

OP&F Pension Fund Report, May 2017

The Fund closed at \$15.1 Billion on May 16, 2017.

Director Gallagher commented that a draft copy of a Request for Proposal (RFP) related to health care has been received and is being reviewed by staff. He also commented that this was the final meeting for Trustee Ed Montgomery to serve as Chairperson. Trustee Jeffrey Moore will assume the Chair position next month. The Governor's new appointee to the Board, Charles O. Moore, will be present for the June board meeting.

DISABILITY COMMITTEE

- Staff presented the 1st Quarter Disability Experience report.
- Staff also reported the 2016 HOST Experience Report. Five new HOST's have been trained bringing the total member count of the volunteer force to 43.
- There were 9 Initial Determination Hearings (IDH) this month. The recommendations were (8) for approval, (1) for denial. There was (1) reconsideration hearing this month. The recommendation was for no change.
- There were (4) appeal hearings this month.

BENEFITS COMMITTEE

- Committee did not meet.

HEALTH CARE COMMITTEE

- Staff presented the First Quarter 2017 Health Care Stabilization Report. The March 31 balance was \$919 million, an increase from the \$909 million balance at the end of 2016. The investment return allocation for the first quarter was 4.48%, netting \$40 million for the fund.
- United Healthcare representatives addressed the committee with the 2016 Annual Medical Plan and Pharmacy Plan Performance Reviews. Some noted highlights from the reports are as follows:
 - Total medical membership was down 1.8%
 - Medical spend was up 8%, \$597.52 per member per month(PMPM). This breaks down to a 3.8% increase in non-catastrophic spend and an 18.1% increase in catastrophic spend. There were 102 catastrophic claimants (\$100,000+) with an average net paid of \$195,173.
 - There was a 13.6% increase in emergency room spend.
 - Total pharmacy membership was up .3%.

- Pharmacy spend was up 5.3%, \$344.43 PMPM. Specialty PMPM increased 6.6% and non-specialty increased 2.2%. Tier utilization remained stable and generic utilization increased to 84.9%. This 1% increase in generic utilization is estimated to save the fund more than \$4 million.
- Total pharmacy spend was \$89 million, \$23.6 million for the under 65 group and \$65.4 million for the 65 and over group. There were 180 catastrophic cases (\$50,000+) with an average net paid of \$88,579.
- Conduent representatives (formerly Buck Consultants) presented the “Development of 2018 Health Care Costs and Contributions.” There was some discussion among the committee and board members concerning the recommendations and the board decided to have additional discussion at the June board meeting before making a final decision concerning any possible increases for the 2018 plan year.

COMMENTARY

There was no discussion at the board meeting this month regarding any plans for health care beginning in 2019. Additional meetings may be scheduled in the near future with dates and times to be announced.

The next board meeting is scheduled for June 27-28.

*Report compiled by:
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OP&F/PFRO Liaisons