

APRIL 7, 2023

From LARFPA President Jim Mateer

UPDATE FROM THE LAFPP COMMISSION MEETING - APRIL 6, 2023

The Board of LAFPP Commissioners met for their first meeting in April. Two important items were up for discussion and approval.

COLA

First, approving the 2023 COLA was discussed. The cost-of-living data showed the increase was 5.1%. The Board approved the 5.1 % increase for Tiers 1 & 2. Tiers 3 & 4 will receive a 3% increase. Tiers 3 & 4 do not have a COLA bank. Tiers 5 & 6 will receive a 3% increase, and 2.1% will be added to the COLA bank. The COLA bank will rise from the current 4.4% to 6.5%.

DISCRETIONARY COLA (DCOLA)

You may have heard the Board has the discretion (called a Discretionary COLA) to request the City Council to approve an increase in the COLA when it exceeds 3%. The City Charter outlines the process. The important thing is the request can only be approved once every three years. If the request was approved this year, they could not request again for three years should inflation continue and worsen. Additionally, the DCOLA is limited to 50% of the total COLA amounts over 3% (The total amount over 3% for the past three years is 6.5%), so the DCOLA could only be 3.25%. After much discussion, given the current trend of COLAs over 3%, the Board voted unanimously to wait until next year's COLA before requesting a DCOLA.

APRIL 7, 2023

LAFPP COMMISSION MEETING UPDATE CONTIN...

NON-MEDICARE HEALTH SUBSIDY INCREASE

The Board listened to a staff report concerning the medical trend data for the upcoming year. The data from the medical actuarial showed an increase of 7.25%. The City Admin Code permits an annual increase of up to 7% or less if indicated by the medical trend data. The LAFPP staff recommended to the Board an increase of 5%. At 5%, the non-Medicare subsidy increases by approximately \$103. At 6%, \$123. At 7%, \$143. After hearing input from UFLAC and LAPPL, the Board discussed the matter at length. A motion was made to increase the subsidy by 6%. The motion was approved by a 7-2 vote.

There are over 9,700 retired fire and police members who participate in LAFPP subsidized medical plans. Between Police Relief, Fire Relief, and UFLAC, there are over 100 different medical plan costs (single coverage, 2-party coverage, family coverage, etc.). The current maximum subsidy was \$2046.97; with the 6% increase, the new maximum non-Medicare subsidy is \$2169.79.