



Benefits Administration Committee Agenda

REGULAR MEETING

TUESDAY, JULY 25, 2023

TIME: 9:15 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Chair: Michael R. Wilkinson

Committee Members: Annie Chao
Thuy Huynh

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counselor: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) **855-9348** and/or email at lacers.board@lacers.org.

[**CLICK HERE TO ACCESS BOARD REPORTS**](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. [APPROVAL OF MINUTES FOR THE MEETING OF JUNE 27, 2023 AND POSSIBLE COMMITTEE ACTION](#)
- III. [BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION](#)
- IV. [PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE COMMITTEE ACTION](#)
- V. [PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE COMMITTEE ACTION](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VIII. ADJOURNMENT



LACERS

LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, JULY 25, 2023

TIME: 9:15 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

President: Vacant
Vice President: Elizabeth Lee

Commissioners: Annie Chao
Thuy Huynh
Gaylord "Rusty" Roten
Janna Sidley
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 855-9348 and/or email at lacers.board@lacers.org.

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. APPROVAL OF MINUTES FOR THE MEETING OF JUNE 27, 2023 AND POSSIBLE COMMITTEE ACTION
- III. BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION
- IV. PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE COMMITTEE ACTION
- V. PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE COMMITTEE ACTION
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
BENEFITS ADMINISTRATION COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

June 27, 2023

9:03 a.m.

PRESENT:	Chair:	Michael R. Wilkinson
	Committee Member:	Thuy Huynh
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo
ABSENT:	Committee Member:	Annie Chao

The Items in the Minutes are numbered to correspond with the Agenda.

Commissioner Sidley joined the Benefits Administration Committee meeting, and this was a Special Meeting of the Board of Administration. Any votes were taken by Benefits Administration Committee members only.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD – Chair Wilkinson asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF JUNE 13, 2023 AND POSSIBLE COMMITTEE ACTION – Committee Member Huynh moved approval, adopted by the following vote: Ayes, Committee Members Huynh and Chair Wilkinson -2; Nays, None.

III

2024 DENTAL AND VISION CONTRACT RENEWALS AND POSSIBLE COMMITTEE ACTION – Glen Malabuyoc, Senior Benefits Analyst, and Bordan Darm, Lead Consultant with Keenan Associates, presented and discussed this item with the Committee for 20 minutes. Committee Member Huynh moved approval, adopted by the following vote: Ayes, Committee Members Huynh and Chair Wilkinson -2; Nays, None.

IV

MEDICAL PLANS REQUEST FOR PROPOSAL RESULTS AND POSSIBLE COMMITTEE ACTION – Rainbow Sun, Benefits Analyst, Vi Duong, Benefits Analyst, and Bordan Darm, Lead Consultant with Keenan Associates, presented and discussed this item with the Committee. Committee Member Huynh moved approval, adopted by the following vote: Ayes, Committee Members Huynh and Chair Wilkinson -2; Nays, None.

V

OTHER BUSINESS –There was no other business.

VI

NEXT MEETING: The next Benefits Administration Committee meeting is not scheduled at this time, and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.

VII

ADJOURNMENT – There being no further business before the Committee, Chair Wilkinson adjourned the Meeting at 9:35 a.m.

Michael R. Wilkinson
Chair

Neil M. Guglielmo
Manager-Secretary



REPORT TO BENEFITS ADMINISTRATION COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: JULY 25, 2023
ITEM: III

Neil M. Guglielmo

SUBJECT: BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE COMMITTEE ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee recommends to the Board to rescind certain Board Rules related to Tier 1 Enhanced Disability Retirement Benefits and regular Disability Retirement; specifically, EB-DR 14, EB-DR 15, and EB-LP 2, DR 16, DR16, DL 7, and amend Service Purchase Board Rule SP 1.

Executive Summary

The Board Rules related to Benefits Administration are regularly reviewed to assess the need for supplements due to revisions of LACERS' plan provisions, case law, the Internal Revenue Code (IRC), or other areas affecting the administration of retirement benefits. Reviews of Board Rules also seek to identify those which are no longer applicable or in need of revision.

