LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING

TUESDAY, SEPTEMBER 26, 2023

TIME: 10:00 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 Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

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CLICK HERE TO ACCESS BOARD REPORTS

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

II. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

III. DISABILITY RETIREMENT APPLICATION(S)

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PATRICIA ROSTOMIAN AND POSSIBLE BOARD ACTION

IV. LEGAL/LITIGATION

A. CLOSED SESSION TO CONFER WITH AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),(d)(2), AND (e)(1) AND POSSIBLE BOARD ACTION

V. RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2023

VI. COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 12, 2023

B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 26, 2023

VII. CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 22, 2023 AND POSSIBLE BOARD ACTION

VIII. BOARD/DEPARTMENT ADMINISTRATION

A. ASSUMPTIONS FOR JUNE 30, 2023 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION

B. DISCUSSION OF LOS ANGELES ADMINISTRATIVE CODE PROHIBITION ON ABSTENTION VOTING AND POSSIBLE BOARD ACTION

C. BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND REPLACEMENTS AND POSSIBLE BOARD ACTION

D. INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) AND MEDICARE PART B ONLY REIMBURSEMENT MEMBER FEEDBACK AND POSSIBLE BOARD ACTION

E. PROPOSED CHANGE TO DISABILITY RETIREMENT PRESENTATION AND POSSIBLE BOARD ACTION

IX. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS

B. APPROVAL OF 3-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO OAKTREE REAL ESTATE OPPORTUNITIES FUND IX, L.P. AND POSSIBLE BOARD ACTION

X. OTHER BUSINESS

XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 10, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XII. ADJOURNMENT

Agenda of:	**SEPT. 26, 2023**
Item No:	**V-A**

MONTHLY REPORT ON SEMINARS AND CONFERENCES ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS (FOR THE MONTH OF AUGUST 2023)

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

BOARD MEMBERS:

President Annie Chao
Vice President Sung Won Sohn

Commissioner Thuy Huynh
Commissioner Elizabeth Lee
Commissioner Gaylord “Rusty” Roten
Commissioner Janna Sidley
Commissioner Michael R. Wilkinson

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
	NOTHING TO REPORT		

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

August 22, 2023

10:02 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Elizabeth Lee Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Gaylord “Rusty” Roten

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD’S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Chao asked if any persons wanted to make a general public comment to which there were 9 public comment cards received. The following members of the public made public comments with respect to LACERS investment in Advent International and in support of restaurant/hotel workers: Susan Minato, Erendira Saucedo, Kerin Garcia, Jesse Gutierrez, Antonio Alvati, Ana Salinas, Rocqual Fina, Gary Williams, and Jordan Fein.

II

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- 977 HVAC Issues
- Tropical Storm Hillary
- Duplicate Check Error
- Discretionary COLA

- Health Benefits Administration updates
- Retirement Services Division updates
- Communications and Stakeholder Relations updates
- Upcoming events

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- September 26, 2023 Board Meeting: Income Related Monthly Adjusted Amount (IRMAA) report back to the Board
- October 10, 2023 Benefits Administration Committee and Board Meetings: Year-End Accounting Report

III

DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDERATION OF DISABILITY RETIREMENT APPLICATION FOR RAUL RODRIGUEZ AND POSSIBLE BOARD ACTION – Susann Hernandez, Benefits Analyst, presented and discussed this item with the Board. Commissioner Lee moved approval, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2023 – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 8, 2023 – Commissioner Lee stated the Committee heard a presentation by Bain Capital, approved a contract with Wellington Management Company, and was presented with the Annual Report on LACERS Emerging Investment Manager Program for the period ending December 31, 2022.

B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 22, 2023 – Commissioner Sidley stated the Committee was presented with Triennial Board Policy Review of Sections 1.2 and 4.0. The Committee provided staff with direction and requested these items be brought back to the Committee at a future meeting.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2023 – Edwin Avanessian, Chief Management Analyst, and Lisa Li, Management

Analyst, presented this item to the Board for 5 minutes. The report was received by the Board and filed.

VII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of $22.12 billion as of August 21, 2023. Mr. June discussed the following items:

- Volatility Index at 16.9
- Mr. June will be attending the Kroner Center for Financial Research at UCSD on September 8, 2023.
- Staff is working on several investment policy amendments that are in various development stages.
- President Biden's Executive Order on "United States Investments in Certain National Security Technologies and Products in Countries of Concern". Staff will await the final ruling from the U.S. Treasury before taking action.
- Future Agenda Items: NEPC Presentation on Total Fund Performance as of June 30, 2023

Mr. June shared that Russian exposure for LACERS stands at $1.298 million.

B. APPROVAL OF 3-YEAR CONTRACT WITH WELLINGTON MANAGEMENT COMPANY LLP REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Lee moved approval of the following Resolution:

CONTRACT RENEWAL
WELLINGTON MANAGEMENT COMPANY LLP
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT

<u>RESOLUTION 230822-B</u>

WHEREAS, LACERS' current three-year contract with Wellington Management Company LLP (Wellington) for active emerging market debt portfolio management expires on November 30, 2023; and,

WHEREAS, Wellington is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Wellington will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on August 22, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Wellington.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Wellington Management Company LLP
Service Provided:	Active Emerging Market Debt Portfolio Management
Effective Dates:	December 1, 2023 through November 30, 2026
Duration:	Three years
Benchmark:	50% J.P. Morgan Emerging Market Bond Index Global Diversified Index and 50% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index
Allocation as of June 30, 2023:	$452 million

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.

C. MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING REQUEST FOR PROPOSAL AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Wilkinson moved approval, seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.

D. PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer II, presented and discussed this item with the Board for 20 minutes. Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.

E. ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM FOR THE PERIOD ENDING DECEMBER 31, 2022 – This report was received by the Board and filed.

The following Notification of Commitment items VIII-F to VIII-N were received by the Board and filed.

F. NOTIFICATION OF COMMITMENT OF UP TO $25 MILLION IN OCEANSOUND PARTNERS FUND II, LP

G. NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN ULU VENTURES FUND IV, L.P.

H. NOTIFICATION OF COMMITMENT OF UP TO $30 MILLION IN ICG STRATEGIC EQUITY FUND V (USD) LP

I. NOTIFICATION OF COMMITMENT OF UP TO $35 MILLION IN GENSTAR CAPITAL PARTNERS XI, L.P.

J. NOTIFICATION OF COMMITMENT OF UP TO $25 MILLION IN GENSTAR XI OPPORTUNITIES FUND I, L.P.

K. NOTIFICATION OF COMMITMENT OF UP TO $5 MILLION IN MAYFIELD SELECT III, A DELAWARE LIMITED PARTNERSHIP

L. NOTIFICATION OF COMMITMENT OF UP TO $5 MILLION IN MAYFIELD XVII, A DELAWARE LIMITED PARTNERSHIP

M. NOTIFICATION OF COMMITMENT OF UP TO $40 MILLION IN KPS SPECIAL SITUATIONS FUND VI, LP

N. NOTIFICATION OF COMMITMENT OF UP TO $20 MILLION IN KPS SPECIAL SITUATIONS MID-CAP FUND II, LP

VIII

OTHER BUSINESS – Commissioner Sidley requested future discussion with staff and City Attorney on Administrative Code 21.19.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 12, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:00 p.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION	**MEETING: SEPTEMBER 26, 2023**
From: Neil M. Guglielmo, General Manager	**ITEM: VIII-A**

SUBJECT: **ASSUMPTIONS FOR THE JUNE 30, 2023 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board adopt the attached actuarial assumptions for the June 30, 2023 Retiree Health Actuarial Valuation as recommended by LACERS' consulting actuary, Segal.

Executive Summary

Segal reviews the assumptions used for LACERS' health actuarial valuation annually due to the dynamic nature of healthcare costs, as opposed to economic (such as the investment rate of return) and demographic assumptions (such as the mortality rates) which are generally reviewed and updated every three years based on the results of the Triennial Experience Study. Attached for the Board's consideration are the recommended assumptions for the medical trend, per capita costs, and other health-specific assumptions to be applied in the June 30, 2023 Retiree Health Actuarial Valuation.

Discussion

The recommended per capita costs for plan year 2023-2024 combine the calendar year 2024 medical and dental premium rates approved by the Board recently with the 2023 calendar year rates. Medical rates (but not dental or Medicare Part B) will then be adjusted by factors specific to age, gender, and spousal status. The medical trend is applied to the per capita costs to project future healthcare costs. Segal's recommended first-year (used to project 2024 calendar year premiums to 2025) trend rate for Medicare plans is reset at 6.50%, while the non-Medicare plans rate is reset at 7.25%. The first-year rates are graded down by 0.25% each year until reaching an ultimate rate of 4.50%, unchanged from last year. The dental trend assumption is maintained at 3.00% and the Medicare Part B trend assumption is continued at 4.50%, applied to dental premiums after 2023-2024 and to Medicare Part B premiums after calendar year 2023 and all future years. Also included in Segal's report are increases in future health subsidy maximums which factor in the same trend rates they recommend for the valuation. Other assumptions are consistent with the economic and demographic assumptions adopted by the Board as part of the recently approved Triennial Experience Study.

Andy Yeung of Segal will present the recommended health assumptions.

Strategic Plan Impact Statement

The Board's action on this item aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edwin Avanessian, Chief Management Analyst

NMG/TB/ea

Attachment: Segal Recommendation Letter dated September 18, 2023

Segal
180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Via Email

September 18, 2023

Mr. Neil Guglielmo
General Manager
Los Angeles City Employees' Retirement System
977 North Broadway
Los Angeles, CA 90012

**Re: Los Angeles City Employees' Retirement System
Assumptions Recommended for the
June 30, 2023 Retiree Health Actuarial Valuations**

Dear Neil:

We have provided in this letter the health care related actuarial assumptions that we recommend to the Board for use in the June 30, 2023 retiree health valuations for funding and financial reporting.

The health care trend assumptions used in the health valuations are reviewed annually. Every year Segal publishes a set of health care trend assumptions based on the latest research and information available to our health actuaries. The health care trend assumptions take into account factors such as recent and expected premium increases affecting our clients, changes in utilization of health care and cost shifting from Medicare.

Other assumptions such as the proportion of members expected to be covered by each health benefit provider (e.g. Kaiser, etc.) can sometimes be volatile due to the dynamic nature of the health care market place. That projection is typically based on the enrollment experience among the current retirees during the most recent annual open enrollment.

Following are our recommended assumptions for the June 30, 2023 health plan valuations:

1. Health care trend assumptions – The detailed health care trend assumptions we are recommending are outlined in Item 1 of the Attachment.
   - For non-Medicare plans, we are recommending the first-year trend[1] to be reset to 7.25%, then graded down by 0.25% each year until reaching an ultimate rate of 4.50% after eleven years.
   - For Medicare plans, we are recommending the first-year trend rate be reset to 6.50%, then grading down by 0.25% each year until reaching an ultimate rate of 4.50% after eight years.

[1] The first-year trend will be used to project 2024 calendar year premiums to calendar year 2025.

- We recommend the dental trend assumption be maintained at 3.0%.
- We recommend the Medicare Part B trend assumptions remain at 4.50%, to be applied to premiums after 2023-2024 and all future years, based on updated information from the Centers for Medicare & Medicaid Services (CMS) relating to expectations for ultimate Medicare trend and Congressional Budget Office (CBO) trustee reports.

Setting the medical trends begins with selecting the first-year increase, and then selecting a step for grading down the trends over several years to an ultimate long-term trend. We select first-year trends to project the first-year premiums and subsidies to the following year. In developing first-year health care trend assumptions, a mix of health industry expectations and plan specific information is used as follows.

a. Segal's National Health Care Practice develops trend standards each year. The methodology utilizes data from our annual Segal Health Plan Cost Trend Survey of insurers, pharmacy benefit managers (PBMs), and managed care organizations. An analysis of historic trend was performed to evaluate the differences in projected trend vs. actual. The methodology looked at variation of actual results and fitted them to the differences between actual and projected trend.
b. Segal's National Health Care Practice then publishes its internal standards for use by its health actuaries and consultants. These internal standards cover a variety of benefits (e.g. medical, dental, vision) and plan design types (e.g. PPO, HMO). Unlike Segal's annual trend survey, which displays averages of the survey results, the trend standards provide ranges of acceptable assumptions.
c. For retiree health valuations, without additional information, we would choose a first-year trend in the middle of the range provided in the Segal trend standards. If any additional information from the client or its health consultant is available, Segal may consider that information when setting the first-year trend.
d. Retiree health care valuations typically project benefit payments far into the future (as far as 80 years). Segal's Office of the Chief Actuary has provided standards on trends in the years following the first year of projection. Trend for each year is to decrease until it reaches an ultimate trend rate.

Based upon a review of updated industry survey and renewal information, along with the Segal trend survey data, we propose an update of the health care cost trend assumption for the non-Medicare and Medicare plans. The primary reasons for recommending slightly higher trend assumptions are (1) indications from Segal's Trend Survey that trend rates are returning to pre-pandemic levels and (2) concerns about recent inflation impacting health care costs. Historically, medical inflation has often followed a similar but lagged pattern to general inflation. We are not recommending any changes to the dental or Part B trend assumptions.

2. Note on Premium Renewals and Health Care Trend Assumptions – Health care trend assumptions take into account factors such as recent and expected premium increases, changes in utilization of health care and cost shifting from Medicare. While there is often a high correlation between a trend rate and the actual cost increase assessed by a carrier, trend rates and the actual net annual change in plan costs (and thus premiums) can also differ substantially. A plan sponsor's costs/premiums can be significantly different from

projected claims cost trends due to diverse factors ranging from group demographics, plan design, claim volatility and underwriting cycles. Carrier actions to gain market share along with healthcare marketplace events and subsequent impacts on access and cost of care (i.e., provider consolidations, mandated benefits, pent up demand and severity due to prior lack of access) are additional factors that influence short-term premiums though they may not necessarily reflect the cost trend assumptions used in an actuarial valuation. For example, a cycle of favorable experience used in the rate setting basis can reduce the claim portion of the premium but that does not mean that the future costs will follow that pattern.

3. Per Capita Health Care Costs – These costs are used to project the premiums for current active members when they retire. Based on the percentage of retired members, spouses and beneficiaries electing health coverage, and the proportion of members enrolled in each available medical plan, we have developed the per capita health premium costs to cover a member in the 2023-2024 fiscal year as provided in Items 2(b) and 2(d) of the Attachment. Note there are three plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included in Item 2(d) because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan. Additionally, no election is assumed for the Anthem Life & Health Medicare Supplement Plan that will be added to the plan offerings in 2024. When we perform the June 30, 2024 valuation, we will have enrollment data for this plan and will re-evaluate the plan election assumptions accordingly.

Based on the June 30, 2023 membership data, we have provided the observed and assumed election rates among the different medical plans in Items 2(b) and 2(d) of the Attachment.

The per capita costs for members subject to the retiree medical subsidy cap are provided in Item 2(e) of the Attachment.

In accordance with Actuarial Standard of Practice (ASOP) No. 6, *Measuring Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, we will continue to value health care costs by adjusting premiums using age-specific factors. The age-adjusted claims costs will be provided in our June 30, 2023 valuation report once the membership data provided for use in the June 30, 2023 valuation is finalized. It should be noted though that when those age-specific factors are presented in our June 30, 2023 valuation report, we will continue to display them separately from the per capita health premium costs provided in Items 2(b) and 2(d) of the Attachment.

The per capita costs for the dental plan that we will use for the June 30, 2023 valuation are provided in Item 2(f) of the Attachment.

The per capita costs for Medicare Part B that we will use for the June 30, 2023 valuation are provided in Item 2(g) of the Attachment.

Medical Premium Reimbursement Program (MPRP) – Certain eligible participants may elect to receive a medical subsidy towards the premium of a chosen plan.

Segal

Due to the low number electing the MPRP subsidy (1.5% of current retirees), we have assumed that no future retirees elect this subsidy. For current retirees, we will value the reimbursement reported in the data, assumed to increase with medical trend.

4. Increase in Future Health Subsidy Maximums – Consistent with our previous valuation practice, we will continue to assume that the Board's health subsidy will increase at the same rate as the long-term health trend, for retired members and their qualified survivors, who retired before July 1, 2011. (Although subject to slightly different provisions, members who retired on or after July 1, 2011 will have the same subsidy increase assumption applied to them.)

   It should be noted that in our valuation we do not reflect the other potential limit on health subsidy increase in Sec. 4.1111(b) of the Administrative Code which references the average subsidy increase for the upcoming year under consideration and the actual subsidy increases for the preceding two years because our health trend is intended to reflect overall experience in the long run.

5. Other Assumptions and methods – The other demographic and economic assumptions and methods will be consistent with those approved by the Board based on our July 1, 2019 to June 30, 2022 triennial experience study. All demographic assumptions under items 3 (h), (i), and (j) will be reviewed (and updated if necessary) as part of the next triennial experience study (rather than annually) so as to provide more stability to the actuarial assumptions used to calculate liabilities and set the contribution rates for the health plans. These assumptions include spouse/domestic partner demographic assumptions, and retiree medical and dental coverage election percentages.

We look forward to discussing this letter with you. Please let us know if you have any questions.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

Andy Yeung, ASA, MAAA, FCA, EA
Vice President & Actuary

Mary Kirby, FSA, MAAA, FCA
Senior Vice President & Consulting Actuary

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President & Consulting Actuary

JL2/hy
Attachment

1. Health Care Trend Rates

MEDICAL TRENDS USED FOR THE JUNE 30, 2022 VALUATION

Trend is to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2022 through June 30, 2023):

	Rate (%)					
Plan	**Anthem Blue Cross PPO, Under Age 65**	**Anthem Blue Cross Medicare Supplement / Anthem Passive PPO Medicare Advantage**	**Kaiser HMO, Under Age 65**	**Kaiser Senior Advantage**	**Anthem Blue Cross HMO, Under 65**	**UHC CA Medicare Advantage**
Trend to be applied to 2022-2023 Fiscal Year premium	8.29%	3.25%	5.81%	3.25%	8.29%	3.98%

The fiscal year trend rates are based on the following calendar year trend rates:

	Approximate Trend Rate (%)			Trend Rate Applied to Calculate Following Year Premium (%)	
Fiscal Year	**Non-Medicare**	**Medicare**	**Calendar Year**	**Non-Medicare**	**Medicare**
2023-2024	7.12%	6.37%	2023	7.25[1]	6.50[1]
2024-2025	6.87%	6.12%	2024	7.00	6.25
2025-2026	6.62%	5.87%	2025	6.75	6.00
2026-2027	6.37%	5.62%	2026	6.50	5.75
2027-2028	6.12%	5.37%	2027	6.25	5.50
2028-2029	5.87%	5.12%	2028	6.00	5.25
2029-2030	5.62%	4.87%	2029	5.75	5.00
2030-2031	5.37%	4.62%	2030	5.50	4.75
2031-2032	5.12%	4.50%	2031	5.25	4.50
2032-2033	4.87%	4.50%	2032	5.00	4.50
2033-2034	4.62%	4.50%	2033	4.75	4.50
2034 and later	4.50%	4.50%	2034	4.50	4.50

Dental Premium Trend	3.00% for all years
Medicare Part B Premium Trend	4.50% for all years. First year trend may be adjusted to reflect actual 2023 calendar year premium if available at time of valuation.

1 *For example, the 7.25% assumption, when applied to the 2023, non-Medicare medical premiums would provide the projected 2024 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.*

PROPOSED MEDICAL TRENDS FOR THE JUNE 30, 2023 VALUATION

Trend is to be applied in following fiscal years, to all health plans.

Trend is to be applied to premium for shown fiscal year to calculate next fiscal year's projected premium.

