



CT TEACHERS' RETIREMENT BOARD
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Wednesday, September 12, 2012

2:00 pm

The regular meeting of the Teachers' Retirement Board was called to order at 2:10pm by Chairperson Clare Barnett on Wednesday, September 12, 2012 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
William Myers, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Maureen Honan, Teacher Member
Michael Freeman, Teacher Member
Jonathan Johnson, Public Member
Eugene Cimiano, Public Member
Elaine Lowengard, Public Member arrived at 2:15pm
Doug Dubitsky, Public Member
Clifford Silvers, Public Member
Gregory Messner, Designee (OPM)
Lee Ann Palladino, Designee (OTT)
Brian Mahoney, Designee (SDE)

BOARD MEMBERS NOT IN ATTENDANCE:

Lisa Mosey, Active Member

STAFF PRESENT:

Darlene Perez, TRB Administrator
Lou Laccavole, Supervisor

OTHERS PRESENT:

Karen Nolen, OPM
Robyn Kaplan-Cho, CEA
Christina Gellman, OFA
Joe Fields, CBC
Rob Fitzpatrick, CBC

A motion was made by Rosalyn Schoonmaker to add two new action items to the Agenda, seconded by Elaine Lowengard. A discussion followed.

Chairperson gave a description of each Item.

1. *The approval of the Health Fund Model which is a five year projection for the revenue and expenses for the Health Plan.
2. **The approval of the Vendor Selection Committee's recommendation for an Actuarial Firm.

All members voted in favor and the motion was passed.

AGENCY REPORT

Darlene Perez, Administrator gave the following report:

1. Retirees

Our retirement season has been concluded except for about one or two dozen people who have service credit to purchase. The law requires we initiate benefits to new retirees no less than three months after the effective date of retirement, and we will comply with that provision. A summary of the number of July retirees over the past ten years was provided.

2. Staff

The Agency has 23 employees – 20 people were working full time and three people working part-time. We now have two people who have changed to full time and one working part-time. So this is good news for the Agency.

3. Audit Report

We had 27 recommendations and have responded to 17, leaving us with 10 outstanding recommendations. A number of these recommendations take a significant number of man hours to accomplish, which has been the challenge in completing them.

4. Pharmacy Plan Administrator

We are going into our third contract year with our current pharmacy plan administrator. We have a significant number of issues that are going on with our members such as 1) charges incurred beyond the maximum out of pocket, 2) charges incurred for prescriptions that were cancelled, 3) charges incurred for prescriptions never received, 4) charges incurred for prescriptions delivered to the wrong address after address was confirmed over the phone, 5) Caremark thought the max out-of-pocket (oop) was met so discontinued the coinsurance, then later discovered the max oop had not been met so coinsurances kicked back in, confusing members. These issues create phone calls to TRB; with 23 staff members we are not staffed to respond to the calls in a timely manner which can lead to member overcharges, trouble getting correct prescriptions, trouble getting reimbursements for overpayments, etc. We are covered under a Master Contract that the Office of the State Comptroller has with Caremark. In the beginning this was the cause of many of the initial problems, some of which have been worked out. Administrator Perez is frustrated about having so many ongoing issues three years into a contract. (During this Board meeting a suggestion was made to have a discussion with the Office of Policy and Management (OPM) about the current contractual arrangement and the possibility of TRB getting out of this contractual arrangement. OPM agreed to such discussion.)

5. Leave of Absence

Members are required to pay for a current leave of absence monthly, prior to the last day of the month in which contributions are being remitted; or in a lump sum payment, prior to the last day of the first month in which contributions are being remitted.

6. Election of Board Members

Two active board member terms will be expiring on June 13, 2013. The procedure and time line for the election is posted on our website. To give you an overview, these are active teachers' terms; they must collect 400 active teachers' signatures. The petitions are returned to us for verification of signatures and to make sure there are no duplicate signatures. The results will be presented to the Board. If we get only two petitions back and everything is verified, the election is complete. If we get more than two petitions, we would have to run an election. In order for us to do this, we would have to hire a sub contractor to run the election.

