS

- A. **H.R. 5241 – Governmental Plans**

Recommendation as submitted by Barry W. Lew, Legislative Affairs Officer: That the Committee recommend the Board of Retirement adopt an “Oppose” position on H.R. 5241, which would enable full-time first responders employed by nonprofit public safety agencies to participate in governmental pension plans.

(Memo dated July 22, 2024)

VI. REPORTS

- A. **Engagement Report for July 2024**

Barry W. Lew, Legislative Affairs Officer
(For Information Only)

- B. **Staff Activities Report for July 2024**

Cassandra Smith, Director, Retiree Healthcare
(For Information Only)

VI. REPORTS (Continued)

C. **LACERA Claims Experience**

Michael Szeto, Segal Consulting
(Presentation)

D. **Federal Legislation**

Stephen Murphy, Segal Consulting
(For Information Only)

VII. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

VIII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

IX. GOOD OF THE ORDER

(For Information Purposes Only)

X. 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.

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 *and will also be posted on lacera.com at the same time, [Board Meetings | LACERA](#).*

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

8:33 A.M. – 8:51 A.M., WEDNESDAY, JULY 3, 2024

This meeting was conducted by the Insurance, Benefits & Legislative
Committee both in person and by teleconference under California
Government Code Section 54953(b), (f)

COMMITTEE TRUSTEES

PRESENT: Les Robbins, Chair
Vivian H. Gray, Vice Chair (*arrived at 8:35 a.m.*)
Shawn R. Kehoe, Trustee
David Ryu, Alternate Trustee

ABSENT: Ronald Okum, Trustee

OTHER BOARD OF RETIREMENT TRUSTEES

Elizabeth Ginsberg, Trustee
JP Harris, Trustee
Wayne Moore, Trustee
(Teleconference under CA Govt. Code Section 54953(b))

STAFF, ADVISORS AND PARTICIPANTS

Cassandra Smith, Director, Retiree Healthcare

Santos H. Kreimann, Chief Executive Officer

Luis Lugo, Deputy Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Laura Guglielmo, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Barry W. Lew, Legislative Affairs Officer

Segal Consulting

Stephen Murphy, Sr. Vice President

Debbie Donaldson, Sr. Vice President

I. CALL TO ORDER

This meeting was called to order by Chair Robbins at 8:33 a.m. In the absence of Trustee Okum, the Chair announced that Trustee Ryu, as the alternate, would be a voting member of the Committee.

II. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

There were no requests received.

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of June 5, 2024

Trustee Gray made a motion, Trustee Robbins seconded, to approve the minutes of the regular meeting of June 5, 2024. The motion passed by the following roll call vote:

Yes: Gray, Kehoe, Ryu, Robbins

No: None

Absent: Okum

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. REPORTS

A. **Semi-Annual Report on Approved Engagements**

Barry W. Lew, Legislative Affairs Officer

(For Information Only) (Memo dated June 18, 2024)

The semi-annual report on approved engagements was discussed. This item was received and filed.

B. **Engagement Report for June 2024**

Barry W. Lew, Legislative Affairs Officer

(For Information Only)

The engagement report was discussed. This item was received and filed.

V. REPORTS (Continued)

C. **Staff Activities Report for June 2024**

Cassandra Smith, Director, Retiree Healthcare
(For Information Only)

The staff activities report was discussed. This item was received and filed.

Ms. Smith informed the Committee that LACERA is preparing to make a payment to Anthem of \$8.1 million, which will cover a deficit payment, the first in over 10 years, and bring the stabilization reserve up to the minimum requirement. This was approved at the March 6, 2024 Board of Retirement meeting as part of the 2024-25 insurance rate renewals.

D. **LACERA Claims Experience**

Michael Szeto, Segal Consulting
(Presentation)

The LACERA Claims Experience reports through May were discussed. This item was received and filed.

E. **Federal Legislation**

Stephen Murphy, Segal Consulting
(For Discussion Purposes)

Segal Consulting gave an update on federal legislation.

VI. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

There was nothing to report.

VII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

There was nothing to report.

VIII. GOOD OF THE ORDER
(For Information Purposes Only)

There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 8:51 a.m.



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



July 22, 2024

TO: Insurance, Benefits and Legislative Committee
Les Robbins, Chair
Vivian H. Gray, Vice Chair
Shawn R. Kehoe
Ronald Okum
David Ryu, Alternate

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

FOR: August 7, 2024 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **H.R. 5241—Governmental Plans**

*Author: Murphy [R-NC]
Sponsor: Author and 6 cosponsors
Introduced: August 18, 2023
Status: Referred to Committee on Ways and Means and Committee
on Education and the Workforce. (08/18/2023)*

Staff Recommendation: Oppose

RECOMMENDATION

That the Insurance, Benefits and Legislative Committee recommend that the Board of Retirement adopt an “Oppose” position on H.R. 5241, which would enable full-time first responders employed by nonprofit public safety agencies to participate in governmental pension plans.

LEGISLATIVE POLICY STANDARD

The Board of Retirement’s legislative policy standard is to oppose proposals that create unreasonable costs or complexity in the administration of retirement benefits. H.R. 5241 would enable private sector employees to participate in governmental pension plans and raise funding, governance, and federal tax issues.

SUMMARY

H.R. 5241 would expand tax-exempt governmental pension plans to include participation by employees of nonprofit public safety agencies.

ANALYSIS

Existing Law

The Internal Revenue Code provides the qualification requirements for the defined benefit and defined contribution plans of both private sector and governmental employers. The

purpose of the qualification requirements is to enable participants to make tax-deferred contributions and enjoy tax-deferred investment gains to fund retirement benefits, which are not taxed until they are distributed to participants when they retire at a future date. Although governmental entities are generally exempt from income tax, private sector employers enjoy tax advantages from sponsoring retirement benefit plans.

Private sector plans are further governed by the Employees Retirement Income Security Act of 1974 (ERISA), which sets minimum standards of protection for participants, whereas governmental plans are not subject to ERISA.

Although both private sector and governmental employers who sponsor retirement plans are subject to qualification requirements, governmental employers are not subject to the some of the requirements that apply to private sector employers. Both the Internal Revenue Code and ERISA provide the definition of “governmental plan” to specify exemptions for governmental employers from certain requirements of the Internal Revenue Code and ERISA.

This Bill

H.R. 5241 would amend the Internal Revenue Code and ERISA’s definition of “governmental plan” to allow participation by employees of nonprofit public safety agencies, which are designated as either 501(c)(3) or 501(c)(4) organizations under the Internal Revenue Code, in governmental pension plans.

H.R. 5241 was introduced with the intent of enabling nonprofit first responders in North Carolina (specifically, volunteer firefighters, paramedics, and emergency medical technicians) to have greater access to pension plans. However, including nongovernmental employees in governmental pension plans would be unprecedented and thereby raise funding, governance, and federal tax issues. Although the bill currently restricts the additional participation to those employees of nonprofit public safety agencies who provide firefighting and out-of-hospital emergency medical services, the enactment of the legislation could provide a pathway for additional categories of private sector workers to demand participation in state and local public pension plans.

According to the National Fire Department Registry of the U.S. Fire Administration, which is an entity of the U.S. Department of Homeland Security’s Federal Emergency Management Agency, there are 2 volunteer and 6 mostly volunteer fire departments in Los Angeles County. Statewide, there are 246 volunteer and 219 mostly volunteer fire departments.

Operational Impact

If additional entities are authorized to participate as LACERA members, it would entail increasing the number of outside districts administered by LACERA for the provision of retirement and healthcare benefits. Currently, LACERA has 2 active outside districts (Local Agency Formation Commission for the County of Los Angeles and Little Lake

Cemetery District) and 2 closed outside districts (Los Angeles County Office of Education and South Coast Air Quality Management District).

IT IS THEREFORE RECOMMENDED THAT THE COMMITTEE recommend that the Board of Retirement adopt an “Oppose” position on H.R. 5241, which would enable full-time first responders employed by nonprofit public safety agencies to participate in governmental pension plans.

Reviewed and Approved:

A handwritten signature in blue ink that reads "Luis Lugo". The signature is written in a cursive style and is centered within a light gray rectangular box.

Luis Lugo, Deputy Chief Executive Officer

Attachments

Attachment 1—Board Positions Adopted on Related Legislation
Attachment 2—Support and Opposition
H.R. 5241 (Murphy) as introduced on August 18, 2023

cc: Santos H. Kreimann
Luis Lugo
JJ Popowich
Laura Guglielmo
Steven P. Rice
Anthony Roda, Williams & Jensen

H.R. 5241
Attachment 1—Board Positions Adopted on Related Legislation
Insurance, Benefits and Legislative Committee
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BOARD POSITIONS ADOPTED ON RELATED LEGISLATION

None adopted.

H.R. 5241
Attachment 1—Board Positions Adopted on Related Legislation
Insurance, Benefits and Legislative Committee
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SUPPORT

International Association of Fire Chiefs
National Volunteer Fire Council

OPPOSITION

National Conference on Public Employee Retirement Systems
Houston Firefighters Relief and Retirement Fund
Ohio Police & Fire Pension Fund

118TH CONGRESS
1ST SESSION

H. R. 5241

To amend the Internal Revenue Code of 1986 to provide that governmental pension plans may include certain firefighters, emergency medical technicians, and paramedics, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 18, 2023

Mr. MURPHY (for himself, Mr. MCHENRY, Ms. FOXX, Mr. HUDSON, Mr. ROUZER, Mr. BISHOP of North Carolina, and Mr. EDWARDS) introduced the following bill; which was referred to the Committee on Education and the Workforce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to provide that governmental pension plans may include certain firefighters, emergency medical technicians, and paramedics, 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,*

1 **SECTION 1. GOVERNMENTAL PENSION PLANS MAY IN-**
2 **CLUDE CERTAIN FIREFIGHTERS, EMER-**
3 **GENCY MEDICAL TECHNICIANS, AND PARA-**
4 **MEDICS.**

5 (a) INTERNAL REVENUE CODE OF 1986.—Section
6 414(d) of the Internal Revenue Code of 1986 is amended
7 by inserting after the first sentence the following new sen-
8 tence: “A plan shall not fail to be a ‘governmental plan’
9 under the preceding sentence solely because such plan al-
10 lows participation by a public safety agency (described in
11 section 501(c) and exempt from taxation under section
12 501(a)) solely with respect to the employees of such agen-
13 cy who are emergency response providers (defined in sec-
14 tion 2 of the Homeland Security Act of 2022 (6 U.S.C.
15 101)), substantially all of whose services as emergency re-
16 sponse providers are in the performance of firefighting
17 services or out-of-hospital emergency medical services for
18 a political subdivision of a State under a contract between
19 such public safety agency and the political subdivision of
20 a State.”.

21 (b) EMPLOYEE RETIREMENT INCOME SECURITY ACT
22 OF 1974.—Section 3(32) of the Employee Retirement In-
23 come Security Act of 1974 (29 U.S.C. 1002(32)) is
24 amended by inserting after the first sentence the following
25 new sentence: “A plan shall not fail to be a ‘governmental
26 plan’ under the preceding sentence solely because such

1 plan allows participation by a public safety agency (de-
2 scribed in section 501(c) of the Internal Revenue Code of
3 1986 and exempt from taxation under section 501(a) of
4 such Code) solely with respect to the employees of such
5 agency who are emergency response providers (defined in
6 section 2 of the Homeland Security Act of 2022 (6 U.S.C.
7 101)), substantially all of whose services as emergency re-
8 sponse providers are in the performance of firefighting
9 services or out-of-hospital emergency medical services for
10 a political subdivision of a State under a contract between
11 such public safety agency and the political subdivision of
12 a State.”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Section 4021(b)(2) of the Employee Retirement
15 Income Security Act of 1974 (29 U.S.C.
16 1321(b)(2)) is amended by inserting “(or public
17 safety agency employees described in the second sen-
18 tence of section 3(32))” after “established and
19 maintained for its employees”.

