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## The year in review

*Excerpt from the 2017 OP&F Health Care Report to the Ohio Retirement Study Council. For the complete report, go to the OP&F Reports link under the Information section at [op-f.org](http://op-f.org)*

2017 marks the 50th year of operations for OP&F. Staff, the Board of Trustees and its health care consultant, GRS, celebrated this milestone while working toward a major transition from a group-sponsored health care plan to a new consumer-driven model. Three finalists emerged from the search and presented their ideas to the Board in September. Aon was selected to be OP&F's vendor partner to establish a framework for the new retiree health care plan scheduled to be implemented on Jan. 1, 2019. Although the self-insured model will be ending, the structure of the old plan will tentatively serve as a guideline for the new plan design.

Aon will work directly with retirees and assist them in choosing an appropriate health care plan from the marketplace to fit their needs. A fixed-cost monthly stipend will be provided to eligible members to assist in paying associated costs. It is the desire of the Board to create stipend levels that will provide meaningful financial support for Medicare and non-Medicare retirees. The current health care plan will be in place throughout 2017 and in 2018. OP&F will continue to provide retirees with access to a quality health care plan while also accomplishing OP&F's goal to extend the life of the HCSF and available funding for health care to approximately 15 years.

As of Dec. 31, 2017, the HCSF balance was \$932,087,789, which represents an increase in the balance from 2016 of three percent or \$30,434,074. This was a result of interest generated on the balance of the HCSF along with retiree contributions, rebates and recoveries, and employer contributions, expressed as a percentage of payroll (0.5 percent from Jan. 1, 2017 to Dec. 31, 2017). Non-investment earnings generated \$109,427,728 in revenue to fund health care. Benefit recipients contributed 38 percent toward OP&F's overall health care costs. The remaining 62 percent was paid from the HCSF. The specific breakdown of the HCSF over the last six years is shown on the Schedule of Changes in Net Assets Available for Post-Employment Health Care Benefits.

The medical plan for OP&F members not eligible for Medicare, along with the retiree, prescription drug plan, is self-funded. OP&F pays the full cost of claims dollars for this program plus an administrative fee to a third party administrator. Members over the age of 65 are offered a fully insured premium based Medicare Supplement program. OP&F's actuary sets rates for the self-funded medical and prescription drug plans and reports annually on the solvency of the HCSF, but performs a full review of all assumptions and methods every five years. The structure of this plan includes a self-insured medical plan for the under 65 population, a Medicare supplement plan for Medicare eligible retirees, and a self-insured pharmacy plan. Funding for the plan comes through a portion of the employer contributions earmarked for health care – currently 0.50 percent. Investment returns and contributions from those enrolled in the plan are the only other sources that make up the HCSF.