



CT TEACHERS' RETIREMENT BOARD

765 ASYLUM AVENUE HARTFORD, CT 06105-2822

Toll free 1-800-504-1102 (860) 241-8400 Fax (860) 241-9295

"An Affirmative Action/Equal Opportunity Employer"

www.ct.gov/trb

MINUTES

March 9, 2016

2:00 pm

The meeting of the Teachers' Retirement Board was called to order at 2:01 pm by Vice-Chairperson Bill Myers on Wednesday, March 9, 2016 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Bill Myers, Teacher Member
Al Bredehorst, Teacher Member
Clifford Silvers, Public Member
Jonathan Johnson, Public Member
Maureen Honan, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Lisa Mosey, Teacher Member
Charles Higgins, Public Member
Elaine Lowengard, Public Member
Deborah Spalding, Designee (Office of the State Treasurer)
Gregory Messner, Designee (Office of Policy and Management)

BOARD MEMBERS NOT IN ATTENDANCE:

Clare Barnett, Teacher Member
Kathy Demsey, Designee (State Department of Education)

STAFF PRESENT:

Darlene Perez, TRB Administrator
Shantelle Varrs, Fiscal Administrative Manager
Charlene Hill, Assistant to the Administrator

OTHERS PRESENT:

Dr. Joe Fields, TRB Benefit Consultant
Robyn Kaplan-Cho, CEA
Karen Nolen, OPM
James Stirling, Stirling Benefits
Christina Gellman, OFA
Walt Ciplinski, Retiree
Rick Follman, ARTC
June Pinkin, HFT-R
Mary Moninger-Elia, Retiree

Open meeting –Vice-Chairperson, Bill Myers

1. Status Report on Health Plan:

Dr. Joe Fields, the Health Insurance Consultant for TRB advised that the dental plan is going out to bid. The Request for Proposal (RFP) for the dental plan is going out on March 10, 2016. While this is done as a regular process to make sure prices are reasonable and appropriate, another reason and concern is in-network utilization for members. The current plan has a very broad network but only 36% of that is in-network utilization for our members. One of the goals with the RFP is to try to get a more expansive network. All of the major dental vendors have been advised of this ongoing process. Joe discussed the process where he models what costs are associated with the plan. Many of the assumptions that are made in the model are relatively steady state assumptions. The plan is growing enormously with currently almost 26,000 members in the plan with almost another 5,000 expected to come into the plan over the next three years. Joe also discussed the relatively good financial impact from the EGWP prescription drug plan that began last year and the cost benefit associated with the method of delivering the health plan.

2. OPEB Trust Fund Update:

Deborah Spalding discussed the efforts taken in the Treasurer's Office to explore the idea of bringing in the OPEB into the Connecticut Retirement Plans and Trust Funds (CRPTF) which would be managed along with the other pension plans and trust funds in the State of Connecticut. The goal is to explore ways that the CRPTF can potentially extract more value and generate some income to help with the expenses that are being paid out of the fund. A stable value is needed for the fund. There is a high need for liquidity in the fund today. In order to reasonably recommend a sound program there has to be a sense of a stable asset value from which the liquidity needs can be analyzed.

3. Policy Deferring the Effective Date of a Disability Allowance:

Darlene Perez discussed the justification and reason behind the policy deferring the effective date of a Disability Allowance after a person has been approved. In some circumstances, a person may be approved for a disability allowance but for a variety of reasons may want or need to defer the effective date. Three months appears to be a reasonable amount of time to allow a person to defer without submitting new medical information and without going back through the Medical Review Committee again. We have a small disability program so these unique situations don't come up that often therefore it's better to have a policy in place for guidance and reference in the years to come as these situations arise. This policy does not affect the Districts, it affects TRB internally only so we know when to close out a case. If a case is closed out after three months, the person would have to reapply at that point.

A motion was made by Al Bredehorst and seconded by Rosalyn Schoonmaker to accept the Policy deferring the effective date of a disability allowance for three months. All members voted in favor and the motion was passed.

4. Agency Report provided by Darlene Perez:

Funding:

Darlene Perez invited Greg Messner to discuss funding. Greg discussed Administration's concerns about the cost of pensions, particularly concerns about the fact that both the State Employees' Retirement System and the Teachers' Retirement System have fixed dates to fully amortize the debt and the shortfall of funding in those plans. Given those concerns which is years away, to be proactive, OPM commissioned a study by Boston College which looked at both the Teachers' Retirement System and the State Employees' Retirement System and the reasons for the underfunding and the differences between the two plans. Since then, the Governor asked OPM to convene a workgroup that includes, OPM, the Comptroller's Office, the Treasurer's Office, Labor, State Employee Retirement, and Teachers' Retirement to get together and think about changes that can be made in the funding of the plans that would reduce the risk of some catastrophic funding needs 15-20 years from now. The timeline for the workgroup is to complete recommendations that can be made prior to the fall when the next valuation is done. OPM and the Treasurer's Office will provide updates to the Board as necessary.