20 (2) Section 415(b)(2)(H)(ii)(I) of the Internal
21 Revenue Code of 1986 is amended by inserting “de-
22 scribed in the second sentence of section 414(d) or”
23 after “As a full-time employee”.

24 (3) Section 415(b)(10)(A) of such Code is
25 amended by inserting “(or public safety agency em-

1 ployees described in the second sentence of section
2 414(d))” after “maintained for its employees”.

3 (d) **EFFECTIVE DATE.**—The amendment made by
4 this section shall apply to plan years beginning after the
5 date of the enactment of this Act.

○

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
ENGAGEMENT REPORT
JULY 2024
FOR INFORMATION ONLY**

Hidden Costs of Pension to 401(k) Shift

A study by NCPERS reveals that the shift from pensions to 401(k)-style plans has heightened income inequality and hindered economic growth. Pension reforms, such as benefit reductions, intended to save money, may ultimately incur higher costs due to their negative impact on income distribution and GDP growth. The study emphasizes the need for policymakers to consider broader economic effects, including investing in education, implementing progressive taxation, and supporting unionization to foster income equality and economic health. The following are key findings in the study:

- Income inequality rose by 18% between 2000 and 2010, reducing GDP growth by 2-4 percentage points annually.
- A one-unit increase in state income inequality decreased economic growth by 2%.
- Pension plan coverage dropped 13 percentage points from 1977-2021; top income quintile earnings increased from 7 to 14 times that of the quintile.
- Negative pension changes increased income inequality by 0.27 (beta coefficient).
- Union membership decline correlates with rising income inequality (-0.97).
- Marginal tax rate dropped from 70% to 37% (1977-2021) with income inequality nearly doubling. [\(Source\)](#) [\(Source\)](#)

Gen X Not Confident In Income Replacement

Generation X, born between 1965 and 1980, faces significant retirement planning challenges, as highlighted by three recent surveys conducted by firms that provide retirement- and financial-related services.

Corebridge Financial found that only 32% of Gen Xers are confident in managing their retirement savings, with 72% fearing they'll run out of money. Despite being in their prime earning years, Gen Xers are less confident than other generations about their financial futures.

BlackRock's report indicated 60% feel on track for retirement, but 63% worry about outliving their savings. Many Gen Xers find it hard to translate savings into retirement income, with 61% uncertain about their future monthly income.

Mutual's survey revealed that working with financial advisers boosts financial security; 64% of those with advisers feel secure versus 29% who manage finances alone. Gen X appreciates clear, transparent advice and often finds advisers through the workplace.

Many Gen Xers have workplace retirement plans, but a significant portion lacks sufficient retirement vehicles. Financial professionals see an opportunity in catering to Gen X's specific needs, as this generation is poised to inherit substantial wealth in the coming decades. These insights underscore the critical need for tailored financial guidance to ensure Gen Xers can retire confidently. [\(Source\)](#) [\(Source\)](#) [\(Source\)](#) [\(Source\)](#)

Many Retirement Savers Worry About Running Out of Funds

A recent BlackRock survey found that more people with access to workplace retirement plans feel confident about their financial readiness for retirement, with 68% feeling positive, up from 56% last year. However, 60% still worry about outliving their savings. The survey also revealed a gender confidence gap, with only 59% of women feeling on track for retirement compared to 75% of men, partly due to women's longer life expectancies. Many savers prioritize simplicity, with 61% invested in or planning to invest in target-date funds (TDFs), which adjust investment allocations over time. Gen Z, in particular, leans towards TDFs due to a lack of investment knowledge, with 63% feeling unsure about managing their savings. Baby boomers also seek more education on income strategies for retirement. [\(Source\)](#) [\(Source\)](#)

California Adds High School Financial Literacy Requirement

California has become the 26th state to mandate financial literacy education for high school graduation, following the signing of Assembly Bill 2927 by Governor Gavin Newsom. This requirement will be implemented by the 2027-28 school year, with the graduation mandate starting with the class of 2031. Governor Newsom emphasized the importance of financial skills such as saving, investing, and spending wisely for young adults.

Lisa Buffington, a vice president of retirement services at Marsh McLennan Agency, praised the initiative but stressed the need for adequate resources for teachers to effectively implement the curriculum. She highlighted the importance of collaboration with financial industry leaders to support these efforts. Research indicates that improved financial literacy can help address racial wealth and retirement savings gaps.

Buffington and other experts recommend leveraging resources from organizations like the Retirement Advisor Council, Securities Industry and Financial Markets Association, and Next Gen Personal Finance to develop comprehensive programs. These efforts aim to prepare students to be financially savvy and improve retirement readiness. Buffington and Annamaria Lusardi, a senior fellow at the Stanford Graduate School of Business, view California's move as a positive step that could inspire other states to follow suit. Pennsylvania and Wisconsin have also recently added financial literacy requirements for high school graduation. [\(Source\)](#) [\(Source\)](#)

ERISA Improved Retirement Security But Hurt Pensions

At the recent ERISA 50 Symposium hosted by the American Academy of Actuaries (AAA), Mark Iwry, a senior fellow at the Brookings Institution, contends that the shift from defined benefit (DB) to defined contribution (DC) plans due to the Employee Retirement Income Security Act (ERISA) is misunderstood. Instead, he argues that the system has moved to an "undefined saving system" where neither benefits nor contributions are clearly defined. While ERISA has been broadly beneficial, it has also contributed to the decline of traditional pension plans. The introduction of 401(k) plans added to this decline, resulting in plans where contributions aren't genuinely defined, leaving participants to manage their savings independently. This is in contrast to money purchase and profit sharing plans that do have defined contributions from the employer as opposed to a "do it yourself" approach with 401(k) plans.

According to the Investment Company Institute, private sector DB plans now account for a small fraction of retirement assets compared to DC plans and individual retirement accounts (\$3.2 trillion of the \$38.4 trillion in retirement assets held by US households). DC plans account for \$7.4 trillion, and IRAs (generally resulting from 401(k) rollovers) account for \$13.6 trillion.

Iwry credits auto-401(k) guidance from 1998 as a significant development, transforming 401(k)s to include automatic features and improving their pension-like qualities. Lloyd Katz of the AAA's pension committee highlights ERISA's structural improvements, such as the fiduciary standard of the "prudent person rule" and additional disclosures to participants but acknowledges the decline in DB plans.

Andy Banducci, a vice president with the ERISA Industry Committee, and Bruce Cadenhead, global chief actuary at Mercer, discuss the high premiums of the Pension Benefit Guaranty Corporation (PBGC), suggesting that these premiums discourage the creation of DB plans and encourage lump sum payments to minimize costs. They also recommend that PBGC premiums not be counted as general revenue for the purpose of budget balancing legislation since it would make it easier for legislators to cut premiums without needing to raise revenue from another source. ([Source](#)) ([Source](#))

**INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE
RETIREE HEALTHCARE BENEFITS PROGRAM
STAFF ACTIVITIES REPORT
JULY 2024
FOR INFORMATION ONLY**

**Centers for Medicare and Medicaid Services (CMS) Medicare Part D
Retiree Drug Subsidy (RDS) Reconciliation Plan Year 7/1/2023 –
6/30/2024**

In collaboration with our carriers, staff began the subsidy payment request process for the following RDS applications for Fiscal Year 2023/2024:

- Anthem Blue Cross
- Cigna Medical HMO
- Kaiser Permanente
- LACFF Local 1014 Firefighters

As a background, the Retiree Drug Subsidy (RDS) program was authorized by Medicare Part D of the Medicare Modernization Act and permits employers and unions with qualifying prescription drug plans to receive retiree drug subsidy payments from the federal government

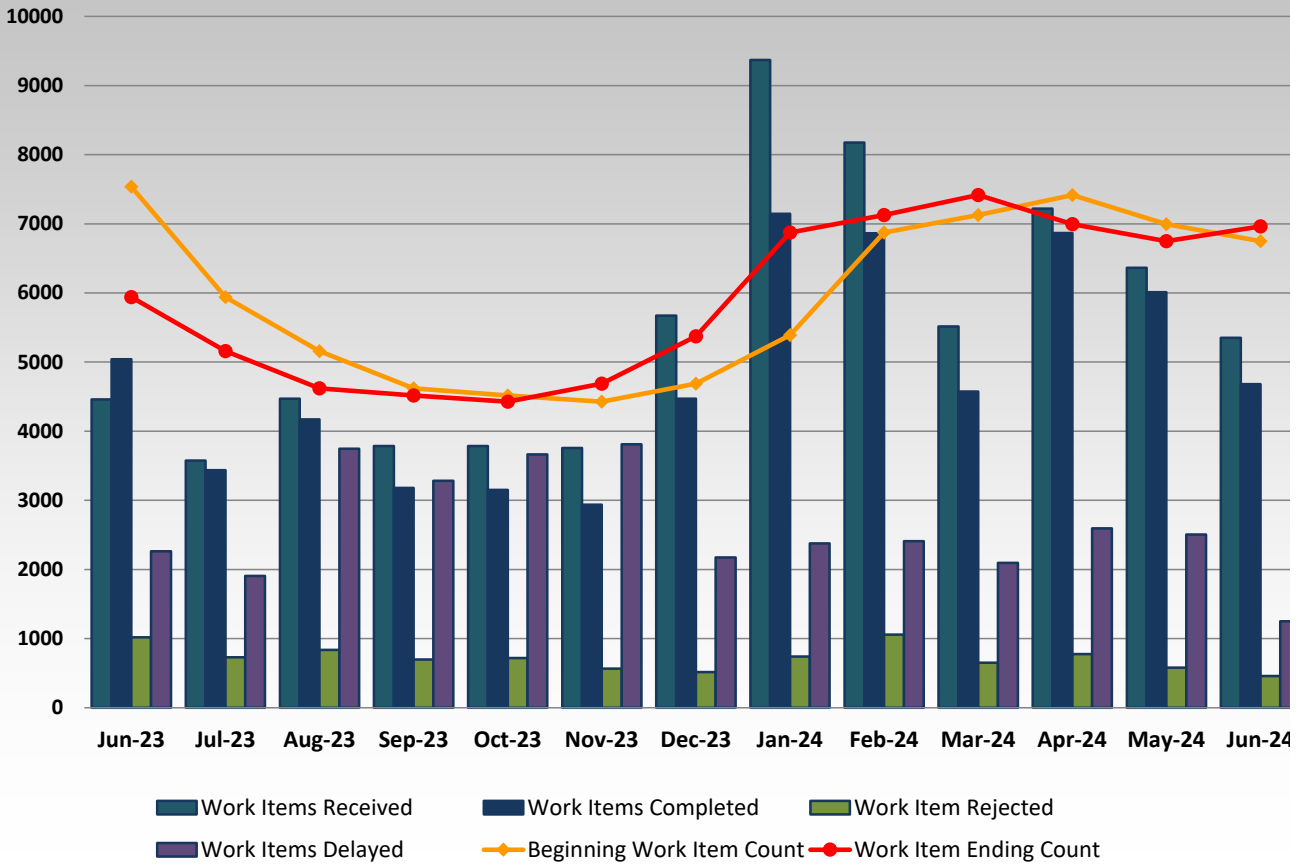
We will continue to keep the Board apprised of this.

