

News and information for retired members of the Ohio Public Employees Retirement System

Special health care section enclosed



MBS offers new health care planning tools

Election determines four Board members

Special health care section

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FOR YOUR BENEFIT:

Enhancements to Member Benefits System (MBS) allow benefit recipients to plan for future health care costs

OPERS recently made a number of enhancements to our MBS system We have added several tools designed to enable you to estimate your future health care costs under different scenarios. These estimates will help you make important decisions regarding your coverage. The new tools include a health care cost calculator with a view and save estimates feature and a health care

cost forecaster.

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Following is an explanation of the new estimating tools and additional capabilities now available.

Health care calculator:

The new health care calculator allows you to estimate how changes in your dependent enrollment will change the cost of your current year plan choices. This tool enables you to see how adding or dropping a spouse and/or eligible child(ren) will affect your monthly coverage cost. In 2007, we plan to

enhance this tool to allow you to add

or remove eligible family members via MBS.

View/Save estimates feature: This feature enables you to save estimates generated in the health care calculator for viewing at a later date. It will help save time by allowing you to view estimates on multiple occasions having only gone through the steps to

Health Care Estimates Comp		
Monthly Health Care Cost/Excess	\$55.51	\$-60.64
Annual Health Care Cost/Excess	\$666.12	\$-727.68
Monthly Benefit Amount	\$791.56	\$791.56
Annual Benefit Amount	\$9,498.72	\$9,498.72
Benefit Effective Date	May 1998	May 1998
Total Service Credit	13.749	13.749
Medical Coverage	Medical Mutual	Medical Mutual
	Intermediate	Enhanced
Recipient	\$61.62	\$0.00
Spouse	\$-6.11	\$+40.00
Child(ren)		
Monthly Medical Cost/Excess	\$55.51	\$-40.00
Annual Medical Cost/Excess	\$666.12	\$-480.00
Dental Coverage		Aetna Low
Recipient		\$-18.03
Spouse		
Child(ren)		
Monthly Dental Cost		\$-18.03
Annual Dental Cost		\$-216.36
Vision Coverage		Aetna Low
Recipient		\$-2.61
Spouse		4-8-V-8
Child(ren)		
Monthly Vision Cost		\$-2.61
Annual Vision Cost		\$-31.32

Health care estimate comparison screen

generate the estimate once. This feature also provides side-by-side comparisons of multiple saved estimates.

Health care cost forecaster: The forecaster provides you with an estimate of what your health care costs will be under your current coverage for the next three years. The

See **BENEFITS** page 2

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Ohio PERSE YOUR BENEFIT CONNECTION

	OPERS recent enhancements We have adde designed to ef your future he different scen will help you i decisions reg The new tool cost calculati	to our MBS system N diseveral tools nable you to estimate alth care costs under f artos. These estimates make important enting your coverage.	remove digible straily members via BS. NewFave estimates feature: This source enables you to save estimates presended in the heath care calculator to viennig at a tark calculator to viennig a
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Ohio PERS NEWS - Your Benefit

Connection is a quarterly newsletter providing news and information to more than 150,000 age and service retirees, disability benefit recipients, and survivor benefit recipients of the Ohio Public Employees Retirement System. This publication allows us to communicate vital information concerning retirement benefits and health care coverage to our retirees and also educate them on the services we provide. *Ohio PERS NEWS* replaces our previous retiree newsletter, *Lifetime OPERtunities*.

CONTACT INFORMATION: www.opers.org 1-800-222-7377

This newsletter is written in plain language for use by members of the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.

Elections determine four Board positions

An election to fill four of the seven elected positions on the OPERS Retirement Board was conducted this year and results were determined on Monday, Oct. 2, 2006. The OPERS Board certified results during its October meeting. Those elected will serve four-year terms beginning Jan. 1, 2007 and will be sworn in at the Board's January meeting. OPERS Board members also serve on the board of trustees of the Ohio Public Employees Deferred Compensation Program.

The election results are as follows:

State Employees: Ronald C. Alexander

Retirees: Sharon Downs

College/University Employees: Kimberly A. Russell

Municipal Employees: Ken Thomas

BENEFITS from page 1

forecaster considers your Medicare eligibility and provides projections to help you plan for the coming years. Currently, the forecaster provides

estimates based on your current coverage. We are working towards enhancing the forecaster to allow you to receive estimates under the three different medical/pharmacy plan levels (Enhanced, Intermediate, and Basic) in 2007.

