

OP&F Pension Fund Report, August 2016

The Fund closed at \$14.3 Billion on August 30, 2016.

OP&F Fund Director John Gallagher reported on the recent rebound of the Fund's investment portfolio.

He informed those in attendance that the Board will hold a retreat on November 1st and that at least half the day would involve discussions on the long-term solutions to the Fund's health care benefits. The location and specific agenda were not furnished at this time.

He announced that the Fund's retirement seminars for active members close to retiring will begin on September 13. The dates, times and locations are listed in the Fund's summer newsletter that can be accessed on the website at op-f.org.

DISABILITY COMMITTEE

- There were (22) Initial Determination Hearings (IDH) this month. The recommendations were (16) for approval, (3) were denied, (2) were postponed for withdrawal and (1) was postponed for re-examination.
- There was (1) reconsideration hearings. The recommendation was for an increase.
- There were (6) appeal hearings
- There were (3) Death Benefit Fund consideration hearings this month. All were recommended for approval. A separate Death Benefit Fund reconsideration was approved.

BENEFITS COMMITTEE

- The committee charter was approved with no changes along with the August 2016 thru July 2017 committee schedule.
- Trustee Wainscott advised the committee of a recent request by a member in the DROP program asking for an early withdrawal of funds. He stated that the current statute does not allow this to occur. Staff will be looking at the circumstances to see if the situation warrants any recommendation to amend the statute.

HEALTH CARE COMMITTEE

- Staff and health care representatives informed the committee on the status of the preparation of materials for the upcoming Annual Change Period.
- Dates and locations for the Annual Change Period meetings have been finalized and were published in the Fund's summer newsletter. The schedule is available on the Fund's website also at op-f.org.

There will be six locations state-wide with one meeting scheduled at each site.

- Gabriel, Roeder and Smith, the Fund's health care consultant, is continuing to work on the long term goals for the Fund's health care plan and will make a presentation at the November 1st retreat meeting.
- Staff informed the committee that Buck Consultants prepared a report that certifies that the Fund's prescription plan is equal to or better than the Medicare Part D plan. This certification qualifies the Fund to receive substantial rebates.
- Ms. Sheckler, the AARP representative, informed the committee of some changes impacting our members who use the Villages Health System in Florida. Beginning on January 1, 2017, that system will no longer accept patients with original Medicare and Medicare supplement plans. Records determined that as many as 28 of our benefit recipients may be impacted.
- The committee members voted unanimously to continue to analyze health care premiums subsidy amounts based on actual years of service. If adopted, any new policy would only apply to future retirements.

COMMENTARY

At the conclusion of the board meeting, two members addressed the board and attendees:

- A member spoke about the "fourth tier" being added to the Fund's health care prescription program which will be implemented beginning in January 2017. He recounted that his own co-pay amounts will be increasing from a current amount in excess of \$700 to an annual expenditure of more than \$7000. He asked that the board consider an annual maximum out-of-pocket level for prescription co-pay.
- A member spoke of the costs associated with the recent OPERS transition to their health-care plan subsidies and that OP&F might consider a similar plan.

The next board meeting is scheduled for September 27-28, 2016.

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OP&F/PFRO Liaisons