



OPERS HEALTH CARE REPORT SUMMARY AND COMMUNICATIONS PLAN

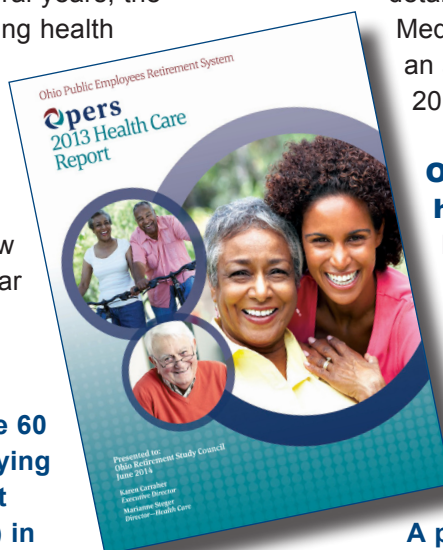
While health care coverage is not required by law, the Ohio Public Employees Retirement System recognizes it is an important part of a secure retirement. Because of this, the OPERS Board of Trustees has chosen to offer health care coverage to eligible members and their eligible dependents. Dating back several years, the Board began planning and implementing health care preservation measures, with a goal of strengthening the Health Care Fund for a solvency period that lasts at least 40 years. With the changes that OPERS will be incrementally making over the next few years, the projected solvency is now far into the future.

For example, beginning in January 2015, members must be at least age 60 and have at least 20 years of qualifying service credit (or be any age with at least 30 years of qualifying service) in order to be eligible for access under the OPERS health care plan.

Additionally, one of the most important changes for our current Medicare-eligible retiree population (age 65 and above) was the adoption of a Medicare Connector model. As you may remember, the plan to preserve health care approved by the Board in 2012 provides a health care allowance to Medicare-eligible individuals so that they can select a Medicare Supplement or Medicare Advantage plan on the open market. In order to ease the transition to this new health care model, the Board chose to engage the services of a Medicare Connector, which is a private company that will work in partnership with OPERS to help eligible retirees select a plan that best fits their needs and resources.

OPERS decided to implement a Medicare Connector program after learning that despite our large purchasing power, we could not compete with the prices available on the open Medicare market. By allowing our retirees to select an individual plan, we can offer them more choice

at a lower cost. The Medicare Connector can assist them in making their selection of a health care plan that meets their needs and fits their budget. Additionally, OPERS will stand behind the Medicare Connector providing the strong support we have always offered our retirees. A detailed procurement process to secure a Medicare Connector vendor is under way, with an anticipated Connector commencement in 2016.



OPERS 2013 Health Care Report highlights

Below are a few highlights from the OPERS 2013 Health Care Report. Greater detail on each item is provided in the full report, which was published in June and is available on our website, under the Health Care tab on the www.opers.org home page.

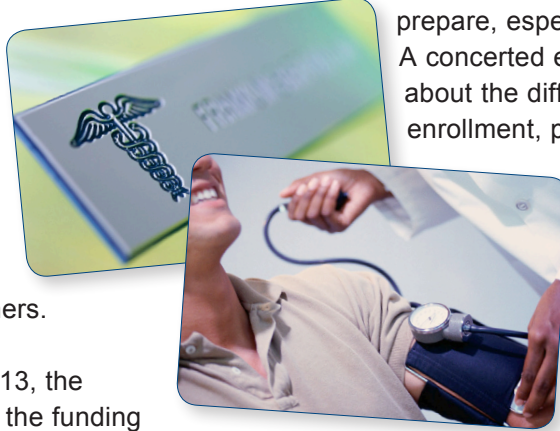
A plan to preserve health care for the future—OPERS is confident that its health care plan presents positive, long-term solvency solutions given the challenges that all retirement system health care plans face. Although the new health care plan will affect current and future retirees, it will allow us to honor our commitment to offer access to coverage well into the future.

OPERS health care changes simplified— The changes OPERS has made to the health care program strike a balance between providing security for those already retired and recognizing the expectations of current career employees. To accomplish this goal, we have adopted a new allowance table based on a retiree's years of service and age at initial enrollment. The updated allowance table is designed to provide the greatest allowance to individuals who are at least age 65 and work for 32 or more years. The allowance table can be viewed on page 5 of the Comprehensive Guide to Pension and Health Care Changes for Retired Members, available on the home page of www.opers.org.

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For retirees under age 65, OPERS will continue to provide a self-insured group plan. For those over age 65, OPERS will contract with a Medicare Connector as described above.

Within the Medicare Connector model, a retiree may be able to select a Medicare Supplement or Medicare Advantage plan for less than their health care allowance. In these instances, retirees will be able to use the remaining allowance dollars to pay other qualified health care expenses, such as coverage for their spouse, Medicare Part B premiums, out-of-pocket expenses or future health care needs. And, because our retirees are faced with more health care choices than ever before, OPERS will provide communications and education to help them become informed consumers.



Funding retiree health care—In 2013, the OPERS Board of Trustees reviewed the funding framework to support the health care program, with a goal of maintaining a long-term, annual contribution rate to the Health Care Fund. With the adoption of the new program and the passage of pension legislation, the OPERS Health Care Fund will support sustained access to quality programs for eligible participants. OPERS is one of the few systems in the country that pre-funds its health care plan and consequently has one of the largest health care funds in the nation (\$13 billion at the end of 2013).

Strategies for addressing health care trends— OPERS has developed a strategy for facilitating the transition of plan participants from passive participants into informed consumers of health care. In 2013, OPERS evaluated the health care resources available to retirees both as individuals and as an entire population. Recently introduced plan design elements include Patient-Centered Medical Homes and Value-Based Insurance Design.

OPERS worked with Medical Mutual of Ohio, our self-insured plan administrator, to yield better health care value for OPERS and its retirees. In addition, we partnered with

community-based lifestyle programs to help participants with the goal of preventing common and costly chronic diseases. We also made a number of changes to prescription drug coverage to better align the Medicare and Non-Medicare plan designs and to promote cost-conscious purchasing of prescription medications and supplies.

Plan implementation and communications

The new OPERS health care program has been designed to allow retirees and active members time to plan and prepare, especially the Medicare-eligible population. A concerted effort to educate the Medicare population about the different aspects of Medicare, including enrollment, plan selection, qualified medical expense reimbursement processes and guaranteed issue, will be a major part of our ongoing health care communication plan.

OPERS will address each facet of the key changes with specific communication methods and techniques to ensure all appropriate audiences are reached and concerns and issues are addressed. OPERS has been hosting seminars, webinars, sending out regular electronic communications, providing written documents, videos, newsletter articles, and other presentations to prepare our members for the planned changes to health care. Please feel free to direct members and constituents to the resources highlighted on our website to help answer any questions you might receive, or contact us directly.

OPERS SUBMITS COMMENT LETTER TO FDA ON BIOSIMILARS

In August, OPERS commented on proposed FDA guidance regarding biosimilar drugs. These innovative drugs are an integral part of OPERS' long-term strategy to reduce costs in its health care program. As such, OPERS has asked the FDA to develop an efficient process for the approval of safe biosimilar drugs. You can read a copy of our letter on the Government Relations page of the OPERS website.

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