

INSURANCE, BENEFITS & LEGISLATIVE COMMITTEE AGENDA 12-15-11

MEMBERSHIP

Les Robbins, Chair
Simon S. Russin, Vice Chair
Marvin Adams
William de la Garza
Shawn R. Kehoe, Alternate

I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF OCTOBER 13, 2011

III. ACTION ITEMS

- A. Recommendation as submitted by Robb Van Der Volgen Jr., Chief Counsel: That the Committee recommend to the Board of Retirement that staff work with our legislative advocate to have legislation introduced allowing LACERA to correct errors and omissions. (Memorandum dated December 7, 2011)

IV. IV. FOR INFORMATION

- A. Staff Activities Report for November, 2011
B. CIGNA & Anthem Blue Cross Claims Experience
C. Social Security and Medicare News — Third Quarter 2011
D. GRIST Summary of 2012 IRS, PBGC, Income Tax, Social Security, and Medicare Rx Amounts
E. 2012 Medicare Part B Amounts
F. Federal Legislation
- Weekly Highlights — November 28, 2011
 - Weekly Highlights — November 21 2011
 - Weekly Highlights — November 14, 2011
 - Weekly Highlights — November 7, 2011

V. MISCELLANEOUS

VI. PUBLIC COMMENT

VII. GOOD OF THE ORDER

(For discussion purposes only)

VIII. ADJOURNMENT

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

DECEMBER 15, 2011, 11:20 A.M. – 12:00 P.M.

COMMITTEE MEMBERS

PRESENT: Les Robbins, Chair
Simon S. Russin, Vice Chair
Marvin Adams
William de la Garza

ABSENT: Shawn R. Kehoe, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Sadonya Antebi
Alan Bernstein
Yves Chery
Ed C. Morris

STAFF, ADVISORS, PARTICIPANTS

Cassandra Smith Robb Van Der Volgen
Leilani Ignacio

Mercer Human Resource Consulting

Clay Levister
Laurie Silva

The meeting was called to order by Chairman Robbins at 11:20 a.m.

- I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

All regular members of the Committee were present.

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF OCTOBER 13, 2011

A motion was made by Mr. de la Garza, seconded by Mr. Adams, to approve the minutes of the regular meeting of October 13, 2011. The motion passed unanimously.

III. ACTION ITEMS

- A. Recommendation as submitted by Robb Van Der Volgen Jr., Chief Counsel: That the Committee recommend to the Board of Retirement that staff work with our legislative advocate to have legislation introduced allowing LACERA to correct errors and omissions. (Memorandum dated December 7, 2011)

There is no provision in CERL that allows for correction of errors and omissions. The enabling statutes for both CalPERS and CalSTRS contain such provisions, and LACERA's proposed language mirrors these provisions.

A motion was made by Mr. de la Garza, seconded by Mr. Adams, to approve the recommendation. The motion passed unanimously.

IV. FOR INFORMATION

- A. Staff Activities Report for November, 2011

The staff activities report was discussed.

- B. CIGNA & Anthem Blue Cross Claims Experience

The CIGNA & Anthem Blue Cross Claims Experience reports through October 2011 were discussed.

- C. Social Security and Medicare News – Third Quarter 2011

Social Security is still the main source of income for 66% of the aged population who receive 50% or more of their total income from Social Security. For 35% of the aged, it is 90% or more of their total income. Other major findings are:

- Men receive about 30% more in average monthly benefits than women
- The number of women age 62 or older who receive benefits as dependents only has declined from 57% in 1960 to 26% in 2010

IV. FOR INFORMATION (Continued)

- The number of women with dual entitlement, based on both their own and their husband's earnings, has increased from 5% in 1960 to 28% in 2010
- Social Security is financed primarily by payroll taxes, 81.9%; interest on trust fund assets, 15%; and revenue from the federal income taxation of Social Security benefits, 3.1%
- It is predicted that the trust funds will be exhausted by 2036, at which time Social Security income will be sufficient to pay only 77% of program costs

D. GRIST Summary of 2012 IRS, PBGC, Income Tax, Social Security, and Medicare Rx Amounts

The base beneficiary premium is used by vendors of prescription drug and Medicare Advantage plans in calculating beneficiaries' premiums and by employers participating in the retiree drug subsidy program in determining whether their benefits are actuarially equivalent to the standard Part D benefit. From the bids submitted by the prescription drug plans, CMS predicts that the average monthly Medicare Part D premium in 2012 will remain at 2011 levels, although actual premiums charged for particular Part D plans may increase.

E. 2012 Medicare Part B Amounts

An article from CMS was presented to the Committee regarding the Medicare Part B monthly actuarial rates, premium rate, and annual deductible beginning January 1, 2012. It also touched on the history of the Part B premium, and how it has been impacted and changed over the years.

F. Federal Legislation

- Weekly Highlights – November 28, 2011
- Weekly Highlights – November 21 2011
- Weekly Highlights – November 14, 2011
- Weekly Highlights – November 7, 2011

Submitted for information only.

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(For discussion purposes only)

December 15, 2011

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VIII. ADJOURNMENT

The meeting adjourned at 12:00 p.m., after setting the time for the Operations Oversight Committee at 12:05 p.m.

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