Board Rules work in conjunction with the Los Angeles Administrative Code (LAAC), City Charter (LACC), State or Federal law, the IRC, and pension best practices to provide the necessary administrative framework to carry out the delivery of LACERS' retirement benefits. Additionally, Board Rules provide clarification and implementation guidelines for executing administrative procedures not specifically detailed within the authoritative plan documents, legislative guidelines, or regulatory provisions.

Board Rules EB-DR 14, EB-DR 15, and EB-LP 2, DR 16, DR16, DL 7, adopted on September 14, 2021, allow applicants to apply for Disability Retirement once they are placed on Injury-on-Duty (IOD) status (ATTACHMENT 1).

This change was in keeping with the Los Angeles Fire and Police Pensions policies governing Disability Retirements, including Tier 6 which the Enhanced Disability Retirement benefit is based. The Board also approved applying the change to all Disability Retirement applicants. Prior to the adoption of these rules, members were only able to apply for a Disability Retirement once they discontinued **service**, per the Los Angeles Administrative Code Sections (LAAC) 4.1008(a) and 4.1008.1(a).

In addition, Board Rule SP 1 was adopted as a temporary rule during the pandemic due to delays in mail delivery continue, necessitating the continuation of the rule.

Discussion

DISABILITY RETIREMENT AND ENHANCED DISABILITY RETIREMENT

The LAAC Section 4.1001 (a), defines City Service or Service as *periods during which a member received compensation as a city employee, or during which the member not only received Workers' Compensation benefits for temporary disability on account of any injury or illness arising out of and in the course of employment with the City but for which the member made contributions to the fund...etc.* (Attachment 2)

While Tier 1 Enhanced benefits closely mirror LAFPP Tier 6 provisions, LACERS plan provisions do not mirror the Tier verbatim. Nor do plan provisions for Tier 1 Enhanced benefits negate other applicable provisions contained in the LAAC. In reviewing the current Board Rules, staff has determined the recent rule changes contradict the definition of "Service" that applies to the administration of LACERS benefits. Specifically, according to the provisions of LAAC Section 4.1008, a Member cannot apply for disability retirement until the Member is "off" active payroll and not making contributions to the plan nor accruing service credit.

Additionally, it was initially thought the impact of these changes would be minor, but after further analysis they present an administrative burden that could result in delayed application processing where applicants could apply at the point of being placed on IOD status but still have sick and vacation time to expend. Allowing this situation to occur would lead to indeterminate disability retirement effective dates, cases languishing for years until the member had exhausted all of their 100 percent paid salary time. This would result in additional administrative and financial costs for updating medical records, obtaining supplemental medical evaluations, and unnecessary expenditures should the applicant recover prior to the Board considering their application.

Therefore, it is recommended that the adopted Board rules identified above related to Board Rule Sections 4.1 and 4.2 governing Disability Retirement and Enhanced Disability Retirement benefits be rescinded to conform to LAAC Section 4.1008 provisions for both civilian and sworn disability retirement applicants. Concurrently, the former previous practice would be reinstated, wherein applicants would no longer be able to apply for disability retirement benefits while receiving compensation as a city employee and/or making contributions to the retirement fund. Applicants would also be eligible to apply for a disability retirement loan once off active payroll and after filing a valid Disability Retirement application (ATTACHMENT 2).

The proposed rescinding of these Board Rules has been reviewed by the Office of the City Attorney.

SERVICE PURCHASES (SP)

Due to on-going delays in mail delivery, it is recommended that we continue not charging interest under \$15 as stated in the Board Rule so as not to penalize Members for unpredictable delivery period. The proposed Board Rule was initially adopted due to mail delivery delays attributed to the Covid-19 Pandemic. Thus, the proposed amendment to the Board Rule SP 1 (Attachment 3) removes the

temporary basis of this rule, and also removes the language referring to the delegation of authority since this is already covered in the general delegation of authority by the General Manager (Board rule GMA 1).

