City of Cincinnati Retirement System
Benefits Committee

City Hall Council Chambers and via Zoom
September 14, 2023 – 12:00 PM

AGENDA

Members
Tom Gamel, Chair
Tom West, Vice Chair
John Juech
Mark Menkhaus, Jr.
Bill Moller
Monica Morton
Aliya Riddle

CRS Staff
Karen Alder
Jon Salstrom

Law
Ann Schooley

Call to Order

Public Comment

Approval of Minutes
- Meeting of January 12, 2023.
- The July 25th Benefits Committee Meeting was cancelled. The March 2nd meeting did not happen because there was no Quorum.

Old Business
- Open Enrollment – Update
- Healthcare Survey - Member Education – Mental Health Coverage
- Survivor Benefits
- HRA – Limits update

New Business
- Open Items

Adjournment

Next Meeting: TBD

City of Cincinnati Retirement System
Benefits Committee Meeting
Minutes
January 12, 2023/ 12:00 P.M.
City Hall – Council Chambers and remote

Board Members Present
Tom Gamel, Chair
Mark Menkhaus, Jr.
Bill Moller
Monica Morton
Tom West

CRS Staff
Mike Barnhill

Law Department
Ann Schooley
Linda Smith

Call to Order
The meeting was called to order at 12:01 p.m. by Chair Gamel and a roll call of attendance was taken. Committee members Gamel, Menkhaus, Moller, Morton and West were present. Committee member Juech was absent.

Approval of Minutes
Trustee Moller moved, and Trustee Menkhaus seconded, to approve the minutes of the meeting of October 6, 2022. The motion to approve the minutes was approved by unanimous roll call vote.

Unfinished Business
Disabled Adult Children Ordinance
Ms. Schooley reported that the draft ordinance should be ready by the next meeting.

New Business
Horan Presentation re Coverage Changes in CRS Healthcare Plans
Ms. Woodruff presented the slide deck in the committee's meeting packet. The presentation compares the current healthcare plans to their "baseline" plans and explains what has changed. Ms. Woodruff presented three comparisons:

1. Active AFSCME $500 plan (baseline) v. Current Commercial (pre-65) Model Plan
   Highlights:
   - Dental out-of-network coverage increased from 50% to 80%
   - Diabetes maintenance in-network coverage decreased from 100% to 80%

- In network home healthcare and private duty nursing increased from 30 visits to no limit
- Skilled nursing facility increased from 90 days to 180 days
- Nutritional counseling no longer covered
- Elective abortions no longer covered
- Telehealth (new) covered at 80% in-network
- Respiratory therapy increased from 20 to 36 visits/yr
- Transplants at non centers of excellence reduced from 80% to 50% in network
    - On this point, Director Barnhill observed this appears to be an effort to steer patients to centers of excellence, where there is a higher degree of expertise and quality outcomes

2. 2014 Commercial Plan (baseline) v. Current Commercial (pre-65) Select Plan
   Highlights:
    - Dental (related to accidents) capped at $3,000/accident
    - Skilled nursing facility decreased from no limits to 180 days/yr
    - Cardiac Rehab decreased from no limits to 36 visits/yr
    - Respiratory therapy decreased from no limits to 36 visits/yr
    - Transplants at non centers of excellence reduced from 80% to 50% in-network
    - Kidney and Cornea Transplants no longer excluded
    - Bone Marrow Transplant Search Fee now capped at $30,000/lifetime

3. 2014 Commercial Plan (baseline) v. Current Medicare Advantage (65+) Select Plan
   Highlights:
    - No change to co-insurance, but it's displayed differently. In the 2014 plan document, co-insurance was listed 80% in-network and 50% out-of-network. In the current plan document it is listed as 96% in-network and 90% out-of-network. The calculations then and now are the same, it's just the current plan document includes Medicare participation paying claims as the primary insurer.
    - Trustee Gamel observed that under the 2014 plan there was a family out-of-pocket limit, and that is no longer the case
    - Acupuncture now covered
    - Blood processing and storage is now 100% covered with no co-insurance, co-pay or deductible
    - Chiropractic visits increased from 12 visits to no limit
    - Diabetes maintenance increased from 80% to 100% in-network coverage with no deductible
    - Diagnostic labs changed to $0 co-pay
    - Emergency changed from 80% co-insurance to $50 co-pay with no deductible
    - Home health care nursing (in-network) changed from 80% coverage for unlimited number of visits to $0 co-pay with 8 hr/day and 35 hr/week limits
    - Home Infusion Therapy changed from 80% coverage to $0 co-pay
    - Hospice formerly at 80% in-network; 50% out-of-network; now $0 co-pay
    - Skilled nursing facility decreased from no limits (80% in-network; 50% out-of-network) to 180 day limit ($5 co-pay for days 1-20; 96% in-network (90% out-of-network)