A discussion followed to try to clarify the date the committee will be meeting.

Annual Health Plan Open Enrollment:

Darlene Perez advised that approximately 25,000 health insurance plan open enrollment packages were sent out in October. There has been very little activity from the open enrollment since the Board approved in January, 2015 for the program to be bundled; which means all new enrollees must enroll in all aspects of the health plan, Supplement to Medicare A, Supplement to Medicare B, Major Medical, Dental, Vision and Hearing. This disallows someone to just drop dental one year and add it back the following year or every other year which can have an adverse impact on the fund. There are a few people who are grandfathered out of all coverages, who never did opt in to all coverages. However, if they ever do opt in to all coverages, they will be subject to the same rules as everyone else. Also, if members cancel their coverage, they are not allowed to re-enroll for two years. The plan is stabilizing in terms of administration, it's reducing the efforts on the administration side.

Annual Statements:

Approximately 60,000 member statements were sent out in January which always creates a certain amount of inquiries.

1099-Rs:

Approximately 39,000 1099-Rs were sent out in January.

Between October and January, there were approximately 124,000 pieces of mail sent out to virtually every member or beneficiary in our system.

FOI:

A FOI request regarding health insurance data on a certain set of retirees was received and went to formal hearings at FOI because the Agency believed the request would create a HIPAA violation due to the HIPAA rules and regulations. Darlene Perez and Joe Fields attended two formal hearings. The Hearing Officer made a recommendation followed by the Commission who ruled that the TRB is ordered to release the information to the requestors because they were potentially going to file a lawsuit. The Hearing Officer understood that we were following HIPAA rules and therefore we were not deemed as being in violation of a FOI request, so the TRB did not get fined.

A lawsuit was filed against a BOE after a teacher entered into an agreement with the BOE who agreed to inflate the teacher's salary so that the teacher could get a higher pension in exchange for the teacher agreeing to leave the BOE permanently. At retirement, the teacher advised the TRB of the agreement and the TRB only paid the teacher the pension benefit the teacher was legally entitled to. Because the teacher did not get the pension benefit amount they were promised in the agreement with the BOE, the teacher sued the BOE. This case has been going on since 2007 and appears to be getting close to a settlement. This case does involve the pension system but does not involve any taxpayer money. It is expected to come to closure in the next six months.

Outside Counsel:

The interviewing process has concluded and an Attorney has been chosen as the outside counsel for the TRB. At this time, the Attorney General's Office is checking the references of this Attorney.

Staffing:

Three vacancies have recently been filled in the Fiscal Division. Two staff members have recently started and another staff member will be starting next week.

5. Approval of the November 4, 2015 Meeting Minutes:

A motion was made by Lisa Mosey and seconded by Charles Higgins to approve the November 4, 2015 meeting minutes. All members voted in favor and the motion was passed.

6. Consideration and Approval of the Administrator's Actions regarding:

- a) Granting of service retirement benefits for the months of November and December, 2015 and January and February, 2016.
- b) Survivor benefits for the months of November and December, 2015 and January and February, 2016.
- c) Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the November and December, 2015 and January and February, 2016 meetings.

A motion was made by Rosalyn Schoonmaker and seconded by Maureen Honan to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the months of November and December, 2015 and January and February, 2016. All members voted in favor and the motion was passed.

7. 2016 COLA:

There is a COLA increase of 3% for those who retired prior to September, 1992. The Social Security Administration announced there will be no COLA increase for 2016, therefore the post 1992 retirees will not receive a COLA increase for 2016.

A motion was made by Rosalyn Schoonmaker and seconded by Cliff Silvers to approve the 3% COLA increase for those who retired prior to September, 1992 and no COLA increase for post 1992 retirees. All members voted in favor and the motion was passed.

8. Status report on Audit Recommendations:

Bill Myers advised that the Audit Committee met prior to the Board meeting. The Committee discussed funding which was discussed earlier in the Board meeting today by Greg Messner and Deborah Spalding. Shantelle Varrs is making great progress in the Agency in terms of how it reports and how it writes down procedures and how those procedures are followed. Two new staff members have started and another one will be starting soon. What the Committee is checking on now is if there is a “floor” that the Treasurer would be comfortable within the health fund which is difficult to establish if at all due to the cost involved. We want to make sure that the work that was done by the Temporary Workers Retired assigned to the TRB last year which resulted in changes to the GAAP report has approval and has been accepted by the Comptroller’s Office.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the month of October, 2015.

COMMENTS FROM OBSERVERS:

Rick Follman asked Joe Fields if there is such a thing as customary and usual for dental according to zip codes for the price of things.

Joe Fields explained that many of the providers in the current arrangement are institutional dental providers that our members don’t typically use. The current RFP for dental is targeted toward making sure we get a network based provider that the members are using.

Rick Follman asked about the Healthcare fund and what the State is paying.

Joe Fields responded that the State is paying in but not the full amount.

ADJOURNMENT – 3:16 PM