

THE NEWSLETTER

Issued by PUBLIC EMPLOYEE RETIREES, INC.

Second Quarter 2010

INSIGHT FROM THE ADMINISTRATOR

by William I. Winegarner



The last few months of 2009 and the first quarter of 2010 have certainly been an interesting adventure.

Starting in the month of October, also known as open enrollment month, our phones started ringing off of the hook from members who were concerned with the OPERS switch to Humana Medicare Advantage, and the elimination of the option to select an alternative service provider.

The major concerns were the lack of choice, and the number of health care providers who told our members that they would not accept Humana insurance. Adding to those two issues were inaccurate-informational letters being sent to the membership, and other letters that

were threatening in tone and very derogatory to the intelligence of OPERS retirees.

PERI immediately addressed each of these issues with OPERS and/or Humana or Express Scripts, as the situation required.

Before I continue, I believe it is important for me to explain that in order for PERI to be an effective OPERS retiree advocate, we have to uncover and understand the motivating factors behind the decisions being made by the OPERS board of trustees, and what causes the attitudes that are expressed by, or on behalf of, the OPERS board members and staff.

Starting in 1999, OPERS began opening its doors of discovery, by including member groups in its information gathering meetings and discussions. For the first time,

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Legislative Report

by John Gilchrist



In recent articles in this column, we have discussed the anticipated introduction of a bill in the

Ohio General Assembly that will change various laws affecting the five state retirement systems. The purpose of these recommended law changes is to help the systems contain costs and strengthen their funds in light of the recent economic challenges. Although we anticipated this legislation to have been introduced earlier this year, to date the bill has yet to be introduced. In fact, there are rumors that it might not be introduced until after the November elections. Although we have yet to see the legislation, we believe that it will reflect recommended plans that each of the systems reported to the Ohio Retirement Study Council and the legislature

this past fall. It should be noted that each system submitted its own recommendations and that recommendations submitted by each of the systems are different.

The plan submitted by OPERS includes the following provisions, and it should be noted that changes could be made as the proposal moves through the legislative process. Of the various recommendations submitted by OPERS, one will affect future retirees; this provision deals with the COLA (Cost of Living Allowance). The 3% rate would remain except in those years when the consumer price index (CPI) is less than 3%. Thus, if the CPI is 3% or more, the retiree would receive a 3% COLA. However, should the CPI be less, the retiree would receive the same percentage rate as the CPI. For example, if the

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Partners in Retirement

A Message From the Chairman

by Jack Wymer

In this Newsletter, I wanted to remind everyone that the biggest part of our battle is to stay focused and ready for action, even when there is an apparent lull in the action.



the details of PERI's Legislative Action Network and the part each chapter and chapter member plays in communicating our perspectives to each State Senator and Representative.

The legislature is going slow on drafting legislation to address the proposals offered by each of the five retirement systems, but there is plenty of political posturing going on behind the scenes. Those who have committed themselves to convert all state pension systems from defined benefit to defined contribution programs have not forgotten their goal either.

Even during apparent legislative lulls, PERI stays focused and continues its preparation for success. For example, we introduced a training Power Point show for all of our chapter members last year called "The PERI Legislative Action Network". The show explains in detail how an idea moves through the legislative process until it becomes a new or revised law.

The Power-Point show then explains

During the months of May and June, the PERI Legislative Committee and District Representatives will be working with each of the chapters in their districts to formalize the written details of their particular legislative action network.

I encourage each of our chapter members to get involved and select a Senator or Representative to contact.

Those of you who do not participate in chapters can email us at office@operi.org and request to be placed on the Legislative Alert email list.

Having a plan, being prepared and dedicated to action is what has enabled PERI to be its best in communicating our viewpoint faster and more effectively to each and every member of the Ohio General Assembly.

CPI were 2%, the retiree would receive a 2% COLA. And unlike years past, retirees will not be able to "bank" points when the CPI exceeds 3% and then use them when the CPI is below 3%. Again, we believe this provision will only affect future retirees. It also appears that unlike some of the changes discussed below, there will be no transition period for this provision—it will affect those who retire after the bill becomes effective.