First Fiscal Year (July 1, 2023 through June 30, 2024):

	Rate (%)					
Plan	**Anthem Blue Cross PPO, Under Age 65**	**Anthem Preferred PPO Medicare Advantage**	**Kaiser HMO, Under Age 65**	**Kaiser Senior Advantage**	**Anthem Blue Cross HMO, Under 65**	**UHC CA Medicare Advantage**
Trend to be applied to 2023-2024 Fiscal Year premium	8.01%	-3.35%	9.49%	3.25%	8.01%	-4.51%

The fiscal year trend rates are based on the following calendar year trend rates:

	Approximate Trend Rate (%)			Trend Rate Applied to Calculate Following Year Premium (%)	
Fiscal Year	**Non-Medicare**	**Medicare**	**Calendar Year**	**Non-Medicare**	**Medicare**
2024-2025	7.12%	6.37%	2024	7.25[1]	6.50[1]
2025-2026	6.87%	6.12%	2025	7.00	6.25
2026-2027	6.62%	5.87%	2026	6.75	6.00
2027-2028	6.37%	5.62%	2027	6.50	5.75
2028-2029	6.12%	5.37%	2028	6.25	5.50
2029-2030	5.87%	5.12%	2029	6.00	5.25
2030-2031	5.62%	4.87%	2030	5.75	5.00
2031-2032	5.37%	4.62%	2031	5.50	4.75
2032-2033	5.12%	4.50%	2032	5.25	4.50
2033-2034	4.87%	4.50%	2033	5.00	4.50
2034-2035	4.62%	4.50%	2034	4.75	4.50
2035 and later	4.50%	4.50%	2035	4.50	4.50

Dental Premium Trend	3.00% for all years
Medicare Part B Premium Trend	4.50% for all years. First year trend may be adjusted to reflect actual 2024 calendar year premium if available at time of valuation.

[1] *For example, the 7.25% assumption, when applied to the 2024, non-Medicare medical premiums would provide the projected 2025 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.*

Segal

2. Per Capita Costs and Election Rates

(a) Per Capita Costs for the June 30, 2022 Valuation – Participant Under Age 65 or Not Eligible for Medicare A&B

2022 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	$900.24	$1,884.50	$900.24	$1,800.48	$1,884.50	$1,800.48	$900.24	$900.24	$900.24
Anthem Blue Cross PPO	1,337.99	1,884.50	1,337.99	2,670.95	1,884.50	1,884.50	1,337.99	900.24	900.24
Anthem Blue Cross HMO	1,069.05	1,884.50	1,069.05	2,133.07	1,884.50	1,884.50	1,069.05	900.24	900.24

2023 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	$939.09	$1,962.20	$939.09	$1,878.18	$1,962.20	$1,878.18	$939.09	$939.09	$939.09
Anthem Blue Cross PPO	1,464.23	1,962.20	1,464.23	2,923.43	1,962.20	1,962.20	1,464.23	939.09	939.09
Anthem Blue Cross HMO	1,169.74	1,962.20	1,169.74	2,334.45	1,962.20	1,962.20	1,169.74	939.09	939.09

2022-2023 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)**	Monthly Premium***	Maximum Subsidy*	Subsidy	Monthly Premium***	Maximum Subsidy*	Subsidy	Monthly Premium***	Maximum Subsidy*	Subsidy
Kaiser HMO	62.4	$919.67	$1,923.35	$919.67	$1,839.33	$1,923.35	$1,839.33	$919.67	$919.67	$919.67
Anthem Blue Cross PPO	20.7	1,401.11	1,923.35	1,401.11	2,797.19	1,923.35	1,923.35	1,401.11	919.67	919.67
Anthem Blue Cross HMO	16.9	1,119.40	1,923.35	1,119.40	2,233.76	1,923.35	1,923.35	1,119.40	919.67	919.67

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 12, section 2(e).

** The observed election percentages are based on raw census data as of June 30, 2022.

*** On average, the non-Medicare premiums increased by about 4.32% for Kaiser and about 9.50% for Anthem Blue Cross from calendar year 2022 to 2023. Please refer to the Keenan report that was presented to the Board during its meeting on August 9, 2022 for a breakdown of rate changes. Note, the monthly premiums provided above include vision premiums and are the plan's member rates; which do not necessarily equal the rates charged by the carriers.

(b) Per Capita Costs for the June 30, 2023 Valuation – Participant Under Age 65 or Not Eligible for Medicare A&B

2023 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	$939.09	$1,962.20	$939.09	$1,878.18	$1,962.20	$1,878.18	$939.09	$939.09	$939.09
Anthem Blue Cross PPO	1,464.23	1,962.20	1,464.23	2,923.43	1,962.20	1,962.20	1,464.23	939.09	939.09
Anthem Blue Cross HMO	1,169.74	1,962.20	1,169.74	2,334.45	1,962.20	1,962.20	1,169.74	939.09	939.09

2024 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser HMO	$1,051.78	$2,187.58	$1,051.78	$2,103.56	$2,187.58	$2,103.56	$1,051.78	$1,051.78	$1,051.78
Anthem Blue Cross PPO	1,593.73	2,187.58	1,593.73	3,182.43	2,187.58	2,187.58	1,593.73	1,051.78	1,051.78
Anthem Blue Cross HMO	1,273.03	2,187.58	1,273.03	2,541.03	2,187.58	2,187.58	1,273.03	1,051.78	1,051.78

2023-2024 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)**	Monthly Premium***	Maximum Subsidy*	Subsidy	Monthly Premium***	Maximum Subsidy*	Subsidy	Monthly Premium***	Maximum Subsidy*	Subsidy
Kaiser HMO	61.3	$995.44	$2,074.89	$995.44	$1,990.87	$2,074.89	$1,990.87	$995.44	$995.44	$995.44
Anthem Blue Cross PPO	21.5	1,528.98	2,074.89	1,528.98	3,052.93	2,074.89	2,074.89	1,528.98	995.44	995.44
Anthem Blue Cross HMO	17.2	1,221.39	2,074.89	1,221.39	2,437.74	2,074.89	2,074.89	1,221.39	995.44	995.44

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 12, section 2(e).

** The observed election percentages are based on raw census data as of June 30, 2023.

*** On average, the non-Medicare premiums increased by about 12.00% for Kaiser and about 8.85% for Anthem Blue Cross from calendar year 2023 to 2024. Please refer to the Keenan report that was presented to the Board during its meeting on August 8, 2023 for a breakdown of rate changes. Note, the monthly premiums provided above include vision premiums and are the plan's member rates; which do not necessarily equal the rates charged by the carriers.

(c) Per Capita Costs for the June 30, 2022 Valuation – Participant Eligible for Medicare A&B

2022 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Blue Cross Medicare Supplement	494.67	494.67	494.67	984.31	984.31	984.31	494.67	494.67	494.67
UHC California Medicare Advantage Plan	283.76	283.76	283.76	562.49	562.49	562.49	283.76	283.76	283.76

2023 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Medicare Preferred (PPO)	494.67	494.67	494.67	984.31	984.31	984.31	494.67	494.67	494.67
UHC California Medicare Advantage Plan	287.80	287.80	287.80	570.57	570.57	570.57	287.80	287.80	287.80

2022-2023 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)**	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	57.0	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Blue Cross Medicare Supplement / Anthem Medicare Preferred (PPO)	32.3	494.67	494.67	494.67	984.31	984.31	984.31	494.67	494.67	494.67
UHC California Medicare Advantage Plan	10.7	285.78	285.78	285.78	566.53	566.53	566.53	285.78	285.78	285.78

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 12, section 2(e) of our letter dated September 21, 2021 (recommending assumptions for the June 30, 2021 Retiree Health Valuation).

** The observed election percentages are based on raw census data as of June 30, 2022.

*** On average, the Medicare premiums remained unchanged for Kaiser and Anthem Preferred but increased by about 1.42% for UHC from calendar year 2022 to 2023. Please refer to the Keenan report that was presented to the Board during its meeting on August 9, 2022 for a breakdown of rate changes. Note, the monthly premiums provided above include vision premiums and are the plan's member rates; which do not necessarily equal the rates charged by the carriers.

Note there are three plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included above because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan.

(d) Per Capita Costs for the June 30, 2023 Valuation – Participant Eligible for Medicare A&B

2023 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Medicare Preferred (PPO)	494.67	494.67	494.67	984.31	984.31	984.31	494.67	494.67	494.67
UHC California Medicare Advantage Plan	287.80	287.80	287.80	570.57	570.57	570.57	287.80	287.80	287.80

2024 Calendar Year	Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy	Monthly Premium	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Medicare Preferred (PPO)	435.26	435.26	435.26	865.49	865.49	865.49	435.26	435.26	435.26
UHC California Medicare Advantage Plan	247.56	247.56	247.56	490.08	490.08	490.08	247.56	247.56	247.56

2023-2024 Fiscal Year		Single Party			Married/With Domestic Partner			Eligible Survivor		
Carrier	Observed and Assumed Election Rate (%)**	Monthly Premium***	Maximum Subsidy*	Subsidy	Monthly Premium***	Maximum Subsidy*	Subsidy	Monthly Premium***	Maximum Subsidy*	Subsidy
Kaiser Senior Advantage HMO	56.3	$262.47	$262.47	$262.47	$524.94	$524.94	$524.94	$262.47	$262.47	$262.47
Anthem Medicare Preferred (PPO)	33.7	464.97	464.97	464.97	924.90	924.90	924.90	464.97	464.97	464.97
UHC California Medicare Advantage Plan	10.0	267.68	267.68	267.68	530.33	530.33	530.33	267.68	267.68	267.68

* Members who are subject to the retiree medical subsidy cap have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 12, section 2(e).

** The observed election percentages are based on raw census data as of June 30, 2023.

*** On average, the Medicare premiums remained unchanged for Kaiser but decreased by about 12.01% for Anthem Preferred and by about 13.98% for UHC from calendar year 2023 to 2024. Please refer to the Keenan report that was presented to the Board during its meeting on August 8, 2023 for a breakdown of rate changes. Note, the monthly premiums provided above include vision premiums and are the plan's member rates; which do not necessarily equal the rates charged by the carriers.

Note there are three plans (SCAN, UHC Medicare Advantage HMO for Arizona and Nevada) offered by LACERS that are not included above because we assume a 0% participation rate for each of those plans. On average, their premiums are close to the UHC California Medicare Advantage plan. Additionally, no election is assumed for the Anthem Life & Health Medicare Supplement Plan that will be added to the plan offerings in 2024.

(e) Proposed Per Capita Costs – Subject to Retiree Medical Subsidy Cap for the 2023-2024 Fiscal Year

Tier 1 members who were subject to the retiree medical subsidy cap would have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below. We understand that no active members are subject to the cap but that some inactive members may be subject to the cap.

Retiree Plan	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	$1,190.00	$1,190.00	$593.62
Over 65			
Kaiser Senior Advantage	$203.27	$406.54	$203.27
Anthem Medicare Preferred (PPO)	478.43	478.43*	478.43
UHC California Medicare Adv. HMO	219.09	433.93	219.09

*The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

(f) Proposed Per Capita Costs used in June 30, 2023 Valuation – Dental Plan

Maximum Dental Subsidy

Retiree Plan	Actual / Assumed Participation Percent (%)	Monthly 2023 Calendar Year Subsidy	Monthly 2024 Calendar Year Subsidy	Monthly 2023-2024 Fiscal Year Subsidy
Delta Dental PPO	81.5	$43.81	$42.93	$43.37
DeltaCare USA	18.5	15.10	15.10	15.10

(g) Proposed Per Capita Costs used in June 30, 2023 Valuation – Medicare Part B Premium Reimbursement

The Plan will reimburse (only available to Member, not dependent or survivor) monthly Medicare Part B premiums before means testing:

Monthly Premium	Single
Actual premium for calendar year 2023	$164.90
Projected premium for calendar year 2024*	172.32
Projected average monthly premium for plan year 2023-2024	168.61

**Based on calendar year 2023 premium adjusted to 2024 by assumed trend rate of 4.50%.*

For retirees over age 65 on the valuation date, we will value the Medicare Part B premiums for those reported in the data with Medicare Part B premium. For current and future retirees under age 65, we will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

3. Other Assumptions and Methods

In the June 30, 2023 valuation, we will also apply the following demographic and economic assumptions and methodologies that the Board approved as a result of the triennial experience study covering July 1, 2019 to June 30, 2022.

a. Economic assumptions: We will apply the 7.00% investment return and 2.50% inflation assumption that the Board approved as a result of the triennial experience study covering July 1, 2019 to June 30, 2022.

b. Demographic assumptions: These include the incidence of service retirement, disability retirement, withdrawal, deferred vested retirement and death. We will apply the assumptions adopted in our July 1, 2019 to June 30, 2022 triennial experience study.

c. Funding methodologies: The Entry Age Cost Method will continue to be used in this valuation. As discussed in the triennial experience study covering July 1, 2019 to June 30, 2022, the attribution period for employees with reciprocal service will be consistent with their participation at LACERS.

d. Expected annual rate of increase in the Board's health subsidy amount:

   We have made an assumption that the Board's health subsidy amount will increase at the same rate as the anticipated increase in benefit costs. We recommend leaving this assumption unchanged for the June 30, 2023 valuation. (Please also see discussions under (4) in our cover letter regarding how subsidy increases are to be projected in the valuation.)

e. Percentage of retirees over age 65 covered by Medicare Parts A and B: In the prior valuation, we assumed that 100% of retirees will enroll in Medicare Parts A and B upon reaching age 65. We recommend maintaining this assumption for the June 30, 2023 valuation.

f. Market value of assets will be used for the June 30, 2023 GASB 74 and 75 valuations.

   Market value of assets less unrecognized returns will be used for the June 30, 2023 funding valuation.

   Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a seven-year period. In addition, the actuarial value of assets is further adjusted, if necessary, to stay within 40% of the market value of assets.

g. Implicit Subsidy: It is our understanding that retiree premium rates are not pooled with the active rates and no implicit subsidy exists, and LACERS has confirmed this understanding.

h. Spouse/Domestic Partner Age Difference in Years for Retirees with Medical Coverage:

For all non-retired members, male members are assumed to have a female spouse/domestic partners who is 4 years younger than the member and female members are assumed to have a male spouse/domestic partners who is 2 years older than the member. We will evaluate these assumptions during the next triennial experience study.

i. Spouse/Domestic Partner Coverage:

For all active and inactive members, 60% of male participants and 35% of female participants who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner. We will evaluate these assumptions during the next triennial experience study

j. Retiree Medical and Dental Coverage Election:

The table below summarizes the participation assumptions for future retirees. We will evaluate these assumptions during the next triennial experience study.

Service Range	Percent (%) Covered[1]
10-14	60
15-19	80
20-24	90
25 and over	95

[1] For deferred vested members, we assume an election percent of 50% of these rates.

k. Reconciliation of Total OPEB Liability (TOL) for GAS 74 and 75 – When reconciling the TOL for the GAS 74 and 75 valuations, changes in TOL attributable to a health care trend, discount rate, medical election, health care premium and subsidy rates and changes adopted from the triennial experience study will be treated as assumption changes.

l. Amortization Policy:

LACERS has elected to amortize the unfunded actuarial accrued liability using the following rules:

- The amortization periods for all unfunded actuarial accrued liability layers as of June 30, 2020 were reset to a 21-year period starting with the June 30, 2021 valuation. The outstanding balance of this pre-6/30/2021 combined base will be amortized over 19 years in the June 30, 2023 valuation.
- Assumption changes resulting from the triennial experience study will be amortized over 20 years.
- Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years.

Depending on the actuarial experience, the Health Plan could have a negative UAAL contribution rate (a credit) even though the UAAL is positive. If this situation occurs, as it did during the June 30, 2022 valuation, the amortization period for experience gains and losses will be the greater of 15 years or the remaining period of the pre-6/30/2021 combined base from the June 30, 2021 valuation.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION | **MEETING: SEPTEMBER 26, 2023**
From: Neil M. Guglielmo, General Manager | **ITEM: VIII – B**

SUBJECT: **DISCUSSION OF THE LOS ANGELES ADMINISTRATIVE CODE PROHIBITION ON ABSTENTION VOTING AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board take the following actions as requested by Commissioner Sidley:

1. Open a discussion at the Board regarding Los Angeles Administrative Code (LAAC) section 21.19 on voting which prohibits abstention votes from being counted as abstentions.
2. Instruct staff on any actions to be taken toward seeking an amendment to LAAC section 21.19.

Executive Summary

LAAC section 21.19 expressly prohibits abstention votes from any City of Los Angeles board or commission from being counted as an abstention but requires them to be counted as “yes” votes. Commissioner Sidley would like to see if there is support within the Board to pursue a revision of this LAAC section by drafting a letter to the City expressing the Board’s desire in this regard.

Discussion

To help support the Board in this discussion, staff would like to provide an overview of the legislative history of this particular LAAC section.

The current version of Section 21.19 of the LAAC (attached) was added by ordinance number 173,290 on June 30, 2000 by the Mayor and City Council. This ordinance was drafted to implement provisions of the new City Charter which was approved by the voters of Los Angeles at the general municipal election held on June 8, 1999.

Section 21.19 has a nexus to the Charter requirement (Charter § 503(c)) that City boards “shall exercise the powers conferred upon [them] by the Charter by order or resolution adopted by a majority of [their] members.” In contrast, an ordinance amending the LAAC to allow for abstention voting would make it harder for City boards to get the majority votes necessary for action. Thus, the decision to amend Section 21.19 to include an abstention option—notwithstanding the Charter requirement for board majority voting—would be a public policy issue for the City Council to consider. Since City Council is the legislative body which enacts ordinances affecting the LAAC, it is the body with the authority to make changes to those codes as well.

Once the Board has fully discussed this matter, though not necessarily an exhaustive list, any of the following options could be pursued as a way forward:

1. The Board could send a letter to the Mayor and City Council explaining the Board's desire for an LAAC Section 21.19 amendment and requesting their support for this change.

2. The Board could send a letter to the City Attorney explaining the Board's interest in an LAAC Section 21.19 amendment.

3. The Board could decide to take no further action toward pursuing an LAAC amendment at this time.

Strategic Plan Impact Statement

Review of the Board Governance and Administrative Policies meets the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: John Koontz, Senior Management Analyst I

NMG/TB/EA:jk

Attachment: Los Angeles Administrative Code Section 21.19

Los Angeles Administrative Code

Sec. 21.19. Voting

Where such will not be inconsistent with Charter-prescribed duties, or prohibited by law, a member of a City board or commission or of a committee thereof, who is present when a question is put to that board, commission or committee shall vote on that question at the call of the roll thereon. In the event such member fails to affirmatively vote either "yes" or "no," that member will be deemed to have voted "yes," and the member's vote will be spread as such upon the record.

SECTION HISTORY

Added by Ord. No. 173,290, Eff. 6-30-00, Oper. 7-1-00.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: SEPTEMBER 26, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VIII-C**

SUBJECT: **BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND REPLACEMENTS AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board
1) Approve a budget increase of $500,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to the full retrofit of the 977 N. Broadway Building Management System and cooling unit repairs; **OR**
2) Approve a budget increase of $60,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for the enhancement to the current 977 N. Broadway Building Management System and cooling unit repairs; and,
3) Authorize the General Manager to correct any clerical or typographical errors in this document.

Executive Summary

On May 23, 2023, the Board approved the allocation of $723,831 to the 977 Capital Expense Budget for FY24 for the purpose of performing the maintenance and upkeep work on 977 as part of Year 2 of LACERS' 10-Year Capital Plan (CAP10). Subsequently, on August 8, 2023, the Board approved a budget increase to the Capital Expense Budget of $120,000 for expenses related to the descaling and sediment removal from the cooling towers and further diagnosing work of the 977 N. Broadway Heating, Ventilation, and Air Conditioning (HVAC) system.

The 977 N. Broadway building personnel along with the contracted HVAC vendor performed the maintenance and diagnostic work approved by the Board including the sediment removal from the HVAC system, a drain and refill of water in the closed loop system, and repair of a leaking copper pipe. Despite these extensive maintenance efforts, the HVAC vendor and Building Engineer have identified 14 malfunctioning cooling units that require more specialized repairs. Moreover, the consensus is that recent HVAC failures are likely due to the building's limited Building Management System (BMS).

The Building Engineer and HVAC vendor have presented LACERS with two options: 1) Retrofit the antiquated BMS system with a new system that can integrate with all HVAC components for a more efficient and reliable operation, or 2) enhance the current BMS setup to communicate with the cooling tower and add a user-interface to the system to improve HVAC monitoring capability. Note that these options are not mutually exclusive and that Option 1 includes the enhancement under Option 2.