Retiree Healthcare Division

Trend Report

JUNE 2023 - JUNE 2024

Updated 7/18/2024

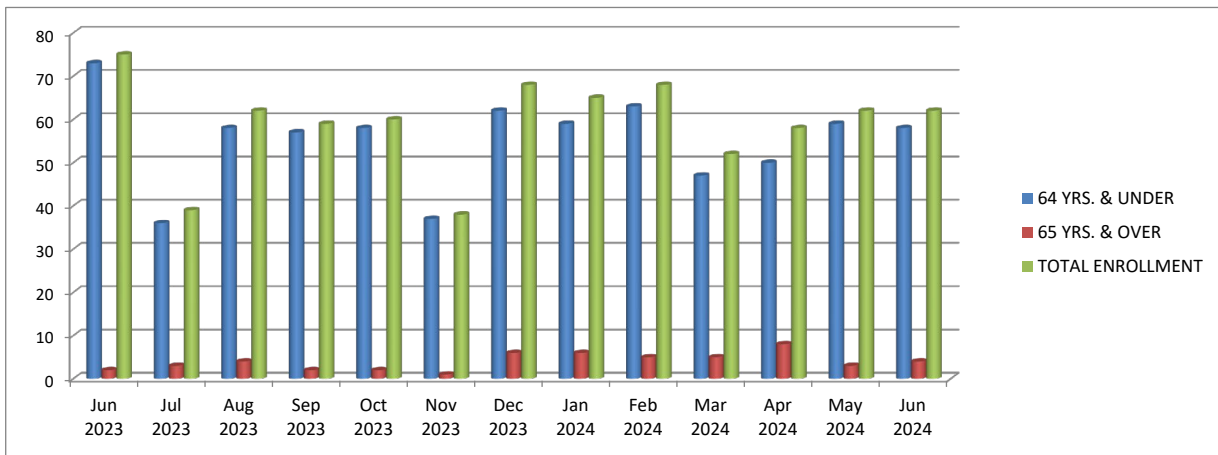


	Beginning Work Item Count	Work Items Received	Work Items Completed	Work Item Rejected	Work Items Delayed	Work Item Ending Count
Jun-23	7535	4458	5039	1018	2263	5939
Jul-23	5939	3576	3438	730	1908	5157
Aug-23	5157	4471	4172	836	3746	4620
Sep-23	4620	3787	3181	698	3282	4515
Oct-23	4515	3784	3151	721	3665	4427
Nov-23	4427	3757	2936	565	3812	4689
Dec-23	4689	5672	4471	516	2175	5374
Jan-24	5390	9371	7145	742	2377	6874
Feb-24	6874	8174	6862	1059	2411	7127
Mar-24	7127	5516	4573	653	2097	7417
Apr-24	7417	7221	6865	775	2593	6994
May-24	6994	6363	6012	579	2504	6749
Jun-24	6749	5351	4681	458	1252	6961

Retirees Monthly Age Breakdown JUNE 2023 - JUNE 2024

Disability Retirement

MONTH	64 YRS. & UNDER	65 YRS. & OVER	TOTAL ENROLLMENT
Jun 2023	73	2	75
Jul 2023	36	3	39
Aug 2023	58	4	62
Sep 2023	57	2	59
Oct 2023	58	2	60
Nov 2023	37	1	38
Dec 2023	62	6	68
Jan 2024	59	6	65
Feb 2024	63	5	68
Mar 2024	47	5	52
Apr 2024	50	8	58
May 2024	59	3	62
Jun 2024	58	4	62



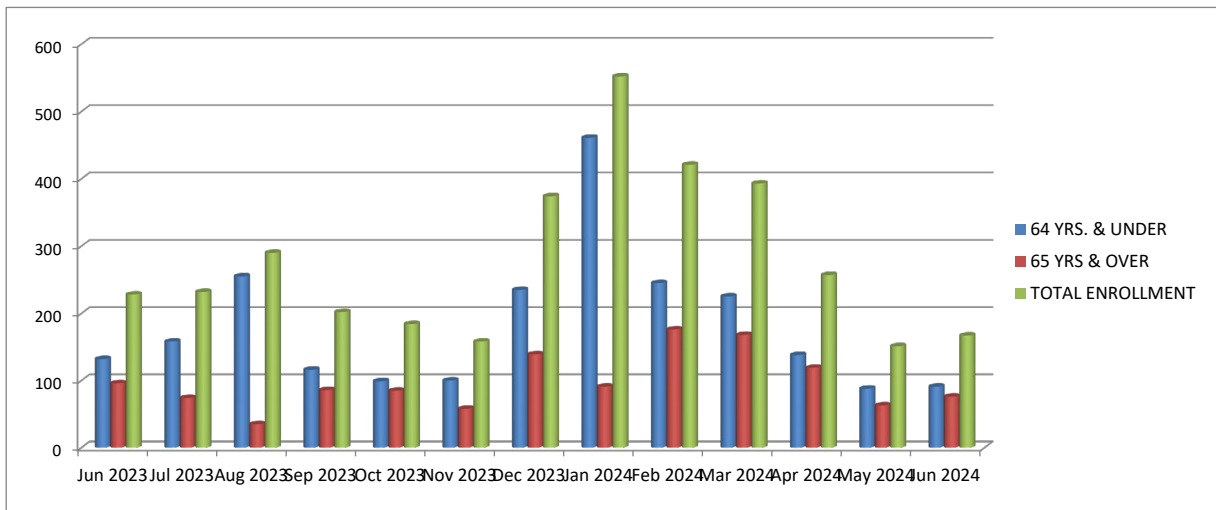
PLEASE NOTE:

- Next Report will include the following dates: July 1, 2023 - July 31, 2024

Retirees Monthly Age Breakdown JUNE 2023 - JUNE 2024

Service Retirement

MONTH	64 YRS. & UNDER	65 YRS & OVER	TOTAL ENROLLMENT
Jun 2023	132	96	228
Jul 2023	158	74	232
Aug 2023	255	35	290
Sep 2023	116	86	202
Oct 2023	99	85	184
Nov 2023	100	58	158
Dec 2023	235	139	374
Jan 2024	461	91	552
Feb 2024	245	176	421
Mar 2024	225	168	393
Apr 2024	138	119	257
May 2024	88	63	151
Jun 2024	91	76	167



PLEASE NOTE:

- Next Report will include the following dates: July 1, 2023, through July 31, 2024.

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2024

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
240	7620	1219971.6	1	10.5
241	134	20963.3	0	0
242	950	155081	0	0
243	4560	1506314.16	0	0
244	14	2170.9	0	0
245	57	9802.9	0	0
246	16	2720.2	0	0
247	167	28727.5	0	0
248	14	4227.4	0	0
249	68	22641.4	0	0
250	17	5487.3	0	0
Plan Total:	13,617	\$2,978,107.66	1	\$10.50
CIGNA - PREFERRED with RX				
321	36	5309.8	0	0
322	7	1027	0	0
324	19	6031.5	0	0
327	1	104.9	0	0
Plan Total:	63	\$12,473.20	0	\$0.00
KAISER SR. ADVANTAGE				
394	20	3255.4	0	0
397	3	144.6	0	0
398	9	3494	0	0
403	12088	1915367.16	0	0
413	1552	255808.44	0	0
418	6354	2064183.05	0	0
419	213	31389.8	0	0
426	256	40571.1	0	0
445	2	349.4	0	0
446	1	145.1	0	0
451	35	6048.4	0	0
455	8	873.5	0	0
457	16	5758.6	0	0
459	1	349.4	0	0
462	85	13261.3	0	0
465	2	349.4	0	0
466	28	9100.2	0	0
472	26	4236.8	0	0
476	3	433.7	0	0
478	15	4985.1	0	0
479	1	144.6	0	0
482	83	12488.7	0	0
486	1	174.7	0	0
488	35	11714.2	0	0
491	1	148.5	0	0
492	1	349.4	0	0
Plan Total:	20,839	\$4,385,124.55	0	\$0.00

Medicare Part B Reimbursement and Penalty Report

PAY PERIOD 7/31/2024

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	277	44788.4	0	0
613	98	31270.7	0	0
620	7	1151.1	0	0
622	13	2343.8	0	0
623	2	559.2	0	0
Plan Total:	397	80,113	0	0
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	2128	344588.9	0	0
702	407	69068	0	0
703	1369	453370.2	0	0
704	100	16032.4	0	0
705	52	17799.9	0	0
Plan Total:	4,056	\$900,859.40	0	\$0.00
Grand Total:	38,972	\$8,356,678.01	1	\$10.50

Medicare Part B Reimbursement and Penalty Report
PAY PERIOD 7/31/2024

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
ANTHEM BC III				
240	7620	\$1,219,971.60	1	\$10.50
241	134	\$20,963.30	0	\$0.00
242	950	\$155,081.00	0	\$0.00
243	4560	\$1,506,314.16	0	\$0.00
244	14	\$2,170.90	0	\$0.00
245	57	\$9,802.90	0	\$0.00
246	16	\$2,720.20	0	\$0.00
247	167	\$28,727.50	0	\$0.00
248	14	\$4,227.40	0	\$0.00
249	68	\$22,641.40	0	\$0.00
250	17	\$5,487.30	0	\$0.00
Plan Total:	13,617	\$2,978,107.66	1	\$10.50
CIGNA - PREFERRED with RX				
321	36	\$5,309.80	0	\$0.00
322	7	\$1,027.00	0	\$0.00
324	19	\$6,031.50	0	\$0.00
327	1	\$104.90	0	\$0.00
Plan Total:	63	\$12,473.20	0	\$0.00
KAISER SR. ADVANTAGE				
394	20	\$3,255.40	0	\$0.00
397	3	\$144.60	0	\$0.00
398	9	\$3,494.00	0	\$0.00
403	12088	\$1,915,367.16	0	\$0.00
413	1552	\$255,808.44	0	\$0.00
418	6354	\$2,064,183.05	0	\$0.00
419	213	\$31,389.80	0	\$0.00
426	256	\$40,571.10	0	\$0.00
445	2	\$349.40	0	\$0.00
446	1	\$145.10	0	\$0.00
451	35	\$6,048.40	0	\$0.00
455	8	\$873.50	0	\$0.00
457	16	\$5,758.60	0	\$0.00
459	1	\$349.40	0	\$0.00
462	85	\$13,261.30	0	\$0.00
465	2	\$349.40	0	\$0.00
466	28	\$9,100.20	0	\$0.00
472	26	\$4,236.80	0	\$0.00
476	3	\$433.70	0	\$0.00
478	15	\$4,985.10	0	\$0.00
479	1	\$144.60	0	\$0.00
482	83	\$12,488.70	0	\$0.00
486	1	\$174.70	0	\$0.00
488	35	\$11,714.20	0	\$0.00
491	1	\$148.50	0	\$0.00
492	1	\$349.40	0	\$0.00
Plan Total:	20,839	\$4,385,124.55	0	\$0.00