Strategic Plan Impact Statement

Strategic Plan Impact Statement:

The adoption of these proposed Board Rules is part of the Strategic Plan Goal – Accurate and Timely Delivery of Member Benefits.

Prepared By: Susann Hernandez, Benefits Analyst, Retirement Services Division
Carol Rembert, Benefits Analyst, Retirement Services Division
Ferralyn Sneed, Chief Benefits Analyst, Retirement Services Division

DWN:FS:sh:cr

Attachment 1: Approved Board Rules
Attachment 2: LAAC
Attachment 3: Amendment SP 1 Board Rule
Attachment 4: Board Rule GMA 1

4.0 BENEFITS AND MEMBER ADMINISTRATION

Board Rules to be rescinded:

4.1 BOARD RULES

DISABILITY RETIREMENT (DR)

DR 15: A Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application following official placement on Injury-On-Duty (IOD) by their employing department.

DR 16: If an eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while on IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

DISABILITY LOAN (DL)

DL 7: An eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

4.2 BOARD RULES - ENHANCED BENEFITS

ENHANCED BENEFITS – DISABILITY RETIREMENT (DR)

EB-DR 14: An Enhanced Benefit-eligible Member who meets the eligibility requirements to apply for disability retirement may submit a disability retirement application after being placed on Injury-On-Duty (IOD) but not before.

EB-DR 15: If an Enhanced Benefit eligible Member who meets the eligibility requirements to apply for a disability retirement applies while receiving Injury-On-Duty (IOD) compensation and is approved for disability retirement by the Board of Administration while IOD, the disability retirement effective date will be the Board approval date. Other forms of active employee compensation shall terminate, including but limited to IOD. Any IOD overpayment will be the responsibility of the Member and the employing department.

ENHANCED BENEFITS – LOAN PROGRAM (LP)

EB-LP2: An Enhanced Benefit-eligible Member who meets the eligibility requirements to apply for disability retirement who applies after being placed on Injury-On-Duty (IOD) status shall not be eligible to apply for a disability retirement loan.

Los Angeles Administrative Code Sections

City Service or Service - LAAC Section 4.1001(a)

Only those periods during which a member received compensation from the City as an employee or during which the employee not only received Workers' Compensation benefits (Div. IV, Labor Code) for temporary disability on account of any injury or illness arising out of and in the course of employment with the City, but for which the employee also made contributions to the Fund as provided in Charter Section 1162. Notwithstanding the foregoing, a member shall be entitled, at the time of death or retirement, to receive credit for his or her years of service from the date such member entered employment with the City of Los Angeles in a capacity that would entitle him or her to membership in the Retirement System

Application for Disability Retirement - LAAC Section 4.1008(a)

Any member who has five (5) or more years of continuous service and who has become physically or mentally incapacitated and who is incapable, as a result thereof, of performing his or her duties, may be retired upon written application of such member, of any person acting in his or her behalf, or of the head of the department in which such member is employed. Any such application may be made at any time within, but not exceeding, one (1) year after the discontinuance of the service of such employee or the termination of any duly authorized sick leave with payment provided such incapacity has been continuous from the discontinuance of such service.

(Similarly, 4.1008.1 (a) and (p))

Loan Program for Disability Applicants - LAAC Section 4.1008(i)

The Board shall, by rule, establish a loan program for members who have made application for disability retirement or upon whose behalf an application has been made in accordance with the provisions of this Chapter, provided that the loan program shall be in compliance with the provisions of Internal Revenue Code Section 72(p). The loan program shall further provide that in no event shall the amount of funds loaned to any member exceed the amount of contributions and interest in the member's LACERS account, and that, once a Board determination is made granting or denying a member's disability application, no further funds shall be lent to the member in connection with that application. Loan repayments will be suspended under this program as permitted under Section 414(u)(4) of the Internal Revenue Code.

