

Reducing OPEB Liabilities:

Is Leaving CalPERS Medical a Viable Option?

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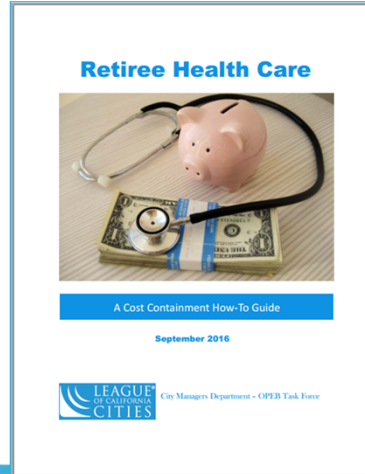
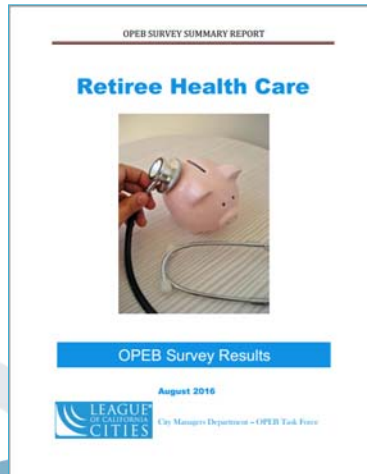
Jon Andrews, *West Division Sales Leader*, Willis Towers Watson

Outline

- League OPEB Survey and Resources
- Leaving CalPERS
- OPEB Reduction Tools
- Process To Leave CalPERS
- How the Marketplace Can Help
- Where to Begin

City Managers' Department OPEB Task Force

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OPEB Task Force Summary Recommendations

- Stay abreast and informed on the OPEB:
 - Your city's situation
 - Best Practices
 - Emerging Case Studies
- Prefunding future OPEB costs where appropriate;
- Identifying potential solutions to lower OPEB costs
 - Cost-sharing
 - **Benefit Structure - Vesting / Tiers / Eligibility /Term**
 - **Alternative Health Plans**
 - **League Health Benefits Marketplace**

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LEAVING CALPERS MEDICAL

CalPERS Medical Participation Rules

- CalPERS Enrollment
 - Why talk about CalPERS?
 - PEMHCA
- CalPERS Requirements
 - PEMHCA premiums
 - PEMHCA minimum
- Exiting PEMHCA
 - Contracting agency may terminate by resolution no later than 60 days after rates are released
 - No new PEMHCA contract for five years after termination

Special Considerations

- Bargaining under MMBA
- Vested rights
- Pre-Bargaining Analysis
- MOUs
 - What can you change in regard to City contribution and plan design for retirees?
- Risk Profile
 - Actives, retirees, waivers

Good Candidates to Leave CalPERS?

- Flexibility in retiree benefit plan design and City contribution to premiums
- Reasonable Risk Profile
- Committed leadership

Communication/Education with Stakeholders

- Working with the five key groups
 - City Council
 - Management
 - Union Leadership
 - Employees
 - Retirees
- Dispelling myths
- Develop alternative plans, rates and benefits
- It takes time

OPEB Reduction Tools

- Changes in Employer Contribution
- Changes in Employee Eligibility
- Changes in Benefits and Rates
 - e.g. Un-blending active and retiree rates reduces OPEB

HOW THE MARKETPLACE CAN HELP

Health Benefits Marketplace

GROUP PLANS

Active Employees
Full-time and part time
employees, COBRA

Medical, Ancillary,
Voluntary, Wellness
and Rx Benefits

Defined Benefit,
Defined Contribution,
Self Funding,
Partial Self Funding
and Fully Insured