By retrofitting the BMS under Option 1, LACERS will be able to modernize the current HVAC system and rely on a robust setup that can optimize the building's HVAC functionality. A new BMS will also provide our building staff with the tools to monitor, control, diagnose, and more readily resolve system issues before components fail, minimizing operational interruptions. Under this option, LACERS respectfully requests that the Board approve a budget increase of $500,000 to the FY24 Capital Expense Budget for this capital improvement by moving forward the $360,000 indicated in LACERS' CAP10 for Fiscal Year 2025-26. Current estimates for a full retrofit amount to $400,000, requiring an additional $40,000 above the Capital Plan amount. An additional $30,000 is also requested for the repair of the 14 failing cooling units, plus a $70,000 allowance for property management fees and project contingency. The combined request totals $500,000.

Under Option 2, LACERS can continue to use the current BMS by enhancing the system to connect with the cooling tower infrastructure. This enhancement could improve the HVAC system by allowing the current BMS to monitor and control the cooling tower, but the HVAC vendor and Building Engineer would still not be able to adjust the BMS operations or warranty the enhancement against future failure. At the Board's discretion, the Board may opt to fund this option and instruct LACERS to monitor the performance of the HVAC system before considering a full BMS retrofit. Under this option, LACERS respectfully requests that the Board approve a budget increase of $60,000 to the FY24 Capital Expense Budget. This amount includes a $30,000 request for the BMS enhancement cost and a $30,000 allowance for the repair of the failing cooling units.

Discussion

Recent spikes in Southern California's temperatures have stressed the building's cooling system causing intermittent shutdowns of cooling units throughout the building. On July 17, 2023, just as the first day of a forecasted heat wave started, staff reported uncomfortable temperature levels throughout the building. By mid-morning, the Building Engineer responded to several locations where cooling units were not operating and subsequently reached out to LACERS' contracted HVAC vendor.

After several on-site assessments, the HVAC vendor could not identify a clear cause for the HVAC malfunctions. Instead, the vendor recommended additional tests and extensive maintenance repairs before more invasive work on the HVAC system. On August 8, 2023, the Board approved $120,000 in funding for maintenance and repairs which included the descaling and sediment removal, a flow and pressure evaluation, a drain and refill of the water in the closed loop system, and repair of a leaking cooper pipe.

While these initial repairs have improved the operation of cooling units, their performance is not as consistent or on par to a reliable system and point to a growing concern that the BMS is one of the root problems. Additionally, of the 82 HVAC units, 14 units continue to suffer from major failures and require specialized repairs that are not currently budgeted.

HVAC Impacts to LACERS Operations

The ongoing HVAC issues continue to have significant impacts to LACERS operations. Since mid-July 2023, LACERS has had to work around the various cooling unit failures throughout the building.

One of the HVAC units experiencing significant issues is in the Reception Area and Counseling Rooms on the Ground Floor. In late July, the rooms experienced varying degrees of temperatures that resulted in uncomfortable environments for both our Members and staff. In mid-August, the Reception Area Hours of Operation were changed to limit the exposure to uncomfortable temperatures for Members. By late August, the Reception Area's cooling systems shut down and were deemed unreliable, and all reception area activities and counseling sessions were shifted to the Board Room and Training Room spaces. This temporary solution has remained in place for a few weeks now and will continue to do so until the Reception Area cooling units are once again fully operational.

Additionally, the HVAC failures have impacted the on-site presence of LACERS staff who have had to relocate to other cooler floors or telecommute mid-shift due to the varying temperatures in the building. LACERS staff have submitted numerous facility-related tickets for HVAC cooling issues in their workspaces where temperature quickly rise forcing employees to relocate to another area or leave the building altogether. In the summer months, the cooling failures led to 80-degree plus temperatures; the opposite might occur in winter months when heating issues could arise.

Lastly, since July 2023, the building engineering staff have accrued over 400% of our anticipated overtime expenses to ensure that they manually reset HVAC units each day at 5:00 a.m. to ensure safe operating conditions and remained onsite to mitigate any cooling unit failures. Additional overtime expenses will continue to accrue until the HVAC system is reliable. This is not just an issue during weekdays, but also for weekend activities where building engineering staff need to be present to monitor the working condition of the Ground Floor cooling units.

Current BMS Setup and Limitations

The current BMS has a basic configuration that was in place before LACERS purchased the building and is not properly configured to manage the current HVAC components. Its outdated programming provides minimal features and integrations and inefficient design. This rudimentary system creates management challenges since it lacks any user-interface to assist with monitoring, diagnosing, and troubleshooting. The BMS's configuration also means that the system does not adequately support the new load of 82 cooling units in the building or the newer cooling tower infrastructure. This antiquated system and design also doesn't allow for each of the HVAC components to communicate with each other and to the BMS, which prevents the efficient operation of the various components.

Lack of remote access to the BMS is inefficient, essentially requiring building engineering to be onsite to monitor and manage the HVAC system. Manual intervention is required daily on the premises causing overtime expenses and is not sustainable long term.

Lastly, the system lacks a modern user-interface that would allow staff to see the various inputs on a screen or monitor the BMS performance. Contemporary HVAC systems have user-friendly BMS interfaces that allow building staff to see the system manage the fan coil units, boilers, pumps, temperature sensors, and other components.

Full Retrofit of the BMS

Unlike the current BMS, modern solutions not only provide monitoring and control tools for HVAC systems but are also designed to optimize equipment based on current conditions which promote energy savings and equipment longevity. A modernized BMS includes a monitoring station that displays real-time information on the HVAC components, trigger alarms to management, and even allow for remote monitoring and troubleshooting. A full retrofit of the current BMS would also allow building staff and the HVAC vendor to react to problems sooner, troubleshoot problems before they become costly repairs, address alarms remotely, effectively minimize service calls, and reduce overall future operating expenses.

While a full BMS retrofit is recommended, the recommendation does not come without challenges. The benefits of a new BMS can only be attained with a larger investment by the Board. Also, a full BMS would involve extensive on-site work and cause minor disruptions to operations over several months. It is likely that deployment will happen floor by floor and staff will have to telecommute for days at a time until the HVAC vendor is able to finish connecting each cooling unit to the new BMS.

Despite these drawbacks, LACERS still recommends a full BMS retrofit to ensure that the building has a reliable and efficient HVAC system. The building's CAP10 anticipated making the investment for BMS improvements in FY 2025-26 at $360,000, but this estimate is now revised to $400,000. LACERS recommends allocating this amount to the current FY24 and fund an additional $30,000 for cooling unit repairs, plus a $70,000 allowance for project management fees and contingency. The total requested amount is $500,000.

Option to Enhance the BMS

At the Board's discretion, LACERS can delay the full retrofit of the BMS and opt to enhance the current system by integrating the cooling tower to the system and bring the much-needed user-interface functionality to monitor the HVAC performance. This piece-meal approach is initially less costly but will not be able to connect to the 82 fan-coil units in the building or offer a comprehensive monitoring solution that could be used for preventative maintenance. In essence, we will continue to lack the ability to control the BMS, ensure its reliability, and future HVAC failures are likely to continue to occur. This enhancement will cost $60,000.

Summary

In summary, to minimize further issues with the building's HVAC system, LACERS recommends a full retrofit of the BMS and repair of the 14 failing cooling units. If the Board instead approves to enhance the current design along with repair of the 14 failing cooling units, the Board can still approve a full retrofit of the BMS at a later time and still benefit from these enhancements.

As the diagnostic and repair work continues, LACERS will provide the Board with periodic updates including any updates to the approved option.

Strategic Plan Impact Statement

Ownership in 977 North Broadway advances the Board Governance Goal and Organization Goal by being a cost-effective investment in the long-term as compared to leasing and provides LACERS with complete control over its administrative facilities adding to the organization's efficiency, effectiveness, and resiliency.

Prepared By: Horacio Arroyo, Senior Management Analyst I

NMG/TB/EA:ha

Attachments: 1. Proposed Board Resolution

BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND REPLACEMENTS AND POSSIBLE BOARD ACTION

PROPOSED RESOLUTION

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (977), Los Angeles California at the final negotiated purchase price of $33,750,000; the property is a real estate asset held in a separate account in the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, on May 23, 2023, the Board adopted the 977 Operating Budget of $2,594,474, and Capital Budget of $723,831 for the purpose of performing the maintenance and upkeep work delineated for Year 2 of LACERS' 10-Year Capital Plan;

WHEREAS, the recent spikes in Southern California temperatures have stressed the 977's cooling system causing intermittent shutdowns of the cooling units in the building making some spaces uncomfortable and unhealthy for staff;

WHEREAS, 977 Facility Personnel, working with heating, ventilation, and air conditioning (HVAC) vendors, worked diligently to diagnose the cause for the cooling unit shutdowns, and have cleaned out sediment from the cooling towers;

WHEREAS, most of the cooling units have improved functionality after the extensive maintenance work, 14 cooling units still remain inoperable and require specialized plumbing and electrical work;

WHEREAS, the current Building Management System (BMS) has been found to be inadequate to manage our current HVAC equipment and lacks features and integrations vital to 977 Facility Personnel;

WHEREAS, LACERS' 10-Year Capital Plan included a full retrofit of the BMS system in Fiscal Year 2025-26 with an anticipated allocation of $360,000;

WHEREAS, LACERS recommends repairing the 14 malfunctioning cooling units and carrying out a comprehensive retrofit of the current BMS system estimated to cost $500,000 to modernize the building's HVAC system with tools that monitor, control, diagnose, and timely address HVAC issues, while benefiting from a more efficient system operation that promotes equipment longevity and minimizes operational interruptions;

WHEREAS, at the Board's discretion, LACERS can repair the 14 malfunctioning cooling units but delay a full retrofit of the BMS and instead opt to enhance the current system for an estimated cost of $60,000 that will enhance the BMS with critical connectivity to existing HVAC infrastructure while postponing a full retrofit;

WHEREAS, LACERS will report back to the Board regarding the ongoing diagnostics and repair work on the cooling system;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1) Approve a budget increase of $500,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to the full retrofit of the 977 N. Broadway Building Management System (BMS) and cooling unit repairs; **OR**
2) Approve a budget increase of $60,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for the enhancement to the current 977 N. Broadway Building Management System (BMS) and cooling unit repairs; and,
3) Authorize the General Manager to correct any clerical or typographical errors in this document.

LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: SEPTEMBER 26, 2023
ITEM: VIII – D

SUBJECT: **INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) AND MEDICARE PART B ONLY REIMBURSEMENT MEMBER FEEDBACK AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board authorize the Board President to sign and transmit a letter, including the actuarial analysis and Member feedback, to the Mayor and Los Angeles City Council for consideration of increasing reimbursements to LACERS Retired Members with Medicare Part B premiums.

Executive Summary

Current Los Angeles Administrative Code (LAAC) provisions only allow for the reimbursement of the basic Medicare Part B premium for eligible Retired Members with Medicare Parts A and B. Based on requests of Members and stakeholders, the LACERS Board examined the topic of IRMAAs to understand the impact of IRMAAs to LACERS Members. The LACERS Board approved the actuarial cost study of 1) the reimbursement of IRMAA attributable to a Member's LACERS retirement allowance as well as, 2) the basic Part B reimbursement for Members with Medicare Part B only. LACERS also gathered Member feedback so that all relevant information can be transmitted to City Council for consideration.

Staff recommends sharing this report and previous IRMAA reports dated June 13, 2023, and August 23, 2022, with the Mayor, City Council, and Chief Administrative Officer:

1. August 23, 2022 - Board of Administration Report Item VII-D IRMAA and Medicare Part B Only Reimbursement Consideration:

   https://www.lacers.org/sites/main/files/file-attachments/board_agenda_combined_47.pdf?1660840110

2. June 13, 2023 - Board of Administration Report Item X-B Presentation of the Cost of Medicare Part B Premium Reimbursement and IRMAA:

   https://www.lacers.org/sites/main/files/file-attachments/board_agenda_combined_63.pdf?1686248657

Discussion

In order to receive a LACERS medical subsidy, Retired Members are required to enroll in Medicare Part B when they become age 65 and are responsible for paying the premium cost levied by Medicare out-of-pocket. In the 1980s, the benefit was adopted by ordinance to allow for reimbursement of the Medicare Part B premium for Retired Members enrolled in both Medicare Parts A and B but did not address the Retired Members enrolled in Medicare Part B only. These Part B only Members were former employees hired prior to April 1, 1986, who did not have the mechanism to contribute towards the Federal Insurance Contributions Act (FICA), which would have provided a Medicare Part A benefit. There is a closed group of 1,375 Retired Members with Medicare Part B only coverage who do not receive a premium reimbursement.

The Medicare Part B premium reimbursement benefit provides reimbursement of the basic/standard premium and no reimbursement of IRMAAs. The IRMAA was introduced by the Federal government in 2007 to increase cost-sharing with Medicare recipients with higher taxable income. In 2021, IRMAAs were assessed for people with taxable income over $88,000. This amount may change annually. The more taxable income one has, the higher the amount of additional Part B premium cost, thus creating the perception among Members that their LACERS medical subsidy was devalued because LACERS does not provide reimbursement of IRMAAs.

Basis for the Report

LACERS consistently receives Member feedback requesting a change to the LACERS benefit to include reimbursement of Retired Members' Medicare Part B IRMAA; and to reimburse the Medicare Part B basic premiums for Retired Members who started City employment prior to April 1, 1986, and are excluded from the reimbursement unless they qualify for premium-free Medicare Part A from non-City employment. Due to increased interest from our Members and the Retired Los Angeles City Employees' Association, Inc. (RLACEI), the largest City retired employee association, LACERS conducted preliminary research and analysis of these two issues.

Consideration of any changes to the LACERS benefit requires approval by the City Council and must be accompanied by an actuarial cost study of the proposed benefit. On August 23, 2022, the Board commissioned an actuarial cost of providing reimbursement beyond the basic Medicare Part B premium to IRMAAs. Following the Board's approval, LACERS met separately with the RLACEI and the City Administrative Officer (CAO) to solicit input into the development of parameters of the actuarial cost study and to discuss various options to increase reimbursements to Retired Members with Medicare Part B premiums. The following cost study parameters emerged as feasible.

1) *A direct reimbursement amount, independent of the subsidy calculation.* This is a straight-forward calculation and in line with the methodology currently used for reimbursement of the basic Part B premiums. Aside from the administrative efficiency, this ensures Retired Members with a Medicare Part B premium always receive a premium reimbursement, even if their medical plan premiums exceed their LACERS medical subsidy. Typically, Retired Members with lower number of years of service, and/or in a high-cost medical plan, or with dependents, need to pay a portion of the medical plan premiums and will not have excess subsidy amounts.

2) *Calculation of the allowable Part B IRMAA premium reimbursement based on the Retired Member's retirement income from LACERS defined benefit plan.* This option bases the reimbursement on LACERS' records rather than creating a reliance on the Retired Member to submit records of their federal Modified Adjusted Gross Income (MAGI) which is based on the Retired Member's taxable income. The actuarial study could not be conducted using the Retired Member's federal MAGI as this data is unavailable to LACERS and varies from year to year for each individual.

Cost Study

LACERS plan Actuary, Segal, conducted the study and presented their findings to the Board at the June 13, 2023 Board Meeting. The report detailed the cost of providing the basic Medicare Part B premium reimbursement to Retired Members with Part B only coverage, and the cost of providing reimbursements for each of the five IRMAA bracket levels based on LACERS' census data as of the latest valuation ending June 30, 2022.

The assigned cost of these proposed benefit enhancements are as follows:

Reimbursement of the basic Part B premium to 1,375 retirees who currently are not eligible to receive the reimbursement (those employed by the City prior to April 1, 1986)

- Annual Actuarially Determined Contribution increases by $2.7M
- The total Unfunded Actuarial Accrued Liability (UAAL) increases by $31.6M, from $107.7M to $139.3M for Part B basic reimbursement only, with the annual cost of the UAAL based on a 15-Year Amortization of the plan change increasing from 2.7M to 3.1M
- Funded Ratio decreases from 96.99% to 96.14% for basic reimbursement.

Reimbursement of the Medicare Part B premium surcharge known as the Income-Related Adjustment Amounts (IRMAA), to up to approximately 1,795 retirees (those with Parts A&B and Part B only coverage) with LACERS retirement benefits greater than $91,000 per year. The following changes include the impact of providing the basic Part B premium to the 1,375 retirees noted above.

- Annual Actuarially Determined Contribution increases by $5.8M - $8.9M, depending on the IRMAA bracket used to define the maximum reimbursement.
- The total UAAL increases by $61.4M to $90.8M, from $107.7M to up to $198.5M, with the annual cost of the UAAL based on a 15-Year Amortization of the plan change increasing from 5.2M to 7.7M
- Funded Ratio decreases from 96.99% to as low as 94.59%

Member Feedback

Following the June 13, 2023 Board meeting, LACERS conducted both virtual and in-person meetings with Members to educate Members on Medicare requirements in conjunction with LACERS health benefits, providing further information on the IRMAA, and collecting feedback.

Virtual Meeting

LACERS hosted a virtual meeting on July 12, 2023, attended by 166 participants. Prior to the virtual meeting, Members were able to partake in an online survey available on the LACERS website and share public comments with the Board.

In-Person Meeting

An in-person meeting at the LACERS headquarters took place on July 20, 2023. This event was attended by 28 Members. The process of recommending benefit changes for City approval was highlighted and the findings of the Segal report were shared with Members and stakeholders, followed by a question-and-answer session to collect feedback and address concerns.

Member Survey and Comments

Survey responses (354) and public comments (11) were received online, and numerous questions were asked during the virtual meeting. While most inquiries were regarding general health benefits and Medicare requirements, approximately 36% of the responses focused on the financial impact of IRMAAs and pleas to the Board in making a recommendation to the Mayor and City Council to modify the LACERS benefit to include reimbursement of IRMAA, and the Part B basic premium for Retired Members with Medicare Part B only.

Summaries of the collected feedback are as follows:

Public Comments to the Board Topics	
Support IRMAA Reimbursement	3
Study/Revisit the IRMAA Reimbursement	3
Correct the IRMAA Reimbursement	2
Support Medicare Part B Reimbursement	2
IRMAA General Comment	1
Total Public Comments	**11**

Survey Response Topics	
Support Reimbursement of Part B Basic Premiums for Members with Part B Only	234
Oppose Reimbursement of Part B Basic Premiums for Members with Part B Only	120
Support IRMAA Reimbursement	266
Oppose IRMAA Reimbursement	85
Total Survey Responses • 354 responses were received for the Part B basic reimbursement while 351 responses were received on the IRMAA question	354

Webinar Question Topics	
General – Medicare	21
General – LACERS Medical Plan	7
Support IRMAA Reimbursement	5
General – Webinar Power Point Presentation	3
General – LAAC Change Process	2
General – LACERS Medical Subsidy	2
General – Miscellaneous	2
General – Webinar Recording Availability	2
Other – Los Angeles City Bank	1
General – Comparison to Other Systems	1
General – IRMAA	1
Total Questions Received	**47**

Research of Other Pension Systems

Research was conducted of other retirement systems' Medicare reimbursements, including IRMAA. These included information on government retirement systems that are not reimbursing IRMAA, those that are reimbursing IRMAA, as well as those that are in the process of eliminating Medicare reimbursements.

California Pension System Survey

In July 2021, LACERS conducted an informal survey of ten California pension plans. Three plans provide reimbursement of Part B IRMAAs from Retired Members' subsidies, while Los Angeles Fire and Police Pensions (LAFPP) and six other plans do not. The three plans that provide reimbursement of Part B IRMAAs from Retired Members' subsidies are: California Public Employees' Retirement System (CalPERS), Water and Power Employees' Retirement Plan (WPERP), and San Diego County Employees' Retirement System (SDCERS).

Reimbursements of Systems Outside of California

Additional research was conducted in 2023 on three non-California agencies found to have IRMAA reimbursement – the New Jersey State Pension, the City of New York, and the State of Hawaii Pension.

New Jersey

The New Jersey Department of Pensions and Benefits (NJDPB) reimburses the basic Medicare Part B premium and Part D IRMAA for eligible Retired Members and their spouses based on applicable laws and bargaining agreements. Benefit reimbursement is limited to state pensioners who have a minimum of 25 years of service and retired before July 1, 1995.

New York

The City of New York has been providing Medicare Part B reimbursement since 1968. The City of New York added reimbursement of IRMAA in 2009 for their Members and eligible dependents. Their IRMAA reimbursements are paid annually in October based on their Member's previous year's IRMAA amount, if any, with Members allowed to claim up to three years prior. The added benefit does not include reimbursement for Part D IRMAA or late enrollment penalties assessed by Centers for Medicare & Medicaid Services (CMS).

