

OP&F Pension Fund Report, March 2017

The Fund closed at \$14.8 Billion on March 28, 2017.

DISABILITY COMMITTEE

- There were 12 Initial Determination Hearings (IDH) this month. The recommendations were (10) for approval, (1) was denied and (1) was postponed for re-examination. There was (1) reconsideration hearing this month. The recommendation was for an increase.
- There were (3) Death Benefit Fund consideration hearings this month and all were approved.
- There were (2) appeal hearings this month.
- Staff presented the 2016 Disability Exam Satisfaction Survey results for the second half of the year.

BENEFITS COMMITTEE

- Committee did not meet.

HEALTH CARE COMMITTEE

- The Board discussed health care at the Board retreat earlier in the month and this was coupled with presentations by GRS, the health care consultant, and Buck/Conduent, the Fund's actuary. This discussion continued at the board meeting this week. A motion was made and seconded at the committee meeting, and this motion was formally voted on and approved unanimously by the entire board on Wednesday. Excerpts from the motion follow:
 - ...that the Board pursues an exit from the current self-funded Group Health Plan structure for the provision of health care and RX benefits and implements a capped dollar amount stipend for medical expenses for both Medicare and non-Medicare eligible members and direct staff to provide the Board with detailed information...
 - The following are considerations that will be discussed further by the Committee and Board for possible implementation in the future...
 - ...for implementation in 2019...for the Medicare eligible group and transition this population to the individual marketplace (Medicare Advantage, Medigap)

- ...for implementation in 2019...for the non-Medicare eligible group and transition this population to the individual marketplace (commercial, off-exchange)
- ...determine the appropriate formula for setting the capped dollar amount subsidy that will be provided to eligible Medicare and non-Medicare members, and where applicable, Medicaid eligible members....
- ...consider for 2019 whether or not a capped dollar amount stipend for medical expenses will be payable to retirants who were ineligible or waived OP&F's health care coverage...
- ...consider for 2018 pursuing legislation to eliminate Medicare Part B reimbursement in a 3-year phase-in...
- ...consider for 2018 a cap on Medicare B reimbursement at \$100...
- ...research products and services provided by United Health Care and other vendors in the Medicare and non-Medicare exchange markets, including an optional total member pay group plan with premiums paid through monthly deductions from the benefit check.

COMMENTARY

OP&F began sponsoring health care benefits in 1974 and expenditures were \$3 million in that first year. Expenditures in 2016 exceeded \$213 million and are expected to continue to increase. The health care stabilization fund is projected to be totally depleted in just 8 years without any further changes being made to the existing plan. Although the decision to transition from the self-funded health care plan was a difficult decision for the Board to make, making the changes now may provide the members with some additional years of some assistance with health care.

We have previously encouraged you to read all of the information coming your way to keep yourself informed about the changes to our health care plan. Now more than ever, please pay attention.

The next board meeting is scheduled for April 25-26.

Report compiled by:
Gary Siniff, PFRO 2nd Vice President
Paul Hillenbrand, PFRO Trustee
OP&F/PFRO Liaisons