Health Cost Forecaster			
Three Year Progression	of Health Cos	st	Printable Varsio
January - 2007	Lallowance are calculat Self	Spouse	Tota
ALLOWANCE	\$308.09	\$231.07	\$539.16
Medical/Pharmacy Cost - Enhanced	\$308.09	\$271.07	\$-579.16
Monthly deduction from your b	enefit		\$-40.00
January - 2008	Self	Spouse	Tota
ALLOWANCE	\$320.41	\$240.31	\$560.72
Medical/Pharmacy Cost - Enhanced	\$335.81	\$287.76	\$-623.57
Monthly deduction from your b	enefit		\$-62.8
January - 2009	Self	Spouse	Tota
ALLOWANCE	\$333.23	\$249.92	\$583.15
Medical/Pharmacy Cost - Enhanced	\$366.04	\$332.72	\$-698.76
Monthly deduction from your b			\$-115.61

Health care forecaster screen

These new tools can be accessed through our MBS system. If you are a new MBS user, you will need to visit www.opers.org and follow the link from the home page to register for access. Please allow at least a week after registering to receive your Personal Identification Number (PIN) in the mail and begin accessing the system.

health care

OPERS' PLAN TO PRESERVE RETIREE HEALTH CARE COVERAGE SHOWS POSITIVE FIRST-YEAR RESULTS



OPERS is pleased to announce that strong 2005 investment returns coupled with the implementation of an active management approach to our health care program resulted in a net increase of \$200 million in our retiree health care fund. The health care fund's solvency was also extended by an additional year.

"We have begun phasing in a long-term plan to preserve the health care coverage program for retirees," said Scott E. Streator, director of health care. "In addition, as part of our active management approach to health care, we've implemented several initiatives aimed at reducing health care delivery costs. The results of our first year are encouraging."

Streator cited measures that have or will bolster the health care fund and extend solvency. They include:

- Encouraging physicians and retirees to choose generic and lower cost brand pharmaceuticals resulted in savings of over \$40 million last year.
- Investment returns last year specifically for the health care fund separate from the pension fund were 8 percent or \$900 million.
- The OPERS Board of Trustees has set policy to keep the health care fund's solvency between 15 and 25 years on a year-to-year basis. Recent calculations put the health care fund's solvency at 18 years, a one-year increase over last year.
- OPERS plans to leverage our health care buying power, having spent almost \$1.1 billion on retiree health care last year. For example, we are in the formative stages of developing a broader prescription drug purchasing pool that may benefit other Ohiobased health purchasers, including OPERS employer groups.
- OPERS plans to launch a pilot program next year that offers financial incentives to retired members who embrace a healthy lifestyle and meet measurable wellness goals, such as a healthy body weight. "We want to instill a culture of wellness among our members and put the emphasis on well care instead of sick care," Streator said.

See **RESULTS** page 4 - Health Care

2007 OPEN ENROLLMENT COMES TO A CLOSE

The OPERS health care plan open enrollment period for coverage in 2007 will come to a close on Nov. 15, 2006. If you still have changes that you would like to make for 2007, please contact us as soon as possible.

To help you make the transition to the new OPERS health care plan in 2007, we conducted a record number of open enrollment seminars, introduced a new personalized health care statement and offered online open enrollment for the first time. Additionally, our member service representatives fielded nearly 20,000 calls concerning open enrollment. In response to the questions received, we posted a section of frequently asked questions within the open enrollment page on www.opers.org. Below we have printed the two most popular questions for those who may be making last minute decisions regarding their 2007 health care coverage.

If I do not wish to make changes to my medical/pharmacy, dental or vision coverage for 2007, do I need to do anything?

No. You do not need to do anything. If you do not advise us of changes, you will automatically be enrolled in the Enhanced Plan at the cost indicated on page 5 of your personal open enrollment statement. The Enhanced Plan is the plan most like the 2006 OPERS health care plan and offers the highest level of coverage.

Is my monthly allowance the total amount I am allowed to spend on health care each month?

No. Your monthly allowance is the amount that OPERS will pay toward the cost of your medical/pharmacy coverage each month. Your allowance amount is not a monthly claim limit and has no bearing on the amount of medical claims or bills you submit each month.