While some of the other systems proposed increases to their contribution rates, OPERS did not propose any change. As for retirement eligibility, the proposal would raise the retirement age in the various categories by two years, and the minimum age to retire and receive health care would be age 55. More specifically, normal retirement is increased from 65 to 67 with five years of service and from 30 to 32 years at any age. Early retirement is increased from 60 to 62 with 5 years of service and from 55 to 57 with 25 years of service, with actuarially-reduced benefits. For those in the law enforcement and public safety divisions, which represent only 2.3% of the active members, OPERS generally recommends increasing the age of retirement by two years, but is suggesting that ORSC may wish to consider consistency with any proposed changes made in OP&F and HPRS retirement ages.

A change in the benefit accrual rate is also proposed. The multiplier rate would be 2.2% for the first 35 years of service and 2.5% thereafter. The proposal would also increase the number of years used to calculate final average salary from 3 to 5 years and, in an attempt to address the problem of spiking, we anticipate a provision that would limit wage increase differentials to 10%. Spiking is the practice that allows employees to earn a higher pension benefit by virtue of higher pay in certain years. This results in a benefit

Did you know that PERI is organized so that there is no possibility of centralized control?

In 1995, our constitution committee so structured the PERI constitution that no localized section of the state, or no governing board, would have the final say on the direction of PERI.

Each county chapter elects its own officers. Each of the eleven districts elects its own member to the Board of Trustees, and the nominating committee for the five state officer positions on the board is comprised of either 5 or 6 (depending on the year) members from the district and only 3 members from the board.

Amendments to the constitution may be proposed by the members, by the chapter presidents, or by the board. The full PERI constitution can be found on our website www.operi.org.

Legislative Report

Continued from page 2

that creates an unfunded liability for the system. An example would be an individual who earns a small salary for a number of years and then is able to secure, for a short period of time, a position that pays a substantially higher salary. The individual then has his benefit calculated using this much higher salary. In addition, the minimum benefit guarantee is to be eliminated. That is, for those whose final average salary is very low, current law provides a minimum benefit guarantee. This benefit is calculated by taking \$86 and multiplying it by the number of years of Ohio service credit. Again, this minimum benefit guarantee will be eliminated, but the elimination will not affect current retirees.

The legislation will probably also contain phase-in or transition periods whereby certain employees who are near retirement eligibility will be “grandfathered” in and thus not be affected by the law changes.

OPERS is also interested in addressing the problems associated with the purchase of service credit. Currently, members who are allowed to purchase additional credit are not required by law to pay the full actuarial costs. OPERS is proposing that those who wish to purchase certain types of service credit be required to pay 100% of the additional liability resulting from the purchase. This liability will be determined by the system’s actuary.

The system also wants to change current law to increase the minimum earn-

able salary required to obtain full-time service credit to \$1,000 per month. Those earning less than \$1,000 would receive a pro-rated share of service credit. For example, those earning \$250 a month would receive one quarter of a month’s service credit. Under current law, a person earning \$250 per month acquires a full month of service credit.

Changes to the disability program have also been recommended. Under current law one is disabled if he cannot do his current job. The proposal changes the current standard of “own occupation” to an “any occupation” standard after the individual has been on disability for three years, or up to five years, if the member is benefitting from treatment through active case management. Under the “any occupation” standard, one would be considered to still be disabled if he is not capable of gainful employment that: a) would replace 75% of final average salary, b) that could reasonably be found in the employee’s regional job market, and c) for which the employee is qualified by experience, education, and station in life. The proposal would also exclude disabilities that were the result of a voluntary commission of a felony or elective surgery. Those currently receiving a disability benefit will not be affected by any of these proposed disability changes.

Another proposal of interest is S. B. No. 219 which has been introduced in response to an ongoing public corruption criminal investigation in Cuyahoga County. The bill addresses a disability issue related to the investigation. Apparently an individual plead guilty to public corruption in

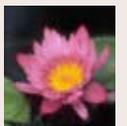
federal court and then filed for disability benefits. The disability appears to relate to the anxiety of being caught and prosecuted for the public corruption. The bill seeks to prevent individuals from collecting a disability benefit under these conditions. The bill also changes the definition of “position or honor, trust, or profit” to include positions in which an employee has control over the expenditure of public funds of one hundred thousand dollars or more annually. As background, you may recall that we reported on the passage of S. B. No. 3 which was enacted last session. This new law provides that individuals holding an office of honor, trust, or profit who are sentenced for certain felony offenses committed while serving in that position will forfeit the portion of any state retirement benefit that is based on employer contribution. More specifically, at the time of sentencing, the court in addition to any other penalty it may impose, generally must order the forfeiture of the retirement or disability benefit other than payment of the person’s accumulated contributions. Position of honor, trust, or profit means any of the following: elected officials, those serving on boards or commissions and who were appointed by the Governor or Attorney General, key state and local policy-making officials, and employees who are required to file a disclosure statement under R.C. 102.02, prosecutors, peace officers, and highway patrol troopers. Again, the bill would amend the definition of a “position of honor, trust, or profit.”

