



## **CT TEACHERS' RETIREMENT BOARD**

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“An Affirmative Action/Equal Opportunity Employer”

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**Wednesday, March 12, 2014**

**2:00 pm**

The meeting of the Teachers' Retirement Board was called to order at 2:02 pm by Vice Chairperson William Myers on Wednesday, March 12, 2014 at 765 Asylum Avenue, Hartford, CT.

### **BOARD MEMBERS PRESENT:**

William Myers, Teacher Member  
Maureen Honan, Teacher Member  
Al Bredehorst, Teacher Member  
Clifford Silvers, Public Member  
Jonathan Johnson, Public Member  
Elaine Lowengard, Public Member  
Eugene Cimiano, Public Member  
Lee Ann Palladino, Designee (Office of the Treasurer)  
Gregory Messner, Designee (Office of Policy and Management)

### **BOARD MEMBERS NOT IN ATTENDANCE:**

Clare Barnett, Teacher Member  
Michael Freeman, Teacher Member  
Rosalyn Schoonmaker, Teacher Member  
Kathy Demsey, Designee (State Department of Education)  
Charles Higgins, Public Member

### **STAFF PRESENT:**

Darlene Perez, TRB Administrator  
Lou Laccavole, Fiscal Administrative Supervisor  
Anne Scanlon, Administrative Assistant

### **OTHERS PRESENT:**

Karen Nolen, Office of Policy and Management  
Robyn Kaplan-Cho, Connecticut Education Association  
Christina Gellman, Office of Fiscal Analysis  
James Stirling, CEO, Stirling Benefits, Inc.  
June Pinkin, Hartford Federation of Teachers Retiree Chapter  
Tom Singleton, Association of Retired Teachers of Connecticut  
Dr. Joseph Fields, Bargained Plans, LLC

**1. Open meeting – Vice Chairperson**

Vice Chairperson, William Myers

**2. Agency Report.**

Presented by Darlene Perez, Administrator and  
Lou Laccavole, Fiscal Administrative Supervisor

During open enrollment to the TRB Health Insurance plan, members are able to either increase or decrease insurance coverage. We offer a bundled program that includes medical coverage bundled with prescriptions which supplements Medicare Parts A & B. Members can add dental or dental, vision and hearing. Once the member selects their plan, they retain the same coverage for the calendar year unless they opt to cancel all coverage. If cancelled, the member would be able to re-join the plan during the next open enrollment period. Open enrollment packets were sent out to our 22,000 members with only about 300 of them making any changes. Most of those were adding dental coverage. Lower premium rates for our members age 65 and older are partly due to budget conscious members shopping around for lower prescription costs or electing generics over brand names for the long term maintenance drugs. Also, many prescription brand names are now offering a generic version. With the savings in prescription drugs, members are now able to add dental coverage without significant change to insurance premiums.

**RMD** (Required Minimum Distribution). Participant must receive a minimum distribution at age 70 1/2 or be subject IRS penalties. We have less than 100 members who are affected. The RMD pertains to inactive teachers not receiving a pension from TRB and those with less than 10 years of service. Members are advised of the regulation via certified mail, refund and/or rollover checks are sent per instructions of those who respond (members may elect to receive a refund or have taxable funds rolled over into another qualified plan). The account is closed upon refund. For those who do not respond, there is no refund and account is not closed. These funds are deemed abandoned and stay with TRB. We have introduced legislation this year that would let us stop interest posting on non-vested members, after the member has been inactive for 10 years versus the current 25 years, hoping this will be an incentive to withdraw funds.

**Annual Statements.** In December we sent 2012-13 Member Annual Statements to 55,000 active and inactive teachers. This information includes demographics, work history and pensionable salary. Approximately 1,000 were returned as undeliverable or unable to forward. We work with the members' Board of Education to obtain updated addresses. Upon receipt, many members contact TRB with questions regarding errors on the statements ranging from previous years of service, pensionable salary and/or FTE. As the member nears retirement, closer inspection of the reported information prompts a request for explanation or correction. The research for such requests may go back many years.

**2013 1099R.** In January 1099Rs were sent to 35,000 members who received payments from TRB in 2013. These payments consist of pensions, disability payments, withdrawals, refunds or rollovers. Approximately 100 were returned as undeliverable and we have received 300 requests for duplicate 1099Rs thus far. Members state they never received the original; they moved or are unable to locate

the original. The volume of reissue requests typically increases as we near the April 15<sup>th</sup> deadline.