RESULTS from page 3

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- OPERS became the first public retirement plan and employer group to partner with the Ohio Tobacco Quit Line to offer free nicotine replacement therapy to its retired members.
- OPERS is leading a local initiative to work with Central Ohio hospitals in reporting quality of care information, thus enabling retirees to make informed choices when seeking specific forms of treatment and care.

Streator added that OPERS will continue exploring new avenues that make positive contributions to the health care fund's solvency. He cautioned that federally mandated reporting requirements, beginning in 2007 and focusing on future liabilities, could portray an incomplete picture of the funding status and overall strength of many public health care funds. However, he added that while OPERS will comply with the new reporting requirements, he emphasized that solvency is a more complete measurement of a fund's strength.

MEDICARE B REIMBURSEMENT NEWS

OPERS reimburses retirees who are enrolled in our health care plan for the basic cost of Medicare B coverage by adding this amount to their monthly benefit check. Effective Jan. 1, 2007, the Medicare B reimbursement amount will be \$93.50. Retirees who are required to pay more than the basic cost due to income or late enrollment will only be reimbursed the basic amount. To receive this reimbursement, retirees must provide proof of Medicare B enrollment and a signed statement verifying they are not receiving a reimbursement or payment from another source on their behalf.

In order to preserve our health fund, it is important that OPERS reimburse our eligible retirees only for the amount of the basic Medicare B premium for which they are responsible. If your premiums are being paid for you by another source (such as Medicaid), and you are receiving a Medicare B reimbursement from OPERS, you must let us know by Jan. 1, 2007. If we do not hear from you and learn that your Medicare B premiums are being paid or reimbursed to you by another source, you will be responsible to OPERS for any overpayment.

Please contact us at 1-800-222-7377 to report your Medicare B reimbursement through another source or any change in your Medicare status.

SAVING HEALTH CARE DOLLARS More cost-effective generic medications become available this year and next

As part of our strategy to actively manage our health care fund, we have asked each of you to try and become an informed health care consumer. In no area is this more important than when it comes to the purchase of prescription medications. On average, a generic medication is more than five times less costly while providing the exact same active ingredients. When you are prescribed a medication, always ask your physician or pharmacist if there is a generic or even over-the-counter medication that can effectively treat your condition. With your help, we saved over \$40 million dollars with generics and lowers cost brand pharmaceuticals in 2005 and hope to continue this trend.

Below is a list of frequently prescribed brand name medications with patents that expired in 2006, permitting the release of generic alternatives. Also included are medications expected to lose their patent and to have the release of a generic version in 2007. It is important to note the anticipated release dates are subject to change based on generic manufacturers, judicial rulings regarding production, FDA approval and market conditions.

Therapeutic CategoryDrug Name (generic)Anti-InfectiveBiaxin XL (clarithromycin)		Use(s)	Release or (Anticipated release)	
		Bacterial infections	Released	
Central Nervous System	Ambien (zolpidem) Zoloft (sertraline) Imitrex (sumatriptan) Paxil CR (paroxetine controlled-release) Provigil (modafinil) Mobic (meloxicam)	Insomnia Depression Migraine Depression, panic disorder Narcolepsy Pain	(2Q 2007) Released (3Q 2007) (3Q 2007) (4Q 2007) Released	
Cardiovascular	Zocor (simvastatin) Pravachol (pravastatin) Coreg (carvedilol) Lotrel (amlodipine / benazepril) Norvasc (amlodipine)	High Cholesterol High Cholesterol Hypertension, heart failure Hypertension Hypertension, angina	Released Released (4Q 2007) (4Q 2007) (4Q 2007)	
Gastrointestinal	Zofran (ondansetron)	Nausea & Vomiting	(4Q 2006)	
Opthamology	Xalatan (latanoprost)	Glaucoma	(1Q 2007)	
Respiratory	Pulmicort (budesonide)	Asthma	(4Q 2007)	
Urology	Proscar (finasteride)	BPH	(1Q 2007)	
Miscellaneous	Xenical (orlistat)	Weight loss	(4Q 2006)	

2007 HEALTH CARE SEMINARS

Ohio PERS offers a seminar for active and retired Traditional Pension Plan and Combined Plan members that explains changes to the OPERS health care coverage program beginning in 2007. Each session starts at 10 a.m. and will last two hours. Space is limited. Please call 1-800-222-7377 to make your reservation.

