Cheaper Healthcare!

■ Retirees through the LACERS system will be paying less for their healthcare plan in 2005

On Aug. 23, the Los Angeles City Employees' Retirement System (LACERS) Board of Administration approved the addition of new medical plan providers and negotiated overall premium rate reductions of 5.2 percent with no reduction in benefits for LACERS' retirees. The changes will take effect Jan. 1.

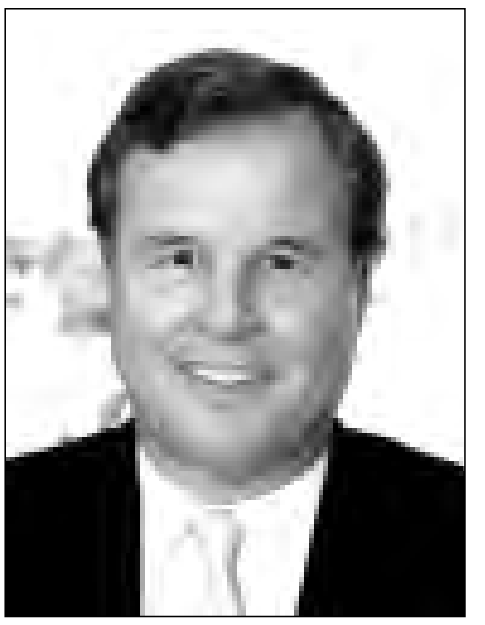
"The negotiations we successfully completed resulted in a reduced cost of $3.45 million. Retirees will benefit from a wider range of choices and some new services," noted Commissioner Ken Spiker, the retired Members' elected representative to the Board of Administration.

Two new medical plan providers — Blue Cross HMO and SCAN of Southern California — met the criteria of cost-effective premiums and quality care. Blue Cross HMO will replace PacifiCare for Retired Members under age 65. SCAN will provide an additional plan choice to Medicare eligible retirees. Through their *Independent Living Power* program, retirees who qualify can access additional services such as transportation to medical appointments, light housecleaning, and home-delivered meals, at no additional cost to the plan.

Board President Shelley I. Smith said, "We believe this excellent result is probably unique among other retiree healthcare purchasers given that annual increases have been in the double digits in each of the last four years." Premiums rose an estimated 18.2 percent in 2004.

As a result of the persistent premium increases over the past four years, the Board issued a Request for Proposal (RFP) in February. The Board's decision to issue the RFP, higher reimbursements from Medicare, and each provider's positive financial position resulted in overall savings. According to Smith, "It was the best possible time and group of circumstances in which to vigorously negotiate premium rates for LACERS' benefit plans without sacrificing quality care."

"The current environment is a difficult one for pension plans to manage increasing healthcare costs for a retiree population," said LACERS General Manager Robert Aguallo Jr. "We recognize that there is no single solution to the healthcare crisis," he said. As to the strategies employed by LACERS, Aguallo noted, "Our efforts demonstrate our commitment to our Members in terms they can readily understand and appreciate. They can feel comfortable and secure, as they enjoy the same quality healthcare with more choices in 2005."



New LACERS President

■ Thomas J. Mizo is elected president of the LACERS board.

Commissioners of the Los Angeles City Employees' Retirement System Board of Administration elected Thomas J. Mizo president during a regular board meeting Aug. 24.

Mizo is senior managing director at Holliday Fenoglio Fowler L.P. in Los Angeles. He was originally appointed to the Board by Mayor Hahn in September 2001 and serves on the Private Investments Committee. He replaces Shelley I. Smith, who was also elected vice president.

During the same meeting, the Board congratulated Commissioner Vicky L. Schiff on her reconfirmation by the City Council to the Board. Commissioner Schiff has served on the Board since August 2002 and is the chair of the Audit and Strategic Planning Committee.

The LACERS pension fund has assets of more than $7.7 billion and administers benefits for 26,000 City employees and 14,000 retirees.

LACERS in The Black

■ Fiscal year ends up 18.6 percent.

The LACERS' investment portfolio beat its policy benchmark and ranked in the top 6 percent of pension funds greater than $1 billion, according to LACERS.

During a regular meeting of the LACERS Board of Administration, Chief Investment Officer Dan Gallagher presented the Investment Performance Review for the period ending June 30. Mr. Gallagher reported that the total investment portfolio return was 18.6 percent for the year, outperforming the policy benchmark by 2.2 percent. The investment portfolio was valued at $7.7 billion, an increase of $1 billion from one year earlier.