Hawaii

Further research was conducted of the Hawaii Medicare reimbursements. The Hawaii Employer-Union Health Benefits Trust Fund reimburses the Medicare Part B premium for Members and their dependents who are covered under their retiree medical and/or prescription drug plans. Members with Medicare Part B premiums greater than the standard amount must provide documentation such as the Social Security Administration letter or CMS invoice indicating the higher Medicare Part B premium to receive the higher reimbursement every year.

Recently, the State Legislature of Hawaii passed Senate Bill 1314 H.D.1 that aims to end state and county reimbursement of Medicare Part B premiums for spouses of retirees. The Bill, which awaits final approval by State of Hawaii Governor Josh Green, would affect spouses of retired city and state workers with a hire date after June 30, 2023. In Fiscal Year 2022, Medicare Part B premium reimbursements paid to the spouses of retirees totaled approximately $24.5 million. The Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees estimates that the measure will reduce the State's future annual required contributions by $1.2 billion over a thirty-year period.

Additionally, Senate Bill 1315 S.D.2, which eliminates reimbursement of IRMAA for a retired employee hired on or after July 1, 2023, and their spouse, will reduce future state annual required contributions by $400 million over a thirty-year period.

Strategic Plan Impact Statement

Research and Member outreach on the IRMAA and Medicare Part B reimbursement issue supports LACERS Strategic Plan Goals to provide outstanding customer service and uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Glen Malabuyoc, Senior Benefits Analyst I, and Vi Duong, Benefits Analyst

NMG/DW/KF/GM/VD

Attachments: 1. IRMAA Public Comments
2. IRMAA Outreach Survey Responses
3. Medicare Part B & IRMAA Presentation
4. IRMAA Webinar Questions and Answers
5. July 2023 IRMAA Information Webinar:
https://www.youtube.com/watch?v=R6ImWeAq7oU

BOARD Meeting: 9/26/2023
Item: VIII-D
Attachment: 1

Communication from the Public

Name: Farid Saffar-Irani

Date Submitted: 7/3/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:

Honorable board members,

I would like to express my concern regarding the IRMAA (Income-Related Monthly Adjustment Amount) board letter presented on June 13. While I appreciate the information provided, I have observed a significant oversight that needs to be addressed regarding retirees who have retired under the reciprocity agreement between LACERS and other government pension agencies, such as CalPERS.

The letter primarily focuses on retirement income from LACERS when discussing the income threshold of $91,000. However, it fails to consider the combined retirement pensions of those retirees who benefit from the reciprocity agreement. When retirees combine their pensions from LACERS with pensions from other government agencies, their overall retirement income surpasses the income threshold. Consequently, these retirees are required to pay IRMAA, even though their individual retirement income from LACERS falls below the threshold. This situation creates an unfair circumstance for retirees like myself, as we are penalized for the combined income from multiple governmental pension sources, even though our LACERS retirement income alone would not reach the threshold. It is crucial to acknowledge and address this disparity to ensure fairness and equity for all retirees under the reciprocal agreement. I kindly request that the LACERS board revisits the letter and includes a provision or clarification to recognize the retirees who fall under this specific situation. By doing so, you would not only demonstrate your commitment to fairness but also alleviate the financial burden faced by these retirees due to the current oversight. Thank you for your attention to this matter. I firmly believe that by considering and rectifying this issue, LACERS will continue to uphold its dedication to supporting and advocating for all retirees.

Sincerely,
Farid Saffar-Irani, CPA
Director of Auditing (Retired)
2023-07-03

Communication from the Public

Name: Debra DiPrimio

Date Submitted: 7/6/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting: Medicare IRMAA Penalty
Upon reading todays latest Alive Newsletter I felt compelled to send you an email I sent to LACERS concerning LACERS members being forced to sign up at 65 for Medicare. I do not believe I am wrong in believing that after having worked for the City of LA for over 30+ years my medical would be fully funded. For the last three, coming up on four years I have forfeited over ONE month of my pension income paying the IRMAA penalty imposed by Medicare. Yet if I refuse to pay Medicare and the penalty I am told I will lose whatever medical is provided by LACERS (which I am not sure is any different than Medicare). As far as I can tell the only one benefitting from me paying this IRMAA penalty ($636.90/monthly attached bill - $7642.80/yrly) is a unacceptable way of distributing healthcare to someone other than me or my spouse!

The County of Los Angeles apparently does not require their retirees to apply for Medicare and upon putting in 30years of service upon retirement provide them with healthcare. Many other civil service pensions do not require Medicare enrollment either.

At this point I feel compelled to look at other healthcare options as I feel betrayed by the Retirement Pension Plan I thought I would receive when I began working first for DWP in 1977, transferring to LADPW-BSS in 1986. I retired Jan 2, 2010.

I can only hope you take this to heart and share with those that can correct this travesty!!!

Thank you for listening!
Debra DiPrimio

Communication from the Public

Name: ofeliakim

Date Submitted: 7/6/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting: Medicare Part B Only
Retirees age 65 and older who were hired before April 1, 1986 should have their premium reimbursed for Medicare Part B just like those retirees who were hired after April 1, 1986 for the following reasons: 1) Retirees hired before April 1, 1986 did not pay the 1.5% FICA since the City did not deduct such amount from their salary. This was not their choice nor were they aware of the consequences of this ruling. They were not informed nor were they given a choice on this matter. 2) Retirees who were hired before April 1, 1986 have more seniority and/or served the City longer than those retirees hired after April 1, 1986. Therefore they are entitled to at least the same benefit or better. 3) Retirees hired before April 1, 1986 not only have to pay premium for Medicare Part B from their own pocket but also have substandard health care coverage, a doubled edged sword, which is not their making, and therefore not justified 4) Paying 1.5% FICA while working is less of a burden than paying the part B Medicare premium while you are retired and at least 65 years old. Why should employees who have more seniority/served the City longer be subjected to this?

Communication from the Public

Name: Dan Jeffries

Date Submitted: 7/7/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:
I retired before age 65 under the City's SIP program. At the time I retired, I thought I was helping the City avoid layoffs and financial catastrophe by participating in SIP. When I turned 65, I was required to enroll in Medicare Part B and Part D. Because of the SIP payments and because my spouse is still working, we are paying $560.50 per month for Part B and $76.40 per month for Part D. We receive no additional insurance coverage for this $636.90 monthly expense. It might have made sense to require Part B and Part D before the IRMAA premiums became outrageous, but now it has a huge impact on retired City employees. When we joined the City, employees like me accepted significantly lower salaries than we would earn in non-City employment, with the understanding that our retirement would be secure. Paying these exorbitant IRMAA fees while receiving no additional benefit violates the promise the City made to us to take care of us during our retirement years. I urge you to do what’s right and fix this problem for the benefit of all current and future retired City employees.

Communication from the Public

Name: Moriyasu Bob Oda

Date Submitted: 7/9/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:
I believe that the LACERS Board of Administration should consider financing Medicare Part B Only. The Sega Study indicated that 1,375 retirees are over the age of 65. It is estimated the total cost to LACERS would approximately be $2,720,850 (1,375 retirees x 164.90 monthly Part B Premiums x 12months.) I urge that the LACERS Board of Administrative take positive action in this matter.

Thank you.
Moriyasu Bob Oda

July 8, 2023
TO: LACERS Board of Administration
FROM: Moriyasu Bob Oda
SUBJECT: Part 2 – Retirees with Medicare Part B Only
Re: Los Angeles City Employees' Retirement System (LACERS) - Impact of Increasing Retiree Part B Premium Reimbursements to Account for the Income Related Monthly

Adjusted Amount (IRMAA).
I encourage that the LACERS Board of Administration aid and support retirees with the cost of Medicare Part B Only. I was hired by the City of Los Angeles on November 6,1972 and retired on April 22, 2005 with 35 years of service with military buyback of 3 years. I am 78 years old and do not qualify for Medicare Part A & B and have 31 social security credits prior to employment with the City of Los Angeles. I have been living in Henderson Nevada for the past 12 years and only qualify for only one Medical Plan that would accept Part B Only. I have volunteered my time as President of Board Directors for a HOA community of 546 homes. I have been paying Medicare Part B Only for over 18 years with the estimated cost for myself in excess of $25,450 (Attachment A). I am not at a threshold for level 1 Income-Related Monthly Adjusted Amounts ("IRMAA").

Excerpts from the Segal Study

Retirees with Medicare Part B Only
"Currently, eligible retirees with Medicare Part B only coverage receive health and dental subsidies but are not eligible for a Part B premium reimbursement. In the June 30, 2022, OPEB valuation, there were 1,375 retirees over the age of 65 with Part B plans or Part B waiver plans (583 Part B + 792 Part B waiver coverage) who were not receiving a Part B reimbursement…" "…that 1,045 (76%) of the 1,375 current Medicare Part B only retirees receive a LACERS retirement benefit that is less than or equal to $91,000. These retirees would not be impacted by the IRMAA enhancements. However, all 1,375 would benefit from receiving the base Part B

Communication from the Public

PUBLIC COMMENT CONTINUED

premium reimbursement which they currently do not receive." I believe that the LACERS Board of Administration consider supporting and financing retire members with Medicare Part B Only.

Thank you for your consideration.

Moriyasu Bob Oda CONTINUED

Attachment A
Historical Medicare Part B Premiums
Year Standard Monthly Premium (Before Income Adjustments)

2023
2022
$164.90
$170.10
2021 $148.50
2020 $144.60
2019 $135.50
2018 $134.00
2017 $134.00
2016 $104.90
2015 $104.90
2014 $104.90
2013 $104.90
2012 $99.90
2011 $115.40
2010 $110.50
2009 $96.40
2008 $96.40
2007 $93.50
2006 $88.50
2005 $78.20
2004 $66.60
2003 $58.70
2002 $54.00
2001 $50.00
2000 $45.50
1999 $45.50
1998 $43.80
1997 $43.80
1996 $42.50
1995 $46.10
1994 $41.10
1993 $36.60
1992 $31.80
1991 $29.90
1990 $28.60
1989 $31.90
1988 $24.80
1987 $17.90
1986 $15.50
1985 $15.50
1984 $14.60
1983 $12.20
1982 $12.20
1981 $11.00
1980 $9.60

Communication from the Public

Name: noiluzn

Date Submitted: 7/11/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:
A Medicare rep at CMS told me off the record that the IRMAA effectively penalizes us for saving and investing to boost our retirement income, as encouraged by the City through Deferred Comp, etc. And the IRMAA scaling is wacky. For example, it jumps from $64 for those with total income (taxable and non-taxable) below $123,000 to $164 for those with total income over $123,000.

Communication from the Public

Name: MIKYONG JANG

Date Submitted: 7/14/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:

LACERS SHOULD REIMBURSE IRMAA: ANY LACERS' RETIRED MEMBERS WHO PAID 4% CONTRIBUTIONS TOWARD POSTEMPLOYMENT HEALTHCARE BENEFITS DURING THEIR EMPLOYMENT AND ARE ELIGIBLE TO RECEIVE 100% MEDICARE SUBSIDY AT AGE 65, SHOULD NOT PAY ANY ADDITIONAL OUT OF POCKET MEDICARE PREMIUM SUCH AS IRMAA SURCHARGES. IRMAA SURCHARGES (FOR PART B AND D) ARE SUBSTANTIAL AMOUNT FOR RETIREES. THOSE MEMBERS HAVE BEEN DISCRIMINATED BY LACERS AS LACERS DIDN'T REIMBURSE THE FULL AMOUNT PF MEDICARE PREMIUM THEY PAID. AS LONG AS RETIREES ARE ELIGIBLE TO RECEIVE 100% MEDICARE SUBSIDY FROM LACERS, FULL AMOUNT OF PREMIUM PAID SHOULD BE REIMBURSED. MOST OF THESE MEMBERS DIDN'T HAVE TO PAY ANY HEALTH INSURANCE PREMIUM BEFORE MEDICARE KICKED IN. BUT, AFTER THE MEDICARE, THEY HAVE TO PAY AT LEAST ALMOST $1,000 A YEAR AND IT WILL BE KEEP GOING UP. IT'S VERY UNFAIR. LACERS ADMINISTRATIVE COST TO IMPLEMENT THE REIMBURSEMENT OF IRMAA WILL BE MINIMAL AS LACERS PAYROLL SYSTEM ALREADY INCORPORATED 100% OF MEDICARE SUBSIDY ELIGIBILITY. UPON ELIGIBLE MEMBERS ANNUALLY SUBMIT THE PROOF OF THEIR IRMAA PAYMENT FOR PRIOR YEAR, LACERS CAN MAKE ANNUAL ADJUSTMENT FOR REIMBURSEMENT ON RETIREMENT PAYROLL.

Communication from the Public

Name: Michael F. Duran

Date Submitted: 7/21/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:
IRMAAs represent a significant additional Federal tax on my health care benefits. I urge LACERS to reach out to the LA City Council and address this issue by enhancing our benefits.

Communication from the Public

Name: Debra DiPrimio

Date Submitted: 7/21/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting: Medicare IRMAA Penalty
I recently became aware that LA County does NOT make it a requirement to apply for Medicare at age 65, to continue to keep their medical retiree benefit. It appears the County continues to provide full paid medical their 65+ retirees because it was considered as part of their pension plan upon being hired.

I began working for the City of LA, first at DWP on 12/26/1977 and later transferring to LADPW/BSS in 1986. The entire time I also believed the City would cover my retirement medical benefits when I retired after 32+years of service.

Since turning 65 (almost 3 years ago) I have had to pay Medicare & the max IRMAA penalty which this year is $636.93 monthly!!!!!!! This penalty only gets me the same care (Anthem Blue Cross PPO) I was receiving all my career and through my retirement until I turned 65. I am receiving NO benefit from Medicare that LACERS did not already provide. Who is benefitting from this? Not me!

IRMAAs cost our retirees thousands of dollars EVERY YEAR! (IRMAAs are charged to LACERS retirees who are 65+ years old and REQUIRED by you to be in a Medicare plan). The 3% COLAs do not begin to cover the IRMAA penalty for many. (It should be noted they determine your IRMAA penalty based on 2 year prior Tax Return, which can be triggered by a home sale, inheritance, a much needed secondary job income, a spouse still working, etc.)

WHY does the City of LA require its retirees to apply for MEDICARE when other public agencies do NOT?! I can understand having folks apply if they will NOT be affected by IRMAA, but those who are should be exempted from this arbitrary penalty.

My retirement this year alone has been decreased by $7643 OVER a month & a half of retirement income to me! Who benefits from me being required to have Medicare?

You have the ability to direct the Benefits Committee to hire an actuary to explore IRMAA reimbursements (or eliminate) the Medicare requirement for those impacted by IRMAA and to share that information with the CAO.

Communication from the Public

Name: Diane Boose

Date Submitted: 6/19/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only

Comments for Public Posting:

Dear LACERS Board,

As a LACERS retiree, I request that you please support the recommendation on this item. IRMAAs are expensive for retirees and an unforeseen cost for many that can add up to hundreds of dollars each and every month.

Sincerely,
Diane Boose

Communication from the Public

Name: Seanean Colson-Durden

Date Submitted: 6/19/2023

LACERS Agenda Item: IRMAA/Medicare Part B Only Public Comments

Comments for Public Posting:
Dear LACERS Board,

As a LACERS retiree, I request that you please support the recommendations on this item. IRMAAs are expensive for retirees and an unforeseen cost for many that can add up to hundreds of dollars each and every month.

Thank you for your consideration in this matter.

Sincerely,

Seanean Durden

BOARD Meeting: 9/26/2023
Item: VIII-D
Attachment: 2

Outreach Survey

IRMAA Outreach Survey Responses

No. of Responses

354

- Retired LACERS Member: 83.5%
- Active City Employee: 13.5%
- Survivor of a Retired LACERS Member: 2.1%
- Other Stakeholder: 0.6%
- Non-LACERS Member - tax payer: 0.3%

Survey Question: Should the City prioritize funding enhanced benefits for Medicare Part B Only Retirees (approx. 1,375 Members)

Yes: 66% of respondents (234)

- Blue: respondents concurred that the reason the benefit should be provided is because Part B only retirees did not have the option to pay 1.5% FICA as active employees because they joined the City before 4/1/1986.
- Purple: respondents provided their own comments on the next page

No 34% of respondents (120)

- Yellow: respondents concurred that the reason the benefit should not be provided is because these retirees receive a hospitalization benefit in their LACERS non-Medicare plan even though they did not pay 1.5% FICA as active City employees
- Red: respondents provided their own comments on the next page

Survey Question: Should the City prioritize funding enhanced benefits for Medicare Part B IRMAAs for Retirees paying IRMAAs (approximately 1,795 members with LACERS retirement benefits greater than $91,000/yr.)

Yes: 76% of respondents (266)

- Blue: respondents concurred that the reason the benefit should be provided is because the benefit is commensurate with their responsibilities when working for the City
- Purple: respondents provided their own comments on next page

No: 24% of respondents (85)

- Yellow: respondents concurred that the reason the benefit should not be provided is because the enhancement benefits 16% of the retirees who have the highest LACERS benefits
- Red: respondents provided their own comments on the next page

ENHANCED REIMBURSEMENT FOR MEMBERS WITH MEDICARE PART B ONLY

Survey Question: Should the City prioritize funding enhanced benefits for Medicare Part B Only Retirees (approx. 1,375 Members)

Yes: 66% of respondents (234)	No 34% of respondents (120)

COMMENTS *SUPPORTING* REIMBURSEMENT OF THE BASIC MEDICARE PART B PREMIUM FOR MEMBERS WITH PART B ONLY

The following are comments received from the survey.

- 193 respondents agreed with this following statement: YES - Part B only retirees did not have the option to pay 1.5% FICA as active employees because they joined the City before 4/1/1986.

Additional comments:

Summary: Retirees advocating for the reimbursement of the basic Medicare Part B premium for Members with Part B-only highlight the overwhelming financial impact this expense has on their retirement budgets, with some facing monthly costs exceeding $500. They express frustration at the lack of prior information regarding Social Security implications, feeling that they would have made different decisions if adequately informed. These retirees argue for reimbursement as a matter of fairness and equity, ensuring that all retirees are supported in managing unexpected and substantial costs during their retirement years. They stress the need for a solution that considers the changing circumstances and challenges faced by retirees over time.

- The amount is HUGE and unfair at this time of Life...as well as LTC, other $
- Retirees should not have to pay more than the amount prior to age 65 due to limited fixed income. With inflation and limited fixed income, retirees can get a large surprise monthly bill when they turned 65 where they did not have to pay before. In some cases, the bill could be up to $500 a month which will impact their monthly expenses.
- When I turned 65 my quarterly premiums for Medicare Part B was $600. Now I pay $362 monthly. I'm paying over $4300.00 for my out-of-pocket cost for Medicare Part B.
- After 34 years with LA City, I had to choose between my LACERS medical insurance and my spouses LAPRA medical insurance as Medicare accepts only one plan. As a result of a cancer diagnosis, I had to pick LAPRA due to coverage. This caused me to lose my LACERS Medicare supplement, so even though I gave up the medical insurance I was further punished by taking away my supplement. This is entirely unfair and unjust!!
- As long as it is a requirement to join Medicare in order to be covered by a LACERS health plan, the Medicare subsidy should be reimbursed.
- It's the fair approach!
- Many City retirees, like myself, are being penalized for our prior work experience by having our Social Security pension docked because we have a City pension. We worked for that SS pension honestly, and did so in years when we were not working for the City. This is not

COMMENTS *SUPPORTING* REIMBURSEMENT OF THE BASIC MEDICARE PART B PREMIUM FOR MEMBERS WITH PART B ONLY (CONTINUED)

double dipping. This is fairness. This inequity should be fixed and LACERS should be working on solutions to this unfairness.