coverage for days 21-180
- Some prescription drugs now covered under Medicare Part B
- Occupational Therapy, Physical Therapy, and Speech Therapy changed to no overall limits coverage, with unspecified limits per occurrence
- Transplants at center of excellence decreased from 100% coverage to 96% coverage

Ms. Woodruff reported that average out-of-pocket costs (not including the Part B premiums) for Medicare Advantage plan members for the last three years were:

2020: $498
2021: $532
2022: $523

Ms. Woodruff reported the following actuarial values for the plans. These are measures of plan value to the members.

Active AFSCME Plan: 88.1% v. Commercial Model Plan: 88.1%
2014 Pre-65 Plan: 95.8% v. Pre-65 Select Plan: 90.4%
Original Medicare 100% v. Medicare Advantage 117.1%

Ms. Woodruff summarized changes to the CVS formulary during 2017-2023, and the impact on members. For the pre-65 plan, the number of members impacted were:

2017: 2
2018: 5
2019: 10
2020: 17
2021: 55
2022: 74
2023 (YTD): 9

In every case, members are given notice and information regarding alternatives. Trustee Gamel asked whether the impacts should be treated as cumulative. Director Barnhill suggested that since in every case alternative but equivalent medications are provided in the formulary, the impacts are not likely to be cumulative.

For the post-65 plan, the number of members impacted were:

2018: 346
2019: 52
2020: 66
2021: 154
2022: 58

In 2018, Ms. Woodruff stated the impact was related to a diabetes exclusion effort. In response to a question from Trustee Moller for more information on that effort, Ms. Woodruff stated she would get additional information.

Ms. Woodruff provided information from CVS on how Cialis prescriptions are managed by the plan.

Trustee Moller reported that the biggest changes of concern that he has heard from retirees relate to (1) the

new limits on skilled nursing facility coverage, and (2) falling out of network when members move from the Cincinnati area. Ms. Mueller commented that Anthem is part of the Blue Shield/Blue Cross network, which is national in scope. Ms. Mueller stated she would seek additional information from Anthem about how member access to the "Blues" network works. Trustee Gamel asked for additional information regarding where members live. Trustee Rahtz reported that some providers do not participate in Medicare. Director Barnhill suggested that Anthem make a presentation about its network at an upcoming meeting.

Trustee Moller asked if the current plan can be modified. Ms. Woodruff responded that the plans can be modified.

Comment and Input on 115 Health Trust Funding Policy

Trustee Gamel requested comments from the committee on the City's draft health funding policy. Trustee Moller stated he would like to see a higher trigger for City funding contributions than 90% plan funding, and a tighter criteria for fully funding.

Trustee Gamel presented the following motion (full document from Trustee Gamel attached), with a second from Trustee Moller:

> **MOTION:** The Healthcare 115 Trust Funding Policy shall include the following provisions:
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> 1. The Healthcare 115 Trust shall achieve full funding of at least 100% at the end of the term of the Collaborative Settlement Agreement (CSA) to provide the healthcare benefits for CRS eligible members (and their eligible spouses and children) covered by the Collaborative Settlement Agreement.
> 2. The City shall contribute the annual Actuarially Determined Contribution (ADC) into the Healthcare 115 Trust that is necessary to achieve full funding of at least 100% at the end of the term of the CSA.
> 3. If the funding ratio (defined as the AVA divided by AL) is at or below 95% in any calendar year, the City shall, within one (1) calendar year from the date that the annual Actuarial Valuation report is submitted to the CRS Board of Trustees, or eighteen (18) months after the end of the Actuarial Valuation calendar year being evaluated (whichever is earlier), contribute to the 115 Trust the funding amount necessary to achieve at least 100% funding at the end of the CSA term, based on the annual Actuarial Valuation.
> 4. At the end of the CSA term if there is a fund balance in the Healthcare 115 Trust, the balance shall be used to provide healthcare benefits for eligible members (and their eligible spouses and children) during their lifetimes.
>
> The approved motion provisions shall be sent to the City Manager from the CRS Board in letter format, signed by the Board Chair, with copies to the Mayor and Council members. The letter shall include an introduction that references the goal of the CSA to fund the trust at actuarially appropriate levels to provide healthcare benefits.