SERVICE PURCHASES (SP)

Current Rule

SP 1: Additional interest is charged on service purchase payments that are received after the 5th of the month following the due date except when:

1. The recalculated interest amount is less than \$15, which is the approximate cost of staff time to generate the calculation and cost letter. This may be reasonably estimated and approved by the Senior Benefits Analyst 1, overseeing the unit; or,
2. The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. This rule is in place temporarily until LACERS' relocation to its new headquarters building as it is anticipated that mail services will return to normal operations.

(Resolution: 180508-C; Adopted: May 8, 2018; Updated: September 14, 2021)

Proposed Revision

SP 1: Additional interest is charged on service purchase payments that are received after the 5th of the month following the due date except when:

1. The recalculated interest amount is less than \$15, ~~which is the approximate cost of staff time to generate the calculation and cost letter. This may be reasonably estimated and approved by the Senior Benefits Analyst I overseeing the unit; or,~~
2. The payment is postmarked five (5) calendar days or earlier, before the end of the month due for personal checks mailed through the United States Postal Service (USPS); or three (3) calendar days or earlier, before the end of the month due for checks issued by the Deferred Compensation plan administrator and sent via a courier service. ~~This rule is in place temporarily until LACERS' relocation to its new headquarters building as it is anticipated that mail services will return to normal operations.~~

(Resolution: 180508-C; Adopted: May 8, 2018; Updated: September 14, 2021; Updated: July XX, 2023)

GENERAL MANAGER AUTHORIZATIONS (GMA):

GMA 1: Pursuant to its authority under Charter section 1106, unless otherwise provided in these Board Rules, the Board of Administration hereby delegates to the General Manager the responsibility to develop and modify LACERS operating policies, procedures, and guidelines in order to facilitate the provision of retirement and retirement-related benefits and management of member, former member, and nonmember accounts, as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code.

The General Manager is authorized to make benefits determinations as provided in Chapters 10, 11, 18, and 18.5 of the Los Angeles Administrative Code; to approve of such benefits that may be granted pursuant to the provisions of the plan; and to enter into member, former member, and nonmember agreements that facilitate the provision of benefits under the plan. This shall include, upon a member or former member with five or more years of service who dies after applying for retirement and after their retirement effective date, but prior to making a continuance election, or a retired member or retired former member who has made an election but dies prior to receiving their first benefit payment. The eligible surviving spouse or eligible domestic partner shall be granted a one hundred percent continuance. Benefits approved by the General Manager shall be reported to the Board in a timely manner.

This limited delegation of the authority granted to the Board of Administration by Charter Section 1106 shall not be construed to delegate to the General Manager the authority to make any decision that the law requires the Board to make based upon findings of fact.

Any request by a member, former member, or nonmember, to rescind, revoke, or cancel a prior election made irrevocable by the Charter, Los Angeles Administrative Code, Board Rules, or any other administrative decision adverse to the request shall be presented to the Board for decision making, provided that the General Manager, in consultation with the City Attorney, determines there is a legal basis upon which to grant the member, former member, or nonmember relief. If the General Manager, in consultation with the City Attorney, determines that no such legal basis exists, the General Manager has the authority to make and communicate a final decision in writing, on behalf of LACERS, to deny the request for relief from the irrevocable election or decision. The denial letter issued by the General Manager shall promptly be copied to all Board Members. This final decision making authority for irrevocable elections and decisions shall not be delegated below the level of General Manager. *(Adopted: June 14, 2016)*



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: JULY 25, 2023

ITEM: IV

SUBJECT: PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE COMMITTEE ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee review, provide comment, and recommend to the Board to approve and adopt the proposed Disability Retirement hearing procedures for Alternative 1 (Alt 1) and Alternative 2 (Alt 2) for the Tier 1 Enhanced Disability Retirement Benefit and permit the use of the Alt 1 procedure for all Disability Retirement applicants.

Executive Summary

Adoption of the proposed Alt 1 and Alt 2 Tier 1 Enhanced Disability Retirement hearing options will streamline and add efficiency to the disability retirement review process. For years, this streamlined procedure has been used successfully by the Los Angeles Fire and Police Pensions (LAFPP). As the Tier 1 Enhanced Disability Retirement benefit mirrors that of the LAFPP Tier 6, staff recommends LACERS adopt the same procedure to ensure the Enhanced Disability Retirement process conforms to Tier 6 protocol. The Board has expressed interest in adopting the Alt 1 procedures for all disability applicants, which staff and the City Attorney also support.