- Fundamentally I support maximum equitable benefit from the City for each individual who worked for the City (rather than non-working dependents/spouses), but don't know how to answer this question that is not applicable to me and shouldn't create further inequity in providing healthcare as a universal human need. This shouldn't be a tribal war pitting interest groups against each other.
- It is totally unreasonable that an employee hired in 1985 is being treated differently from one hired in 1986!
- I declined the opportunity to pay into ssi back in the 80's but was not informed as to why I would want to pay ssi. My supervisor said they never paid into ssi because the City had their own retirement system. The old guys at the time said no way to ssi.   To be fair someone at the city should have explained to me the price I would pay for part B.   Most definitely I would have elected to pay ssi if I had known why!!   A LACERS guy said us old timers got a raw deal!!
- I'm now told I have to pay part B till the day I die and if I mess up on paying I can't get back in till the next open enrollment and I will pay an additional penalty till the day I die. By not informing me why I should pay ssi back in the 80's can only be called a dirty trick or as my LACERS guy says, we got a raw deal.
- I signed up in 1972 with the City because of the benefit package and stay on for 32 years. I am paying for Part "A" Medicare and only have Part "B". Blue Cross/Blue Shield is actually paying for my medical plan. I do not qualify for Medicare and do not have the 40 working quarters. I started my career for the City of Los Angeles in 1972. At the time the time benefit retirement medical would be paid by the City.
- LACERS should help fund everyone's Medicare premiums. This survey feels biased.
- Cost are going up for retirees
- Much has changed, and continues to change, since these benefits were enacted. I agree that enhancements should be considered, especially if to the greater benefit of retirees.
- The cost is too high otherwise.
- Due to high, still rising inflation rate
- Enhancement was expected at retirement.
- Why did I work 35 years and get promised lifetime medical when I actually do not get lifetime medical. I am required to accept medicare which I have to pay for. I already paid for my benefit.
- Most of these retirees didn't get promoted because they were working too hard for the City. It's only fair that they get better COLA raises now that they're retired.
- Need better benefits
- Every little bit helps all retirees to get more benefits.
- The City should reimburse more than the amount provided by social security.
- To maximizing the medical benefits

COMMENTS *OPPOSING* REIMBURSEMENT OF THE BASIC MEDICARE PART B PREMIUM FOR MEMBERS WITH PART B ONLY

The following are comments received from the survey.

- 83 respondents agreed with this following statement: NO - These retirees receive a hospitalization benefit in their LACERS non-Medicare plan even though they did not pay 1.5% FICA as active City employees.

Additional comments:

Summary: Respondents expressing an opposing view to reimbursing the basic Medicare Part B premium for members with Part B-only question the fairness, financial implications, and relevance of the proposed change. Concerns are raised about the equity in providing these benefits to retirees who did not pay into the healthcare defrayal cost or FICA tax during their employment, and there is a sentiment that those who paid into these systems should not subsidize the benefits of those who did not contribute. Some respondents' express satisfaction with the existing arrangements and believe there is no need for change, while others cite a lack of information and understanding about the issue to form an opinion.

- This seems like a complex issue that has a very direct, important impact on the people dealing with Medicare for pressing health needs. I am not clear if this is a question of morality, finances, or something else. more info please.
- Not enough information to consider a change.
- I know nothing about this issue
- Really not sure. I have noticed Medicare benefits have been reduced
- I don't know enough about how a change would affect the amount we receive in our pension.
- I need more information.
- Because they did not pay 1,5% FICA.
- Not fair they did not pay, simple idea, take care of people who paid in to and worked.
- I don't know for sure what it means. I think it means that people who did not pay in the system need to pay for part B. If that is the case, then I agree with no.
- If these retirees did not pay into the healthcare defrayal cost and/or FICA tax, then what justify for the reimbursement "priority"?
- Since other employees didn't earn it and are not entitled
- Only those retirees that paid for Medicare as an active employee should receive the enhanced benefit for reimbursement of both Medicare basic premiums and IRMAA's.
- Retirees that paid into Medicare, as an active employee should receive an enhanced benefit to pay for their basic Medicare, premium and Erma's because they have earned them. Those retirees that earn less than the maximum retirement benefit, must supplement their retirement income with supplemental retirement funds that caused them to incur And Irma. Those retirees that did not pay into Medicare during their employment should not receive these enhanced benefits regardless of whether they had the opportunity or not to pay the 1.5% FICA payroll tax. The retirees that paid this tax should not subsidize those that did not.
- No, why should I be penalized by paying for their reimbursement.

COMMENTS *OPPOSING* REIMBURSEMENT OF THE BASIC MEDICARE PART B PREMIUM FOR MEMBERS WITH PART B ONLY (CONTINUED)

- Many people retired early on the backs of active employees. Why should we subsidize more of retirees benefits? Also, if I'm a single individual, would enhancing benefits for retirees with spouses or children mean I'll be subsidizing their benefits as well?
- Retiree health benefits costs have increased by legislators who didn't consider the impact to everyone who needs it. Passing these costs onto current employees shouldn't be the only option.
- It is sufficient
- I really don't know why it has to be changed if it's working
- It seems to be ok for now
  I think it is satisfactory
- Those members contributed less than 6% during their City active years
- Relatively small number of retirees affected.
- It is fair for all

ENHANCED REIMBURSEMENT FOR MEMBERS WITH MEDICARE PART B INCOME RELATED MEDICARE ADJUSTMENT AMOUNTS "IRMAA"

Survey Question: Should the City prioritize funding enhanced benefits for Medicare Part B IRMAAs for Retirees paying IRMAAs (approx. 1,795 members with LACERS retirement benefits greater than $91,000/yr.)

Yes: 76% of respondents (266)	No: 24% of respondents (85)

COMMENTS *SUPPORTING* REIMBURSEMENT OF THE MEDICARE PART B IRMAA

The following are comments received from the survey.

- 222 respondents agreed with this following statement: YES - the benefit is commensurate with their responsibilities when working for the City

<u>Additional comments:</u>

Summary: Retirees voicing their support for the reimbursement of Medicare Part B IRMAA (Income-Related Monthly Adjustment Amount), cite various reasons for their endorsement. A common sentiment is the belief in the City's promise to provide them with full medical coverage for life. The introduction of IRMAA expenses post-retirement is seen as a breach of this assurance, leading to concerns about the fairness and equity of the retirement system. Another recurring concern is the unexpected nature of IRMAA expenses. Many retirees did not factor in these additional costs when planning their retirement, which can significantly strain their budgets, especially as healthcare needs tend to increase with age. Additionally, IRMAA expenses can be triggered not only by earned income but by the cash payout at retirement, the required minimum distribution at age 73, inflation, a home sale, municipal bond interest, and capital gains, further complicating financial management on a fixed retirement income. IRMAA expenses are viewed as an unforeseen and unavoidable financial burden that erodes the benefits they were promised for their years of service, effectively penalizing them for choosing careers with the City. Some retirees emphasize that the IRMAA-related impacts are exacerbated by the existing Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) rules, which already affect their Social Security benefits. The rising cost of living and inflation are significant concerns as well. Retirees stress that IRMAA expenses, combined with the general increase in living expenses, are challenging to manage without assistance, particularly for those with fixed incomes.

- It is wrong to hit them with this after they retire, and it's not necessary because of the money that they saving the city by being older than 65. You ought to be ashamed of yourself. You promised them full medical coverage when they retired and that's what they should get. Don't use the fact that they working to not pay the Irma.
- Currently my wife who had 35 years of service with the city is required to pay $450 per month for medical health insurance. I will be in the same boat next march. This means we will be paying nearly a $1000 a month for health insurance we were promised to be paid for by the city for the rest of our life
- I already paid for this benefit while employed by paying FICA taxes to cover Medicare and an additional 4% toward healthcare benefits. We had no prior knowledge before retiring this would be imposed on us by the Federal Govt and Medicare. Perhaps, if we had known, many of us would have continued working. Also, DWP reimburses IRMAAs if there is excess subsidy. In equity to all LACity employees, LACERS should do the same to dispel the great difference in the 2 City pension systems
- Not only will greater enhanced coverage of IRMAA costs reflect these employees' major contributions to the City when we were active employees, but the income-based IRMAA premiums have become a real drag on our retirement benefits, greatly diminishing our end net amount. This was unanticipated and unavoidable when we retired from the City. We are now being penalized for wanting to work for the City as a rewarding career choice. Heretofore, our retirement benefits did not take this into consideration and it is needed to level the playing field with other retirees. Proportionately, we may have ended up netting less compared with other retirees.
- As incomes continue to rise, more members will be required to pay IRMAA adjustment, thereby reducing the actual value of the 100% medical promised after 30 years of service. Additionally recent retirees were required to contribute to retiree medical care when they were active employees. All current City employees are required to contribute funds towards future retiree medical costs. City staff hired after 1986 made contributions to FICA, etc and are now being penalized for the pension benefits they receive. In many cases, employees with $0 premium costs through the HMO are now paying up to $600 in monthly IRMAA costs. The premium costs to for the Kaiser Senior Advantage are significantly less than the monthly IRMAA payment.
- Premiums are much higher than anticipated. With inflation and every price going up, it is hard to make ends meet for many. The City promised to cover medical costs for retirees. IRMAAs make this a stretch for many.

COMMENTS *SUPPORTING* REIMBURSEMENT OF THE MEDICARE PART B IRMAA (CONTINUED)

- I retired at 37 years. I always knew that after 25 years with the City, medical insurance was 100% paid. I knew about Medicare, but never IRMAA. I became a widow at age 61, and subsequently had to file income tax as "single". It put me into a higher tax bracket with the combined survivor income showing as just mine. There appears to be no consideration for widows as far as income for IRMAA. I never had to pay for medical coverage while working or up to age 65 when I enrolled in Medicare. The IRMAA portion I pay after my current City reimbursement for Part B is $314.40. The City of Los Angeles provides one of the best benefits packages. It was a major factor in my career for 37 years. Never had a complaint about what was provided. Now, as a "senior" I find my expenses to be higher with insurance that I thought was going to be 100% provided upon my retirement.
- Very expensive and was promised full medical and dental benefits
- The issue is not so much the IRMAA for retirees with a pension of greater than $91K; it is the lower pension employees who are pushed into IRMAA brackets when taking capital gains, which fluctuate year to year
- SIP retirees were bumped into a higher tax bracket due to the cash payout and therefore subject to the IRMMA higher income limits with no prior warning. Enhanced benefits should have been provided to prevent this added tax on the SIP retirees. The point of the SIP program was to help the city reduced cost to city budget during the pandemic economic hit, yet it was the retirees that ended up getting penalized with this voluntary program.
- Retired in 2022. Pension income is about $100K but IRMAA was almost $600 per month due to vacation/sick payout. I filled out SSA forms and brought IRMAA down to 2nd tier. Because of high cost of IRMAA I cannot invest personal funds because added income will bump me back up to higher tiers again.
- At age 73 RMD's from IRA's and deferred comp will push more retirees into the higher IRMAA categories. This will greatly increase health care costs to retirees.
- A retired member, single tax filer or married filing separately has a higher possibility of triggering IRMAA as soon as mandatory withdrawals from Deferred compensation takes place. In addition, there will be no incentive to try to make any additional income after retirement like a part time job or investing in anything to enhance retirement income due to possibility of triggering IRMAA. A retired member should be able to be enhance retirement income without the fear of triggering IRMAA
- Yes. IRMAAs are triggered when members are pushed into higher tax brackets by inflation. Some are pushed into higher income (and IRMAA tax) brackets because of a house sale to downsize in retirement or Required Minimum Distributions. Employees promised 100% medical after 30 years of service are being penalized and the benefit is diminished because of the IRMAA penalty
- IRMAA IS EXPENSIVE. INCOME FROM THE PENSION, SALARY FROM WORKING AS A RETIRED SUB, AND TAX-FREE MUNICIPAL BONDS TRIGGERS A HIGH IRMAA MONTHLY BILL.
- IRMAA is excessive for a SINGLE person with a pension who has worked for 36 years. It is unfair that IRMAA calculates earnings from earnings from municipal bond interest which is low in order to benefit municipalities. Add in 457b RMDs and IRMAA becomes EXCESSIVELY

expensive. Also, I am a retired city "as needed" employee. FICA MEDICARE IS DEDUCTED from these paychecks. Further, my social security has been reduced to $0 because of GPO, Government pension offset rule. IRMAA IS EXCESSIVE because it is based on pension,457 distributions, tax free bonds, and salary of a retire which has a FICA MEDICARE TAX.

- IRMAA fees should be reimbursed for retirees who have windfall or infrequent exceptional earnings, however those retirees who regularly collect benefits greater than the IRMAA threshold should be excluded. The basic IRMAA calculation seems to be regressive, in that it penalizes those who have a one-time spike in income due to a major life changing event. Retirees whose pension earnings alone trigger an IRMAA certainly have the income to pay the additional cost sharing amount, whereas those who collect lower pension amounts would be significantly burdened. IRMAA was developed to fund Medicare and strengthen the system for all retirees
- Our ss benefits are already impacted by "windfall effect" for those of us who worked and contributed to ss for 20yrs., in my case. in my case, i only receive $617.49 per month from ss after contributing full benefits as a social worker with county if Los Angeles.
- If a LACERS retiree had contributed to the Social Security System via employment outside of "government" and upon full retirement age (federal) their retirement monetary benefit will be deducted significantly per SSA ruling. The deduction of SS retirement funds and paying IRRMA is a bit excessive to a retiree. Either include reimbursement of IRRMA payments to the LACERS retiree or adjust the monthly benefit to include the loss of SSA monetary benefits. Members of LACERS are proud of what they have achieved through their service with the City of LA. It has been noted in various circles that LACERS has one of the best retirement systems in the nation. LACERS is a system to be proud of. To help its members receive every cent deserved to them would make the LACERS system stronger and well respected among its members, both active and retired
- Yes, not right for SS to add added fees, if u need to work after retirement for more money u should not be penalized, LACERS should reimburse for IRMAS to combat the high economy.
- one time in 2021 (2021) a returned to the amount it had been previously in 2022. My Social Security amount was already adversely impacted by the Windfall Provision. Since my income increased for only one year, I think it would be more equitable for the IRMMA to be applied on only a case-by-case basis and not include income higher for only one year.
- Most of your retired city workers don't make that much money, but when filing jointly married with a spouse who works full time, the IRMMA goes way up from $169 a month to $297 per month which is a lot of money taken away from the Social Security Benefit if you had worked prior to joining the City of LA.
- Because the SSA surcharges retirees' Medicare Part B so they should receive reimbursement especially if they are not using their full subsidy because their health plan costs are less. I know this is soooo late but I think LACERS should pay for part B of Medicare for retirees who only have Part B of Medicare because they may be people who spent their whole life working for the City. So if they spent 25 plus years with the City as their single employer, they should get their Medicare paid for just like those who may have worked for other employers.

COMMENTS *SUPPORTING* REIMBURSEMENT OF THE MEDICARE PART B IRMAA (CONTINUED)

- Unfortunately, it comes at a time when more of one's resources are already being spent on healthcare related expenses. Prior to turning 65, this expense wasn't a factor. This additional financial burden comes at a time when we require more from the healthcare system and our out-of-pocket expenses are more. There are costs that you don't even consider until you have a need, e.g., parking, gasoline to get to and from doctors' appointments, expensive medications, etc. I recently spent $15.00 dollars a day for five days to visit my wife while she was hospitalized
- Active employees contribute 11% to LACERS, which included 4% healthcare Defrayal & 1% for ERIP, with the additional 1.5% for FICA Medicare. At 65, retirees are required to enroll in Medicare which saves the City money. But the reimbursement amount is so low that it does not cover the premium. The City needs to raise the reimbursement amount above the "basic" level. We contributed to the healthcare defrayal cost while active, so the City should at least help us with premium cost. With high inflation and rising cost across the board, retirees are feeling the pain in the pocket book. With high inflation and rising costs across the board, please consider raising the reimbursement level to help retirees during our twilight years without having to worry about paying our soaring medical bills.
- The IRMA monthly cost is a significant income drain that was not planned or anticipated when I planned my retirement in 2017. This will become an bigger drain to our budget, which is largely based on my retirement income, when my wife turns 65 later this year and also must go onto Medicare. This additional IRMA including mine will be close to $1000 per month and will effectively reduce my retirement benefit by 7%. This is a huge negative impact to our budget and what we expected to receive from the City after 43 years of service. The IRMA for my wife and I effectively reduces my retirement benefit by 7%.
- When both my husband and I retired from the before we turned 65, we were unaware of the impact the IRMAA would have on our monthly income. Consequently, when we began obtaining Medicare we were shocked at amount that we would EACH have to pay. This year our Part B IRMAA was $263.70 and our Part D IRMAA is $50.70. So my total per month is $314.40. My husband, who is now in social security, can offset that amount from his Medicare.
- As we age, we worry about the likelihood of needing to hire caregivers and this monthly income would be helpful for that purpose as those costs increase as well as our population ages.
- I pay $636.95/monthly to IRMAA which is more than one month of pension benefits a year. I should NOT be penalized by IRMAA in order to receive my LACERS medical care which I worked 35 years to receive. Those who must pay IRMAA should be allowed to opt out of signing up for Medicare with no change in their pre-65 medical through LACERS!! Other Civil Service retirement pensions do NOT require their retirees to sign up for Medicare to receive their medical benefits. LACERS should be no different! Instead of reimbursing the IRMAA penalty, the City could give those employees impacted the option to apply for Medicare knowing that they will have to pay an IRMAA penalty, or they can chose NOT to apply and continue to receive their pre-65 health benefit plan from LACERS.

- What a no-brained win that would be for so many of us impacted by this unexpected and painful reduction in our pension benefits! I pay $636.90/monthly to IRMAA (or $7642.80 yearly) so I am losing 1-1/2 months of my yearly pension goes to pay this penalty. Do the right thing for your retirees and get rid of this requirement to apply for Medicare or reimburse the cost of the penalty you are forcing your retirees to incur.
- Any and all enhancements will help all Retirees! More is better than less, thus would keep up with an inflationary society! They would view it in a positive way!
- Retirees should have an enhanced benefits for Medicare Part B since inflation is getting higher than expected.
- Inflation, eventually benefits watered down with time. Why are all people around me not p paying into get it all, mad as hell.
- It is part of the premium. Shouldn't be penalized for working to keep pace with inflation
- Retirees should not have to pay more than the amount prior to age 65 due to limited fixed income. With inflation and limited fixed income, retirees can get a large surprise monthly bill when they turned 65 where they did not have to pay before. In some cases, the bill could be up to $500 a month which will impact their monthly expenses. Retirees already have a hard time making ends meet with high inflation and rising housing rental. Any addtional expenses we didn't have to pay prior to 65 should remain the same after 65.
- cost of living is so high in California that $91,000 is not a high enough pension to not be impacted by the substantial increase from IRMAA. Each year more people will be affected by this because of the increase in salaries of current employees who will be retiring and because of our COLA in this high inflation period
- Employees should not penalize because they earned a higher income.
- Benefits greater than $91,000 per year is not an exuberant amount in the Los Angeles area. More and more retirees will have to pay IRMAAs in the future impacting them financially, along with the Windfall Elimination Provisions. As long as it is a requirement to join Medicare in order to be covered by a LACERS health plan, as much of both Medicare and IRMMA costs as possible should be reimbursed. Even with a full IRMAA reimbursement to the highest paid employees, the cost savings to the City is still measurable.
- 1). These retirees had high level positions with a lot of responsibility.

2). Because of the IRMAA premiums, these members pay far more in premiums for comparable care than retirees under 65 years old. Because of the additional IRMAA premiums, these retirees pay substantially more in premiums than retirees who are under 65 years old for comparable benefits & coverage.

- I don't know as i pay higher premium based on income. I'm just great full for the benefits I have.e
- The IRMAAs are unfair based on our retiree status and cost prohibitive - especially for the Part D!
- Not only do I pay for IRMAA Parts B and D but my husband also has to pay both IRMAA's since we file joint income taxes. The premiums plus the IRMAA surcharge is an undue burden especially for him since he only receives a social security check, It unfairly impacts retirees under 65 while they are ineligible for Medicare. There is no out of pocket expense while you are retired

COMMENTS *SUPPORTING* REIMBURSEMENT OF THE MEDICARE PART B IRMAA (CONTINUED)

- It's the fair approach! I think it's just a matter of being fair. I was subject to the increase because I received a one-time incentive payment to retire in 2021. I should not have to pay the increased amount because my annual pension is about $80,000 annually.
- Many of the decisions governing current benefit rates and requirements were made years ago. The reasons and rationale for those decisions are no longer valid. It is time for new consideration to be given these and other benefits, etc.
- Yes Since those retirees who were active employees prior to 4/1/1986 are not able to get reimbursed for Medicare B only reimbursement therefore they should get reimbursed for the IRMAAs as well. As mentioned those retirees who were active employees prior to 4/1/1986 were not able to receive the Medicare Part B Basic Premium Reimbursement which needs to be reviewed.
- City should assist with the IRMAAs or at least allow retirees to use any unused or remaining portion of medical subsidize to pay for the IRMAAs. The City already subsidizes our health insurance with a fixed amount of allowance monthly. So if retirees do not use all allowance to pay for medical subsidize then any remaining amount should be allowed to be used to pay for the IRMAAs. There is no extra cost for the City because the City is already set aside and obligated
- I worked 35 years with the City and I had a total of four of us on my Kaiser medical plan and paid very minimal for the family health plan till my boys were 24 years old. Once you are retired you may be facing these same concerns, it is while you are still working that you need to concerned about making changes before you are retired.
- Retirees need a break!
- Retirees/Seniors need better benefits
- CA
- Help our hurting economy, help the president with his actions, win win.
- No extra payments during retirement.
- Increase the IRMA Reimbursement amount by at least an additional of $100.00

COMMENTS *OPPOSING* REIMBURSEMENT OF THE MEDICARE PART B IRMAA

The following are comments received from the survey.

