

OHIO COUNCIL OF HIGHER EDUCATION RETIREES, SEPTEMBER 15, 2015

I. The meeting was called to order at 9:30 a.m. by President Roger Anderson. After the minutes and treasurer's reports (all state universities paid for 2014-15 and statements were sent out for 2015-16) were accepted by Michelle Hobbs and Hank Nettling respectively, Michelle gave a brief report about OPERS: she indicated that OPERS currently sits at \$89.5 billion; she also reminded us that the new health care plan will go into effect on January 1, 2016, adding that if changes were not made health care costs would have increased substantially. The connector plan is the result of these changes. OPERS is making every effort to offer considerable advanced information.

II. Dick Hill offered his legislative report for STRS. His report included:

A. Three years after reforms were enacted, Ohio's five major public retirement systems are showing modest improvements but still collectively are short of being fully funded, as defined by state law. When I asked if the state ever bailed out one of the systems, Dick said it never happened in the 95 years of their existence.

B. Dick noted an editorial in the Columbus Dispatch which states that the governor and the legislature have no right to interfere with Ohio's pensions: "Retirement funds belong to retirees, not to grandstanding politicians...The five pension funds that serve active and retired government workers are referred to as public pensions, but the money belongs to the workers and retirees who have paid into the system for many years." This editorial was precipitated by Governor Kasich's call to "look for responsible ways to divest in companies that do business with Iran." The editorial is a positive development in our relationship with the press. Ohio Treasurer, Josh Mandel is leading this disinvestment effort by supporting a constitutional amendment that would limit how Ohio public pension funds can invest.

C. New retirement applications are up, continuing a trend beginning in 2013.

D. Healthcare spending increased by 4.9% in the second quarter of 2015; the overall economy grew at 2.3%.

E. More healthcare consumers are turning to walk-in clinics.

F. An article in HealthDay reports that at age 38, participants "biological age"-the state of their organs, immune system, heart health and chromosomes-ranged from as young as 30 to as old as 60. People whose biological age was older even looked older. In addition, the fast-agers showed worse balance and poorer motor coordination, and reported having more trouble with tasks such as climbing stairs or carrying groceries.

G. Specialty medication costs are increasing dramatically, i.e., Alprolix (Hemophilia B) \$400,000 annually, Eloctate (Hemophilia A) \$400,000 annually, Keytruda and Opdivo (Melanoma) \$150,000 each annually.

H. The average American woman weighs 166.2, which is what the average American man weighed in 1960; average for men today is 195.5.

I. Nut eating is healthy; a Dutch study reports that one has a 23% lower chance of death for those eating at least 0.3oz of nuts or peanuts a day.

J. The Los Angeles Times reported recently that because of data breaches in a growing number of medical records, some patients are avoiding giving doctors sensitive information about their health, including substance abuse, mental health problems and HIV status.

K. Cardiovascular Quality and Outcomes suggests that divorce can have serious physical effects on the heart, especially for women. Investigators found that women who divorced at least once were 24% more likely to have a heart attack and those divorcing two or more times saw their risk jump to 77%. Men also experienced such a risk but to a lesser degree and only after multiple divorces.

III. Jim Kweder has started to update the OCHER Advocacy list and has asked for a committee to assist him and to monitor the items on the list (see OCHER Advocacy as addendum to my report)

IV. Greg Nickell, STRS Director, Health Care Services, reviewed constants and changes in STRS's program for 2016.

A. STRS Health Care Framework, established in 2011

1. Establish Medicare program as the cornerstone to help the largest number of retirees for the longest period of time.

2. By 2016, increase health care's projected solvency to 30+ years.

3. Extend forecasted solvency to 65 or more years by 2025.

B. Some salient points

1. No dedicated funding source since 2014

2. Growing number of health care participants; in just one year (2013 to 2014) benefit payouts went from \$589 million to \$656 million while rate of return dipped from 17.7% to 7.9%.

3. Modest changes for in-network services; more increases for out-of-network services.

4. Medicare members need not do anything with the marketplace during open enrollment because Medicare is not part of the health insurance marketplace.

V. Marla Bump, STRS Government Relations Director addressed offered a national and state update

A. With a host of other international and federal issues, Congress has been fairly quiet regarding public pensions; however, her report did caution “there are potentially dangerous times ahead for public pensions on Capitol Hill”. Lurking in some quarters (Senator Orrin Hatch) is the desire to legislate mandatory Social Security.

B. At the state level there is continuing interest in a charter school reform bill and in “mitigating rate” legislation for alternative retirement plans (ARP’s).

Respectfully submitted,

George D. Beelen