

OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF SEPTEMBER 17, 2019

Meeting called to order at 9:30 a.m.

The Minutes of May 21, 2019 OCHER meeting were read and approved.

OCHER Treasurer, Jim Lapp (Univ. of Toledo). The current ending balance of the organization is \$6,159.15. 8 universities (including YSU) out of 13 have paid their 2019-20 dues of \$100.00.

Allen Foster, OPERS Director of Benefits

Donna Castiglione, OPERS group leader for answering phones, holding seminars and webinars:

OPERS is a self-insured plan; Medical Mutual runs the plan, but OPERS pays all the claims.

PRE-MEDICARE MEMBERS (2020 CHANGES)

- **Packets Mailed Between 9/26/19 thru 10/9/19**
- Members will share a higher % of plan costs in 2020 because plan rates have increased 5.6% or around \$73.00. A premium of \$277.49 in 2019 could go to \$344.90 in 2020.
- Deductibles increasing in 2020:
Medical 2019 = \$1,200; **Medical 2020 = \$2,500**
Rx 2019 = \$100/\$200; **Rx 2020 = \$200/\$400**
- Co-insurance maximums decreasing in 2020:
Medical 2019 = \$4,250; **Medical 2020 = \$3,250**
Rx 2019 = \$2,050; **Rx 2020 = \$1,800**
- OPERS is encouraging members to use in-network providers, because there is **NO** limit or reachable maximum co-insurance if out-of-network providers are used.
- Because people are using emergency rooms more than urgent care, the ER co-pay is increasing from \$150 to **\$250 for EMERGENCIES**, and from \$250 to **\$550 for NON-EMERGENCIES**.
- OPERS is encouraging members to contact the **NURSE HOTLINE** they have established at 1-888-912-0636, 24/7 beginning 10/1/19. Hopefully they can help establish if it's a true emergency or urgent care matter.
- Prescription co-pays increased by 5% for generic, formulary and non-preferred medications.
- Specialty medications have **NO** coinsurance and the cost per specialty med is up to a max of \$300.
- No plan changes for either dental or vision in 2020, but slight premium increases:
High Plan Dental 2019 = \$34.32; **High Plan Dental 2020 = \$36.59**
Low Plan Dental 2019 = \$20.37; **Low Plan Dental 2020 = \$21.71**

High Plan Vision 2019 = \$6.02; **High Plan Vision 2020 = \$6.14**

Low Plan Vision 2019 = \$2.41; **Low Plan Vision 2020 = \$2.58**

MEDICARE MEMBERS (2020 CHANGES)

- **Open Enrollment is 10/15/19 thru 12/7/19**
- If you are happy with your coverage, do nothing, everything will stay the same.
- If you want to change your coverage, you can call VIA Benefits at 1-844-287-9945.

FUTURE FUNDING OF OPERS HEALTHCARE:

NOTE: OPERS MUST FUND PENSIONS; HEALTH CARE IS DISCRETIONARY

- Only EMPLOYER contributions can fund the Healthcare Fund. As of 2018, no contributions have been made to the Healthcare Fund.
- The Healthcare Fund is also dependent on the rate of return from investments, however the market is so volatile.
- Currently, in 2019 the Healthcare Fund has \$11.3B, however at the rate of claims this amount is projected to last only until 2030 (11 years from now).
- Realistically, OPERS is thinking that with the market volatility they wouldn't even be able to start re-funding the Healthcare Fund until somewhere between the years 2034-2067.
- OPERS is **EXTREMELY** determined to continue offering health care to all of its current and future members, but they will need to make adjustments.

OPERS IS CONSIDERING 5 DIFFERENT ADJUSTMENT PACKAGES, BUT ARE STRONGLY LEANING TOWARDS PACKAGE #5.

NOTE: WHATEVER PACKAGE OPERS DECIDES ON, ADJUSTMENTS WILL NOT TAKE PLACE UNTIL 1/1/2022.

PRE-MEDICARE ADJUSTMENTS (PACKAGE #5)

- OPERS would get out of health insurance all together and pre-Medicare members would move from a group plan to an individual plan (OPERS only has 30% pre-Medicare members, so they can't get a cost effective plan with that low of a membership).
- The pre-Medicare allowance would be reduced from \$1,306.00 to \$600.00 or \$900.00 to be used to purchase a health care plan on the individual Marketplace.
- OPERS will have a vendor in place to help members make the transition in finding the best plan for them. (OPERS hasn't decided if pre-Medicare members will HAVE to use the vendor in order to get their allowance. Medicare members MUST use the vendor VIA Benefits to receive their allowance).
- Grandfathering for eligibility and allowance will be maintained under Package #5.

MEDICARE ADJUSTMENTS (PACKAGE #5)

- The **base** Medicare allowance for members will go from \$450.00 to \$350.00.
- This isn't a change--but HRA's will still rollover from year to year.

POTENTIAL CHANGES TO THE COLA:

- OPERS is considering 4 Packages to change the COLA with savings ranging from \$4.47B to \$3.02B.
- These packages are slightly modified from 2017 (when the COLA issue was first introduced). The Board has approved all of these packages but now the OPERS team has to work hard to get one of the packages thru legislation.
- **NOTE: IF ONE OF THE PACKAGES PASSES THROUGH LEGISLATION, THE CHANGES WILL NOT GO INTO EFFECT UNTIL 1/1/2022.**
- OPERS is leaning towards Package #3 which will give them a savings of \$3.44B and these adjustments:
 1. Freeze COLA for 2 years (no COLAS for 2022 or 2023).