- 54 respondents agreed with this following statement: NO - keep current level of benefit - the enhancement benefits 16% of the retirees who have the highest LACERS benefits

Additional comments:

Summary: Survey respondents opposing reimbursement of Medicare Part B IRMAA costs generally argue that it may not be fair or financially sustainable to provide such reimbursement, emphasizing the affordability of IRMAA for those with higher pensions. Some respondents express confusion or a lack of information regarding the issue, making it difficult for them to form a strong opinion. There is a sense that those who did not pay into the healthcare defrayal cost or FICA tax during their employment should not receive enhanced benefits, including IRMAA reimbursement.

- They make enough money.
- If they make that much money why prioritize them. Help those in need first especially the ones who get less retirement money
- No. Most part B payees are not near $91,000 pay grade. Part B Medicare payees are in need of immediate assistance, now.
- If funding is coming directly from the City or from those members who would benefit, then it would be fine. Otherwise, if you're making over $91k, then you should be able to afford the IRMAA. Question is who will be paying to enhance the benefit? Even if each employee were to pay for their own enhanced benefits, what would happen to the money they paid if they died prematurely? Would the money be given to their beneficiary or lost? I doubt the City would want fund this by itself.
- We are so lucky to receive a pension and benefits. I think the high income retirees can afford to pay the extra to part B. We need to control expenses, so everyone will continue to receive pensions and health benefits. To me this proposal is an “extra” that should not be approved.
- Most of the retirees don't make 91K per year anyway. The ones making more can pay more. Us who make less still have to pay more than the $167/month if we have a working spouse and file a joint and married return. SSA checks the last year's income tax return to figure out how much to charge you for the IRMAA. California
- Should be for low income
- greater than $91,000.00 they are not in poverty level like people at $34,000,00or below. i wish this was not a taxable item,,, $2,045.00 a year added come tax time,,, and that extra amount that I'm paying puts me a tab above poverty level when i try for assistance and i do not qualify because I'm 700.00 above the limit to qualify,,,, I wish this was not in my pay check,,
- The IRMAA is unfair however the City and Country is all about people who are poor so LACERS should not bother attempting to help people who make money because it won't work
- high income retirees have a responsibility to pay their fair share.
- I pay for Medicare while living on $1700 disability retirement a month which is around $24700 a year, If I can live on $1700 without enhancement I do think a person with retirement benefits of at least $91,000 should NOT get enhanced retirement benefits. I worked 18 years and still have to pay for Medicare. I have had health issues since 1984 and have been without

insurance for COBRA was too expensive with no income. We (retires) need more assistance with medical care. We need enhancements to have a decent livable life in retirement. I am close to homelessness, thats not good for a Retired City Employee who gave her all for the City Of Los Angrles

- Retirees receiving >$91,000 can afford to pay IRMAAs. LACERS isn't an inexhaustible retirement fund. Retirees can afford to pay IRMAA.
- happy with what is there. suspicious of intent
- We are retired and was promised insurance. now that we must live on our retirement income the government proposes to reduce our benefit and our standard of living. Please just leave us alone, with what we were promised, and we will take care of ourselves. CA
- I like the benefits I have now. Benefits are suitable for me.
- So far, I have been very happy with all decisions that have been made
- I need more information. More information to be distributed to members.
- I don't know anything about this issue which is why I'm attending. Will be retiring in a few years.
- Not enough information to consider a change. Need more information to make an argument.
- Not sure what this all means. I do not want my benefits to run out before I die and or my wife. If increasing these benefits shortens my retirement or reduces my monthly stipend. I'm not for that and no way am I ever going to be making more than $91,000/yr.
- Don't want to be penalized and pay for already retired employees. Seriously, cut my pay to compensate for they system's failure to advise employees to apply promptly. I don't want to pay reimbursement fees for people who have already retired. I still currently paying for those who took the early retirement package deal. Employees should be advised to sign up for Medicare Part B as soon as they decide to retire to avoid late penalty fees etc.
- Retiree health benefits costs have increased by legislators who didn't consider the impact to everyone who needs it. Passing these costs onto current employees shouldn't be the only option. Retiree health benefits costs have increased by legislators who didn't consider the impact to everyone who needs it. Passing these costs onto current employees shouldn't be the only option.
- Real issue needs support from groups like LACERS -- IRS rules re: IRMAA calculation should be changed. The withdrawal of funds from an IRA to buy in to a Continuing Care Retirement Community is considered "income" and IRMAA payments are increased for 2 years even though retiree never actually sees the funds. This is on top of losing to 25% of the payout to federal taxes. This is a penalty that should be addressed legislatively.
- Since other employees didn't it and are not entitled. Employees are not entitled after they earn it
- LACERS should not be burdened. I don't see any position, only if grace is given.
- My Medicare premiums are ridiculous.
- California
- CA
- NV

BOARD Meeting: 9/26/2023
Item: VIII-D
Attachment: 3

Medicare Part B & IRMAA

Member/Stakeholder Feedback Meeting

LACERS

Rev. July 2023

Agenda

- ❖ **How we got here**
- ❖ **What is Medicare?**
- ❖ **Medicare Part B Only**
- ❖ **What is an IRMAA?**
- ❖ **Important Information**

Member comments

"The requirement to pay IRMAAs can catch retirees off guard. They can be triggered by Required Mandatory Distributions requirements from the City's deferred compensation plan as required by the IRS, or by a retiree sale of a home. Shifting more of the medical expense burden to retirees is unfair especially when LACERS retiree health plan is one of the best-funded retiree healthcare plans in the country!"

"What would help is just give me what is due and stop the Windfall Elimination Provision and Government Pension Offset."

"Medicare Plans Save LACERS Money. These savings should be used to fund IRMAAs and Part B reimbursements."

"We paid FICA taxes of 1.45% for the Medicare benefit while active City employees yet we must pay more out of pocket under Medicare"

"My stance is to increase the reimbursement affected by IRMAAs independently of the COLA index."

"DWP reimburses for IRMAAs if there is an excess subsidy. Having LACERS reimburse IRMAAs up to the subsidy amounts would cure this glaring difference in the way the two City pension systems administer their retiree medical benefits."

Roles

1

CITY COUNCIL

- The Decision-maker
- Prioritizes expenditures of the City
- Adopts ordinances

2

STAKEHOLDERS

- Make their opinions known
- Advocates for or against a position

3

LACERS

- The Administrator of Benefits
- Ensures rules and legal requirements are followed

Understanding Medicare Basics and Income Related Monthly Adjustment Amounts (IRMAA)

LACERS

Attention

- **This presentation is intended to provide a summary of the benefits established by the Los Angeles City Charter, Los Angeles Administrative Code, and LACERS Board Rules (referred to as the Plan provisions). In the event of discrepancies in this presentation the Plan provisions will govern at all times.**
- **Information provided in the presentation regarding the rules under the Centers for Medicare and Medicaid Services (CMS), as well as Social Secuity office, may be subject to change and are not within LACERS control.**
- **Representatives of LACERS cannot offer financial, legal, or tax advice. Please consult with your financial planner, attorney and/or tax advisor as needed.**

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 accommodations to ensure equal access to its programs, services and activities.

A Note for Active Members

You're ahead of the game!

- **This presentation is designed for Retired Members approaching Medicare age.**
- **Members who are still working for the City of Los Angeles do not have to apply for Medicare until they retire. Active health benefits are provided by Employees Benefits.**
- **Please be sure to contact LACERS if you or your dependent(s) are Medicare age at the time of retirement.**

What is Medicare?

Medicare Basics

- Medicare is federal health insurance for anyone age 65 and older and some people under 65 with certain conditions.
- Medicare assists with the cost of health care, but it does not cover all medical expenses or the cost of most long-term care.
- Established in 1966 and has been expanded various times over the years.
- Managed by the Centers for Medicare & Medicaid Services (CMS).

LACERS

Parts of Medicare

Part A (Hospital Insurance): Helps cover inpatient care in hospitals, skilled nursing facility care, hospice care, and home health care.

Part B (Medical Insurance): Helps cover services from doctors and other health care providers, outpatient care, home health care, durable medical equipment, and many preventive services.

Part D (Drug coverage): Helps cover the cost of prescription drugs.

LACERS Medicare Requirements

As a LACERS retiree, enrolled in LACERS Health plan, the following are the requirements when you or you dependent(s) turn age 65.

Los Angeles Administrative Code 4.1111(f), 4.1126(e) and LACERS Board Rules HBA 2(d) require, that you or any of your dependent(s) (covered on your medical plan) become Medicare eligible, you or your dependent(s) are to:

- **Enroll in Medicare Part B and maintain coverage.**
- **Enroll in Medicare Part A only if you are entitled to it premium-free (i.e., at no cost).**

If you retire at age 65 or older, and/or have dependent(s) (covered on your medical plan) over age 65, Medicare allows you and/or your dependent(s) to defer enrollment in Medicare Part B until you retire. This is known as a Special Enrollment Period (SEP).

When to Enroll in Medicare

It is recommended that you enroll in Medicare:

- Three months before turning age 65
- No later than three months after the month you turn 65

If you are an Active employee, you will enroll in Medicare at the time of retirement and required age.

The effective date of your Medicare will be determined based on the month you applied for Medicare.

LACERS does not enroll Members into Medicare. Please contact the Social Security Administration to sign up for Medicare.

Medicare Part B Only

Medicare Part B Only

City of Los Angeles employees hired <u>before</u> April 1, 1986, were not paying into Medicare under the Federal Insurance Contributions Act (FICA).

- **These employees do not qualify for Medicare Part A, premium free, solely through their City employment.**

City of Los Angeles employees hired <u>on or after</u> April 1, 1986, are paying into Medicare.

- **Will be eligible for Part A premium free after ten years of employment**
- **Current FICA rate for Medicare is 1.45% for the employee and employer**

Medicare Part B Only

Los Angeles Administrative Code 4.1111(f), 4.1126(e) and LACERS Board Rules HBA 2(d) require, that when you or any of your dependent(s) (covered on your medical plan) become Medicare eligible, you or your dependent(s) are to:

- Enroll in Medicare Part B and maintain coverage.
- Enroll in Medicare Part A only if you are entitled to it premium-free (i.e., at no cost).

If you do not qualify for Medicare Part A premium free, you only need to enroll into Medicare Part B

Medicare Part B Only

LACERS Members with Medicare Part B only:

- **Medical subsidy is the same as the subsidy for the non-Medicare Members**
- **Are not eligible for the basic Medicare Part B premium reimbursement**
- **Must maintain their Medicare eligibility**
- **Medical plans available are not the same Medicare benefits as those available for A&B Members, except for the Kaiser Senior Advantage HMO plan.**
- **Although Medicare Part B Only Members are not eligible for Medicare Part A, Members who are enrolled in LACERS retiree health plans, have hospitalization as part of their benefits.**

Medicare Part B Only

Medical plans available for Members with Medicare Part B only:

- Anthem HMO
- Anthem PPO
- Kaiser Senior Advantage HMO

The Anthem HMO and Anthem PPO plan benefits for Part B only Members are similar to the non-Medicare Anthem plans.

The Kaiser Senior Advantage HMO plan is the same for Part B only and A&B Members.

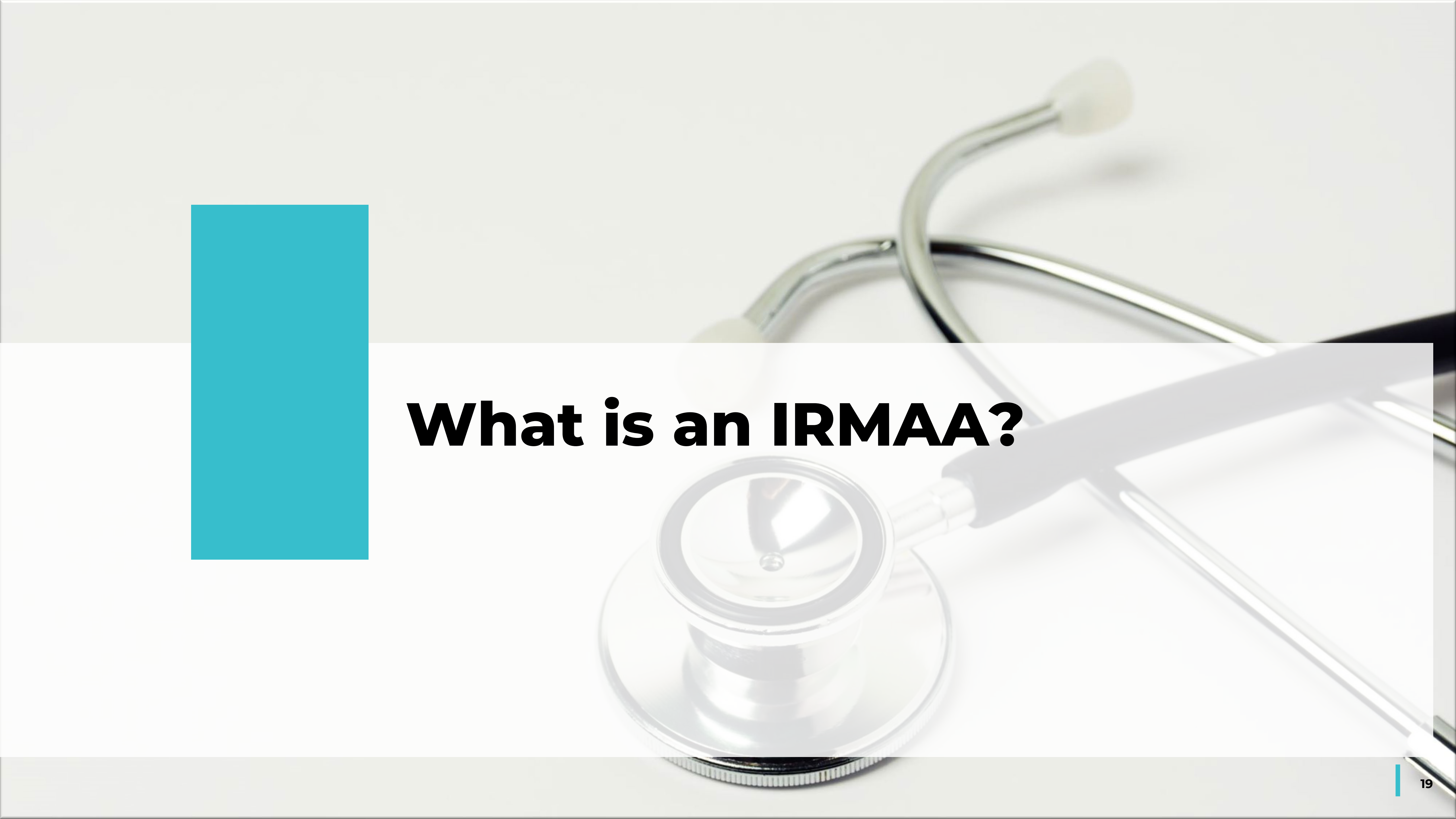
LACERS

Medicare Part B Only

Why can Medicare Part B Only Members enroll in Kaiser Senior Advantage Plan, but not in other Medicare Plans, such United Healthcare (UHC), SCAN, and Anthem Advantage Preferred PPO?

Kaiser Senior Advantage Plan was approved by CMS to allow LACERS Medicare Part B Only Members to enroll in this Medicare Plan, with Medicare Part A benefits.

Currently, LACERS other Medicare Plans, such as UHC, SCAN, Anthem Advantage Preferred PPO are not approved by CMS to allow LACERS Medicare Part B Only Members to enroll in these plans.



What is an IRMAA?

Income Related Monthly Adjustment Amounts (IRMAA)

- IRMAA was developed by the Federal Government as a cost–sharing to fund Medicare benefits and to strengthen the financial stability of the Medicare program.
- Social Security is required by federal regulation to assess Part B and Part D IRMAAs to those who have a higher income.
- When the Medicare enrollee’s Modified Adjusted Gross Income (MAGI) amount from two years prior exceeds a certain threshold, Medicare assesses an IRMAA, which is a surcharge on top of the basic Medicare Part B and D premium rates.
- The MAGI may include but not be limited to employment earnings, investment income, capital gains on the sale of real estate, and/or gambling winnings in addition to the retirement allowance.

HOW IS AN IRMAA DETERMINED?

Tax Return

Social Security uses the most recent federal tax return the IRS provides. Generally, this information is from a tax return filed two years ago. For example, for the 2023 IRMAA determination, the most recent federal tax return is the one filed in 2022 for tax year 2021.

Income

The IRMAA is based on your modified adjusted gross income (MAGI) which is the total adjusted gross income and tax-exempt interest income. The income levels are adjusted each year.

Filing Status

The income levels are different for someone who files as single or married filing jointly.

WHO WILL BE ASSESSED AN IRMAA?

You will pay the Medicare Part B and Part D IRMAA if your modified adjusted gross income, as reported on your IRS tax return from two years ago, is more than:

- For 2023, $97,000 yearly income made in 2021, if you file an individual tax return or are married and file separately.
- For 2023, $194,000 yearly made in 2021, if you are married and file a joint tax return.

Social Security will tell you if you have to pay a higher premium because of your income.

HOW LONG DOES AN IRMAA LAST?

- An IRMAA is calculated every year using your income data provided by you to the IRS.
- You may have to pay an IRMAA one year, but not the next if your income falls below the threshold.
- If your taxable income increases, then you may be subjected to the IRMAA.
- Social Security will notify you of any changes.

Do I Have to Pay the IRMAA?

- Yes, if you are assessed an IRMAA by Social Security, you must pay the Medicare Premiums AND IRMAA.
- You must pay the Medicare Premiums and IRMAA to Social Security directly.
- LACERS does not make any payment on behalf of the Member and does not collect any payment.
- Your Medicare coverage and therefore your LACERS medical coverage will be terminated if you fail to pay Medicare premiums and any IRMAAs.
- LACERS does not assess the IRMAA. Please contact Medicare or Social Security for more information.

What happens if you fail to pay your Medicare Part B premiums & IRMAAs?

- Your Medicare Part B will be terminated by the Center for Medicare & Medicaid Services (CMS).
- You and your dependent(s)' LACERS medical plan will be terminated.
- You will no longer be eligible for a medical subsidy and will be responsible for the full premium payment.
- If you are receiving a Medicare Part B Basic reimbursement, your Medicare Part B Basic reimbursement will be terminated, and you will be responsible for the repayment of the reimbursement.

What happens if you fail to pay your Medicare Part D IRMAAs?

- Your Medicare Part D coverage will be terminated by the Center for Medicare & Medicaid Services (CMS).
- You and your dependent(s)' LACERS medical plan will be terminated.
- You will no longer be eligible for a medical subsidy and will be responsible for the full premium payment.
- If you are receiving a Medicare Part B Basic reimbursement, your Medicare Part B Basic reimbursement will be terminated, and you will be responsible for the repayment of the reimbursement.

Ways to Pay Your Medicare Premium(s) and IRMAAs

You are responsible for paying your Medicare premium(s) and IRMAAs to Medicare directly.