Medicare Part B Reimbursement and Penalty Report
PAY PERIOD 7/31/2024

Deduction Code	No. of Members	Reimbursement Amount	No. of Penalties	Penalty Amount
SCAN				
611	277	\$44,788.40	0	\$0.00
613	98	\$31,270.70	0	\$0.00
620	7	\$1,151.10	0	\$0.00
622	13	\$2,343.80	0	\$0.00
623	2	\$559.20	0	\$0.00
Plan Total:	397	80,113	0	0
UNITED HEALTHCARE GROUP MEDICARE ADV. HMO				
701	2128	\$344,588.90	0	\$0.00
702	407	\$69,068.00	0	\$0.00
703	1369	\$453,370.20	0	\$0.00
704	100	\$16,032.40	0	\$0.00
705	52	\$17,799.90	0	\$0.00
Plan Total:	4,056	\$900,859.40	0	\$0.00
LOCAL 1014				
804	197	\$44,338.40	0	\$0.00
805	233	\$45,806.40	0	\$0.00
806	723	\$278,122.80	0	\$0.00
807	55	\$10,761.50	0	\$0.00
808	22	\$9,084.30	0	\$0.00
812	250	\$48,077.40	0	\$0.00
813	1	\$174.70	0	\$0.00
Plan Total:	1,481	\$436,365.50	0	\$0.00
Grand Total:	40,453	\$8,793,043.51	1	\$10.50

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Medical Plan							
Anthem Blue Cross Prudent Buyer Plan							
201	447	\$500,380.16	\$75,061.94	\$429,290.42	\$504,352.36	(\$951.76)	\$503,400.60
202	225	\$498,968.70	\$40,730.13	\$443,178.05	\$483,908.18	\$0.00	\$483,908.18
203	82	\$205,903.08	\$32,618.80	\$177,140.96	\$209,759.76	\$0.00	\$209,759.76
204	27	\$43,071.30	\$10,125.48	\$26,990.34	\$37,115.82	\$0.00	\$37,115.82
SUBTOTAL	781	\$1,248,323.24	\$158,536.35	\$1,076,599.77	\$1,235,136.12	(\$951.76)	\$1,234,184.36
Anthem Blue Cross I							
211	531	\$788,782.08	\$50,133.22	\$729,786.14	\$779,919.36	(\$4,226.36)	\$775,693.00
212	228	\$609,888.83	(\$12,208.66)	\$619,434.22	\$607,225.56	(\$2,663.27)	\$604,562.29
213	71	\$226,195.20	\$23,813.32	\$199,240.28	\$223,053.60	\$0.00	\$223,053.60
214	20	\$39,089.00	\$3,518.00	\$35,571.00	\$39,089.00	\$0.00	\$39,089.00
215	1	\$498.97	\$139.71	\$359.26	\$498.97	\$0.00	\$498.97
SUBTOTAL	851	\$1,664,454.08	\$65,395.59	\$1,584,390.90	\$1,649,786.49	(\$6,889.63)	\$1,642,896.86
Anthem Blue Cross II							
221	2,388	\$3,552,473.60	\$181,201.45	\$3,322,629.69	\$3,503,831.14	(\$8,657.72)	\$3,495,173.42
222	2,048	\$5,491,662.74	\$124,485.54	\$5,276,996.52	\$5,401,482.06	(\$5,141.29)	\$5,396,340.77
223	943	\$2,968,812.00	\$109,390.44	\$2,833,414.28	\$2,942,804.72	\$0.00	\$2,942,804.72
224	241	\$476,885.80	\$45,076.09	\$423,720.31	\$468,796.40	\$0.00	\$468,796.40
SUBTOTAL	5,620	\$12,489,834.14	\$460,153.52	\$11,856,760.80	\$12,316,914.32	(\$13,799.01)	\$12,303,115.31

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Anthem Blue Cross III							
240	7,663	\$4,611,906.53	\$597,823.77	\$4,032,572.33	\$4,630,396.10	(\$17,461.50)	\$4,612,934.60
241	132	\$257,711.48	\$25,692.05	\$229,828.97	\$255,521.02	\$0.00	\$255,521.02
242	942	\$1,842,444.76	\$109,228.39	\$1,685,002.25	\$1,794,230.64	(\$5,769.66)	\$1,788,460.98
243	4,579	\$5,490,221.62	\$573,223.12	\$4,912,043.88	\$5,485,267.00	(\$16,851.23)	\$5,468,415.77
244	14	\$15,078.00	\$1,787.82	\$13,290.18	\$15,078.00	\$0.00	\$15,078.00
245	58	\$62,466.00	\$5,385.00	\$59,235.00	\$64,620.00	\$0.00	\$64,620.00
246	16	\$38,379.20	\$4,317.66	\$36,460.24	\$40,777.90	\$0.00	\$40,777.90
247	172	\$414,975.10	\$21,540.33	\$377,311.03	\$398,851.36	\$0.00	\$398,851.36
248	14	\$23,415.84	\$2,140.87	\$21,274.97	\$23,415.84	\$0.00	\$23,415.84
249	68	\$115,406.64	\$5,787.08	\$107,947.00	\$113,734.08	\$0.00	\$113,734.08
250	17	\$31,865.99	\$2,436.81	\$29,429.18	\$31,865.99	\$0.00	\$31,865.99
SUBTOTAL	13,675	\$12,903,871.16	\$1,349,362.90	\$11,504,395.03	\$12,853,757.93	(\$40,082.39)	\$12,813,675.54
CIGNA Network Model Plan							
301	226	\$428,118.58	\$107,468.95	\$322,543.96	\$430,012.91	\$0.00	\$430,012.91
302	55	\$191,554.16	\$44,252.07	\$140,460.87	\$184,712.94	\$0.00	\$184,712.94
303	8	\$36,351.72	\$5,376.52	\$15,046.97	\$20,423.49	\$0.00	\$20,423.49
304	14	\$35,191.38	\$14,323.83	\$23,239.44	\$37,563.27	\$0.00	\$37,563.27
SUBTOTAL	303	\$691,215.84	\$171,421.37	\$501,291.24	\$672,712.61	\$0.00	\$672,712.61
CIGNA Preferred w/ Rx - Phoenix, AZ							
321	36	\$12,486.96	\$1,595.57	\$10,891.39	\$12,486.96	\$0.00	\$12,486.96
322	7	\$13,111.98	\$749.25	\$12,362.73	\$13,111.98	\$0.00	\$13,111.98
324	19	\$13,028.68	\$1,398.88	\$11,629.80	\$13,028.68	\$0.00	\$13,028.68
327	1	\$2,492.31	\$498.46	\$1,993.85	\$2,492.31	\$0.00	\$2,492.31
SUBTOTAL	63	\$41,119.93	\$4,242.16	\$36,877.77	\$41,119.93	\$0.00	\$41,119.93

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser/Senior Advantage							
401	1,587	\$2,171,298.05	\$156,349.23	\$2,000,669.26	\$2,157,018.49	(\$1,265.81)	\$2,155,752.68
403	12,122	\$3,436,243.20	\$306,318.54	\$3,163,385.86	\$3,469,704.40	(\$5,549.87)	\$3,464,154.53
404	466	\$604,117.74	\$10,837.86	\$599,432.46	\$610,270.32	(\$3,889.17)	\$606,381.15
405	1,409	\$1,909,323.30	\$17,712.12	\$1,892,879.62	\$1,910,591.74	(\$5,245.14)	\$1,905,346.60
411	1,933	\$5,272,745.10	\$225,969.04	\$5,000,424.70	\$5,226,393.74	\$0.00	\$5,226,393.74
413	1,522	\$2,543,985.75	\$111,594.79	\$2,359,828.51	\$2,471,423.30	(\$1,625.55)	\$2,469,797.75
414	49	\$131,977.00	\$844.65	\$130,937.22	\$131,781.87	\$0.00	\$131,781.87
418	6,313	\$3,541,804.80	\$251,043.48	\$3,267,589.80	\$3,518,633.28	(\$2,848.24)	\$3,515,785.04
419	214	\$340,861.43	\$3,769.86	\$327,808.74	\$331,578.60	\$0.00	\$331,578.60
420	100	\$258,478.00	\$1,240.69	\$257,237.31	\$258,478.00	\$0.00	\$258,478.00
421	7	\$9,458.05	\$1,026.87	\$8,431.18	\$9,458.05	\$0.00	\$9,458.05
422	267	\$725,568.32	\$2,265.71	\$704,763.71	\$707,029.42	\$0.00	\$707,029.42
426	255	\$418,532.21	\$3,257.04	\$407,368.14	\$410,625.18	\$0.00	\$410,625.18
428	43	\$113,628.36	\$528.50	\$113,099.86	\$113,628.36	\$0.00	\$113,628.36
430	146	\$394,237.96	\$3,618.34	\$390,619.62	\$394,237.96	(\$2,700.26)	\$391,537.70
SUBTOTAL	26,433	\$21,872,259.27	\$1,096,376.72	\$20,624,475.99	\$21,720,852.71	(\$23,124.04)	\$21,697,728.67

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Colorado							
450	3	\$3,943.05	\$525.74	\$3,417.31	\$3,943.05	\$0.00	\$3,943.05
451	36	\$10,724.40	\$1,483.53	\$9,836.67	\$11,320.20	(\$595.80)	\$10,724.40
453	8	\$23,265.76	\$1,959.60	\$21,306.16	\$23,265.76	\$0.00	\$23,265.76
454	1	\$3,927.17	\$1,162.56	\$2,764.61	\$3,927.17	\$0.00	\$3,927.17
455	7	\$12,834.00	\$64.17	\$8,168.18	\$8,232.35	\$0.00	\$8,232.35
457	17	\$9,992.60	\$1,175.60	\$9,404.80	\$10,580.40	(\$297.90)	\$10,282.50
459	1	\$1,894.15	\$75.77	\$1,818.38	\$1,894.15	\$0.00	\$1,894.15
SUBTOTAL	73	\$66,581.13	\$6,446.97	\$56,716.11	\$63,163.08	(\$893.70)	\$62,269.38
Kaiser - Georgia							
441	4	\$6,242.08	\$333.60	\$5,908.48	\$6,242.08	\$0.00	\$6,242.08
442	7	\$10,923.64	\$583.80	\$10,339.84	\$10,923.64	\$0.00	\$10,923.64
445	2	\$3,924.74	\$0.00	\$3,924.74	\$3,924.74	\$0.00	\$3,924.74
446	1	\$1,962.37	\$0.00	\$1,962.37	\$1,962.37	\$0.00	\$1,962.37
461	13	\$23,407.80	\$3,157.39	\$16,864.35	\$20,021.74	\$0.00	\$20,021.74
462	85	\$35,247.10	\$5,057.53	\$28,975.48	\$34,033.01	\$0.00	\$34,033.01
463	3	\$9,339.12	\$2,680.94	\$6,658.18	\$9,339.12	\$0.00	\$9,339.12
465	2	\$3,924.74	\$0.00	\$3,924.74	\$3,924.74	\$0.00	\$3,924.74
466	28	\$22,727.60	\$1,704.57	\$21,023.03	\$22,727.60	\$0.00	\$22,727.60
SUBTOTAL	145	\$117,699.19	\$13,517.83	\$99,581.21	\$113,099.04	\$0.00	\$113,099.04