2. After the freeze, return to current conditions-(current conditions meaning, those retirees receiving a fixed 3% COLA prior to the freeze will receive a 3% COLA following the freeze period and retirees receiving a COLA subject to a cap will return to receiving a COLA subject to a cap following the freeze period).
 3. 85% purchasing power restored.
 4. Delaying the COLA for **future** retirees until their 2nd pension anniversary (24 months after retirement).
- Additional Changes to active members (or future retirees hired on or after 1/1/2022 are also being considered.
 1. higher member contribution rates
 2. increased years of service eligibility
 3. increased years of service included in final average salary
 4. lower benefit multiplier
 5. lower COLA
 6. health care would be provided by funds accumulated in a members Retiree Medical Account (RMA).
 - Changes also being considered for new hires on or after 1/1/2022 regarding the Combined and Member Directed Plans.

After OPERS staff left, the OCHER team speculated on some reasons the OPERS Pension Fund is in this predicament now, because at one time OPERS was much stronger than STRS. Their Unfunded Actuarial Accrued Liability is \$24.4B and is the highest unfunded liability OPERS has ever had.

- Some folks thought that OPERS members salaries range from Administrator level to Mover/Custodian level, whereas Educators salaries don't have such a broad high/low range.
- It's possible OPERS has a higher % of pre-Medicare and disabled members than STRS.
- Educators tend to be older and work more years because their jobs are less demanding.
- Universities may be downsizing their classified employees, so less members in OPERS.
- Perhaps more OPERS members are in the Member Directed Plans.
- Finally, STRS members no longer receiving a COLA which is a huge cost savings for the fund.

Gerry Newsom (OSU) reported on STRS:

- Market volatility caused ups and downs for the STRS investment fund. The total fund return for FY2019 ended up being +7.13% which is below the assumed rate of 7.45% and below their benchmark by 0.17%. This is the 1st time in 5 years that STRS failed to beat the benchmark.
- Two retired teachers in Cincinnati filed a class-action lawsuit against STRS, alleging the loss of COLA's violates state law.
- STRS Board is searching for an Executive Director.
- Payroll growth last year for active teachers was about 3.1%, slightly above the expected 3.0%.
- New faculty in Ohio have a variety of choices for their retirement plan. Recently, 58% chose STRS, the remainder chose an Alternative Retirement Plan (ARP).

Legislative Report (Marla Bump, Director of Government Relations for STRS Ohio)

- Marla said that the pension systems are still relatively quiet on both the state and federal level.
- Recently introduced House Bill 326 would allow certain elected officials to maintain their OPERS or SERS disability benefits (under current law, if a SERS or OPERS member is receiving a disability benefit and is subsequently elected to various positions under the same system, their disability

benefit automatically terminates). The Bill has not been reviewed by the OSRC yet. Also, this Bill does not include STRS.

Greg Nickell (STRS) Health Care Update: (2020 Official Changes)

Pre-Medicare - Medical Mutual Basic Plan

- Open Enrollment is 11/1/19 thru 11/26/19. Packets will be mailed about the 3rd week in October.
- No action required to stay in the same plan. Deadline for Plan changes is 11/26/19.
- **Enrollment changes can now be done online if you have an online account.**
- Medical Mutual enrollees will receive a new ID card in December 2019.
- A 24 hour Nurse Line is being added.
- Transplants are required to be performed at Organ Transplant Center of Excellence.
- Prescription drug maximum out-of-pocket limit remains unchanged at \$5,100.
- STRS is modifying the specialty drug coinsurance.
- Adding SaveonSP manufacturer assistance program for enrollees prescribed certain specialty drugs (current enrollees taking a qualifying specialty medication will receive a letter inviting them to participate in the program).

Medicare - Aetna Medicare Plan PPO

- No changes next year in Medical Plan.
- Rx Plan-increasing the maximum out-of-pocket limit from \$5,100 to \$6,350 (this increase allows STRS to continue receiving federal reinsurance payments which is an important Health Care Program funding source).
- STRS is modifying the specialty drug coinsurance.
- Board approved a 1 year extension (thru 2020) of the Medicare Part B reimbursement of \$29.90 (about 85,000 benefit recipients receive this reimbursement at an annual cost of \$31M).
- Medicare enrollees will receive documents required by Medicare in September or October (they are "Annual Notice of Changes" and "Evidence of Coverage" from Aetna; and "Annual Notice of Changes" from Express Scripts).

STRS Health Facts

- 2020 will mark the 5th year in a row where premiums for the Aetna Medicare Plan have not increased.
- 2020 also marks the 3rd year in a row that non-Medicare Basic Plan premiums have not increased.
- The Aetna Plan is calling Medicare enrollees to set up Home Visits. At these visits, questions are asked about your health and also your house is checked for hazards (i.e. tripping hazards).
 1. A few OCHER members said even after they had their Home Visit, they continued to receive calls to schedule a visit. One OCHER member said he felt the questions were an invasion of his privacy. Greg Nickell said that as a member you have the right to say "No" to a Home Visit, but it makes a difference in the dollar amount the government reimburses to STRS.

CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES

University of Akron (Retirees Association)

- Their group continues to hold luncheons, various dinners, presentations and takes area trips.
- Their scholarship endowment established in 2008 holds a value over \$112,000.
- They reached their initial goal of \$100,000 by 2018 and have now increased their new goal to \$150,000 by their 25th anniversary year.
- For FY 2019/20 they awarded two \$2,500 scholarships.

Next meeting of OCHER is November 19, 2019.

Respectively submitted by
Marianne Anderson