- **LACERS DOES NOT process your Medicare payments.**
- **LACERS CAN NOT directly pay your Medicare premium from your LACERS' monthly allowance.**

Important Information

2023 Part B IRMAA Income Bracket

If your yearly income in 2021 (for what you pay in 2023) was			You pay each month (in 2023)
File individual tax return	File joint tax return	File married & separate tax return	
$97,000 or less	$194,000 or less	$97,000 or less	$164.90
above $97,000 up to $123,000	above $194,000 up to $246,000	Not applicable	$230.80
above $123,000 up to $153,000	above $246,000 up to $306,000	Not applicable	$329.70
above $153,000 up to $183,000	above $306,000 up to $366,000	Not applicable	$428.60
above $183,000 and less than $500,000	above $366,000 and less than $750,000	above $97,000 and less than $403,000	$527.50
$500,000 or above	$750,000 or above	$403,000 or above	$560.50

2023 Part D IRMAA Income Bracket

If your filing status and yearly income in 2021 was			
File individual tax return	**File joint tax return**	**File married & separate tax return**	**You pay each month (in 2023)**
$97,000 or less	$194,000 or less	$97,000 or less	your plan premium
above $97,000 up to $123,000	above $194,000 up to $246,000	not applicable	$12.20 + your plan premium
above $123,000 up to $153,000	above $246,000 up to $306,000	not applicable	$31.50 + your plan premium
above $153,000 up to $183,000	above $306,000 up to $366,000	not applicable	$50.70 + your plan premium
above $183,000 and less than $500,000	above $366,000 and less than $750,000	above $97,000 and less than $403,000	$70.00 + your plan premium
$500,000 or above	$750,000 or above	$403,000 or above	$76.40 + your plan premium

LACERS and IRMAA

- LACERS does not have jurisdiction towards the requirements related to IRMAA. Medicare is a federal health insurance for people 65 or older and is a separate entity from LACERS.
- Retired Members are required to follow Medicare rules and policies as well as paying the Part B premium, IRMAAs, and any penalties to remain enrolled in Medicare.
- Currently, the Los Angeles Administrative Code (LAAC) only provides LACERS the authority to reimburse the Medicare Part B Basic/Standard premium for Retired Members who meet all the requirements. This reimbursement does not apply toward dependents who are not a Retired Member or eligible Survivors.
- The Medicare Part B premium reimbursement is only for the basic premium amount. LACERS does not reimburse any IRMAA or penalty costs.

LACERS

Can you appeal your IRMAA?

- Yes, you have the right to appeal if you disagree with the IRMAA decision.
- The fastest and easiest way to file an appeal of your decision is online at SSA.gov.
- You may also request an appeal in writing by completing a *Request for Reconsideration* (Form SSA-561-U2) available online at SSA.gov.
- You can also call Social Security at (800) 772-1213 to request an appeal form or an appointment with your local Social Security office.

NOTE: the above information is based on information provided by Social Security office. If their processes or rules change, please contact Social Security.

Can LACERS File the Appeal?

No, LACERS cannot speak to Medicare or Social Security on your behalf.

If you need help filing an appeal:

- Contact your State Health Insurance Assistance Program (SHIP), shiphelp.org
- Or, you can appoint a representative to help you. Your representative can be a family member, friend, attorney, or someone else who will act on your behalf.

How to appoint a representative:

- Complete an Appointment of Representative form available on medicare.gov, or
- Submit a written request with your appeal.

Please visit medicare.gov or call 1-800-MEDICARE for more information.

For Additional Information

Social Security Administration (SSA)

(800) 772-1213 | (800) 325-0778 TTY

[SSA.gov](SSA.gov)

Centers for Medicare & Medicaid Services (CMS)

(800) 633-4227 | (877) 486-2048 TTY

medicare.gov

The Center for Healthcare Rights

(800) 824-0780

healthcarerights.org

Los Angeles City Employees' Retirement System

(800) 779-8328| (888) 349-3996 RTT

LACERS.org

Other Helpful Websites:

[CMS.gov](CMS.gov)

HealthCare.gov

Medicaid.gov

The Process for LACERS Benefit Changes

Step 1 - Negotiations & Agreement

- City Management represented by the CAO and Unions negotiate benefits
- LACERS (subject matter expert – is not involved in negotiations or decision-making).
- We review whether we can administer the proposed benefit

Step 2 - Required Actuarial Cost Study

- After Management & Unions agree upon the proposed benefits, an actuarial study is required
- Actuary analyzes the demographic and provides the cost to provide the benefit

Step 3 - Consideration & Approval

- City Council decides whether to consider the item
- If Council approves the item, City Attorney is tasked to draft the ordinance
- The ordinance must return to Council for adoption

Step 4 - Administer the Benefit

- LACERS begins implementation
- Updates are made to publications, forms, computer systems, policies, and procedures
- LACERS must communicate the benefit changes to affected Members

Actuarial Cost Study Parameters

- **All LACERS benefit changes must be accompanied by a cost study done by an Actuary**

- **LACERS weighs in on the administrative feasibility of benefit changes**

Reimbursement based on a set amount independent of subsidy

Reliance on LACERS' existing records

Timeliness of benefit delivery

Reimbursement based on excess subsidies that some member have

Reliance on Member submitting income tax returns

Benefit Enhancement Requests Made by Members

Type of Benefit	Current Benefit	Requested	Approval Needed	Benefits Administration Concerns
Reimbursement of Medicare Part B Basic Premium	**No** reimbursement for Members with Medicare Part B only	The same reimbursement levels as Members with Parts A&B	City Council Approved Ordinance	The actuarial cost study must reliably calculate the cost of the benefit Calculation methodology of the benefit must allow LACERS to meet standards of timeliness and accuracy
	Basic premium reimbursement for Members with Medicare Parts A&B	Reimbursement of IRMAA surcharges	City Council Approved Ordinance	

Benefit Enhancement Requests Made by Members

Type of Benefit	Current Benefit	Requested	Decision Maker(s)	Benefit Administration Concerns
Ability for Part B-only Members to enroll in Medicare Advantage Plans which provide enhanced benefits	Part B only Members participate in the Anthem non-Medicare plans or Kaiser Senior Advantage HMO	Part B-only Members would like the option to participate in the 3 Medicare Advantage Plans offered by Anthem, SCAN and United Health Care	Center for Medicare Services Medicare Plan Providers City Council Ordinance	If approved by the 3 entities, LACERS does not see any issues in administering the benefits.

Questions?

(800) 779-8328 | (888) 349-3996 RTT

lacers.health@lacers.org

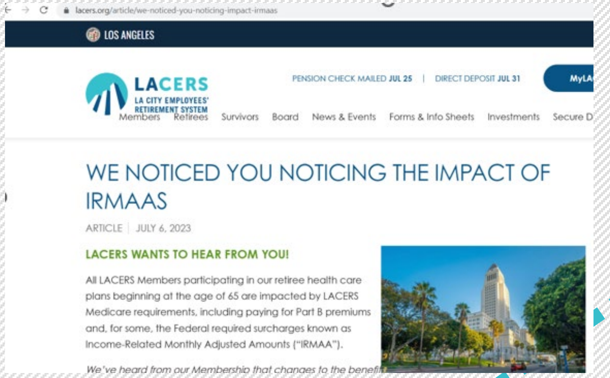
LACERS.org

P.O. Box 512218

Los Angeles, CA 90051-0218

WWW.LACERS.ORG

WATCH FOR UPDATES ON IRMAA WEBPAGE INCLUDING Q&A


lacers.org/article/we-noticed-you-noticing-impact-irmaas

LOS ANGELES

LACERS LA CITY EMPLOYEES' RETIREMENT SYSTEM

PENSION CHECK MAILED JUL 25 | DIRECT DEPOSIT JUL 31

Members Retirees Survivors Board News & Events Forms & Info Sheets Investments

WE NOTICED YOU NOTICING THE IMPACT OF IRMAAS

ARTICLE | JULY 6, 2023

LACERS WANTS TO HEAR FROM YOU!

All LACERS Members participating in our retiree health care plans beginning at the age of 65 are impacted by LACERS Medicare requirements, including paying for Part B premiums and, for some, the Federal required surcharges known as Income-Related Monthly Adjusted Amounts ("IRMAA").

We've heard from our Membership that changes to the benefi

ATTEND THE IN-PERSON MEETING

UPCOMING MEETINGS

In-Person Meeting at

LACERS Headquarters, 977 N. Broadway

Thursday, July 20, 2023

10:00 a.m. to 12:00 p.m.

SUBMIT PUBLIC COMMENTS OR TAKE A SURVEY

TAKE OUR IRMAA SURVEY

We appreciate your input regarding this issue. Please participate in our online survey.

SUBMIT A PUBLIC COMMENT TO OUR BOARD OF ADMINISTRATION

Our Board cares about issues impacting our Members. You can submit a public comment regarding this issue by submitting this form or you can participate in the public comment portion at an upcoming Board Meeting.

INFLUENCE THE DECISION-MAKING PROCESS

Question	Answer
What does IRMAA stand for?	Income Related Monthly Adjustment Amount
Are the presentation slides available online?	Yes, the slides are available here: https://www.lacers.org/sites/main/files/file-attachments/lacers_-_medicare_with_irmaa_july_2023.pdf The event recording is available for viewing on the LACERS YouTube channel here: https://www.youtube.com/watch?v=R6ImWeAq7oU
When did IRMAA start?	IRMAA was first enacted in 2003 as part of the Medicare Modernization Act. The first year of implementation was in 2007 with a surcharge being placed upon only the Medicare Part B premium. The Part D IRMAA surcharge began in 2011 under the Affordable Care Act.
Can I appeal the IRMAA determination?	Yes, you can appeal your IRMAA. Please contact the Social Security Administration for more information on how to request an appeal or reconsideration.
Is IRMAA for life?	Your income is re-evaluated by the Social Security Administration every year. It is not set for life, it will be reassessed.
Can I appeal the IRMAA determination?	Please contact the Social Security Administration for more information on your IRMAA determination and how to request an appeal or reconsideration.
Does LACERS provide the basic Medicare Part B premium and IRMAA reimbursements for spouses?	LACERS only reimburses the Member's basic Medicare Part B premium. The spouse's basic Part B premium and IRMAA reimbursements were not included in the current cost study which only included the Member's Medicare Part B IRMAA. If you would like the spouse's IRMAA added to the next cost study, you would have to advocate to the City Council to include this and any other additional benefits for the next cost study.
Did the cost study include IRMAA reimbursement to spouses?	The spouse's IRMAA was not included in the current cost study which only included the Member's Medicare Part B IRMAA. If you would like the spouse's IRMAA added to the next cost study, you would have to advocate to the City Council to include this and any other additional benefits in the next cost study.
Did the cost study include Members with Medicare Part B only?	The basic Medicare Part B and IRMAA reimbursement for Members with Part B only is in the current cost study.
Did the cost study include the Medicare Part D IRMAA?	Medicare Part D IRMAA reimbursement was not included in the cost study. Members who have contacted LACERS focused their requests on enhancing reimbursements of the Part B premiums and IRMAAs. To achieve reimbursement for Part D, advocate with City Council to add it to a new cost study and to support an ordinance change.
Where can I find the cost study?	The cost study can be found here: https://www.lacers.org/sites/main/files/file-attachments/irmaa_study_final_segal_2023.0526___lacers-irmaa_analysis__client5761455.5.pdf?1688135855
Is reimbursement of Medicare Part B premiums and IRMAA being considered for Members with Medicare Part B only?	LACERS is currently studying the impact of increasing reimbursements to Members with Medicare Part B only and those with IRMAA based on their LACERS retirement allowance. However, it will be up to City Council to adopt any changes to Medicare reimbursements in the Los Angeles Administrative Code.
Will LACERS reimburse IRMAA?	LACERS has conducted an actuarial study to gather information about the cost to reimburse IRMAA based on their LACERS retirement allowance and is gathering feedback from Members. Any changes to the LACERS benefit requires approval from the Los Angeles City Council.
How is the Modified Adjusted Gross Income (MAGI) for IRMAA calculated?	According to the Social Security Administration, the Modified Adjusted Gross Income (MAGI) for IRMAA is the sum of the beneficiary's adjusted gross income plus tax-exempt interest income. Please contact Social Security for more information.
When was the Los Angeles Administrative Code last updated for the Cost of Living Adjustment (COLA) and IRMAA?	The Los Angeles Administrative Code (LAAC) Sections 4.1022, 4.1023, and 4.1080.17, regarding the Cost of Living Adjustment, was last updated January 22, 2016. The LAAC does not mention the Income Related Monthly Adjustment Amount (IRMAA).
Does LACERS inform Members about IRMAA?	LACERS includes information on IRMAA in our retirement presentations, publications, and on the LACERS YouTube channel.
How do I know which parts of Medicare I have?	Your Medicare card displays the parts of Medicare you have, Hospital (Part A) and Medical (Part B).
Does IRMAA include the Medicare Part B amount?	IRMAA is in addition to the basic Medicare Part B premium amount.
Who do we pay IRMAA to?	IRMAA is payable to the Centers for Medicare and Medicaid Services (CMS).
How does LACERS' COLA and IRMAA reimbursements compare with CalPERS and other retirement systems?	Most retirement systems do not reimburse IRMAAs and COLAs are provided according to their respective plan provisions. Please review each plan for specific information about plan benefits.

Is the Medicare Part A coverage provided by LACERS if I am not eligible for Part A premium free?	If you started employment with the City of Los Angeles prior to April 1, 1986, and have not paid into FICA, you are not be eligible for Medicare Part A premium free from your City employment. You may be eligible through your spouse or from outside employment. If you are not eligible for Medicare Part A premium free, hospitalization is part of your LACERS medical plan.
Do Members with Medicare Part B only have hospitalization benefits?	Members who have Medicare Part B only and enrolled in a LACERS retiree medical plan have hospitalization as part of their medical plan benefits.
What is the office visit co-pay for the Kaiser Senior Advantage plan?	For 2023, the co-pay for a doctor's visit is $15 for Members enrolled in the Kaiser Senior Advantage plan. A summary of the plan benefits can be found in the Health Benefits Guide.
What is the current maximum medical subsidy for a Retired Member under age 65 (non-Medicare) with 25 or more years of Service Credit?	The maximum medical subsidy for Members under age 65 (non-Medicare) with 25 or more years of Service Credit is $1,962.20 for 2023. More information can be found on pages 13 and 14 of the 2023 Health Benefits Guide.
What is the medical subsidy for a Retired Member with Medicare Parts A&B?	The medical subsidy for Members with Medicare Parts A&B depends on the number of years of Service Credit with a baseline minimum of 10 years of service. The medical subsidy for Members with 14 years or less of service credit is 75% of the one-party monthly premium, 15-19 years or service credit is 90% of the one-party monthly premium, and 20 or more years of service credit is 100% of the one-party monthly premium. The amount of subsidy that is available for your dependents is the same as if you were enrolled in the corresponding non-Medicare plan.
Do my dependents have to enroll in Medicare if they are under the age of 65?	Medicare is for those age 65 or older or who are under age 65 in certain circumstances. If you have dependents who are not yet eligible for Medicare, they do not have to enroll in Medicare until they are eligible.
Can the COLA adjustment and Medicare Part B reimbursement be increased?	Medicare reimbursements and COLA allocation are administered by LACERS within the parameters of the Los Angeles Administrative Code. Changes to the Medicare reimbursements and COLA allocation are not within the authority of the LACERS Board of Administration. LACERS is facilitating these studies based on request/feedback by LACERS Members; however, it is up to City Council to adopt these changes.
How do the medical plans differ for Members with Medicare A&B, Part B only, or not in Medicare?	LACERS provides medical plan options to our Retired Members based on their Medicare status. While the plan benefits differ for non-Medicare, Medicare Part B only, and Medicare A&B Members, LACERS offer comparable plans across the different Medicare statuses while considering applicable regulations and premium costs.
Do spouses receive the basic Medicare Part B premium reimbursement?	The basic Medicare Part B reimbursement is for the Retired Member only.
What if I move out of California?	The plan options available depends on your Medicare status and the state you will reside in. Please contact LACERS for more information.
Will LACERS consider other medical plans with lower co-pays?	LACERS considers plan offerings every year to provide benefits at reasonable co-pays and premiums. A lower co-pay plan will in most cases increase a plan's premium.
Will my dependents who are under age 65 have the medical coverage if I enroll in Medicare?	Yes, if your dependents are not eligible for Medicare, they will be enrolled in the non-Medicare plan. For example, if you enroll in the Anthem Medicare Preferred PPO plan, your dependents will be enrolled in the Anthem PPO plan.
What health benefits does the County of Los Angeles offer?	As part of the City of Los Angeles LACERS does not have information on County plans. Please contact the County of Los Angeles for information about the health benefits and medical plans offered by them.
How can I submit my Medicare card?	Please submit a copy of the Medicare card and a copy of the Medicare Entitlement Letter to LACERS through email, fax, mail, or secure upload. In addition, the Member must submit a Senior Form for the Medicare plan which can be requested from LACERS.
What do the Ret Health Defrayal contributions that Active Members pay on their paychecks cover?	Health Defrayal contributions provide Retired Members who participate in a LACERS Health Plan or the Medical Plan Reimbursement Program (MPRP) with subsidies that may offset or eliminate their monthly premiums.
Do I need to enroll in Medicare if I am still working?	Members who are currently employed and are covered under an Active City Health Plan do not need to enroll in Medicare as they have creditable coverage as Active Employees. However, they are welcome to apply for Medicare Part A if it is at no cost to them. Members should wait to enroll in Medicare Part B until retiring because Active Members are not eligible for Medicare Part B reimbursement.
Can the City of Los Angeles move pension funds to the City bank if it is created?	While the City of Los Angeles is exploring a city owned public bank, the Los Angeles Charter provides the LACERS Board the sole and exclusive fiduciary responsibility over the assets of its system.
Am I eligible for Medicare Parts A&B?	Please contact the Social Security Administration to determine if you are eligible for Medicare Part A premium free. All Retired Members and their dependents are required to enroll in Part B when they are eligible.

When will the Anthem Medicare Supplement Plan be available?	The Anthem Life & Health Medicare Plan (Medicare Supplement) will be available effective January 1, 2024, in addition to the Anthem Medicare Preferred (PPO) plan.
Where do I submit my Medicare card and Medicare Entitlement Letter?	Please submit a copy of the Medicare card or a copy of the Medicare Entitlement Letter to LACERS through fax, mail, or secure document upload. In addition, the Member must submit a Medicare Acknowledgement form and a Senior Form for the Medicare plan which can be requested from LACERS.
Where can I find information comparing the Anthem Life & Health Medicare Plan (Medicare Supplement) and the Anthem Medicare Preferred (PPO) Plan aka PPO Advantage plan?	The 2024 Health Benefits Guide published in October 2023 will include a comparison chart which compares the benefits of both plans. Additional questions can be sent to lacers.health@lacers.org
Where can I find upcoming Los Angeles City Council and LACERS Board meeting calendars?	The Los Angeles City Council calendar is available online: https://clerk.lacity.gov/calendar and the LACERS Board calendar is available online: https://www.lacers.org/board-committee-meeting-schedule.

REPORT TO BOARD OF ADMINISTRATION
From: Benefits Administration Committee
Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: SEPTEMBER 26, 2023
ITEM: VIII - E

SUBJECT: **PROPOSED CHANGE TO DISABILITY RETIREMENT PRESENTATION AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board approve by consent, all disability retirement applications whereby the applicant accepts the staff recommendation and waives the right to have their application heard in closed session (known as Alternative 1 or "Alt 1").

Executive Summary

On September 26, 2023, prior to the Board meeting, LACERS staff will present the above recommendation to further streamline and add efficiency to the disability retirement review process. The Committee will verbally report at the Board meeting its recommendation to approve or deny staff's recommendation.

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

DWN:FS:cr/sh

Attachment 1: Benefits Administration Committee Report dated September 26, 2023

REPORT TO BENEFITS ADMINISTRATION COMMITTEE **MEETING: SEPTEMBER 26, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: III**

SUBJECT: **PROPOSED CHANGE TO DISABILITY RETIREMENT PRESENTATION AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend the Board approve by consent, all disability retirement applications whereby the applicant accepts the staff recommendation and waives their right to have their application heard in closed session (known as Alternative 1 or "Alt 1").

Executive Summary

On August 8, 2023, the Board of Administration adopted the Alternative 1 (Alt 1) and Alternative 2 (Alt 2) presentation options to streamline and add efficiency to the disability retirement review process.

Under Alt 1, a disability applicant who agrees with the staff recommendation concerning their application waives the requirement that the Board conduct a formal hearing, or a closed session review. The applicant/representative retains the option to attend or not attend the board meeting but does not participate in the Board action. Prior to the Board meeting, the applicant signs an acknowledgment indicating their agreement to accept the staff recommendation and waive 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. 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. Because the applicant has already acknowledged and agreed to accept the staff recommendation, rather than vote on each application as a separate agenda item the Board could adopt the staff recommendation for Alt 1 cases to be taken as consent items, in open session.