Discussion

Administrative Code Section 4.1008.1(d) requires that the Board hold a hearing to review all Enhanced Disability Retirement applications and all evidence related to or concerning an applicant's claimed disability. Currently, all Enhanced Disability Retirements are presented to the Board as a formal proceeding, inclusive of a court reporter, the swearing-in of the applicant/attorney, and any witnesses. A formal case summary is provided to both the Board and the applicant, which includes the basis for the staff recommendation, and specifically addresses: (1) the rationale for the approval or denial of the disability retirement application; (2) the physician evaluations and percentage or degree of disability based on the limitation categories; (3) the service-connectedness of the claim; and (4) the need for future examination review. Past experience has shown applicants seldom disagree with the staff recommendation. This has also been the case for the LAFPP, which has adopted a streamlined

procedure for disability retirement hearings called Alternative 1 (Alt 1) and Alternative 2 (Alt 2). The streamlined procedure expedites the review process and reduces the cost of the hearings.

Under Alt 1, a disability applicant waives the option to a formal hearing, but the applicant/representative still has the option to attend or not attend. The applicant signs an acknowledgment indicating their agreement to accept the staff recommendation and waiving of the formal proceeding, at which point the Board proceeds as normal in reviewing the application and staff recommendation and then renders a decision. A court reporter is not required for the Alt 1 option; therefore, the cost of the hearing is reduced, and the time required to review court transcripts for accuracy and the cost of obtaining additional transcript copies upon request is eliminated. The Alt 1 option is similar to the civilian Disability Retirement Board review and the Board retains the option to question staff regarding the case, or the applicant/attorney if they attend. In contrast, the Alt 2 option will be used when the applicant/representative disagrees with the staff recommendation and wants to present an opposing recommendation to the Board. Alt 2 is the current hearing procedure and will remain unchanged but will be designated Alt 2 in the Board Rules and the Disability Retirement procedures. Alt 1 proceedings would be conducted in open or in closed session, if that is the applicant's preference, and the Board could render Alt 1 determinations as consent items, for open session, if so desired.

Strategic Plan Impact Statement

The adoption of Alt 1 and Alt 2 for Enhanced Disability Retirements conforms to the Benefits Delivery goal of ensuring accurate and timely delivery of Member benefits. The Alt 1 and Alt 2 hearing procedures will ensure the fair and consistent review of enhanced disability retirement applications and benefit awards.

Prepared By: Ferralyn Sneed, Chief Benefits Analyst

NG:DW:FS



REPORT TO BENEFITS ADMINISTRATION COMMITTEE

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: JULY 25, 2023

ITEM: V

SUBJECT: PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE COMMITTEE ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee review, provide comment, and recommend the Board approve and adopt the proposed update to the Disability Rating Schedule for the Enhanced Disability Retirement Benefit.

Executive Summary

Adoption of the Disability Rating Schedule is recommended to be in conformity with the version currently used by Los Angeles Fire and Police Pensions (LAFPP). The Enhanced Disability Retirement Benefit mirrors the LAFPP Tier 6 benefit and the adoption of the updated LAFPP Disability Rating Guidelines ensures that the LACERS' Enhanced Disability Retirement benefit reflects the benefit award process received by LAFPP Tier 6 Members. The updated Rating Schedule has already been vetted with sworn labor representatives and will provide consistent application of disability retirement assessment guidelines for all Enhanced Disability Retirement applicants.