It should be noted that PERI testified in support of S.B. No. 219.



Visit our web site • www.operi.org

PERI Legislative Action History • Current Legislative Information
District & Chapter Contact Information • Newsletter Archives



OPERS was actually seeking information and input from its members' representatives.

Prior to this time, we had been limited to placing our input before them, and then pressuring them to do something about it.

Well, these cooperative and open meetings continued to grow through the middle of 2006, but by the end of the year, certain decisions began to be made, of which we had no knowledge.

After the board's decision to

cut off health care for spouses under the age of 55, when no stakeholder group even knew that it was being considered, we began to recognize a changing attitude at OPERS.

The attitude can best be described by statements such as: "We don't owe you any health care, and we can provide anything we want. If you don't like it, drop out. After all, we are trying to save health care, and you should be thankful for anything you get."

Attitudes, of course, are initially very tricky to identify, but the results of attitude are always apparent. On the positive side, it results in things that are pleasant, understandable, and unifying. On the negative side, it results in things that are confusing, confrontational, and divisive.

I apologize for digressing, but attitude has a major impact on everything with which we deal.

Getting back to the point of my article, which is: How do we help get OPERS back on track with its members?

PERI staff met with representatives of OPERS, Humana, and Express Scripts in order to point out our members' concerns. Some adjustments were already in the works, and others were made as the results of our discussions.

With all the confusion and

initial resistance to change, and judging from the number of calls and specific situations of which I am aware, OPERS and Humana did a great job in responding to inquires and resolving individual issues and situations.

Now that does not mean that everyone got every issue resolved in the exact manner they desired. What it does mean is that to the best of OPERS's and Humana's abilities they came up with a solution whereby the OPERS member had one or more solutions to having their health care needs met.

During the week of April 12th, I had the opportunity to meet with some of the top health care staff members at OPERS. We discussed the shortcomings and successes of the transformation to a single Medicare provider. We discussed better ways to communicate with members. We discussed the affects of Federal health care legislation on OPERS's ability to provide health care to its members, and we looked at some of the factors being considered for the year 2011 and beyond.

From what I can surmise at this point, we have been through the rough part of the health care plan transition, and for the most part everyone is settling into their health care plan and learning how to receive the most from it.

It is my belief that OPERS

2010 OPERS HEALTH CARE SEMINARS FOR RETIREES

The 2010 OPERS retiree health care seminar schedule is listed below. These seminars are designed to address the needs and concerns of those receiving an OPERS benefit and participating in the OPERS health care plan. Discussion topics include medical/pharmacy coverage, other optional coverage (dental and vision), preventive benefits and wellness programs. Each seminar will also feature a question and answer session at the end.

Registration is required and seminars do fill quickly. **Please register by calling OPERS at 1-800-222-7377 or visiting www.opers.org** to register using My Benefits System (MBS). All seminars begin at 10 a.m. and last approximately two hours.

Athens.....	June 4
Cincinnati (Sharonville).....	Nov. 12
Columbus (Dublin)	May 24
Columbus (OPERS).....	Aug. 20 & Nov. 19
Dayton	Aug. 20
Huron.....	Aug. 13
Independence	July 15 & Nov. 12
Lima.....	Dec. 3
Mansfield.....	Nov. 19
Portsmouth	June 25
Ravenna	Dec. 10
Steubenville	June 18
Toledo	Aug. 27
Westlake	Aug. 27
Youngstown (Boardman)....	Sept. 10



From left to right: Wanda Kogge, President of PERI Chapter 9 in Auglaize County addresses the crowd, with District 2 Representative Dot Silver, and Ohio Representative John Adams.