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Kaiser - Hawaii							
471	5	\$4,773.20	\$267.30	\$4,505.90	\$4,773.20	\$0.00	\$4,773.20
472	26	\$11,620.44	\$1,591.11	\$10,029.33	\$11,620.44	(\$446.94)	\$11,173.50
473	1	\$4,295.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
474	4	\$7,605.12	\$0.00	\$7,605.12	\$7,605.12	\$0.00	\$7,605.12
475	3	\$8,543.76	\$0.00	\$8,543.76	\$8,543.76	\$0.00	\$8,543.76
476	3	\$4,180.74	\$1,226.36	\$2,954.38	\$4,180.74	\$0.00	\$4,180.74
478	15	\$13,288.20	\$1,488.28	\$11,799.92	\$13,288.20	\$0.00	\$13,288.20
479	1	\$2,586.69	\$0.00	\$2,586.69	\$2,586.69	\$0.00	\$2,586.69
SUBTOTAL	58	\$56,893.65	\$4,573.05	\$48,025.10	\$52,598.15	(\$446.94)	\$52,151.21
Kaiser - Oregon							
481	2	\$2,613.30	\$653.32	\$1,959.98	\$2,613.30	\$0.00	\$2,613.30
482	82	\$45,521.35	\$6,734.97	\$36,693.52	\$43,428.49	(\$548.45)	\$42,880.04
483	3	\$4,907.10	\$830.25	\$4,076.85	\$4,907.10	\$0.00	\$4,907.10
484	7	\$18,237.10	\$0.00	\$18,237.10	\$18,237.10	\$0.00	\$18,237.10
486	1	\$1,847.10	\$0.00	\$1,847.10	\$1,847.10	\$0.00	\$1,847.10
488	35	\$38,111.50	\$5,858.27	\$32,253.23	\$38,111.50	\$0.00	\$38,111.50
491	1	\$1,848.38	\$0.00	\$1,848.38	\$1,848.38	\$0.00	\$1,848.38
492	1	\$2,176.15	\$0.00	\$4,352.30	\$4,352.30	\$0.00	\$4,352.30
498	0	\$2,934.35	(\$271.08)	(\$2,663.27)	(\$2,934.35)	\$0.00	(\$2,934.35)
SUBTOTAL	132	\$118,196.33	\$13,805.73	\$98,605.19	\$112,410.92	(\$548.45)	\$111,862.47
SCAN Health Plan							
611	279	\$74,493.00	\$15,528.72	\$58,752.51	\$74,281.23	(\$801.00)	\$73,480.23
613	97	\$51,548.00	\$10,825.08	\$39,670.92	\$50,496.00	\$0.00	\$50,496.00
SUBTOTAL	376	\$126,041.00	\$26,353.80	\$98,423.43	\$124,777.23	(\$801.00)	\$123,976.23

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
SCAN Health Plan, AZ							
620	7	\$1,869.00	\$485.94	\$1,383.06	\$1,869.00	\$0.00	\$1,869.00
SUBTOTAL	7	\$1,869.00	\$485.94	\$1,383.06	\$1,869.00	\$0.00	\$1,869.00
SCAN Health Plan, NV							
622	14	\$3,738.00	\$587.40	\$3,417.60	\$4,005.00	\$0.00	\$4,005.00
623	2	\$1,052.00	\$0.00	\$1,052.00	\$1,052.00	\$0.00	\$1,052.00
SUBTOTAL	16	\$4,790.00	\$587.40	\$4,469.60	\$5,057.00	\$0.00	\$5,057.00
UHC Medicare Adv.							
701	2,119	\$742,895.40	\$85,061.33	\$659,102.17	\$744,163.50	(\$1,045.35)	\$743,118.15
702	403	\$761,419.19	\$46,750.63	\$704,692.26	\$751,442.89	\$0.00	\$751,442.89
703	1,362	\$943,793.00	\$89,341.46	\$854,000.14	\$943,341.60	(\$1,377.80)	\$941,963.80
704	100	\$216,422.57	\$11,388.43	\$194,360.42	\$205,748.85	\$0.00	\$205,748.85
705	52	\$49,215.92	\$2,309.37	\$47,853.01	\$50,162.38	\$0.00	\$50,162.38
706	1	\$429.15	\$17.17	\$411.98	\$429.15	\$0.00	\$429.15
SUBTOTAL	4,037	\$2,714,175.23	\$234,868.39	\$2,460,419.98	\$2,695,288.37	(\$2,423.15)	\$2,692,865.22
United Healthcare							
707	572	\$873,347.58	\$77,655.06	\$774,074.54	\$851,729.60	(\$121.68)	\$851,607.92
708	481	\$1,364,712.30	\$76,016.46	\$1,199,647.25	\$1,275,663.71	\$0.00	\$1,275,663.71
709	403	\$1,315,391.68	\$103,573.87	\$1,218,593.96	\$1,322,167.83	\$0.00	\$1,322,167.83
SUBTOTAL	1,456	\$3,553,451.56	\$257,245.39	\$3,192,315.75	\$3,449,561.14	(\$121.68)	\$3,449,439.46

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Local 1014 Firefighters							
801	84	\$118,281.24	\$4,224.31	\$117,547.16	\$121,771.47	\$0.00	\$121,771.47
802	338	\$858,154.96	\$28,537.45	\$798,462.71	\$827,000.16	\$0.00	\$827,000.16
803	398	\$1,191,970.20	\$34,201.77	\$1,157,768.43	\$1,191,970.20	\$2,994.90	\$1,194,965.10
804	201	\$283,030.11	\$8,983.71	\$278,197.32	\$287,181.03	(\$45,746.51)	\$241,434.52
805	236	\$599,185.12	\$16,710.06	\$579,936.14	\$596,646.20	(\$45,806.40)	\$550,839.80
806	723	\$1,835,639.16	\$40,216.46	\$1,795,422.70	\$1,835,639.16	(\$283,200.64)	\$1,552,438.52
807	56	\$167,714.40	\$5,450.73	\$162,263.67	\$167,714.40	(\$10,761.50)	\$156,952.90
808	22	\$65,887.80	\$239.59	\$65,648.21	\$65,887.80	(\$9,084.30)	\$56,803.50
809	16	\$22,529.76	\$2,365.62	\$20,164.14	\$22,529.76	\$0.00	\$22,529.76
810	10	\$25,389.20	\$2,995.92	\$22,393.28	\$25,389.20	\$0.00	\$25,389.20
811	4	\$11,979.60	\$2,755.31	\$9,224.29	\$11,979.60	\$0.00	\$11,979.60
812	251	\$353,435.61	\$22,557.85	\$332,285.87	\$354,843.72	(\$52,081.50)	\$302,762.22
813	1	\$2,538.92	\$0.00	\$2,538.92	\$2,538.92	(\$174.70)	\$2,364.22
SUBTOTAL	2,340	\$5,535,736.08	\$169,238.78	\$5,341,852.84	\$5,511,091.62	(\$443,860.65)	\$5,067,230.97
Kaiser - Washington							
393	6	\$11,031.72	\$2,169.00	\$8,862.72	\$11,031.72	\$0.00	\$11,031.72
394	20	\$8,805.00	\$1,223.89	\$7,581.11	\$8,805.00	(\$447.52)	\$8,357.48
395	3	\$10,279.47	\$2,289.66	\$7,989.81	\$10,279.47	\$0.00	\$10,279.47
397	2	\$6,084.36	(\$730.12)	\$2,758.24	\$2,028.12	\$0.00	\$2,028.12
398	9	\$7,852.50	\$1,570.50	\$7,154.50	\$8,725.00	\$0.00	\$8,725.00
SUBTOTAL	40	\$44,053.05	\$6,522.93	\$34,346.38	\$40,869.31	(\$447.52)	\$40,421.79
Medical Plan Total	56,406	\$63,250,563.88	\$4,039,134.82	\$58,620,930.15	\$62,660,064.97	(\$534,389.92)	\$62,125,675.05

Medical and Dental Vision Insurance Premiums August 2024

Carrier Codes	Member Count	Premium Amount	Member Amount	County Subsidy Amount	Total	Adjustments	Total Paid
Dental/Vision Plan							
CIGNA Indemnity Dental/Vision							
501	26,637	\$1,441,977.39	\$146,934.41	\$1,309,297.07	\$1,456,231.48	(\$4,069.47)	\$1,452,162.01
502	24,586	\$2,785,120.04	\$204,975.03	\$2,572,139.45	\$2,777,114.48	(\$3,451.68)	\$2,773,662.80
503	7	\$466.41	\$23.99	\$442.42	\$466.41	\$0.00	\$466.41
SUBTOTAL	51,230	\$4,227,563.84	\$351,933.43	\$3,881,878.94	\$4,233,812.37	(\$7,521.15)	\$4,226,291.22
CIGNA Dental HMO/Vision							
901	4,199	\$195,709.64	\$21,257.27	\$175,615.37	\$196,872.64	(\$93.04)	\$196,779.60
902	3,134	\$301,084.80	\$21,606.49	\$278,620.79	\$300,227.28	\$0.00	\$300,227.28
903	2	\$94.22	\$33.92	\$60.30	\$94.22	\$0.00	\$94.22
SUBTOTAL	7,335	\$496,888.66	\$42,897.68	\$454,296.46	\$497,194.14	(\$93.04)	\$497,101.10
Dental/Vision Plan Total	58,565	\$4,724,452.50	\$394,831.11	\$4,336,175.40	\$4,731,006.51	(\$7,614.19)	\$4,723,392.32
GRAND TOTALS	114,971	\$67,975,016.38	\$4,433,965.93	\$62,957,105.55	\$67,391,071.48	(\$542,004.11)	\$66,849,067.37

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

*Benchmark premiums are bolded.

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

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

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

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

Kaiser

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

*Benchmark premiums are bolded.

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

*Benchmark premiums are bolded.

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

Kaiser Rate Category Definitions

"Basic" - includes those who are under age 65

Medicare Cost ("Supplement")

- Includes people who have both Part A and Part B of Medicare, who were enrolled in Kaiser's Medicare supplement ("M" coverage) before July 1, 1987, and who chose to stay in that Kaiser arrangement.
- It is not open to new enrollments.
- People who have left it cannot return to it.

"Senior Advantage"

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

"Excess I"

- Is for participants who have Medicare Part A only.

"Excess II"

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

"Excess III"

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

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

*Benchmark premiums are bolded.

