

MINUTES OF THE RETIREMENT BOARD
February 6, 2024

A special meeting of the Retirement Board convened on Tuesday, February 6, 2024, at 9:05 a.m.

The meeting was called to order by Retirement Board President Tim McGowan. This meeting was conducted with Retirement Board Members physically present in the Administration Building **Training Resource Center**, 375 Eleventh Street, Oakland, California. This location served as the physical location for members of the public who wished to attend the meeting in person. Please note, however, that members of the public were also provided the opportunity to participate via video and teleconference.

Roll Call – The following Retirement Board Members were present: Clifford Chan, Tim McGowan, Jae Park, and Elizabeth Grassetti. April Chan was absent at roll call due to jury duty and arrived at 11:10 am.

The following staff members were present: Cindy Charan, Sophia Skoda, Lisa Sorani, Lourdes Matthew, Steven Goodman-Leibof, and Valerie Weekly.

The following consultants were present: Billy Brown and Tom Sher from Alliant Insurance Services, Inc.

PUBLIC COMMENT

Addressing the Retirement Board were the following: 1) Diane Eggering, at the start of the meeting, made a request that the Retirement Board propose an increase to the retiree Health Insurance Benefit (HIB) and stated that she did not feel this was a union negotiation item. 2) Max Fefer, during Item 4, asked who we are focusing this benefit for and stated that he would like to see outreach to current District staff to get a broader view of what people want. 3) Eddie Cheung, during the discussion on the retiree HIB survey, asked for clarification about Lisa Sorani's statement about not being able to return to a District medical plan once you drop District medical coverage. He initially thought she was referring to the HIB.

INFORMATION

1. HIB Study Update and Retiree HIB Utilization Correction – Cindy Charan introduced this item and Lisa Sorani presented. Lisa Sorani noted that there were two corrections to the demographic data provided at the January Retirement Board meeting. First, the number of retirees eligible for, but not utilizing, the HIB is not 391, but 78. The second correction was on several slides from the original presentation where the 50% HIB maximum benefit was shown as \$125 instead of \$225. Neither error impacted other calculations or data in the slides. These corrections were made to the slides, and the corrected demographic slides are included as an addendum to the Trend presentation from Alliant. Lisa also reported that staff will request the Board of Directors' guidance prior to the April 16, 2024 Special Meeting. Discussion related to the retiree survey was tabled for later in the meeting.

2. **HIB Study: Medicare Overview** – Cindy Charan introduced this item and for Tom Sher and Billie Brown from Alliant to discuss. Tom Sher presented. Medicare is a really big deal. One out of every eight dollars in the federal budget goes to Medicare. 70 million people are covered. For the District, 78% of retirees are already on Medicare. Tom gave a history of Medicare since 2004 including eligibility, payment amounts, access, compliance, Medicare prescription drug coverage, and Medicare Supplement and Medicare Advantage plans. Managing the Medicare programs for retirees is complicated. Retirees look to staff to help them understand compliance and penalties for not enrolling in Part B within the required timeframe.

3. **HIB Study: Staff Administration Related to Medicare** – Cindy Charan passed this item to Lisa Sorani. Lisa presented on staff administration and the complexities of Medicare coordination. Medicare contacts District employees who are turning 65, while the District does not. Active employees over age 65 do not have to sign up for Part B and pay the Part B premium while they are working and covered by District employee health insurance. Staff suggest that employees sign up at least one month ahead of their retirement date to ensure they are immediately eligible for the Medicare health plan with no penalty. Marguerite Young asked about retirees under age 65. Lisa explained that they are eligible for HIB, although they are on a regular under 65 health plan and pay the higher premiums until they are Medicare eligible. Jae Park commented that there is an extra tier for married retirees when only one is over age 65. Lisa noted that there are many “mixed Medicare” tiers, and staff make sure everyone gets enrolled in the right plan. Lisa further discussed the short trainings and one-on-one consultations that staff provide each year, as well as the biannual Saturday sessions for employees and spouses that both Social Security and Fidelity Investments attend and present at. Staff conducted 15 retirement seminars in 2023. The seminars review core pension benefits, the HIB, and health insurance benefits.

4. **HIB Study: Healthcare Cost Trend** - Cindy Charan introduced this item. Lisa Sorani introduced Billie Brown and Tom Sher for the presentation. For a majority of health insurance plans, average increases over last ten years are low. The average increase for the employee health plans was 2.4% and the average increase for the Medicare health plans was 0.95%. Tim McGowan commented that premium increases and decreases seemed to occur during COVID. Tom Sher noted there was a COVID two-step; people were not going to the doctor. There was a big decline countrywide during 2021 and into early 2022. Tom next discussed forward looking trends in healthcare premiums. Alliant used Segal’s trend assumptions from the June 20, 2023 HIB valuation which uses a declining trend over ten years. The forward trend was much higher than we saw across the last ten years, but there is no crystal ball. Overall, you can see that cost of care is increasing. Kaiser is its own entity, but they just gave 21,000 nurses wage increases over the next four years. More broadly, there are the costs of new gene therapy and expensive weight loss drugs, and overall inflation runs through healthcare and increases the costs of all the products associated with healthcare. Jae Park asked what is causing the difference between Medicare and non-Medicare increases. Tom discussed the role of government in the Medicare plans and that the non-Medicare plans are costed differently, they look at the usage by District employees, along with the overall cost of care. Marguerite Young asked if staff had run the

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forward trend data by Segal for review. Lisa stated that we did not take it to Segal. Elizabeth Grasseti also asked if this was the correct way to use the Segal data. Staff confirmed they would go back to Segal and review how the data was used and report back to the Retirement Board. Marguerite Young asked what we are trying to accomplish and who we are trying to accomplish it for. We need to understand what our interests are for. A public comment from Max Fefer asked who we are focusing this benefit for. He would like to see current staff reached out to on this topic. Clifford Chan also stated that he would like to see what is important to active employees, not just regarding this one benefit, and wants to know what we as a Retirement Board get out of all of this. Tim McGowan stated that he believes retirees would value focusing on the HIB benefit instead of all benefits.

The final slide showed the history of HIB increases. Marguerite Young asked if we could have the information based on today's dollars. Clifford Chan asked to see the healthcare premium rates at each date when the HIB was increased.

The Retirement Board took a break from 11:10 a.m – 11:20 a.m.

April Chan arrived at the meeting at 11:10 a.m.

5. Re-Open Item 1. HIB Study Update and Retiree HIB Utilization Correction -

Retirement Board President Tim McGowan re-opened discussions under item number one to review the draft retiree survey. Marguerite Young was concerned that the current draft looked overly complex and not in the best order. Clifford Chan said it doesn't get at whether the cost of healthcare is actually a problem for retirees. Other comments were to consider using a survey agency (Probalski) to build the questions and to maybe ask cost data as a percent of monthly income and ask their income tier but offer "decline to state" as an optional response. Board members suggested that if it is otherwise anonymous, be sure to gather enough other indicative data to bucket the responses into appropriate groups including current age, age at retirement, years of service at the District, and retirement year. Elizabeth Grasseti and Marguerite Young will work with staff on final review before the survey goes live.

ITEMS TO BE CALENDERED:

- Segal review of Alliant Healthcare Premium trend

MEETING ADJOURNMENT – Marguerite Young moved to adjourn the meeting at 11:48 a.m. April Chan seconded the motion. The motion carried (5-0) by the following voice vote: AYES (McGowan, Young, C. Chan, A. Chan, Park), NOES (none), ABSTAIN (none), ABSENT (A. Chan).

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President

ATTEST:

Secretary

3/21/2024