District 2 held its' annual meeting on March 11 conducted by District 2 Representative Dot Silver and hosted by PERI Chapter 9 of Auglaize County. Speakers included State Representative John Adams and Mike Mussell from OPERS health care. Grand Lake Health System provided guests with health information and free health screenings. Snaps Fitness and Nutritional Center provided foot reflexology and chair massages. Others represented at the

district meeting were Humana, Express Scripts, Council on Aging, Home-health, Hospice and Curves.



PERI Chapter 36 Delaware County officers (left to right) are President John McDavid, Vice President John Graham, Secretary Diane Winters, Treasurer Thomas Mills, and Legislative Representative Karen Rainey.



Officers of Chapters in District 2



Representing Express Scripts, OPERS and Humana, from left to right are Angela McKay, Mike Mussell, and Christa Graff.



PERI Chapter 9 Vice President Jim Knoch and Larry Thuman greet guests.



During their March meeting, PERI Chapter 38, Medina County, presented certificates of appreciation to outgoing Treasurer Steve Veres (top left) and outgoing Vice President Janet Graham (top right). Pictured left to right in the bottom picture is President Joan Thesling, Steve Veres, Secretary Linda Grace, Vice President Baker Herbert, along with District 10 Representative Shirley Thurber.

INSIGHT FROM THE ADMINISTRATOR

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really is trying to save our health care plan. I also know that they are the ones on the hot seat, being responsible for making the tough decisions which will keep it funded and viable for members today and into the future.

My hope, and that of PERI and its members, is that they also realize that it doesn't have to rest solely on their insight and wisdom, when the insight and wisdom of its members is so readily available for them to hear and consider.

If you are paying for Medicare Part B, and have not previously notified OPERS, you may be missing out on the Medicare Part B reimbursement.

If you are not sure, please **check your last statement of benefits from OPERS, before you call them** at 1-800-222-7377.



OPERS Health Care Plan Update



The Ohio Public Employees Retirement System is pleased to partner with PERI and provide news and updates concerning the OPERS health care plan within your PERI Newsletter. If you have questions or need further information, please contact OPERS at 1-800-222-7377.

Update: Federal Health Care Reform

OPERS is currently analyzing the recently passed Federal health care reform legislation to determine what impact the provisions will have on the OPERS retiree health care plan.

At first examination of the bill, OPERS staff members have identified specific areas within the language that appear to require some modifications to our plan. We are analyzing these provisions very carefully in collaboration with our health care plan administrators and legal counsel.

Our analysis of the legislation will take some time. It is critical that we have a very clear picture of its impact on our plan prior to making any announcements. We will communicate the results of our analysis and any actions to be taken as soon as possible.

Our main priorities when analyzing and formulating an implementation

plan for the health care reform legislation are the welfare of OPERS retirees and the solvency of the OPERS health care fund. Our intent is to continue providing a clinically focused health care plan to current and future OPERS retirees while complying with all provisions of the legislation.

Please read your OPERS newsletters and visit www.opers.org for the most updated information available. General information about the bill's contents and progress is available at the following websites:

www.kaiserhealthnews.org
www.healthreform.gov

A new medical plan administrator can bring changes

If you are Medicare eligible, please consider the following processes that may be different now that your medical coverage is with Humana.

Prior Authorizations: The list of services that require a prior authorization is differ-

ent with Humana than with previous medical coverage administrators. For example Humana requires a prior authorization for all physical therapy, MRI and CT scan testing, pain management treatments and durable medical equipment. If you have questions regarding your medical coverage or want to learn more about services requiring prior authorization, please consult your Humana Evidence of Coverage or contact Humana at 1-877-890-4777.

Power of Attorney (POA): If you have an active power of attorney or durable power of attorney document on file with OPERS and/or your previous medical coverage administrator, you will need to file a separate POA with Humana. If you have questions about filing a POA, please contact Humana.

Deductibles and Coinsurance: Retirees participating in the Humana Medicare Advantage plan must meet their \$250 deductible before most services are paid at 96%. More information regarding

deductibles and coinsurance is available within the 2010 OPERS Coverage Guide. The guide can be found by visiting www.opers.org. You can also contact Humana at 1-877-890-4777 with questions.

Cost-share for Medicare Part B Supplies: Retirees participating in the Humana Medicare Advantage plan may experience a change in their share of the cost of Medicare Part B-covered drugs and supplies (including diabetic supplies) in 2010. Please contact Humana with questions.

