

OP&F Pension Fund Report, April 2016

The Fund closed at \$13.9 Billion on April 26, 2016.

The Director announced that Trustees John Wainscott and Ed Montgomery were unopposed in their re-election bids. Both will begin new four-year terms beginning in June 2016.

The Board also approved motions to pre-approve travel for Trustees Montgomery, Desmond and Wainscott.

DISABILITY COMMITTEE

- Staff presented the 1st Quarter Disability Experience Report.
- The Committee discussed their authority to increase and/or decrease disability awards when an application for and appeal or reconsideration is filed.
- There were 17 Initial Determination Hearings (IDH) this month. The recommendations were (15) for approval (1) recommended for re-examination and (1) was denied.
- There were (2) reconsideration hearings. (1) was increased and (1) remained the same.
- There were (5) appeal hearings
- There was (1) Death Benefit Fund consideration hearing this month. The committee recommendation was for disapproval.

BENEFITS COMMITTEE

- Committee did not meet.

HEALTH CARE COMMITTEE

- The Fund's health care consultant firm of Gabriel, Roeder, Smith & Company addressed the Health Care Committee and other board members about the "OP&F Healthcare Benefit Plan for 2017 and Beyond." Their presentation outlined more than 30 options for the Board to consider in order to sustain a healthcare plan for the members into the future. The options were listed in three basic categories: benefit changes, care advocacy & management programs and eligibility. The options could be adopted as listed or modified as deemed by the board. The consultant's summary included some estimated cost saving to the health care stabilization fund for a few of the options. Some of these options are abbreviated below:

- Increasing prescription co-pays to \$15/\$50/\$100 from the current \$7/\$25/\$35
 - Increasing specialty prescription co-pays to \$10/\$35/\$70 from the current \$5/\$18/\$25
 - 2 times those higher co=pays for 90 day Mail Order Delivery
 - Add a fourth tier in prescription coverage for certain specialty medications with a capped cost-share; or, a flat coinsurance cost share on specialty pharmacy
 - Increase the emergency room co-pay from the current \$100 to \$200
 - Increase the in-network deductibles to \$750 for individuals/\$1,500 for families. Increase out-of-network deductibles to 3 times in-network's level
 - Increase co-insurance limits to \$2,000 for individuals and \$4,000 for families
 - Increase specialist co-pay
 - Increase Inpatient hospital co-pay to \$400 per admission
 - Implement a "narrow pharmacy network"
 - Reduce and/or cap the Medicare Part B re-imburement
 - Introduce alternative delivery models of care
 - Implement an Employer Group Waiver Medicare Part D plan
 - Implementing "some clinical programs that aim to improve member compliance and prior authorization programs that work to rationalize provider utilization of high cost procedures." Some program examples include radiology management, cardiology imaging management, targeted diabetic and pre-diabetic management, targeted hypertension, targeted advanced illness, comprehensive disease management, medical necessity prescriptions, etc.
 - Remove coverage for dependents who have access to an alternate benefit plan
 - Reduce eligibility age from dependents from 28 to 26
 - Eliminate coverage for step-children dependents
 - Eliminate spousal coverage or subsidy, and/or
 - Eliminate dependent coverage or subsidy
 - Eliminate coverage or reduce subsidy levels until age 60 except for active duty disabled retirees
 - Alter the eligibility rule for age and years of service
- The Health Care Committee members agreed that much additional time will be needed to digest all of the information that was presented and will discuss their adoption of any of the proposals presented for

the 2017 plan year at the May and June board meetings, and possibly set a date and time for some additional discussion.

COMMENTARY

The presentation to the Health Care Committee by Gabriel, Roeder, Smith & Company, the health care consultant contracted by OP&F, took several hours at this month's board meeting. We have tried to provide you an abbreviated list of some of the more salient options proposed. We also want to point out that, while all options are on the table for discussion, that these are all just options at this time. Some of these are sure to be adopted in some form in order to sustain the health care funding.

All members are welcome to attend the board meetings when they are in open session. The Board agenda for the May meeting will be listed on the Fund's website at op-f.org when it is finalized. At the time of this writing, the Health Care Committee will meet again on May 17 at a time to be announced.

The next board meeting is scheduled for May 17-18 .

*Report compiled by:
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OP&F/PFRO Liaisons