**Agency Staffing** update. We were able to receive approval to increase our staff by three employees. They were divided as one in the Accounting Division and two in the Benefits Division. This approval was obtained after attending “Lean Training” and working with the Department of Administrative Services (DAS) to restructure the Benefits Division. We will revisit the Benefits Division effectiveness with DAS in approximately six months. We still have a dire need to go through the same process for our Accounting Division where at the current time there are two employees out on long term medical leave which causes a void in the Accounting Division. We hope we can address these deficiencies in the near future. We are now at a staff of 24 out of 27 approved positions.

**FOI (Freedom of Information).** We have a lot of demographic and financial information in our system which is of great interest to many other people; newspaper reporters, financial institutions, active & retired teacher groups and others. Very little of this information is exempt from FOI requirements. We have had at least 30 requests for information in the last few months. We are required by state statute to provide this information if it is available. The FOI Commission states any request for information is an “FOI request”, even if the requestor doesn’t use that term. We need to comply according to FOI rules. We are required to provide information or reports that already exist. We are not required to prepare new or custom reports for outside requests. We have charged the requestor, in the past, to prepare custom reports. We, as well as other state agencies, are strongly encouraged to allow everyone access to all of our public information by making it available on a state website. This could reduce the number of FOI requests. This does not include medical information. Virtually everything, excluding social security numbers, but including birth dates and pension information would be accessible in a central state website.

### **3. Approval of the October 16, 2013 Meeting Minutes.**

A motion was made and seconded to approve the October 16, 2013 minutes. All members voted in favor and the motion was passed.

### **4. Consideration and Approval of the Administrator’s Actions regarding:**

- a. The granting of service retirement benefits for the months of October, November and December of 2013 and January and February of 2014, and
- b. Survivor benefits for the months of October, November and December of 2013 and January and February of 2014, and
- c. Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the October, November and December of 2013 and January and February of 2014 meetings.

Motion was made and seconded to approve the service retirement benefits and the survivor benefits for the months of October, November and December of 2013 and January and February of 2014, and applications for a disability allowance for the

months of October, November and December of 2013 and January and February of 2014. All members voted in favor and the motion was passed.

- 5. Consideration and Approval** of the January 2014 COLA of 3% for those who retired prior to September, 1992, and 1.5% for those who retired on and after September, 1992.

Motion was made and seconded to approve the January 2014 COLA increase. All members voted in favor and the motion was passed.

- 6. Consideration and Approval** to issue a Request for Proposal (RFP) for an Employer Group Waiver Plan (EGWP) + Wrap. Presented by Dr. Joseph Fields.

**Background Information – William Myers:**

A small group met recently to hear responses to our RFI (Request for Information) to learn about the alternate prescription product (EGWP + Wrap) and how it would affect our members.

**Dr. Joseph Fields:**

Employer Group Waiver Plan + Wrap is a combination of a Part D (Prescription) program with a Wrap which enhances the benefit and matches it up to the one currently in place with few exceptions with regard to certain practices which would occur. Current vendor is Caremark. We are looking at the EGWP + Wrap (alternative product).

During the “Donut Hole” (period of time where there is no coverage) under Medicare Part D prescription manufacturers would be taxed and pay 50% of the costs while the participant is in the Donut Hole – there is a 95% payment under Part B for catastrophic drugs for individual usage of \$6,100 and over per year. Funding is available to pay for 50% of the Donut Hole and 95% of high use members. Program operates under CMS guidelines and is sold by insurance companies and pharmacy benefit managers.

Cost savings: approximately \$40 per member per month. With 22,000 members the cost savings would be substantial.

Prescriptions not on the National Formulary List would go through the approval process.

**Plus:** These drugs would be available at any pharmacy on a 90 day basis with similar pricing. (We are having service issues with current vendor which has a mail order program for maintenance drugs).

**Negative:** Become part of Federal program and subject to rule changes.

Benefits would be similar to what is currently provided to members. We would like to pursue and issue a formal RFP (Request for Proposal). Health Insurance Committee would advise Board of recommendations. Board would make final decision – objective implementation date is January 1, 2015.

Motion was made and seconded for Agency to issue an RFP (Request For Proposal) for EGWP + Wrap. All members voted in favor with 1 abstention (Gregory Messner).

**Discussion:**

Al Bredehorst asked if there was an update on the Trust information relating to the health fund from the September, 2013 meeting. William Myers stated this was still being looked into.

Interested Party, June Pinkin, stated many teachers are asking if the proposed 25% income tax exemption for retired teachers' pension is being made up from the previous (HIPA) health care funding program increase (State contribution decrease from 33% funding to 25%). Gregory Messner explained they are unrelated programs applicable to different years. Darlene Perez explained that the Board does not have access to teacher's tax status, and that the Agency does not do this analysis in house, thus is unable to address the question.

**ADJOURNMENT – 2:52 PM**