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

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

CIGNA Indemnity - Dental/Vision

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

CIGNA HMO - Dental/Vision

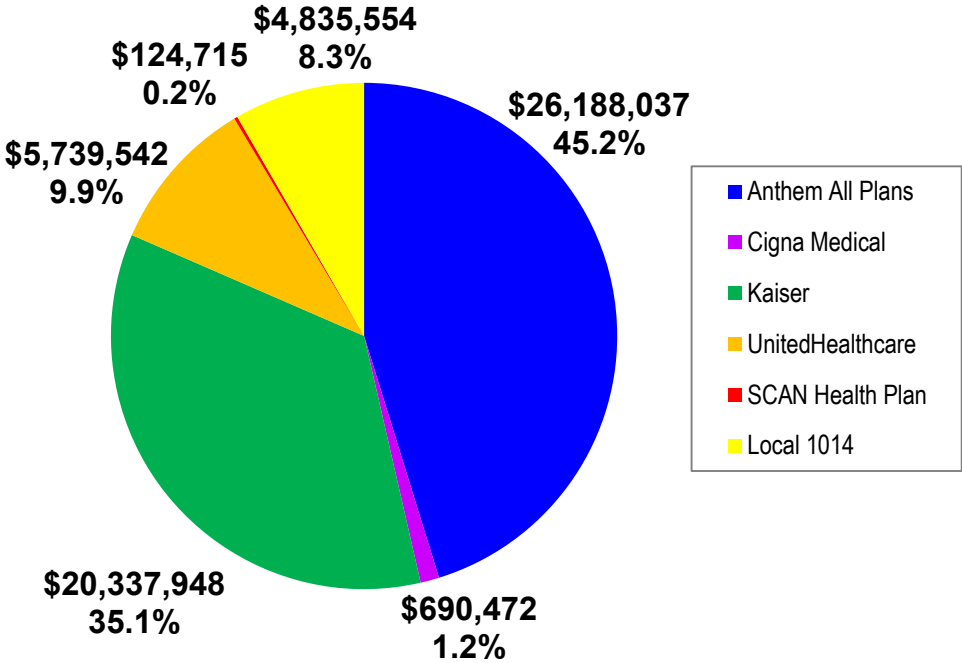
\$39.02	901	Retiree Only
\$81.07	902	Retiree and Dependent(s)
\$39.56	903	Survivor Children Only Rates

Los Angeles County Employees Retirement Association
Premium & Enrollment
Coverage Month Ending June 2024

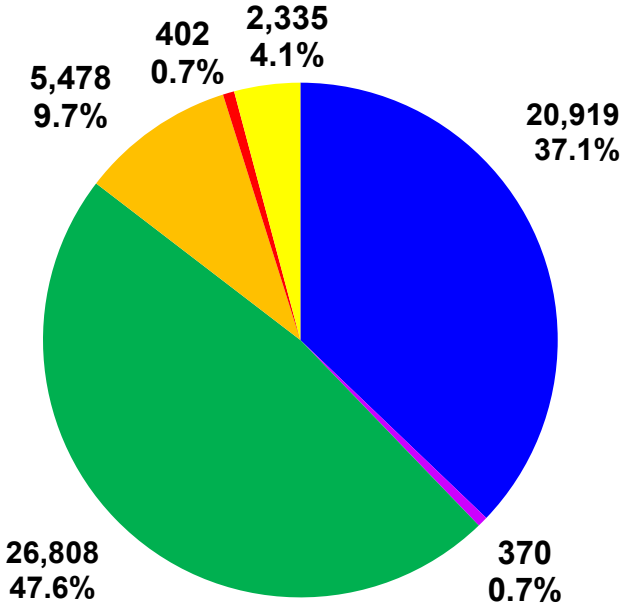
Carrier / Plan	Monthly Premium	Percent of Total	Retirees	Percent of Total
Anthem All Plans	\$26,188,037	45.2%	20,919	37.2%
Cigna Medical	\$690,472	1.2%	370	0.7%
Kaiser	\$20,337,948	35.1%	26,808	47.6%
UnitedHealthcare	\$5,739,542	9.9%	5,478	9.7%
SCAN Health Plan	\$124,715	0.2%	402	0.7%
Local 1014	\$4,835,554	8.4%	2,335	4.1%
Combined Medical	\$57,916,268	100.0%	56,312	100.0%

Cigna Dental & Vision (PPO and HMO)	\$4,627,948	58,464
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Monthly Premium



Retirees

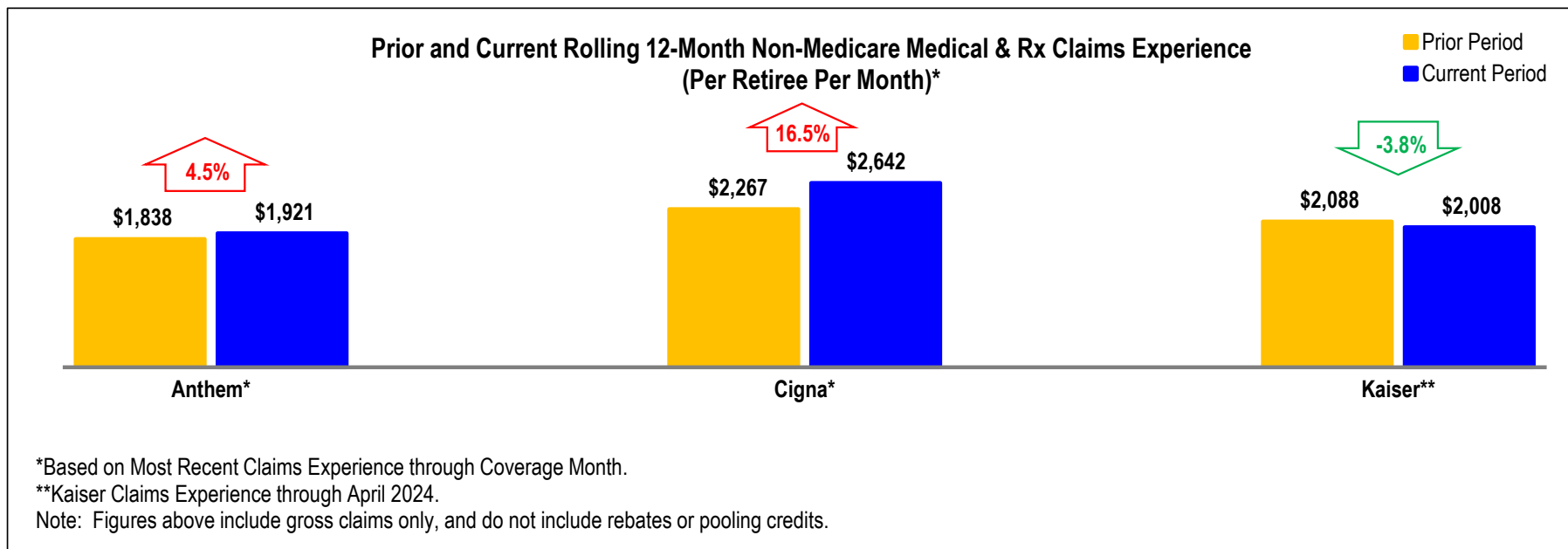
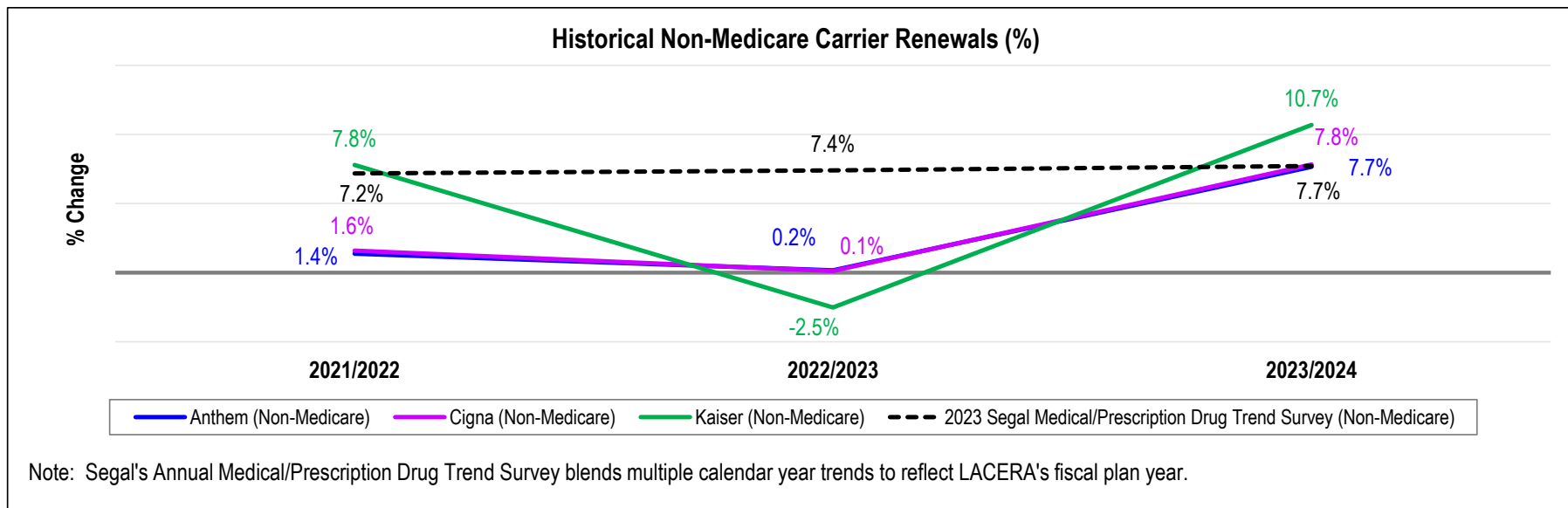


Note: Premiums include LACERA's Administrative Fee of \$8.00 per member, per plan, per month.