Discussion

Pursuant Los Angeles Administrative Code Section. 4.1008.1(d), the Board of Administration is required to adopt a Disability Rating Schedule to assist in the standardizing of disability retirement awards to Airport Police Officers and any other public safety employees who may be covered under section 4.1008.1(d). Additionally, per Board Rule No. EB-DR2, the Disability Rating Schedule adopted by the Board is to be reviewed every five years. The current Disability Rating Schedule was approved in November 2017, along with the Tier 1 Enhanced Board Rules adopted in advance of the Tier 1 Enhanced Ordinance going into effect on January 7, 2018. At the time of adoption, the Rating Schedule replicated the Disability Rating Guidelines developed and used by the Los Angeles Fire and Police Pension System (LAFPP). The Rating Schedule is designed to aid the Board in assessing an applicant's degree of disability expressed as a percentage of the applicant's monthly compensation, which the Board bases on physician evaluations and other supporting evidence (ATTACHMENT 1).

The proposed Disability Rating Schedule reflects the updated version currently used by LAFPP. The schedule was developed by LAFPP and vetted with sworn labor representatives before implementation. As Tier 1 Enhanced mirrors LAFPP's Tier 6, LACERS should continue to utilize the LAFPP schedule for consistency. This is especially important because Airport Police Officers may be members of either LACERS or LAFPP and should have identical disability retirement benefits. The basic change to the Schedule is the consolidation of both the Nonservice-Connected and Service-Connected ratings into one form (ATTACHMENT 2). Previously, the Nonservice-Connected rating range was not specifically segregated on the form. Limitations were highlighted in each category as applicable, but the disability award was based on the range stipulated by the Administrative Code, that being 30 to 50 percent for Nonservice-Connected cases. However, the form currently in use breaks down the limitation categories and award ranges based on the Service-Connected range of 30 to 90 percent, which creates challenges for staff and the Board when evaluating Nonservice-Connected claims.

Strategic Plan Impact Statement

Adoption of the updated Disability Rating Schedule and Worksheet conforms to the Benefits Delivery goal of ensuring accurate and timely delivery of Member benefits. The updated Rating schedule ensures a fair and consistent review of Enhanced Disability Retirement applications and benefit awards.

Prepared By: Carol Rembert, Benefits Analyst, Retirement Services Division
Susann Hernandez, Benefits Analyst, Retirement Services Division
Delia Hernandez, Sr. Benefits Analyst II, Retirement Services Division

DWN:FS:DH:cr:sh

Attachment:

- 1) Current Disability Rating Schedule and Worksheet
- 2) Proposed 2023 Updated Disability Rating Schedule and Worksheet
- 3) Proposed Resolution

CURRENT DISABILITY RATING SCHEDULE AND WORKSHEET

Applicant / Pensioner:

Based upon objective evidence, assign a number within a category that most closely reflects the individual's medical limitations.

No Limitations	SC 0
<p>Minimal Limitations</p> <p>GENERAL: Can perform most activities with minor limitations. Pain is an annoyance but does not significantly limit the activity causing the pain.</p> <p>ORTHO / NEURO (Back, Neck, Upper & Lower Extremities): Can perform ordinary, normal jobs not requiring extreme levels of physical activity. Can lift, carry, push or pull 26 or more lbs. Must use caution when walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 60 minutes without a break. Can use stairs or climb ladders.</p> <p>INTERNAL (Cardio, Gastro, Pulm, Oncol): Symptoms can be controlled with modified diet or lifestyle, OTC medication or exercise program. Can handle normal physical / emotional occupational stress. Can control bowel & bladder functions. No end organ damage present.</p> <p>PSYCHIATRIC: Can follow directions, perform normal tasks & assignments, capable of self-initiating, planning & decision-making activities. Therapy required on an as-need basis. Does not require psychotropic medication. Can meet the public, work alone or with others. Requires normal supervision. Can handle normal personal or occupational stress.</p>	01-35
<p>Moderate Limitations</p> <p>GENERAL: Can perform most activities with some limitation of endurance or physical ability. Pain is tolerated but causes some diminished levels of performance of the activity that causes the pain.</p> <p>ORTHO / NEURO: Can perform semi sedentary jobs not requiring prolonged physical activity. Can lift, carry, push or pull 21 – 25 lbs. Should avoid walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 45 minutes without a break. Limited use of stairs or climbing ladders. No altercations. Can squat, kneel, crawl or work above shoulder level for limited periods of time.</p> <p>INTERNAL: Symptoms can be controlled with prescriptions medication. Limit exposure to environmental irritants i.e., dust or fumes. No unusual or prolonged physical / emotional occupational stress. Requires restroom to be readily available. Avoid abdominal constricting activities. Early stages of end organ damage present.</p> <p>PSYCHIATRIC: Can follow directions, perform simple tasks & assignments. No planning or decision-making responsibility. Therapy required at least twice per month. Requires psychotropic medication on an as-needed basis. No public contact. Requires close supervision. Has difficulty handling normal personal or occupational stress.</p>	36-53

