



## OPERS SEEKS PASSAGE OF CORRECTIVE CHANGES BEFORE THE END OF THE YEAR

Throughout the implementation of OPERS' pension reform legislation (Am. Sub. S.B. 343), our staff has been working to identify any corrections or necessary clarifications in the new law. As a result, we have compiled a short, but important list of changes that will help us efficiently and effectively administer our revised benefit structure. Because these changes require legislative approval, OPERS will be seeking the General Assembly's support for corrective legislation that, we hope, will be enacted before the end of 2014.

Generally, our corrections or clarifications may be grouped into three general categories: (1) corrections that are technical (or non-substantive) in nature, (2) clarifications to ensure consistency with administrative rules and business processes, and (3) modifications to existing statutes that have been identified since Am. Sub. S.B. 343 became law.

Of the changes pertaining to the language or provisions of Am. Sub. S.B. 343, approximately two-thirds can be categorized as technical or non-substantive. Examples include incorrect cross-references, omitted language, and changes in terminology. The remaining one-third of the changes are clarifications to ensure consistency with administrative rules and business processes. Those clarifications include: the universal beneficiary designation provisions, the disability program, and the purchase of service credit for time the member received Workers' Compensation benefits.

***OPERS staff stand ready to discuss any of these corrective changes with legislators and staff who may have questions.***

In the final category, there are three provisions that are "new" only because they were identified after S.B. 343 became law. Those are:

- Specifying in statute that the employees of OPERS are not subject to the civil service laws governing state employees. OPERS has successfully litigated this issue in the past; therefore, we are seeking the legislative change to avoid future litigation;
- Specifying that OPERS has the authority to assess interest and/or penalties on overpayments. S.B. 343 clarified our ability to collect pension and health care overpayments but did not specifically address the assessment of interest; and
- With regard to the long-term care insurance program, we are proposing to change the existing requirement to offer the program to permissive authority instead. The Board previously approved this change when it became clear that OPERS could no longer find a vendor to offer this product.

OPERS staff stand ready to discuss any of these corrective changes with legislators and staff who may have questions.



## OPERS TO PRESENT MEDICARE PART A PROPOSAL TO GENERAL ASSEMBLY

OPERS has been preparing retirees for upcoming changes to our retiree health care program since 2012. An important part of these changes, the OPERS Medicare Connector, promises to offer choices for health care and lower costs for eligible members when it begins in January 2016.

To become eligible for the Connector, members must qualify for and be enrolled in both Medicare Part A (hospitalization) and Medicare Part B (outpatient services). But what about those members who don't qualify for Medicare Part A because they didn't contribute to it?

Prior to April 1, 1986, public employees could not contribute to Medicare. Subsequent legislative changes allowed public employees to contribute to Medicare, but only new members or existing members that changed jobs. Members who have remained in the same job since 1986 continue to be ineligible for Medicare Part A.

The Ohio General Assembly acted to provide an alternative for these members, requiring OPERS to provide Medicare Part A-equivalent coverage. In August of this year, OPERS Director of Health Care, Marianne Steger, travelled around the state for a series of presentations on the new Connector model. During those presentations, several of our Medicare Part A-ineligible members voiced concerns that they would not be able to participate in the new Connector and that they would face higher premium costs (because of the higher premium for a group Medicare plan that has to provide Medicare Part A equivalent coverage.) These concerns were raised at the September meeting of the OPERS Board, and the Board

authorized staff to develop a new strategy that could allow these members and their spouses to use the Connector once implemented.

OPERS sought feedback from all affected Medicare Part A-ineligible retirees whether they would support this new model of coverage. The response has been overwhelmingly positive and OPERS is seeking a legislative change that would provide our Board with the discretion to pay to reimburse retirees for their Medicare Part A premiums, plus an applicable allowance to select health care coverage through the Connector.

In total, about 6,245 current retirees and another potential 4,123 future retirees will be impacted by this change. If these members cannot participate in the Connector, we estimate that their health care costs will increase by \$300 per month once our new health care plan is

fully implemented in 2018.

Changing the law will allow OPERS to pay the Medicare Part A premium (currently \$426 per month) for the retirees in this group, as well as half of the spouse's premium. Starting in 2016, those retirees will then be able to use the Connector to secure health care coverage. This plan treats all retirees equally, eliminates our claims risk and will save OPERS money over time. The projected financial impact for retirees and their spouses from 2016-2028 is \$1 million savings.

The feedback that we have received so far has been positive, and we are hoping to receive additional support from our retiree organizations. As always, if you have questions for OPERS regarding this or other matters, please do not hesitate to contact us.



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### OPERS Government Relations Team

**Carol Nolan Drake**  
Chief External Affairs Officer – 614-222-0398

**Gordon Gatien**  
Government Relations Officer – 614-222-2924

**Deborah McCarthy**  
Assistant Government Relations Officer – 614-222-6466

**Christopher Collins**  
Assistant Government Relations Officer – 614-222-0555

**Anthony Tedesco-Nichols**  
Assistant Government Relations Officer – 614-222-0381