Los Angeles County Employees Retirement Association

Claims Experience by Carrier

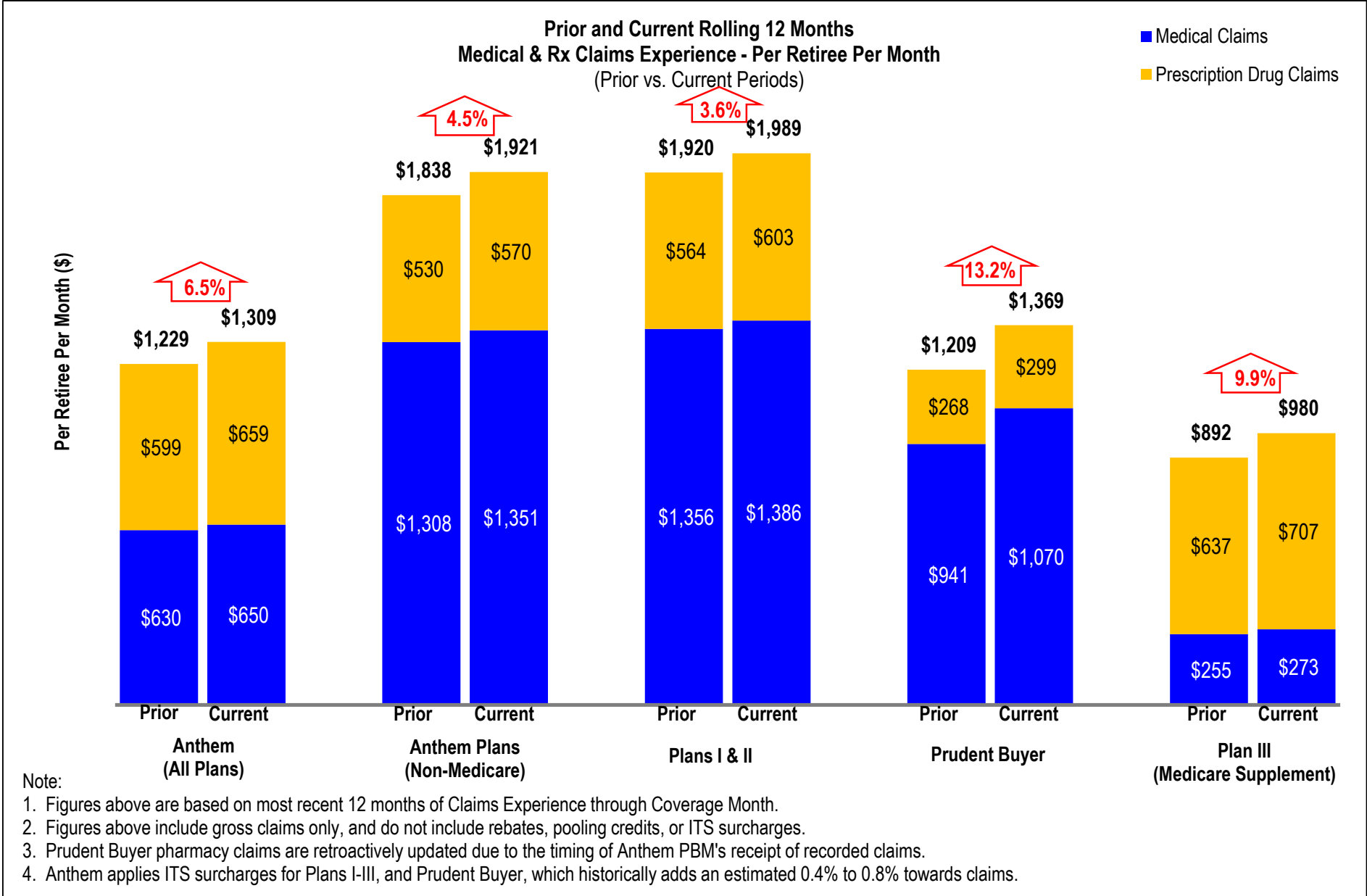
Coverage Month Ending June 2024



Los Angeles County Employees Retirement Association

Anthem Claims Experience By Plan

Coverage Month Ending June 2024



Los Angeles County Employees Retirement Association

Kaiser Utilization

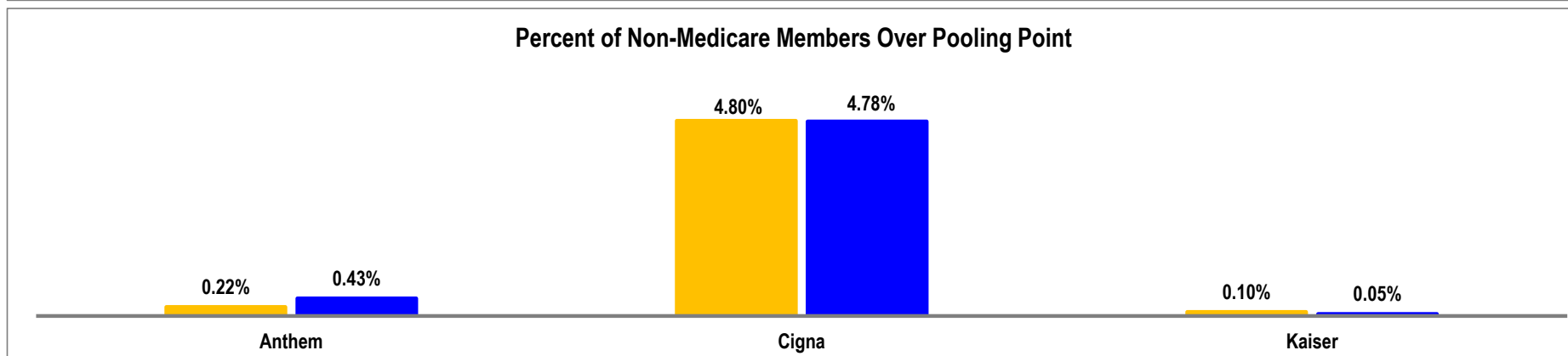
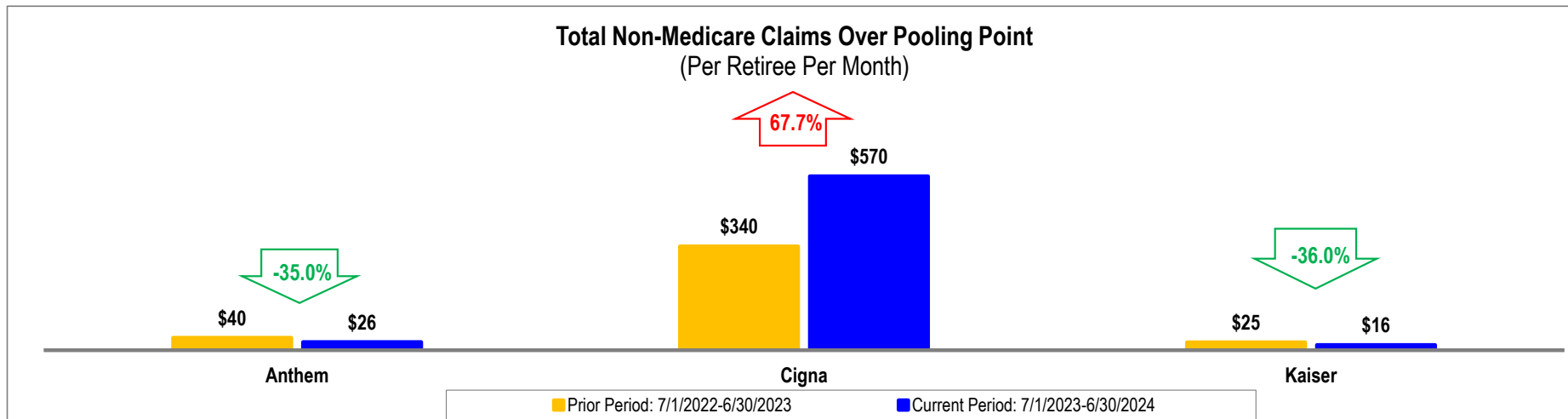
Coverage Month Ending June 2024

- Kaiser insures approximately 26,000 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 5/1/2023 - 4/30/2024	Prior Period 5/1/2022 - 4/30/2023	Change
Average Contract Size	2.34	2.36	-0.85%
Average Members	8,864	8,980	-1.29%
Inpatient Claims Per Member Per Month	\$186.17	\$270.66	-31.22%
Outpatient Claims Per Member Per Month	\$394.07	\$350.83	12.33%
Pharmacy Per Member Per Month	\$141.92	\$130.39	8.84%
Other Per Member Per Month	\$139.35	\$138.60	0.54%
Total Claims Per Member Per Month	\$861.51	\$890.48	-3.25%
Total Paid Claims	\$91,631,389	\$95,957,865	-4.51%
Large Claims over \$550,000 Pooling Point ¹			
Number of Claims over Pooling Point	2	4	
Amount over Pooling Point	\$723,562	\$1,131,160	-36.03%
% of Total Paid Claims	0.79%	1.18%	
Inpatient Days / 1000	344.4	427.8	-19.50%
Inpatient Admits / 1000	51.8	54.5	-4.95%
Outpatient Visits / 1000	14,439.7	14,374.2	0.46%
Pharmacy Scripts Per Member Per Year	10.8	10.5	2.86%

¹ The pooling threshold is \$525,000 for the plan year beginning 7/1/2023 through 6/30/2024 .

Los Angeles County Employees Retirement Association
 High Cost Claimants (Anthem, Cigna, & Kaiser)
 Coverage Month Ending June 2024



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 figures are based on the most recent Claims Experience through Coverage Month. Kaiser's figures are based on Claims Experience period between May through April.

Pooling Points by Carrier:

1. Anthem's pooling points are \$350,000 for Plans I & II, and \$300,000 for Prudent Buyer.
2. Cigna's pooling point is \$100,000.
3. Kaiser's pooling point is \$550,000.

Los Angeles County Employees Retirement Association
Anthem Lifetime Max Accumulation Status By Plan
Coverage Month Ending June 2024

Lifetime Claim Amount ^{1, 2}	Plans I & II	Prudent Buyer	Combined
\$900K-\$999K	13	0	13
\$800K-\$899K	15	3	18
\$700K-\$799K	28	2	30
\$600-\$699K	46	1	47
\$500-\$599K	68	7	75
Total	170	13	183

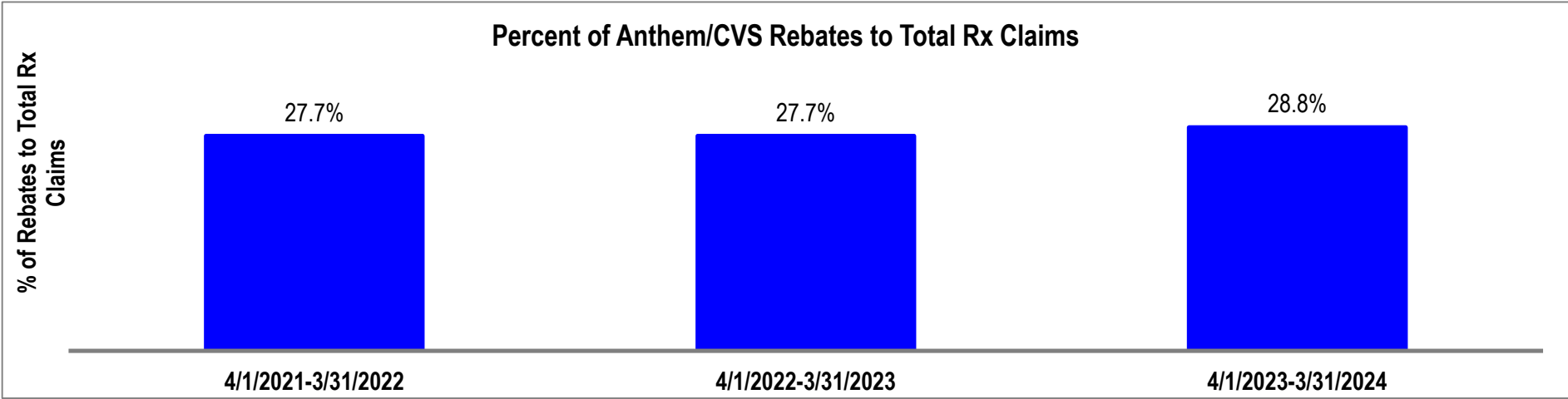
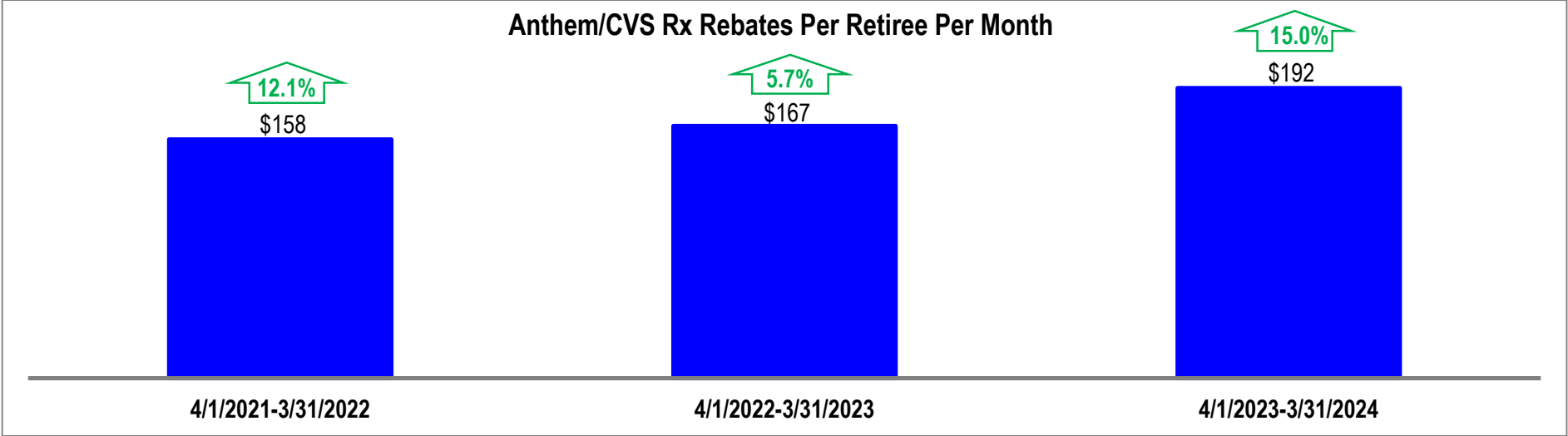
¹ Based on data provided by Anthem on July 10, 2024.

