



OPERS MEDICARE CONNECTOR ENROLLMENT UNDERWAY FOR OPERS MEDICARE ELIGIBLE RETIREES

This is a year of transition for our Medicare-eligible members as we implement the Medicare Connector for 2016. Currently OPERS is in the midst of our open enrollment period for our Medicare eligible population (scheduled from Oct. 5, 2015 to Dec. 31, 2015). As you may recall, effective Dec. 31, 2015, OPERS will no longer sponsor a group Medicare Advantage plan or Medicare D prescription plan for these retirees.

Instead, with the help of a OneExchange Licensed Benefit Advisor, OPERS retirees enrolled in both Medicare Parts A and B will select a Medigap (Medicare Supplement) or Medicare Advantage plan and a Medicare D prescription drug plan on the individual Medicare market. There are many affordable plans available on the individual market and the OPERS Medicare Connector will allow OPERS retirees access to more plan choices than ever before. With the exception of Medicare eligible re-employed retirees, retirees who enroll in a plan through the Connector will receive an allowance in a Health Reimbursement Arrangement (HRA) account that the retiree can use to reimburse the cost of qualified medical expenses.

To begin the enrollment process, each eligible retiree will have a telephone counseling session, during which OneExchange will explain all the available plan options. At the end of counseling session, the Licensed Benefit Advisor will connect the retiree to an Application Data Processor who will complete the enrollment. Enrollment is conducted over the phone so it can be recorded and kept as record for Medicare and the individual carriers. If, after their phone counseling session with OneExchange, a retiree

feels they are not yet ready to enroll in a plan and requires additional help, the retiree may call OPERS to discuss other counseling options.

Eligible retirees will enroll in a medical/ prescription drug plan using OneExchange, but still received an open enrollment packet from OPERS in September. Dental and vision coverage continues to be offered through OPERS. Open enrollment material from OPERS for Medicare participants reflected dental and vision coverage choices only.

In addition to dental and vision information, the 2016 open enrollment cost statement provided the monthly Health Reimbursement Arrangement (HRA) deposit amount for the retiree and any eligible spouse and/or dependent.

In order to make the transition to the OPERS Medicare Connector flow more smoothly, OPERS will furnish enrolled retirees with an additional \$300 deposit to their HRA once annually for the next three years. The additional deposit means that retired OPERS members participating in the Connector will have more money in their accounts to cover out-of-pocket expenses that they'll incur as they transition to their new health care plans and as new reimbursement arrangements are established.

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OneExchange is the HRA administrator for OPERS. This means that OneExchange handles claims processing, communication, and all other business aspects of administering an HRA on behalf of a client.

Why a Medicare Connector?

Because health care costs continue to rise, we knew change was inevitable. OPERS wanted to find more affordable options for our retirees. The OPERS Medicare Connector will give OPERS retirees more affordable choices. Plans on the individual Medicare market are more affordable than group Medicare plans, including the current OPERS Medicare plan. In fact, individual Medicare plans can offer more complete coverage than our current group plan. These changes have led to long-term health care sustainability for OPERS retirees.

OPERS PLEASED WITH CONGRESS' FIX TO MEDICARE PART B PREMIUM INCREASE FOR OUR RETIREES

OPERS is pleased that the budget deal just approved by Congress includes language to protect our retirees from an expected 52% rise in premiums starting next year.

Currently the monthly Part B premium rate for 2015 is \$104.90. The Social Security Administration recently announced that, as a result of low inflation, Social Security recipients will not receive an annual cost-of-living-adjustment ("COLA") next year. For approximately 70 percent of Medicare recipients, the fact that they will not receive a COLA adjustment in 2016 also means that their Medicare Part B premiums will not increase.

However, the remaining 30% of Medicare recipients who will not be "held harmless", including OPERS' retirees who do not receive Social Security benefits, were on track to pay the full cost of the 2016 premium increase. As projected by Medicare, these individuals would have seen their premiums increase from \$104.90 to \$159.30 per month. If the hold harmless provision did not exist, all beneficiaries would see a much smaller increase, to approximately \$120 per month.

