

OP&F Pension Fund Report, April 2018

The Fund closed at \$15.5 Billion on April 24, 2018.

Director Gallagher commented about the stipend adjustments to the chart that was posted on the Fund's website last month. The proposed changes will be checked for accuracy by the actuary before being finalized. He also stated that the Fund is committed to provide both education and training regarding the pending health care plan transition. Part of the process includes a "mock sign-up" that will be staged in May as a demonstration of the interaction between a member and an Aon representative in choosing coverage for 2019 that will occur later this year.

DISABILITY COMMITTEE

- There were (19) Initial Determination Hearings (IDH) this month. The recommendations were (18) for approval and (1) postponed for additional information.
- There was (1) Death Benefit Fund case and it was recommended for disapproval.
- There was (1) reconsideration hearing this month and that remained the same.
- There were (4) appeal hearings this month.

BENEFITS COMMITTEE

- Staff presented the 1st quarter DROP Experience Report. At the end of March 2018, there were 4,163 DROP participants of the 4,619 members that were eligible to participate. The average time in DROP for all participants is 3.62 years. The average time at DROP termination is 5.56 years.
- Staff provided the committee members with some information that was requested at the Board retreat regarding the pension calculations of six members who were impacted by the "anti-spiking" salary benchmarks that became effective in 2013. There will be more discussion at the May board meeting in the Legislative Committee.
- Staff reviewed the following rules as part of the 5-year rule review required by the ORC:
 - 742-2-01 Board of Trustee election rules
 - 742-3-02 Definition and usage of terminal pay and salary in benefit and pension calculations
 - 742-3-23 Spousal consent/designation of multiple beneficiaries
 - 742-4-02 Implementation date of deferred retirement option plan
 - 742-4-04 Rescission of DROP election

- 742-4-05 Purchase of service credit
 - 742-4-06 Calculation of DROP benefit
 - 742-4-10 Maximum period for DROP participation
- No substantive changes were recommended other than a date change for the announcement of a trustee election to the Board from the last Tuesday in May to the last Wednesday in May.

HEALTH CARE COMMITTEE

- United Healthcare representatives presented and reviewed the 2017 UHC medical and prescription plan performance. Some highlights in the review showed that there were 8,215 member participants versus 8,646 in 2016 and that the medical spend was 0.2% less last year. The average age of those participating was 53.4 years.
- UHC also presented the Prescription Drug List Changes that will become effective on July, 1, 2018. These include (1) up-tier, (1) down-tier, (10) new tier placement of previously excluded drugs and (7) new exclusions. Any member that is affected by the upcoming changes will receive a letter 30-60 days prior to the effective date.
- Staff addressed the board regarding several items related to the 2019 Health Care Transition. Among these were proposed changes to the stipend table that was approved by the Board last month; final rules for the health reimbursement account (HRA); and, the qualified life events for enrollment.
- Proposed changes to the stipend table would still achieve a 15-year solvency and include the following. These changes were subsequently approved by the full board. The revised chart can be viewed at www.op-f.org, under the “OP&F News” tab
 - The elimination of the category labeled “Full Family” to reflect a single stipend amount for “Retiree + Spouse + Dependent.” Therefore, the stipend for a “non-Medicare Retiree + non-Medicare Spouse + Dependent(s)” is proposed to be \$1,074.62.
 - A “non-Medicare Retiree only” stipend was proposed to be lowered from \$692 to \$685.
 - A “Medicare Retiree + non-Medicare Retiree + Dependent(s)” was proposed to be lowered from \$805.62 to \$632.62.
 - The committee discussed aspects of the “health reimbursement account.”
 - Stipends are only available to members who enroll through the AON Retiree Health Exchange.
 - Stipends can be used to pay premiums and nearly all possible out-of-pocket medical expenses.

- Any balance remaining at the end of the year and not used for the plan year would be returned to the health care stabilization fund and will not rollover to the following year.
- “Qualified life events” are proposed to remain much the same as in the past; however, some aspects must change due to compliance with the Health Care Act. More discussion time was requested regarding the qualified life events at the May board meeting before being finalized.

COMMENTARY

The next board meeting is scheduled for May 22 and 23. The agenda for the upcoming board meeting should be available on the pension fund’s website, www.op-f.org, on May 17th.

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OP&F/PFRO Liaisons