Silver Sneakers: Participation in the Humana Medicare Advantage Plan entitles retirees to a free fitness center membership to any facility in the Silver Sneakers network. To find a Silver Sneakers facility in your area, visit www.silversneakers.com. To nominate a facility in your area to be added to the network, please contact Humana at 1-877-890-4777.

Please remember to inform us if you move

You can write, call, or email us

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WE ARE ALL IN THIS TOGETHER

Like a balloon being released from under the water, one reality which has popped to the surface, is that all OPERS retirees, along with the OPERS board and staff, are now in the health care preservation business together.

In the late 70s and early 80s, the retirement systems were flush with cash. The unions over at School Teachers Retirement System lobbied for legislation that allowed the STRS to pay their members 13 checks per year instead of the 12 being paid to members of the other four retirement systems.

Tremendous pressure was put on PERI to join in and press for a 13th check for its members. After a review of the facts, the PERI board felt that it would be financially harmful for our retirement system to draw down so much of its resources. So they refused to propose or lobby for OPERS members to receive the extra check.

As you can imagine, we lost a good number of members over that decision, but the board stood their ground and prevailed. The wisdom of their decision came dramatically to light in the early 2000s, when the school teachers not only lost their 13th check and their spousal health care coverage, but they also incurred dramatic premium increases for their

personal health care.

Currently, the demand on the health care resources at OPERS is at an all time high. Costs are escalating, and retiree numbers are increasing.

So what do we do? Dwell upon the program we use to have, or take a long hard look at today's reality and rise to the challenge?

For the future benefit of us all, we need to consider applying the principles of the PERI slogan: "Partners in Retirement," to our health care program. In a health care partnership, it is important to understand the duties and responsibilities of each partner.

First of all, let's look at an overview of the challenges confronting the retirement system. Basically they are as follows: They have a limited pool of money for health care, and they have some 170,000 individuals who they are trying to cover. Each of these individuals has his, or her own set of needs, and no matter how nice it would be for us, OPERS, realistically cannot offer 170,000 individual plans. Therefore, it is up to them to develop health care coverage that best meets the needs of the vast majority of circumstances. Their plan desires are restricted by state and federal laws, health care systems and practices, contracts between doctors and hospitals, contracts between

doctors and doctor groups, contracts between doctors and insurance companies, and contracts between hospitals and insurance groups just to name a few.

Even as we speak, they are working on deciphering House Bill 3962, The Affordable Health Care for America Act, passed in November of 2009; Senate Bill 3590, The Patient Protection and Affordability Care Act, passed in March of 2010; and the White House/Congressional Leadership Reconciliation Bill 4872, passed in March of 2010.

All of these pieces of legislation will have major or minor impacts on health care and what OPERS can provide to its retirees.

Once the health care plan criteria are set, OPERS offers their program for bid among the health care providers. Bids are submitted, alternative programs are suggested, network lists are compared, and customer service history reviewed. After each of the bids and alternative plans are reviewed and compared, staff makes recommendations, and the OPERS board questions and ultimately decides on what plan meets the greatest amount of their criteria, for the most economical price. The board must then consider and set co-pays, deductibles, and out of pocket amounts, based on guidelines estab-

lished in the health care preservation plans established in conjunction with the stakeholder groups.

Now that we have looked at a broad overview of OPERS's partnership duties and responsibilities, the next question is: what part do we play?

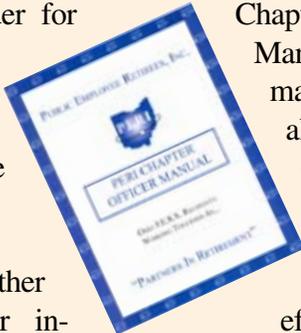
The first step is always knowledge, and the second acknowledgement. We have to know what the situation is, and acknowledge the responsibilities of each of the parties: OPERS and retirees.

Our part as retiree partners is to realize that each of us has a personal accountability to use the most economical health care option available; to support and willingly participate in health and disease management; to buy generic medication via the mail-in pharmacy whenever possible; to utilize in-network providers whenever possible; to comply with our doctor's plan of treatment; to do our best in improving our health care choices, including food, exercise, and activities; to ask our doctors to prescribe the most economical pharmaceuticals (drugs) that will do the job; and finally to offer suggestions for health care improvements or new ideas to PERI, so that they can be shared with OPERS.

