

**Ohio Police & Fire Pension Fund
MINUTES**

**Health Care Committee
140 East Town Street, Columbus, Ohio
October 23, 2019**

Call to Order: 11:36 a.m.

In attendance:

Committee Members/Trustees:

Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Montgomery, Moore and **Wainscott**

Staff:

Clark, Cupp, MB Foley, Gallagher, Graham, Harville, Holodnak, Jewell, Miller, Middleton, Miller, O'Brien, Rankin, Sparks and Smals.

OP&F Retirees:

W. Biasella, C. Burkhart, G. Church, P. Hillenbrand, J. Lassiter, R. Luzader, G. Monto and B. Williams

Others:

Mark Chandler and Mat Burkley from Aon

AGENDA ITEM 1

Approval of August 28, 2019 Health Care Committee/Board Minutes

Mr. Desmond moved and Mr. Montgomery seconded a motion to approve the August 28, 2019, Health Care Committee minutes. The motion passed with the roll call vote as follows:

Ayes: Britt, Corvi, Desmond, Heller, Maloney Stifler, Miller, Montgomery, Moore and
Wainscott

Nays: None

AGENDA ITEM 2

2nd Quarter 2019 Health Care Stabilization Fund

Ms. Jewell presented the 2nd Quarter 2019 Health Care Stabilization Fund and Net Cost Report.

AGENDA ITEM 3

2019 Health Care Plan

Mark Chandler and Mat Burkley from Aon, provided general updates and information on the member on-site meetings and number of attendees. There was a discussion on how many members have met with the Columbus office team and an update on the upcoming enrollment period along with year-to-date statistics on the HRA claims. Aon distributed materials indicating the pre-Medicare carriers by county that will be available to participants in 2020.

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**AGENDA ITEM4
OPEN DISCUSSION**

Chairman Desmond discussed several items during open discussion including his recent trip to Washington, the OAPFF's health care report and litigation matters. Chairman Desmond remarked:

- Aon's pledge of multiple plan choices holds true for the majority of our retiree population – the Medicare eligible retiree. This group has several choices, and they are more affordable than the previous plan design we had before 1/1/2019. In addition, many of pre-65 members experienced positive plans and cost saving as well; though many did not.
- The minority of our retirees – the pre-Medicare group – do not have the same amount of options available to them. Neither Aon nor OP&F had knowledge of the number and types of plans that would be available prior to the Nov. 1 open enrollment period.
- We all agree that there were significant shortcomings in Aon's rollout. We have held them accountable under the contract – and continue to do so. We have much higher expectations for this year's open enrollment periods and Aon's performance.
- The changes to the health care plan throughout 2019 are meaningful and should offer more plan choices for the pre-Medicare group – specifically the open HRA concept in place for 2020. We listened to members who asked why they couldn't find a plan on their own and use the stipend. For 2020, they can.
- OP&F had an open RFP process in 2017 where each of the insurance companies OAPFF has met with had the opportunity to submit proposals. UnitedHealthcare did respond, but their solution did not create enough savings to address the problem with our health care funding.
- The proposals we have seen from other insurance companies the task force contacted are not solutions either. Generally, the proposals limit choice and seek to force all members into one plan with one carrier. The proposals require the retransition of Medicare eligible members who have done well in the exchange. The most recent proposal provides adequate coverage for current pre-Medicare retirees only, but leaves out all future retirees. OP&F seeks to provide some type of health care assistance to current and future retirees for as long as possible.
- Claims data has been made available in aggregate for a ten year period. Carriers who insist that they cannot give guidance on pricing while knowing OP&F stats over a decade are being disingenuous. OP&F spent \$200 million or more a year, with pre-65 driving 57% of the claims though only about 35% of the retiree membership. Vendors could give a ballpark, but do not. Respectfully, the members of the task force are not subject to the statutory duties Board members are or any of the legal strictures of fiduciaries; nor are the vendors the task force seeks to share the information with.

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- Short-term policies that cover retirees when they are traveling have always been eligible for stipend reimbursement as long as members are enrolled in an Aon product for health care. That has been communicated whenever the question has been asked.
- OP&F and Aon began working with The James and Nationwide Children’s Hospital in 2018 when we realized the institutions were not covered. Both institutions became available through CareSource in 2019, addressing the concerns of some in central Ohio.
- The RFP process that resulted in contracting with Aon was an open process and the Board’s interviews with each of the finalists were open to the public. Some retirees did attend these interviews. At the end of the process, Aon was the obvious choice. To say OP&F was derelict in its vetting process shows a lack of understanding of the process we used. In fact the court affirmed OP&F’s diligence in Zwegat v OP&F:

“...it is abundantly clear in the record that the OP&F Board was thorough and conscientious...”.

- Aon health services had no litigation against it at the time of selection. The individual who bankrolled the health care lawsuit on the other hand has been raided by the FBI on two occasions.
- The expenditures for the stipend model and any self-insured plan would certainly not be the same. The plaintiffs made that same argument in court. Remember, in as group plan, OP&F pays all claims – not the insurance company. The insurance company only administers the plan (as UHC did for us). A fully insured plan requires a profit margin for the vendor and requires many more dollars. Again, the court found in Zwegat v OP&F:

The record here does not demonstrate that the Board abused its discretion ...in studying health care benefit issues, in adopting a new stipend model, or in selecting Aon to assist in administering it...

- The health care fund would certainly be depleted at a faster rate if the pre-Medicare group was placed back on any reasonable group plan. Our actuary estimated we would have lost SIX solvency years in 2019 had we not switched to the exchange model, falling to 6 years and 8 months.
- If OP&F could have afforded a group plan we would have stayed with UHC. Unfortunately, the group we are discussing is primarily between 48-64 years of age, and who have spent their careers in dangerous and physically demanding positions. This is not a group insurers are eager to accept and is why OP&F sponsored a self-insured plan.
- VEBA’s are generally associated with employer plans, not retirement plans. This is a good idea for members and unions to negotiate with their employer while active to supplement health care in retirement.

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- Our constituency groups were a part of this decision. We had many meetings and have representatives of the unions on our Board. We are always in favor of better communication and understanding with these groups. Again, our Board meetings are open to the public. We welcome the attendance of members and wish we could work together instead of playing a blame game :

It is a cruel irony that OP&F's volunteer Board members have been blamed...because they had to enforce funding priorities dictated by the General Assembly.

- The Health Care Stabilization Fund is an IRS approved tax free vehicle and the appropriate source for the Medicare Part B reimbursements. To use the general pension fund for these reimbursements would further jeopardize pension funding, which is our primary responsibility under Ohio law. It is like "squeezing a balloon". We further note the other systems have eliminated or drastically reduced the Medicare Part B reimbursements, while OP&F has retained it for our seniors.

Adjournment

Mr. Desmond adjourned the meeting at: **12:32 p.m.**



John Wainscott
Health Care Committee Chair

Committee Materials Provided/Attached:

1. Health Care Committee/Board Minutes, August 28, 2019
2. Memorandum from Jennifer L. Harville and Jane Jewell regarding the Health Care Stabilization Fund 2nd Quarter 2019 dated October 23, 2019
3. Aon Presentation materials