² Members identified by Anthem as terminated were excluded from the counts above.

Los Angeles County Employees Retirement Association

Prescription Drug Rebates (Anthem)

Coverage Month Ending June 2024



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.

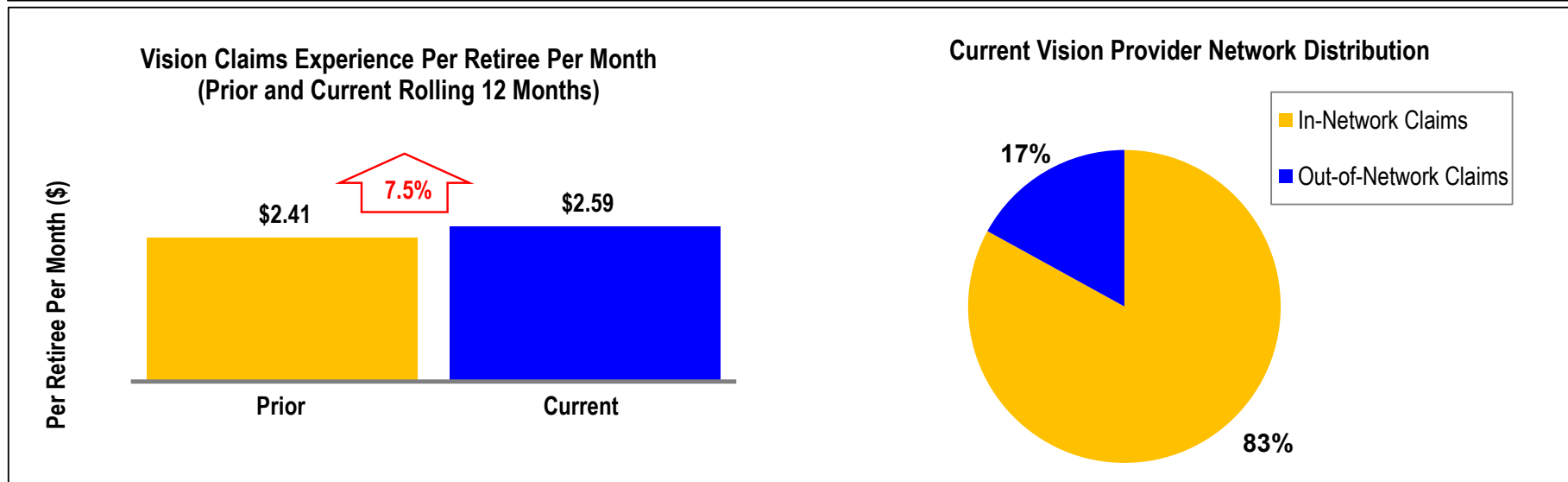
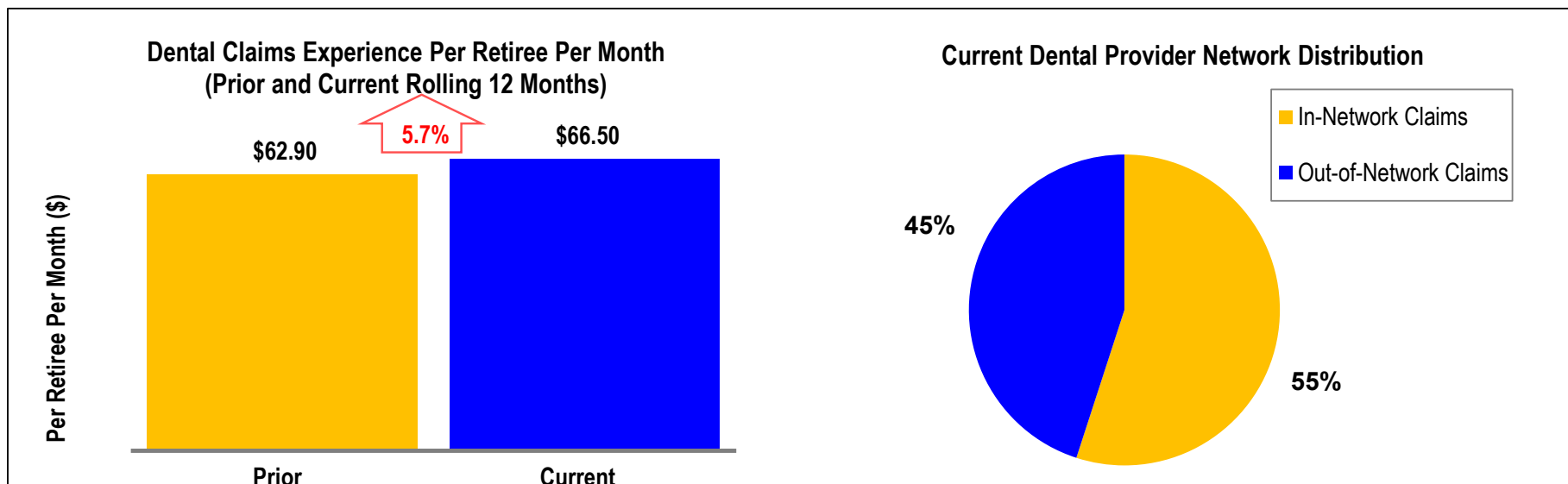
Note:

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

Los Angeles County Employees Retirement Association

Cigna Dental & Vision Claims Experience

Coverage Month Ending June 2024



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.

SCOTUS Decision Impacts Regulations Affecting Benefit Plans

In an expected, hugely impactful decision, the U.S. Supreme Court eliminated “*Chevron* deference,” which has been the cornerstone behind judicial review of government regulatory action for the last 40 years. The Court’s decision places a significant limit on federal agencies’ ability to interpret statutes and issue regulations, including guidance affecting health and retirement plans.



Background

In 1984, the Supreme Court issued a decision in *Chevron v. Natural Resources Defense Council* that said courts should defer to an agency’s interpretation of vaguely written laws if the agency did not act in an arbitrary or capricious manner. Over the last several years, the Supreme Court has created multiple exceptions to the *Chevron* doctrine which weakened its effect.

Recent decisions

On June 28, 2024, in [Loper Bright v. Raimondo](#), the Supreme Court held that the *Chevron* approach is inconsistent with and has always violated the Administrative Procedures Act (APA). The APA, which was enacted in 1946, requires that the federal courts have sole responsibility to decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The Court argues that the *Chevron* decision failed to consider the APA but that the deference approach was a violation of the APA and, thus, needs to be overruled.

The Court emphasized that agency interpretations, especially those issued close to passage of a law, may influence a court’s decision but the court may not be required to defer to the agency’s interpretation of the law. Courts may defer to agency interpretations of fact within the agency’s expertise.

The Court applied the new decision prospectively. In theory, this protected any prior court decision relying on *Chevron* deference. However, in a decision issued a few days later, in [Corner Post v. Board of Governors](#), the Court held that the statute of limitations for challenging a regulation is six years from the time a plaintiff is injured by the regulation rather than six years from when the regulation is issued. This decision allows plaintiffs to create a new entity and claim that the statute of limitations begins running at the time the entity was created, rather than the time the regulation became effective many years earlier. Consequently, the language in *Loper Bright* protecting old regulations appears to be significantly weakened.

The immediate impact

There are numerous cases pending in the courts with respect to pension, health, welfare and labor law regulations and other guidance. The courts may now examine regulations in more detail, depending on the authority given to the regulators by the applicable statute. The Supreme Court recognized some statutes provide agencies with specific authority to define a specific term or process. If the specific statutory authority exists, then agency guidance is not relying on *Chevron* deference and *Loper Bright* does not affect the guidance.

However, it is not always clear when an agency has been given the authority and, if it has, how broad that authority is. For example, many statutes give general regulatory authority to the secretary of the agency. It is unclear if, and how broadly, the courts will recognize general regulatory authority as being enough to avoid a *Loper Bright* problem. This will have to work its way out in the courts in the future.

Application to retirement plans

The DOL is currently defending challenges to its regulation defining a fiduciary and its regulation addressing environmental, social and governance factors in investment considerations. In both cases, the Justice Department has argued on appeal that the DOL has authority under ERISA to address the issues and that the DOL was not relying on *Chevron* deference to justify the rule. The lower courts have not yet ruled.

Application to health plans

Litigation concerning federal group health plan regulations has been extensive, particularly since the passage of the ACA. Recently, challenges have been made to the ACA's preventive services requirements for non-grandfathered health plans. Also under challenge are regulations implementing the No Surprises Act, which some providers claim do not properly set forth the methodology for calculating payment terms. This litigation has resulted in the stop and go delays in processing surprise billing independent review decisions.

Immediately after the *Chevron* decision, on July 3, 2024, three federal district courts in Texas, Mississippi and Florida held that portions of the ACA Section 1557 final regulation published May 6, 2024, violated the APA and enjoined all or part of the regulation.

Although not currently in litigation, broader health regulations that could be challenged include Treasury and Internal Revenue Service regulations defining flexible spending account and health reimbursement arrangement requirements or HHS's recent regulations interpreting the Inflation Reduction Act. Finally, most employee benefits observers expect the DOL's soon-to-be-published regulations implementing the Mental Health Parity and Addiction Equity Act to be challenged under multiple arguments, including the APA.

What's next?

The *Loper Bright* decision has shaken up the regulatory world. How much will depend on the specific issue and underlying statute. Agencies have already been reading the writing on the wall and trying to find their regulatory authority in their enabling statutes rather than relying on *Chevron* deference.

In light of the *Loper-Bright* decision, Congress may be challenged to write more detailed rules when it adopts a new law. However, it does not have the staff time or expertise to even identify many of the issues that normally arise after the agencies and impacted parties start looking at the law's language and the law's impact. Further, obtaining agreement among all parties on statutory language is already a difficult and sensitive matter.

Subregulatory guidance, such as FAQs and IRS Notices, have never been subject to the APA. They provide sponsors with useful interpretive guidance and some reliance but are not binding in court. The elimination of *Chevron* deference has no direct impact on them. In the past, some parties have criticized the agencies use of subregulatory guidance as a way around the APA. However, in the future, we may see even fewer regulations and more reliance on subregulatory guidance. Additionally, the DOL maintains a robust program for auditing employee benefit plans for potential violations of ERISA, the ACA and other federal health care laws. In many cases, the DOL appears to be undertaking enforcement activities rather than issuing regulatory guidance.

The result for the public may be more uncertainty for a longer time and likely contrary decisions in the different courts of appeal. Agencies may increase their reliance on an aggressive audit policy to set doctrine. Most plan sponsors want reliance, certainty and no litigation exposure, when establishing or administering a benefit plan. Nevertheless, uncertainty appears to be one of the major consequences of the decision.

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