MATTERS FOR BOARD ACTION

1. A motion was made to approve the June 13, 2012 meeting minutes by Rosalyn Schoonmaker and seconded by William Myers. All members voted in favor and the motion was passed.

Chairperson Barnett gave a summary of the Actuarial Valuation Workshop held in August. The pension valuation was discussed in length. A request was made to look at the valuation in a very serious way. The workshop is an open forum for anyone to come and ask questions on critical topics being discussed.

2. Consideration and Approval of the Administrator's actions:
A motion to ratify, consider and approve the granting of service retirement benefits, survivorship benefits and the reports and recommendations of the Medical Review committee regarding applications for Disability Payments for the month of June, July and August was made by William Myers and seconded by Elaine Lowengard. All members voted in favor and the motion was passed.
3. A motion to consider and approve the Health Plan Consultant premium change recommendation to become effective January 1, 2013 was made by Rosalyn Schoonmaker.
A discussion followed:

Rob Fitzpatrick and Dr. Joseph Fields from CBC gave a brief summary of new premium rates.

The proposed premium rates:

\$117 Medicare Supplemental with Prescriptions

\$160 Medicare Supplemental with Prescriptions and Dental

\$165 Medicare Supplemental with Prescriptions, Dental, Vision and Hearing

It was noted that a \$2.00 charge is included for partial reimbursement coverage of the Shingles Vaccination, which would become effective for those who receive the vaccination on or after January 1, 2013.

It was seconded by Maureen Honan. All members voted in favor and the motion was passed

- *4. A motion was made to consider and approve the Health Care Model including a five year projection of revenue expenses by Bill Myers

A discussion followed that was led by Dr. Joseph Fields and Rob Fitzpatrick who gave a brief summary of the report.

The motion was seconded by Eugene Cimiano. All members voted in favor and the motion was passed.

- **5. A motion was made to consider and approve the Vendor Selection Committee recommendations to award the Actuarial contract by Rosalyn Schoonmaker.

Chairperson Barnett gave a summary of the procedures for selecting a vendor. The meeting was then turned over to Darlene Perez, Administrator.

The process for selecting a vendor was streamlined this time. We had four proposals Seagull; Gabriel, Roeder, and Smith; Cavanaugh Macdonald; and Cheiron. The pricing on two companies were very close and it happened to be our former vendor, Gabriel, Roeder and Smith and our current vendor Cavanaugh Macdonald. After looking at the criteria of the two plans, including pricing and if they can accept the State of Connecticut terms, the Committee recommended Cavanaugh Macdonald. Since both plans were very similar, Cavanaugh Macdonald's pricing came in lower and they work well with the Board and Administrator Perez. The recommendation from the Committee was to bring their recommendation to the Board for approval.

The motion was seconded by Bill Meyers. All members voted in favor and the motion was passed.

Chairperson Barnett moved the October 10th to October 24th at 2:00pm. The valuation will be available by the end of October and the results must be certified to the General Assembly as soon as possible to facilitate the State in adopting a budget. This will be a major action item and John Garrett, Cavanaugh Macdonald will here to give a presentation.

Board Member Jonathan Johnson stated that a potential item came up in the workshop that the actuary touched on with Lee Ann which was a disconnect when we are working with the five year plan rate assumption. Lee Ann's agency wasn't engaged with the process, she gets the numbers from us and was wondering if there is a better process. Chairperson Barnett suggested we could ask John and Lee Ann. She explained that we have a different statutory responsibility. We represent the liability end and they represent the investment end. Lee Ann said that being on the board helps the Treasurer's Office understand what is going on as it comes about and we can incorporate that information into our policies. Just from the communication side it is much clearer for us. So this is fine, we know when things are going to happen and we can react to it. That information is invaluable to us.

MATTERS FOR BOARD INFORMATION

Retirement statistics for June, July and August, 2012.

PUBLIC COMMENTS

ADJOURNMENT 2:50pm