<p>Serious Limitations</p> <p>GENERAL: Can perform most activities, but may require occasional assistance. Pain is tolerated but causes significantly reduced performance levels in the activity causing the pain.</p> <p>ORTHO / NEURO: Can perform semi sedentary jobs with limited physical activity. Can lift, carry, push or pull 11 – 20 lbs. No walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 30 minutes without a break. No climbing stairs or ladders. Can work with a telephone or computer. No above shoulder work.</p> <p>INTERNAL : Symptoms only partially controllable with prescription medication. No sudden demands for physical / emotional occupational stress. Requires restrooms in close proximity to workstation. No environmental irritants i.e., dust or fumes. Significant end organ damage present.</p> <p>PSYCHIATRIC: Can follow only simple directions, performing one task at a time. Therapy required weekly. Requires psychotropic medication daily. Can handle very low levels of personal or occupational stress. Requires constant supervision.</p>		54-71
<p>Severe Limitations</p> <p>GENERAL: Cannot perform most activities without assistance. Extremely limited endurance and physical ability. Pain precludes the activity causing the pain.</p> <p>ORTHO / NEURO: Can perform sedentary jobs requiring very limited physical activity. No lifting, carrying, pushing or pulling more than 10 lbs. Can hold position, sit, stand, walk or drive as needed up to 15 minutes without a break.</p> <p>INTERNAL: Symptoms uncontrollable. No physical / emotional occupational stress. Immediate access to restroom required. Extensive end organ damage present.</p> <p>PSYCHIATRIC: Requires daily therapy or institutionalization. Is a danger to self and others.</p>		72-89
Completely Disabled		90
	<div style="border: 1px solid black; background-color: #d4edda; padding: 10px; width: fit-content; margin: 0 auto;"> STAFF RECOMMENDED RATING PERCENTAGE </div>	

PROPOSED 2023 UPDATED DISABILITY RATING SCHEDULE AND WORKSHEET

Applicant / Pensioner:

Based upon objective evidence, assign a number within a category that most closely reflects the individual's medical limitations.

No Limitations	NSC 0	SC 0
<p><i>Minimal Limitations</i> GENERAL: Can perform most activities with minor limitations. Pain is an annoyance but does not significantly limit the activity causing the pain. ORTHO / NEURO (Back, Neck, Upper & Lower Extremities): Can perform ordinary, normal jobs not requiring extreme levels of physical activity. Can lift, carry, push or pull 26 or more lbs. Must use caution when walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 60 minutes without a break. Can use stairs or climb ladders. INTERNAL (Cardio, Gastro, Pulm, Oncol): Symptoms can be controlled with modified diet or lifestyle, OTC medication or exercise program. Can handle normal physical / emotional occupational stress. Can control bowel & bladder functions. No end organ damage present. PSYCHIATRIC: Can follow directions, perform normal tasks & assignments, capable of self-initiating, planning & decision-making activities. Therapy required on an as-need basis. Does not require psychotropic medication. Can meet the public, work alone or with others. Requires normal supervision. Can handle normal personal or occupational stress.</p>		01-35
<p><i>Moderate Limitations</i> GENERAL: Can perform most activities with some limitation of endurance or physical ability. Pain is tolerated but causes some diminished levels of performance of the activity that causes the pain. ORTHO / NEURO: Can perform semi sedentary jobs not requiring prolonged physical activity. Can lift, carry, push or pull 21 – 25 lbs. Should avoid walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 45 minutes without a break. Limited use of stairs or climbing ladders. No altercations. Can squat, kneel, crawl or work above shoulder level for limited periods of time. INTERNAL: Symptoms can be controlled with prescriptions medication. Limit exposure to environmental irritants i.e., dust or fumes. No unusual or prolonged physical / emotional occupational stress. Requires restroom to be readily available. Avoid abdominal constricting activities. Early stages of end organ damage present. PSYCHIATRIC: Can follow directions, perform simple tasks & assignments. No planning or decision-making responsibility. Therapy required at least twice per month. Requires psychotropic medication on an as-needed basis. No public contact. Requires close supervision. Has difficulty handling normal personal or occupational stress.</p>	30-39	36-53

