

OP&F Pension Fund Report, October 2019

The Fund closed at \$15.75 Billion on October 22, 2019

Director Gallagher commented that open enrollment for our Medicare members began on October 15th and continues through December 7th. For our pre-Medicare members, enrollment runs from November 1st through December 15th.

He also commented that there will be no Board meeting in November. The last board meeting of the year will be December 3-4.

DISABILITY COMMITTEE

- Staff provided an updated list of the (2) disability benefit recipients who had not submitted an Annual Earnings Statement by the September 1st deadline. Forms must be received by December 7th to avoid a suspension of benefits.
- Staff presented the 3rd Quarter Disability Experience Report.
- There were (16) Initial Determination Hearings (IDH) this month. (12) were recommended for approval and (4) hearings were denied.
- There were (0) reconsideration hearings this month..
- There were (6) Death Benefit fund cases. All were recommended for approval.
- There were (2) appeal hearings this month and both were approved.

BENEFITS COMMITTEE

- Staff reviewed the following rules as part of the ORC 5-year rule review. No changes were recommended to 742-9-01, 742-9-02 and 742-9-03. 742-9-04 was recommended to be rescinded as OP&F no longer receives payment for accrued liability on the 1985 OPERS transfers
 - 742-9-01 Authorization to charge employer for requested detail on accrued Liability
 - 742-9-02 Payment dates for employer accrued liability
 - 742-9-03 Delinquent accrued liability payments
 - 742-9-04 Payment dates for employer accrued liability on PERS transfers
- Staff presented the 3rd Quarter 2019 DROP Experience Report. Statistics remained fairly consistent. There are 4,363 members participating in the DROP program and an additional 479

- members who are eligible but not yet participating. The average number of years in DROP at termination is about 5.6 years.
- The Fund's actuarial firm, Cavanaugh MacDonald Consulting, addressed the full board with a power point presentation regarding the 30-year funding triennial report that is due this year. The report is based on the Fund's value as of 1/1/2019. The report showed that the Fund is at 29-years and is in compliance; therefore no further action need be taken. DROP remains cost neutral and the Health Care Stabilization Fund is forecast to remain solvent until November, 2032.
 - The Committee discussed with the actuary the impact of setting a "floor" of 2.5% for the DROP interest rate and whether that would affect the neutrality of the DROP program. The full board subsequently took action to establish the 2.5% interest rate "floor." An amendment was added for the Board to re-affirm annually that the 2.5% "floor" rate change does not affect the neutrality.

HEALTH CARE COMMITTEE

- Staff presented the 2nd Quarter 2019 Health Care Stabilization Fund Report. The balance at the end of June was about \$855 Million which reflected a decrease of \$39 Million from the total at the end of June, 2018.
- Mark Chandler and Mat Burkley from Aon presented the committee with a statistical update on health care enrollment for 2020 and dates of communications mailed out to members.
 - A total of 1,427 members/spouses attended the 24 meetings held 9/16-9/26 throughout the state. There were separate meetings held for Medicare and pre-Medicare individuals.
 - Activity in the Aon office at OP&F through September showed 30 pre-scheduled appointments, 29 intent to retire meetings and 34 walk-in meetings.
 - Plan carrier updates for Medicare were available on October 1st and will be available for pre-Medicare on November 1st.
 - Webinar videos are now available to view at www.myexchangeconnection.com/op-f for those that were unable to attend one of the meetings.
 - Total claims paid to-date were 330,799 totaling \$54,314,923.

COMMENTARY

The class-action lawsuit contesting the changes to the Fund's health care plan by the Ohio Police & Fire Pension Fund and the Board was recently dismissed. A copy of the decision can be read at the following link:

<https://fcdfcjs.co.franklin.oh.us/CaseInformationOnline/imageLinkProcessor.pdf?coords=RAIBHKVNSYXVgsXRKDcwfqHKbbjEgQIn6Wn9avpL9J8izKOcuXs8bdh6NRrihjdI27LdAReAihd9cJ2cxbXuZEORipURZ9IQhz7OeChs0V%2FM09cQVp%2FfRL4rh1zNLMYvttPdfFUSPvKSkx4CDQARFvVSEzPr1qSSMuX1B3EwhpI%3D>

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OP&F/PFRO Liaisons