Discussion

The proposed presentation change will streamline the disability retirement process further and staff is requesting both civilian and Tier 1 Enhanced Disability Retirement applications designated as Alt 1 be placed under the consent agenda. Should the Board have any general administrative questions regarding an applicant's application, the questions can be heard and addressed within the open session. However, should the Board have specific medically related questions, the case may be deferred to a future closed session, provided the applicant has not been terminated. If the applicant does have a terminated status, medically related questions should not be asked in order to maintain the applicant's privacy.

Strategic Plan Impact Statement

Approving the moving of all Disability Retirement Alt 1 cases to the consent agenda is in keeping with the Benefits Delivery goal of ensuring accurate and timely delivery of Member benefits. The revised Alt 1 procedure will ensure the fair and consistent review of both civilian and sworn disability retirement applications and benefit awards.

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

NG:DW:FS:cr/sh

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Elizabeth Lee, Chair
Annie Chao
Gaylord "Rusty" Roten

MEETING: SEPTEMBER 26, 2023
ITEM: IX - B

SUBJECT: **APPROVAL OF 3-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Board:

1. Approve a three-year contract renewal with PGIM, Inc. (PGIM) for management of an active emerging market debt portfolio.

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On September 12, 2023, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with PGIM. The firm has managed an active emerging markets blended hard and local currency debt portfolio for LACERS since February 2021; the current contract expires on December 31, 2023. LACERS' portfolio was valued at approximately $469 million as of July 31, 2023. PGIM is in compliance with the LACERS Manager Monitoring Policy. Since inception, LACERS has paid PGIM, for the blended debt portfolio only, a total of $3.6 million in investment management fees.

Staff provided a review of the organization, investment strategy, performance, and fees. The Committee requested clarification regarding the firm-level personnel changes referenced in the staff report. Staff noted that most of the personnel changes involved retirements, which allowed for the execution of succession plans and subsequent transitionary periods. Following the discussion, the Committee concurred with the staff recommendation.

Strategic Plan Impact Statement

A contract renewal with PGIM will allow the fund to maintain a diversified exposure to active emerging market debt, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's organization, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachments: 1. Investment Committee Recommendation Report dated September 12, 2023
2. Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: SEPTEMBER 12, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: IV**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

Recommendation

That the Committee recommend to the Board a three-year contract renewal with PGIM, Inc. for management of an active emerging markets debt portfolio.

Executive Summary

PGIM, Inc. (PGIM) has managed an active emerging markets blended hard and local currency debt portfolio for LACERS since February 2021. LACERS' portfolio was valued at $469 million as of July 31, 2023. PGIM is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background
PGIM manages an active emerging markets blended hard and local currency debt portfolio for LACERS benchmarked against a custom benchmark consisting of a 50% weighting to the J.P. Morgan Emerging Market Bond Index (JPM EMBI) Global Diversified Index and a 50% weighting to the J.P. Morgan Government Bond Index-Emerging Markets (JPM GBI-EM) Global Diversified Index. The firm's investment process starts with the top-down approach of assessing the global appetite for risk. The second step of the investment process is a comprehensive fundamental analysis of countries with country allocation deemed as a primary determinant of returns. The next step is security selection that offers best relative value. The investment process concludes with a risk management assessment that is guided by dynamic risk budgeting. The investment approach also seeks to add value through currency active management and yield curve management.

The Emerging Markets Debt (EMD) Team is led by Senior Portfolio Manager Cathy Hepworth (37 years of investment experience). Cathy Hepworth, alongside Mariusz Banasiak (19 years of investment experience) serve as the portfolio managers for the Hard/Local Currency Blend strategy and they co-lead a team of portfolio managers and analysts who are dedicated to specific regions and sectors of the EMD universe. Cathy Hepworth is also a portfolio manager on other strategies more focused on

Hard Currency while Marius Banasiak is also a portfolio manager on other strategies more focused on Local Currency.

The Board hired PGIM through the 2019-2020 Active Emerging Markets Debt search process and authorized a three-year contract on September 8, 2020, and became effective on January 1, 2021; the current contract expires on December 31, 2023. PGIM previously managed an active emerging markets hard currency debt portfolio for LACERS between June 2014 through February 2021; this portfolio transitioned into the current blended portfolio. The shift from a hard currency debt portfolio to a blended hard and local currency debt portfolio was a result of the implementation of the asset allocation framework approved by the Board in 2018. The 2018 asset liability study noted opportunities in emerging markets local rates and a positive outlook for emerging markets local currency debt; thus the introduction of an allocation to emerging markets local currency debt.

Representatives of PGIM most recently presented a portfolio review to the Investment Committee on May 9, 2023.

Organization
With over 1,400 investment professionals located in 46 offices throughout the globe, PGIM serves as the wholly-owned global investment management business of Prudential Financial, Inc., a publicly-traded financial services company (NYSE ticker symbol PRU). PGIM Fixed Income, the active fixed income management arm of PGIM, employs a total of 1,136 employees and is headquartered in Newark, New Jersey. As of June 30, 2023, PGIM managed $1.3 trillion in total assets, with $775.9 billion under PGIM Fixed Income and with $13.57 billion in the emerging markets blended debt strategy. LACERS' portfolio was valued at $469 million (or 3.4% of PGIM's emerging markets blended debt strategy) as of July 31, 2023.

Due Diligence
Staff conducts routine due diligence of the manager that includes quarterly portfolio reviews and ad hoc investment discussions. LACERS staff last conducted an onsite meeting at Wellington's headquarters on May 17, 2023, that included interviews with key personnel across the organization. Staff concluded that PGIM's investment philosophy, strategy, and process have not changed materially over the contract period.

Staff has noted a number of firm-level personnel changes over the course of the contract period, including turnover in the Chief Global Economist and Head of Global Macroeconomic Research, Chief U.S. Economist, President and Chief Executive Officer, and Chief Investment Officer positions. The respective transitions were well planned and adequately communicated to clients. None of these personnel changes were deemed to have created any adverse impact on the management of the strategy.

Performance
As of July 31, 2023, PGIM outperformed its benchmark over the 3-month, 1-year, 2-year, and since inception time periods, as presented in the following table.

Annualized Performance as of 7/31/2023 (Net-of-Fees)				
	3-Month	1-Year	2-Year	Since Inception 2/12/2021
PGIM	4.68	12.08	-3.92	-4.13
50% JPM EMBI Global Diversified Index/50% JPM GBI-EM Global Diversified Index	4.07	10.27	-5.47	-5.11
% of Excess Return	*0.61*	*1.81*	*1.55*	*0.98*

Calendar year returns are presented as supplemental information in the following table.

Calendar Year Performance as of 7/31/2023 (Net-of-Fees)			
	1/1/2023-7/31/2023	2022	2/12/2021-12/31/2021
PGIM	8.82	-12.63	-5.19
50% JPM EMBI Global Diversified Index/50% JPM GBI-EM Global Diversified Index	8.48	-14.75	-4.97
% of Excess Return	*0.34*	*2.12*	*-0.22*

PGIM is in compliance with the LACERS Manager Monitoring Policy.

Fees
LACERS pays PGIM an effective fee of 34 basis points (0.34%), which is approximately $1.6 million annually based on the value of LACERS' assets as of July 31, 2023. This fee ranks in the 8th percentile of fees charged by similar managers in the eVestment database (i.e., 92% of like-managers have higher fees). Since inception of the blended debt portfolio, LACERS has paid PGIM a total of $3.6 million in investment management fees as of August 31, 2023.

General Fund Consultant Opinion
NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with PGIM will allow the fund to maintain a diversified exposure to active emerging markets debt, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's organization, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Jeremiah Paras, Investment Officer I, Investment Division

NMG/RJ/WL/JP:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC

NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: September 12, 2023

Subject: PGIM, Inc.

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract that is currently in place with PGIM, Inc. ('PGIM') for a period of three years from the date of contract expiry.

Background

PGIM was funded on February 12, 2021 to provide the Plan with exposure to emerging markets debt exposure within the Plan's Credit Opportunities asset class. As of June 30, 2023, PGIM managed $456.6 million, or 2.1% of Plan assets. The performance objective is to outperform the 50% JPM EMBI Global Diversified Index/ 50% JPM GBI-EM Global Diversified Index, net of fees, annualized over a full market cycle (normally three-to-five years). The account is currently in good standing based on LACERS' Manager Monitoring Policy.

Prudential Financial, Inc. ('PFI') traces its origins to 1875 with the founding of its insurance affiliate. PFI became a publicly-held company in December 2001. PFI of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom. PGIM, Inc. ('PGIM') is the largest investment adviser within PFI. PGIM has been registered as an investment adviser with the U.S. Securities and Exchange Commission ('SEC') since December 1984. PGIM or one of its predecessors has been managing proprietary fixed income portfolios since 1875 and accounts for institutional clients since 1928.

As of June 30, 2023, the firm had $1.3 trillion in assets under management. PGIM Fixed Income had $775.9 billion in assets under management and over 1,100 employees. The team managing the LACERS portfolio is headed by Cathy Hepworth, Managing Director, Head of Emerging Markets Debt and is primarily located in Newark, New Jersey but does utilize teams located in emerging market offices around the globe. Ms. Hepworth is supported by portfolio managers covering major regions across the Latin America, Europe, Middle East, Africa, and Asia in addition to being supported by a global research team.

PGIM Fixed Income's investment approach seeks to add value primarily through research-based country allocation, security selection, foreign exchange, and, to a lesser extent, yield curve management. The Emerging Markets Team's duration management decisions are made on a country-by-country basis based on the outlook for central bank policy, inflation, and output gaps. It is also a function of PGIM's assessment of the global appetite for risk, which is step one of its investment process. Yield curve decisions are made with similar considerations. When PGIM interprets the global appetite for risk as a positive factor (i.e. global investors appear willing to assume more risk), the portfolio will tend to express this through slightly more aggressive yield curve positioning.

PGIM Fixed Income's Emerging Markets Debt investment philosophy is grounded in four beliefs. First, they believe that investors have an ever-changing risk appetite and believe that this is a primary contributor to both market opportunity and market volatility. Second, Country allocation is a primary determinant of emerging markets portfolio returns and therefore their investment process focuses on determining country views. The country decision process incorporates their global risk view along with an analysis of a country's foreign exchange, local bonds, and hard currency bonds from a fundamental, relative value, and technical perspective. The process relies on qualitative factors in their fundamental analysis, as they believe these are often the best predictors of performance. Third, security selection is a primary source of alpha generating opportunities and their process seeks the widest possible universe of security selection opportunities. PGIM analyzes sovereign issuers as well as "quasi-sovereign" issuers within the same country and evaluate opportunities in both hard currency and local currency bonds based on potential changes in policy rates and inflation. Corporate issuers are also evaluated. Fourth, risk budgeting provides a framework for investment decision-making and overall risk management. The firm relies on risk budgeting and risk management to provide a consistent and disciplined framework for all investment decisions. They develop a broad strategic risk budget for the portfolio that reflects long-term objectives and risk parameters, as well as a tactical risk budget that permits the portfolio to incorporate day-to-day views of market risk tolerances and opportunities within the broader strategic risk budget.

Performance

Referring to Exhibit 2, since March 1, 2021 (the first full month of performance after the account inception date of February 12, 2021), the PGIM portfolio has outperformed its index by 1.8%, returning -4.3%, net of fees, ended June 30, 2023. In the one-year period ended June 30, 2023, the portfolio outperformed the index by 1.5% returning 10.9%. Over a longer period of time, referencing the portfolio's composite data in Exhibit 1, since inception (December 1, 2007) of PGIM's emerging market debt blended product, the portfolio has outperformed 0.68% and over the last 10 years, the portfolio outperformed by 0.68%.

Referring to Exhibit 3, on a cumulative basis, the portfolio has added cumulative gains since inception by outperforming in both up markets and in down markets. Meaningful outperformance, since inception has been driven by being defensively positioned. An overweight position in hard currency sovereign bonds primarily added value, though exposures in local currency bonds and foreign exchange positions added to excess returns. The portfolio was focused on relative value positioning and with overweight in corporates as the main strategy for alpha.

Fees

The PGIM portfolio has an asset-based fee of 0.34% annually. The fee ranks in the 8th percentile among its peers in the eVestment Global Emerging Markets Fixed Income Blended Currency Universe. In other words, 92% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

PGIM has outperformed its benchmark index since inception ended June 30, 2023. The firm's understandable research-driven approach to emerging market debt investing is supported by a large stable global team. NEPC recommends renewing the contract with PGIM for a period of three years.

The following tables provide specific performance information, net of fees referenced above.

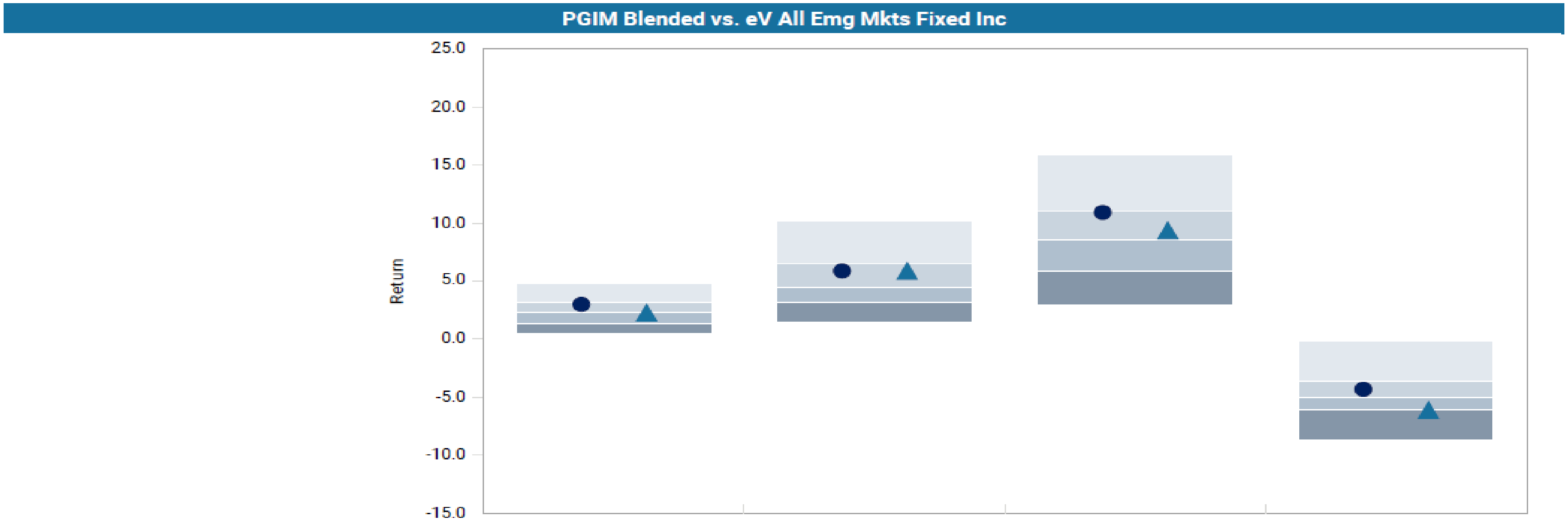
Exhibit 1: PGIM Fixed Income Net of Fees Composite Performance Summary Ended June 30, 2023

Product	Returns - QTD (06/2023)	Rank	Returns - 1 Year (06/2023)	Rank	Returns - 3 Years (06/2023)	Rank	Returns - 5 Years (06/2023)	Rank	Returns - 10 Years (06/2023)	Rank	Returns - Since Inception 15.58 Years 12/2007 - 06/2023	Rank
PGIM Fixed Income Emerging Markets Debt - Hard/Local Currency Blend	3.32	21	11.38	22	-0.45	37	1.18	45	1.86	62	3.95	54
JPM 50/50 Blend EMBI Glob Div & GBI EM Glob Div	2.35		9.41		-2.24		0.47		1.18		3.28	
Excess	*0.97*		*1.98*		*1.78*		*0.71*		*0.68*		*0.68*	

Source: eVestment

NEPC, LLC

Exhibit 2: Net of Fee Performance Summary Ended June 30, 2023

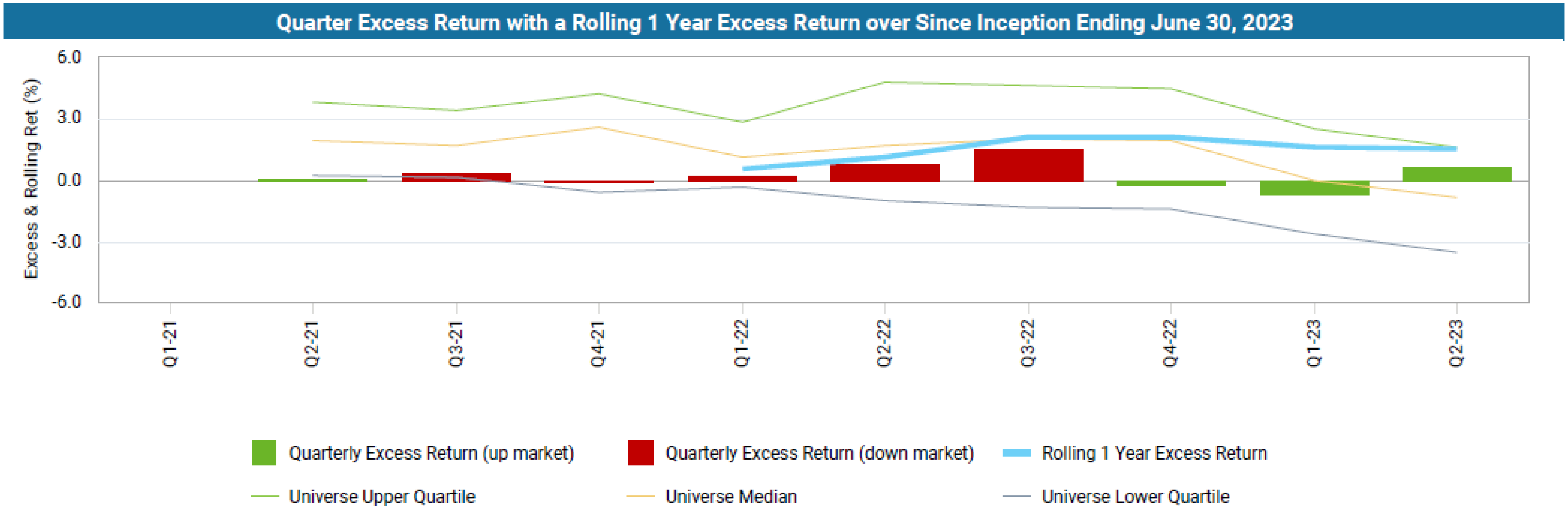


	3 Mo (%)	YTD (%)	1 Yr (%)	Inception (%)
● PGIM Blended	3.0 (30)	6.0 (33)	10.9 (28)	-4.3 (39)
▲ *50% JPM EMBI Global Diversified / 50% JPM GBI-EM Global Diversified*	*2.3 (49)*	*5.9 (33)*	*9.4 (42)*	*-6.1 (74)*
5th Percentile	4.9	10.2	15.8	-0.1
1st Quartile	3.2	6.6	11.1	-3.5
Median	2.3	4.4	8.5	-5.0
3rd Quartile	1.4	3.1	5.9	-6.1
95th Percentile	0.5	1.4	3.0	-8.6
Population	302	298	298	284

NEPC performance record starts from the first full month of performance.

NEPC, LLC

Exhibit 3: PGIM Blended Quarterly Excess Returns Ending June 30, 2023



CONTRACT RENEWAL
PGIM, INC.
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with PGIM, Inc. (PGIM) for active emerging market debt portfolio management expires on December 31, 2023; and,

WHEREAS, PGIM is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with PGIM will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on September 26, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with PGIM.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	PGIM, Inc.
Service Provided:	Active Emerging Market Debt Portfolio Management
Effective Dates:	January 1, 2024 through December 31, 2026
Duration:	Three years
Benchmark:	50% J.P. Morgan Emerging Market Bond Index Global Diversified Index and 50% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index
Allocation as of July 31, 2023:	$469 million

September 26, 2023