PERI distributes the 2010 edition of its Chapter Officer Manual

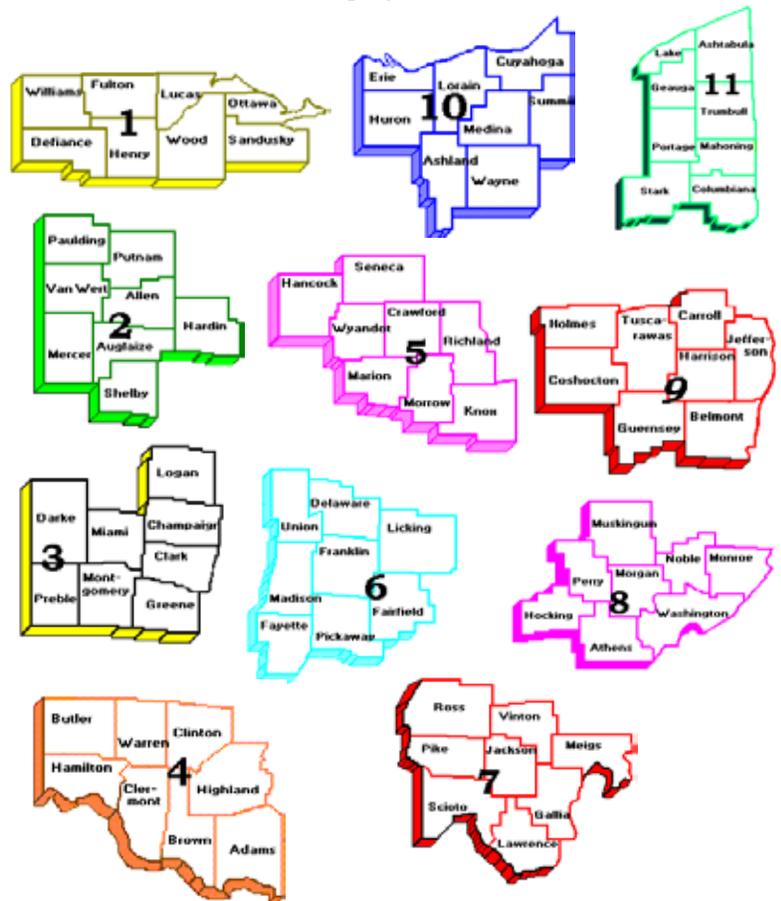
It takes over 475 dedicated local volunteers to make their lives and talents available as chapter officers in order for PERI to have its important local presence and legislative influence.

Countless other members offer invaluable service as committee chairs, or committee members.



Each year since 1995, PERI has prepared a leadership guide entitled The PERI Chapter Officer Manual. The manuals contain almost every document or leadership guide one needs to efficiently and effectively carry out the duties and responsibilities of each office.

District Regions of The Public Employee Retirees, Inc



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Bev Calvert	(740) 373-4917	1st Vice-Chair
Becky Somerville	(330) 876-8634	2nd Vice-Chair
Joseph D. Stockstill	(440) 333-7686	Secretary/Treasurer

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Laurie Frithiof	Administrative Secretary
Nancy Heath	Bookkeeper / Newsletter Layout
John Gilchrist	Legislative Counsel

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John Sanderson (419) 335-7738	#1: Defiance, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, Wood
Dorothy Silver (419) 394-4527	#2: Allen, Auglaize, Hardin, Mercer, Paulding, Putnam, Shelby, Van Wert
Jim Douglass (937) 533-0843	#3: Champaign, Clark, Darke, Greene, Logan, Miami, Montgomery, Preble
Franklin Thomas (513) 858-3573	#4: Adams, Brown, Butler, Clermont, Clinton, Hamilton, Highland, Warren
Marty Deppner (740) 599-6306	#5: Crawford, Hancock, Knox, Marion, Morrow, Richland, Seneca, Wyandot
Boots Sheets (740) 524-4684	#6: Delaware, Fairfield, Fayette, Franklin, Licking, Madison, Pickaway, Union
Philip Roberts (740) 379-2200	#7: Gallia, Jackson, Lawrence, Meigs, Pike, Ross, Scioto, Vinton
Lin Avendaño (740) 450-2847	#8: Athens, Hocking, Monroe, Morgan, Muskingum, Noble, Perry, Washington
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