



## SUMMARY OF OPERS RETIREE HEALTH CARE PLAN CHANGES

At the same time pension legislation (Sub. S.B. 343) was working its way through the General Assembly, OPERS was considering significant changes to the OPERS health care plan, changes that would affect many current and future retirees.

Even with the passage of pension legislation, the rising cost of health care and demographic challenges we face simply will not allow us to maintain our current level of health care coverage.

Without changes to the health care program, the OPERS actuary projected that the OPERS health care trust fund would be exhausted within fourteen years. As a result, OPERS spent much of the spring and summer communicating to our members through our newsletters and social media, and by hosting town halls, tele-town halls, webinars and presentations across the state. In each venue, we covered the need for changes to the health care plan, and sought member feedback. Member feedback was critical in the development of the plan

for health care changes – we heard loud and clear that our members consider health care coverage to be an integral part of their retirement security.

In September, OPERS adopted a set of changes to the retiree health care plan that will allow OPERS to continue offering retirees a meaningful level of health care coverage for the foreseeable future.

A summary of the core health care changes is listed below to help you respond to questions from your constituents.

**Implementation of these changes will begin in January 2014.** A more comprehensive explanation of these health care changes is available on our website, [www.opers.org](http://www.opers.org), by clicking on one of the “Comprehensive Guides” that details the health care changes.

COMPONENT	CHANGES
<b>Age and qualifying service eligibility requirements (excludes those with a retirement effective date prior to Jan. 1, 2014)</b>	<ul style="list-style-type: none"> <li>• Minimum eligibility for health care for future age &amp; service retirees: Age 60 with 20 years of service.</li> <li>• Members retiring at any age with 30 or more years of service are eligible for coverage. (The number of years will be re-evaluated by the Board in future years.)</li> <li>• The above eligibility criteria will be used for public safety and law enforcement members.</li> </ul>
<b>New age and qualifying service monthly allowance table (Applies to all retirees)</b>	<ul style="list-style-type: none"> <li>• Monthly allowances will range between 51% and 90% of the full monthly premium.</li> <li>• Same allowance table will be used for current and future retirees.</li> <li>• Members retiring prior to Jan. 1, 2014 with an allowance at or above 75% will maintain an allowance of at least 75%.</li> <li>• Members retiring at any age with 30 or more years of service: These members will have at least a 71% allowance. (The qualifying number of years will be re-evaluated by the Board in the future.)</li> </ul>
<b>Spouse coverage (Applies to all retirees)</b>	<ul style="list-style-type: none"> <li>• Spouses under age 65 will transition to a \$0 allowance over three years (2014-2016) and have access to OPERS coverage at full cost in 2017 through 2019. The Board will reevaluate access at full cost bi-annually.</li> <li>• Spouses over age 65 will transition to a \$0 allowance over three years (2014-2016) and will have access to the OPERS Medicare Connector in 2015.</li> <li>• Spouses of benefit recipients who die before or after retirement will no longer assume the retiree's health care allowance.</li> </ul>
<b>Child coverage (Applies to all retirees)</b>	<ul style="list-style-type: none"> <li>• Children (up to age 26) will receive half of the retiree's allowance percentage if the recipient has at least 20 years of service and is enrolled in the health care plan.</li> <li>• If the recipient retires with less than 20 years of service, children (up to age 26) will transition to a \$0 allowance over three years (2014 - 2016) and then have access to coverage at the full cost in 2017 through 2019.</li> </ul>
<b>Recipient Medicare B Premium Reimbursement</b>	<ul style="list-style-type: none"> <li>• For those eligible, Medicare Part B premium reimbursement will transition to a \$0 reimbursement with the first reduction occurring in 2015.</li> <li>• 2014 reimbursement: \$96.40</li> <li>• 2015 reimbursement: \$64.60</li> <li>• 2016 reimbursement: \$31.80</li> <li>• 2017 and after: \$0</li> </ul>