Since this problem came to light, OPERS staff advocated against the planned premium increase, including congressional delegation office visits in Washington D.C. and outreach to relevant stakeholder groups.



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Per the budget agreement, Social Security recipients will be held harmless at \$104.90 in 2016. For most beneficiaries who are not held harmless, premiums will rise to \$121.80, which includes a \$3 surcharge (to make up for the lost revenue to the Medicare Trust Fund as a result of lower premiums. The surcharge is expected to last five years.)

OPERS believes this agreement is a step in the right direction. While the \$121.80 monthly amount is an increase over current Medicare Part B rates, it is far better than the expected 52% increase our Medicare eligible retirees would have experienced had no congressional action been taken. The Part B premium has not increased for several years.

UPDATE ABOUT OPERS' RE-EMPLOYED RETIREE HEALTH CARE COVERAGE

One of the hottest issues this Fall is OPERS re-employed retiree health care coverage. And while OPERS has communicated extensively about this issue, re-employed retirees continue to be confused about their health care coverage options. We hope to dispel any rumors or misunderstandings by making it clear; no OPERS re-employed retiree will lose OPERS health care coverage based on their re-employment status. In fact, not much will change from how OPERS health care coverage works for re-employed retirees today.

The following options are available to OPERS re-employed retirees:

Options for Medicare eligible re-employed retirees (Age 65+)

1. Select their employer's coverage if the employer offers it, which is a requirement under current Ohio law. OR
2. Enroll in the Humana Interim Plan (OPERS' re-employed retiree health care plan). *This plan is very similar to the current OPERS Medicare supplemental group plan with premiums that will average around \$50 a month for the OPERS member.* OR
3. Select a health care plan through the OPERS Medicare Connector, without the Health Reimbursement Arrangement (HRA) allowance, while they are re-employed. There are plans available that offer premiums as low as zero dollars per month that could make this option attractive.

To allow time for exploring these options, OPERS has extended the deadline to enroll in the Humana Interim Medicare Plan to Dec. 31, 2015. This deadline extension also applies to dropping optional OPERS dental and vision coverage for 2016.

Non-Medicare re-employed retirees (under the age of 65)

1. OPERS will continue to offer separate medical and prescription drug plans that are nearly identical to the plans currently offered.

OPERS' staff have met with and held several educational seminar opportunities for OPERS retirees and even specifically ones tailored toward OPERS re-employed retirees. The most recent seminar was recorded and the link to the video is available on the OPERS website at <https://www.opers.org/retirees/re-employment/index.shtml>.

We cannot stress enough - no OPERS re-employed retiree will lose OPERS health care coverage based on their re-employment status.

If you or your constituents have any additional questions, please do not hesitate to contact us.

OHIO'S PUBLIC PENSION SYSTEMS RECEIVE "A" GRADE FOR TRANSPARENCY FROM CENTER FOR PUBLIC INTEGRITY

Although the recent report from the Center for Public Integrity was a mixed bag for Ohio generally, when it came to evaluating the transparency of our public pension systems, Ohio received an "A" grade, putting us third among all states. In general, Ohio's state pension fund management received high marks for the laws and regulations in place, ensuring that the funds are managed in a transparent manner with safeguards in place to protect the funds from political interference or conflicts of interest.

“OPERS is proud of our adherence to its fiduciary responsibilities with respect to our members...”

We fully support transparency, as evidenced by the amount of information that is not only posted on our website, but also the numerous reports that OPERS submits to the Ohio Retirement Study Council, the Ohio General Assembly and the Governor's administration. OPERS is proud of our adherence to its fiduciary responsibilities with respect to our members and the positive working relationship we have with the legislators in the Ohio General Assembly who exercise oversight of our fund through the Ohio Retirement Study Council.



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With assets of \$80.3 billion, as of Dec. 31, 2012, 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 provides retirement, disability and survivor benefits for public employees throughout the state and serves more than one million members, including more than 190,000 retirees and beneficiaries.