Trustee Gamel explained that with 100% funding by the end of 2045, there will be funding for healthcare on an ongoing basis after the CSA expires. Trustee Moller asked if the trigger was 95%. Trustee Gamel

confirmed. Director Barnhill clarified that the proposed trigger would start City contributions within one year such that 100% funding would be achieved by 12/31/2045. The motion passed by unanimous roll call vote.

Cheiron Proposal re Survivor Benefits

Director Barnhill presented a letter from the CRS actuary Cheiron for potential options for reform to CRS survivor benefits. He explained how current survivor benefits work, and an issue with the current structure is that an un-remarried spouse may not become eligible for survivor benefits for a period of decades, since the current eligibility is age 50 if the deceased employee has more than 15 years of service, or age 62 if the deceased employee has less than 15 years of service.

Cheiron proposed an immediate-pay lump sum benefit based on the deceased employee's salary at the time of death. Cheiron provided three scenarios: 1x salary, 2x salary, 3x salary. The addition to the CRS unfunded liability for each scenario is as follows:

1x Salary Benefit: $200k; increase in employer contribution rate of .03%
2x Salary Benefit: $500k; increase in employer contribution rate of .13%
3x Salary Benefit: $800k; increase in employer contribution rate of .22%

This approach would provide an immediate survivor benefit, and would be easier to implement.

Trustee Moller asked if the increases are net. Director Barnhill explained that these scenarios assume that the existing benefits are repealed. Trustee Moller asked what the other Ohio systems do. Director Barnhill explained that the Ohio systems' survivor benefits are very similar to the current CRS survivor benefits. Trustee Moller asked what is typical. Director Barnhill explained that Cheiron was reluctant to say any approach was "typical."

Trustee Morton asked how different approaches were examined. Director Barnhill said that Cheiron looked at just a few other systems. Trustee Morton asked if there are other approaches besides a lump sum benefit. Director Barnhill explained that there are other approaches, including starting an immediate annuity following the active member's death. Director Barnhill explained the existing benefit for active members who die with 20 years of service and have nominated their spouse as primary beneficiary. For those members, the spouse is placed into Option 1 status, and can receive the member's retirement benefit. Trustee Gamel expressed concern about members knowing that they need to complete a form to name their spouse as primary beneficiary to receive this benefit. Director Barnhill also added that active members have access to life insurance through open enrollment.

Trustee Gamel asked about whether the survivor benefit could be configured with a lower number of years of service. Trustee Morton asked about what the actuarial impact would be with an immediate annuity. Trustee Moller asked about a net present value calculation. Director Barnhill explained that the actuarial calculations do include net present value calculations.

Director Barnhill suggested the Board could seek cost neutral scenario(s) from the actuary. Trustee Gamel concurred. Trustee Menkhaus supported a benefit structure that pays immediately.

Proposed Committee Workplan for 2023

Director Barnhill presented draft 2023 objectives for the Committee to consider. On this list:

- Retiree Benefits Survey—Horan to draft and conduct
- Cost neutral benefit options (retiree to pay any extra costs): long-term care insurance, premium coverage tiers for dental and vision, audio coverage, life insurance, all-in-one plans, Medigap options.

Trustee Moller thought some of these approaches would be helpful for retirees. Trustee Gamel agreed. Trustee Moller asked about how the survey would be administered. Director Barnhill said there are two approaches: by regular mail, and/or by email (SurveyMonkey). There are pros and cons to each approach.

Trustee Rahtz commented that there will be increased administrative costs involved with adding options. Director Barnhill agreed and suggested that there would also potentially be increased complexity and member confusion that needs to be considered when thinking about adding benefit options.

Director Barnhill said the next step would be to present the draft survey and a proposal for how to administer the survey at the next Benefits Committee meeting.

Adjournment

Following a motion to adjourn by Trustee Moller and seconded by Trustee Menkhaus, the Benefits Committee approved the motion by unanimous roll call vote. The meeting adjourned at 1:38pm.

Meeting video link: https://archive.org/details/crs-benefits-comm-1-12-23

Next Meeting: TBD

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Secretary