INDIVIDUAL PLANS

Pre-65 Retirees

Medical, Dental,
Vision and
Rx Benefits

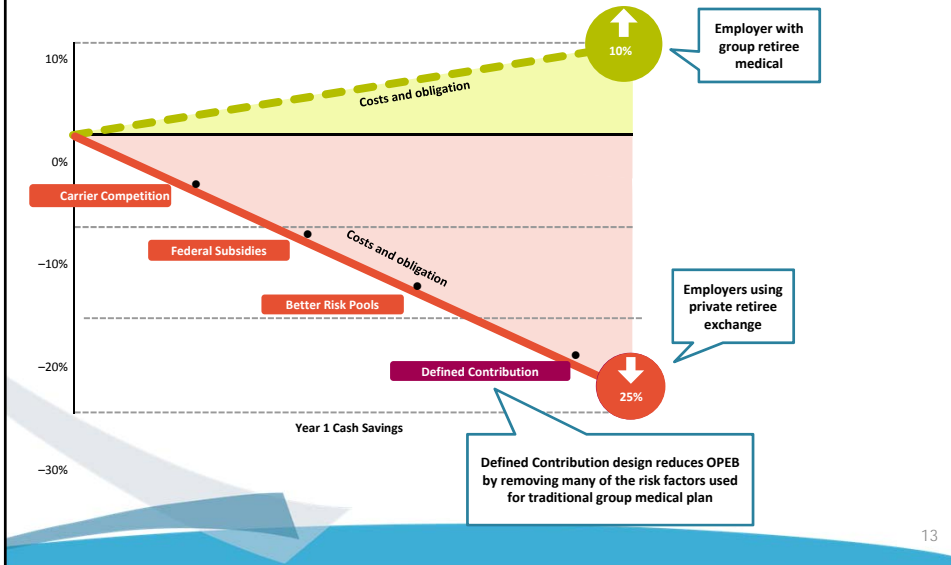
Defined Contribution,
Public Exchange and
Off-Exchange plans (Platinum,
Gold, Silver, Bronze)

Medicare Retirees

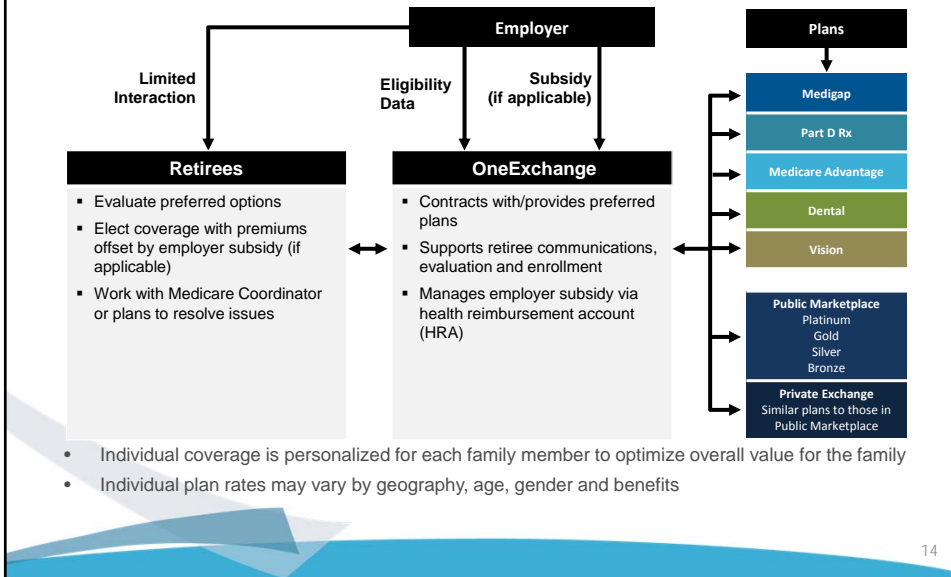
Medical, Dental,
Vision and
Rx Benefits

Defined Contribution,
Medicare Advantage,
Medigap, Part D plans

Funding for Retiree Medical



HBM for Retirees



Where to Begin?

- Determine whether your City is a good candidate to leave CalPERS
- Develop alternative plans and contribution strategies
- Create a communication/education plan and timeline for stakeholders

QUESTIONS