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COMPONENT	CHANGES
Medicare Part A Equivalent Coverage	<ul style="list-style-type: none"> <li>The OPERS Board will determine the portion of the cost that it will pay for members and will provide Medicare Part A equivalent coverage to spouses who are not eligible for Part A (50% of the cost).</li> </ul>
Coverage	<ul style="list-style-type: none"> <li>OPERS will continue to offer a medical plan and prescription drug plan for participants under age 65. How much you pay will depend on retiree's years of service at retirement and your age when you first enroll in the OPERS health plan.</li> <li>In 2014 OPERS will continue offering a medical plan and prescription drug plan for Medicare retirees. In 2015 OPERS will introduce the OPERS Medicare Connector.</li> <li>OPERS will continue to offer optional dental and vision coverage for a premium.</li> </ul>
Service Credit (excludes those with a retirement effective date prior to Jan. 1, 2014)	<ul style="list-style-type: none"> <li>Only the following types of service credit will apply to health care eligibility after Jan. 1, 2014: Contributing service, Ohio Retirement System transfers, interrupted military (USERRA), unreported time and restored (refunded) service.</li> </ul>
Disability Recipients	<ul style="list-style-type: none"> <li>Members receiving a disability benefit prior to Jan. 1, 2014 will have continued access to health care coverage based on the annual review and approval of their disabled status. Allowance will be determined in the same way as an age and service retiree. If recipient does not meet minimum age and service requirements, the minimum allowance will be used.</li> <li>Members first receiving a disability benefit on or after Jan. 1, 2014 will have coverage during the first five years of disability benefits. After 5 years, recipient must meet minimum age and service requirements or be enrolled in Medicare to remain enrolled in the OPERS plan. If enrolled, allowance will be determined in the same way as an age and service retiree.</li> </ul>
Delayed Enrollment (Applies to all recipients)	<ul style="list-style-type: none"> <li>Retirees may delay entry into the OPERS health plan. Allowance will be determined based on their years of service at retirement and age at enrollment.</li> </ul>
Elected withdrawal	<ul style="list-style-type: none"> <li>Retirees who voluntarily elect to withdraw from the OPERS health care plan on or after Jan. 1, 2014 cannot re-enroll. This rule does not apply to retirees who return to public employment and are required to enroll in the employer's health care plan.</li> </ul>
Minimum Earnings (excludes those with a retirement effective date prior to Jan. 1, 2014)	<ul style="list-style-type: none"> <li>Beginning Jan. 1, 2014, contributing service credit for health care will be accumulated only if the member earns at least \$1,000 per month.</li> <li>Health care eligibility based on the minimum earnable salary will not be prorated.</li> <li>Credit earned prior to January 2014 will not be affected by this change.</li> </ul>
Income-Based Discount	<ul style="list-style-type: none"> <li>An income-based discount will be provided for those participants who have a household income at or below 200 percent of the Federal Poverty level and at least 20 years of service. Qualifying participants will receive a 30 percent discount on premiums for the OPERS Health Plan.</li> </ul>

**Reminder:** If a member's effective date for retirement is Jan. 1, 2014 or later, they must have at least 20 years of qualifying service and be age 60 or have 30 or more years of qualifying service at any age to qualify for OPERS health care coverage. In future years, the 30 years at any age will increase to 32.

### Service Credit

In addition, changes to applicable service credit for health care eligibility will also take effect Jan. 1, 2014. This means any noncontributing service a member has purchased will not apply to their health care eligibility, nor will it apply in determining their health care allowance if their effective date for retirement is Jan. 1, 2014 or later. Purchased credit will still count in determining your retirement benefit.

### Disclaimer

Finally, it is important to remind members that retiree health care coverage is not a guaranteed benefit. OPERS intends to continue to provide coverage as long as resources allow. However, the OPERS Board of Trustees has the discretion to review, rescind, modify or change the health care plan at any time.

### **Important Retirement System Update**

Due to increases in the number of retirement applications being processed, OPERS members who wish to retire in advance of the legislative effective date should expect some delay in the receipt of their first service retirement or interim benefit payment based on their chosen effective date of retirement. Contact OPERS if you have questions or need additional information.

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The Ohio Public Employees Retirement System (OPERS) is the largest public pension fund in Ohio and the 11th largest public pension fund in the U.S. In operation since 1935, OPERS serves nearly 954,000 members, including more than 176,000 retirees and beneficiaries.