Athens June 11

February 26 October 29

Boardman November 5

Independence April 30

Dayton

Cincinnati East August 20 December 10

Perrysburg January 29 April 16 October 15

Columbus (OPERS) March 5 May 14 July 16 September 17

Strongsville February 12 August 13

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Cuyahoga Falls July 30

A HEALTHY OUTLOOK

It's not cockeyed to be an optimist. In fact, looking on the bright side can help keep you feeling strong and steady. One study after another has found that an optimistic attitude can help people avoid illness as they age. But the benefits of an upbeat attitude don't stop there. Even if something bad does happen – say, a broken hip - optimists are more likely to bounce back, while others may slide into frailty. So if anyone gives you a hard time about always looking on the bright side, shrug them off. And enjoy the last laugh.

Published May 5, 2006 by RealAge.com

OPERS Board of Trustees names new executive director

The OPERS Board of Trustees announced the selection of Christopher M. DeRose as the system's new executive director.

The selection of DeRose, who started on Oct. 30, was the result of an extensive nationwide search. DeRose has served as director and chief executive officer of the Michigan Retirement Systems since July 1997. During his



tenure, he had direct responsibility for all functional areas including benefits administration, finance, operations, organizational administration and information technology. Since 1991 DeRose has served on the Investment Advisory Committee responsible for management of the retirement system's assets. Most recently

DeRose, with over 25 years of legislative experience, has focused his attention on state and national pension and health policy.

Sharon Downs, vice chair of the Ohio PERS Board of Trustees and chairperson of the search committee, said

DeRose brings excellent leadership skills that will be important to Ohio PERS. "Chris' extensive experience as CEO of a major retirement system coupled with his experience leading large complex organizations will be of tremendous value as Ohio PERS meets the challenges associated with retiring baby boomers who will swell the ranks of pension rosters in the coming years and as delivery costs, such as those associated with health care, continue to rise," Downs said.

DeRose holds a master's degree in public administration from Western Michigan University and a bachelor's degree in political science and public policy from Kalamazoo College. He also completed training for state and local government executives at Harvard University's Kennedy School of Government.

DeRose said he is excited and is looking forward to joining Ohio PERS. "I am very pleased to serve as the next executive director of one of the finest public retirement systems in the country," he said. "Building on the great work of Laurie Hacking, I think Ohio PERS is well positioned to take on the challenges we face. I look forward to working with the board and staff in service to members and retirees."

House Bill 98 provides for new payment option

In accordance with House Bill 98 (HB 98), OPERS began offering *Life with Multiple Survivors* (Plan F) effective Oct. 27, 2006.

Life with Multiple

Survivors (Plan F) is a multiple joint and survivor annuity that allows a member to name two to four beneficiaries who, upon the member's death, will each receive a portion of the benefit for as long as they live. HB 98 requires a member whose marriage is

terminated by divorce/ dissolution and who is ordered by a court to designate a former spouse as a beneficiary to designate that former spouse as a beneficiary for a specified portion and to advise OPERS of such.

Life with Multiple

Survivors (Plan F) is a payment option for members at retirement and is available to all members who retire effective Nov. 1, 2006 and after. This

payment option is also available to re-employed retirees who are eligible to receive a money purchase annuity and (if applicable) an additional annuity benefit.

Members who voluntarily choose or are required by court order to choose the new payment option will allocate a percentage of their single life annuity to each beneficiary. The percentage must be a whole percentage of at least 10 percent or greater. The only exception to this is when the court order provides for an allocation of less than 10 percent to a former spouse. Total allocations to all beneficiaries cannot exceed 100 percent of the member's single life annuity. Any beneficiaries named under any joint and survivor payment options must still meet certain eligibility requirements in order to qualify for health care coverage.

2006/2007 calendar of educational seminars

Please call 1-800-222-7377 to register for any seminar.

RETIREE SEMINAR – This two-to three-hour seminar, designed exclusively for OPERS retirees, focuses on reviewing your OPERS pension and health care coverage and preserving your wealth. Topics range from taxation of your pension benefits and re-employment to health care coverage and financial/estate planning. A continental breakfast will be provided.

There is no cost to attend this seminar and you may bring a guest. Just be sure to register your guest's name when you enroll yourself. To register for any of the dates listed below, please call us at 1-800-222-7377.