<p>Serious Limitations</p> <p>GENERAL: Can perform most activities, but may require occasional assistance. Pain is tolerated but causes significantly reduced performance levels in the activity causing the pain.</p> <p>ORTHO / NEURO: Can perform semi sedentary jobs with limited physical activity. Can lift, carry, push or pull 11 – 20 lbs. No walking on uneven surfaces. Can hold position, sit, stand, walk or drive as needed up to 30 minutes without a break. No climbing stairs or ladders. Can work with a telephone or computer. No above shoulder work.</p> <p>INTERNAL : Symptoms only partially controllable with prescription medication. No sudden demands for physical / emotional occupational stress. Requires restrooms in close proximity to workstation. No environmental irritants i.e. dust or fumes. Significant end organ damage present.</p> <p>PSYCHIATRIC: Can follow only simple directions, performing one task at a time. Therapy required weekly. Requires psychotropic medication daily. Can handle very low levels of personal or occupational stress. Requires constant supervision.</p>		54-71
<p>Severe Limitations</p> <p>GENERAL: Cannot perform most activities without assistance. Extremely limited endurance and physical ability. Pain precludes the activity causing the pain.</p> <p>ORTHO / NEURO: Can perform sedentary jobs requiring very limited physical activity. No lifting, carrying, pushing or pulling more than 10 lbs. Can hold position, sit, stand, walk or drive as needed up to 15 minutes without a break.</p> <p>INTERNAL: Symptoms uncontrollable. No physical / emotional occupational stress. Immediate access to restroom required. Extensive end organ damage present.</p> <p>PSYCHIATRIC: Requires daily therapy or institutionalization. Is a danger to self and others.</p>	40-49	72-89
<p>Completely Disabled</p>	50	90
<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; align-items: center; justify-content: center;"> <div style="border: 1px solid black; width: 80%; height: 60%; background-color: #d9ead3; margin: auto;"></div> </div>		

**APPROVAL OF DISABILITY RATING SCHEDULE
FOR ENHANCED DISABILITY RETIREMENT BENEFIT**

PROPOSED RESOLUTION

WHEREAS, Los Angeles Administrative Code (LAAC) Section 4.1008.1 pursuant to Ordinance No. 184853, establishes the Los Angeles City Employees' Retirement System Tier 1 Enhanced Benefits for sworn Airport Peace Officers and other employees who comply with the eligibility requirements under the plan;

WHEREAS, LAAC Section 4.1008.1(c) requires the Board of Administration to adopt a Disability Rating Schedule to assist in standardizing sworn Nonservice-Connected disability retirement awards;

WHEREAS, LAAC Section 4.1008.1(d) requires the Board of Administration to adopt a Disability Rating Schedule to assist in standardizing sworn Service-Connected disability retirement awards;

WHEREAS, Board Rules Section 4.2 for Enhanced Benefits, Rule No. EB-DR2 requires the Board to review the Disability Rating Schedule and Worksheet every five years.

WHEREAS, after review and discussion of the proposed updated Rating Schedule, the Board determined the schedule guidelines met the criteria for providing consistent standardized disability retirement awards;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and adopts the proposed updated Disability Retirement Rating Schedule and Worksheet as required pursuant to Board Rules Section 4.2 for Enhanced Benefits, Rule No. EB-DR2.