2007 RETIREE SEMINARS

Boardman	Columbus (OPERS)	Lima
July 11	January 31	September 19
Canton	April 25 May 17	Mansfield
	· · · · · · · · · · · · · · · · · · ·	
April 25	June 6	October 24
	October 24	
Cincinnati (East)	December 12	Perrysburg
February 21		April 11
August 8	Cuyahoga Falls	June 13
Ŭ	January 24	August 2
Cincinnati (North)	November 14	
April 4		Portsmouth
June 20	Dayton	September 27
October 17	August 22	
	0	Richfield
Columbus (East)	Eastlake	May 16
August 15	June 27	
		Strongsville
	Independence	February 7
	March 21	ý

REMOTE COUNSELING SESSIONS – If you live outside the Columbus area and wish to discuss your retirement with a benefits counselor, you can schedule a remote counseling session. Counseling sessions are also available by phone. Call 1-800-222-7377 to make an appointment.

2007 REMOTE COUNSELING SESSIONS

Cincinnati (East) June 25 - 29	Marion March 19 - 23	Sidney April 2 - 6
Cuyahoga Falls January 8 - 12 May 14 - 18	Miamisburg April 30 - May 4	Strongsville January 22 - June 11 - 15
Lima March 5 - 9	Perrysburg February 12 - 16 June 4 - 8	Youngstown April 16 - 20
	Sharonville February 5 - 9	

Ohio PERS retirement board

The 11-member Ohio PERS Retirement Board is responsible for the administration and management of Ohio PERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retired members); the Director of the Department of Administrative Services for the state of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.

Elected

Board Members

Ronald C. Alexander Chair State Employees

Sharon M. Downs Vice Chair Retired members

John W. Maurer Retired members

Cinthia Sledz Miscellaneous Employees

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Helen Youngblood County Employees

Ken Thomas Municipal Employees

Charlie Adkins State College and University Employees Statutory Board Member

Carol Nolan Drake Director, Department of Administrative Services

Appointed Board Members

Robert C. Smith Investment Expert Governor Appointee

Warren W. Tyler Investment Expert Treasurer of State Appointee

James R. Tilling Investment Expert General Assembly Appointee

Christopher M. DeRose Executive Director

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Legislative update

Pension Protection Act of 2006 signed into law

On Aug. 17, 2006, President Bush signed into law HR 4 - Pension Protection Act of 2006, the most expansive pension bill in decades. The new law, primarily focused on private sector pension funds, requires companies to fully fund defined benefit plans. It also closed loopholes in previous laws, which allowed companies to skip contributions to pension plans. However, there are several notable provisions in the law specifically impacting public pension plans, such as OPERS. The most significant aspects impacting public plans are:

- The numerous pension provisions enacted under The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001, which were set to expire in 2010, were made permanent. Among other things, HR 4 made permanent the rules allowing the transfer of money between retirement plans.
- The law clarifies that service credit can be purchased for periods of time for which there is no performance of service (airtime). Note: this provision permits but does not require public pension plans to allow for the purchase of airtime (a period of time where there is no service). Currently, Ohio law allows only elected officials to purchase airtime through OPERS.
- HR 4 clarifies that funds transferred by a trustee-to-trustee transfer are subject to the distribution rules of the receiving plan.

OPERS continues to support the passage of HB 272

Although the General Assembly is in recess until after the November elections, OPERS continues to work to support the passage of House Bill 272 (Rep. Michelle Schneider, R-Cinn.), a bill that makes a number of changes that would positively impact OPERS and its members. The bill was introduced in May 2005 and currently contains provisions designed to improve the system's ability to fund pensions and health care and to provide additional savings opportunities for our members and benefit recipients.

The OPERS Board, in supporting the passage of HB 272, is seeking to make incremental changes that would improve the system's funded status. This legislation is one important step toward that goal. OPERS acknowledges the concerns expressed about the changes proposed in HB 272 and their impact on some public employers and employees. However, the changes proposed in HB 272 are an important step in maintaining and continuing to improve the system's long-term solvency.

Over the next months, OPERS staff will continue to work with the bill's sponsor and the members of the General Assembly to address the concerns raised by their constituents regarding HB 272. OPERS hopes committee hearings on HB 272 will resume in November. If timing doesn't permit, OPERS will continue to work diligently to introduce similar legislation in the next General Assembly.