



# Highway Patrol Retirement System

*Newsletter*

March 2014

## 2013 HPRS Investment Returns

Like other pension funds, the HPRS pension fund took a substantial hit from the Great Recession of 2008. In fact, we lost nearly 30% of our assets. We have been digging ourselves out of this hole in subsequent years and, except for a 3% loss in 2011, our investments have realized significant gains. Through a coordinated effort by the HPRS Board and our investment consultant, Hartland & Company, HPRS investments achieved a return of approximately 19.0% in 2013. This was the highest return of the five Ohio pension funds. For the first time since 2007, the market value of our investments exceed \$800 million. See the investment chart on page 2.

While this is good news, we still need to take a long-term view to maintain funding into the future. Positive investment returns go a long way in restoring HPRS' financial health, but gains are not guaranteed. The recent increase in active employee contributions and COLA reductions for retirees need to remain in place in order for HPRS to provide pension and health care benefits to future retirees. The HPRS Board will continue to monitor our financial status closely and make adjustments as needed with as little negative impact on members as possible.

***Please Note:***

***Our office will be closed on —  
Monday, May 26 (Memorial Day)***



**2014 Northeast Ohio Gabfest**

**Friday, May 16th, 2014—5:30 pm**

**Das Dutch Kitchen**

**14278 Lincolnway East**

**Dalton, Ohio 44618**

**For more information, please contact Jim Chapman.**

## 2014 Snowbird

On February 28 – March 2, 2014, the 27<sup>th</sup> annual Snowbird Reunion was held at the Quality Inn and Suites Golf Resort in Naples, Florida. Approximately 90 retirees and spouses were in attendance. A number of people took advantage of the golf outings at the onsite course. A barbeque party was hosted on Friday night followed by the banquet and program on Saturday afternoon. Thanks go out to George and Lisa Williams for again hosting this year's event!

For photos, please see page 3.

## **HPRS Website Updates**

**The HPRS website will soon undergo a make-over! These changes, while retaining the simplicity of the site, are designed to create a more user-friendly experience. The new look will not change your existing log-in IDs or passwords. If you have not registered yet, we highly encourage you to do so!**



## Primary vs. Secondary Health Insurance: What is the difference?

The Coordination of Benefits ("COB") provision applies when a person has health care coverage under more than one plan. The order of benefit determination rules govern the order in which each plan will pay a claim for benefits. The plan that pays first is called the primary plan. The primary plan must pay benefits in accordance with its policy terms without regard to the possibility that another plan may cover some expenses. The plan that pays after the primary plan is the secondary plan. The secondary plan may reduce the benefits it pays so that payments from all plans do not exceed 100% of the total allowable expense.

Allowable expenses are health care expenses, including deductibles, coinsurance and copayments, that are covered at least in part by any plan covering the person. When a plan provides benefits in the form of services, the reasonable cash value of each service will be considered an allowable expense and a benefit paid. An expense that is not covered by either plan is not an allowable expense. Any expense that a provider is prohibited from charging is not an allowable expense.

When the HPRS plan is secondary, it may reduce its benefits so that the total benefits paid or provided by

all plans during a plan year are not more than the total allowable expenses.

Also, keep in mind that insurers often negotiate significant discounts from health care providers in their network. Generally, the first bill you get from the provider does not reflect this discount. Therefore, do not, pay the first bill you get from the provider until you receive an "explanation of benefits" (EOB) form from your insurer. This EOB should show the discount has been applied to the charges for the provider. The EOB will also show how much the insurer will pay. Any remaining amount will be forwarded to your secondary insurance, if applicable. You will be responsible for the remaining amount, if any.

### Bean Luncheon

When: April 14, 2014 - 12:15 pm

Where: OSHP Academy

Cost of lunch is \$6.55 per person. A meeting will follow lunch.

RSVP: [smartinez@dps.state.oh.us](mailto:smartinez@dps.state.oh.us) or 614-752-4672

### HPRS Investment Returns

Date	Investment Portfolio Market Value	YTD Increase/(Decrease)
2/28/2014 (est.)	\$819,810,000	1.5%
12/31/2013	\$810,098,000	19.2%
12/31/2012	\$717,036,000	11.9%
12/31/2011	\$679,404,000	

Please note the 2014 HPRS Board and Committee schedule has been changed and is posted online at [www.ohprs.org](http://www.ohprs.org). Generally, meetings will be held the third Wednesday & Thursday of even-numbered months. Health, Wellness and Disability Committee meetings will be held monthly as necessary.

## 2014 Snowbird - Naples, Florida





### Oops! I Forgot my HPRS Log In Password!

If you have forgotten your password to log into the HPRS website, you can follow these easy steps to reset your password:

- ⇒ Go to [www.ohprs.org](http://www.ohprs.org)
- ⇒ On the right side of the homepage, look for a box labeled “To register or if you have forgotten your password, click here”. Click on the link.
- ⇒ On the next screen on the right side, enter your Login ID and click “I Forgot My Password”.
- ⇒ A temporary password will then be emailed to you. Please follow the instructions in the email and type in the temporary password exactly as it appears. After successfully logging in, you will then be able to change the password to something you will remember.

If you have any problems with resetting your password, registration, or if you have forgotten your Log In ID, please contact HPRS directly.



The DROP interest rate for January 1—June 30, 2014 has been set at 1.26%.

### Attention Aetna Members!

Starting April 1, 2014, you will see changes in the look and timing of your Aetna Explanation of Benefits (EOB). The EOB is the document you receive after a claim is considered by Aetna. The EOB is being redesigned to contain certain required information from the Centers for Medicare Services. Aetna is also changing to a monthly EOB which will contain all claims considered in the previous month. You will no longer receive a single EOB for services from each separate provider that has submitted a claim to Aetna. **After April 1, 2014, all providers’ services paid in the previous month will be combined into a single monthly statement.**

### HPRS Facts & Figures

	Number	Average Benefit	Average Age
Service Retirees	1,098	\$43,220	66.2
Surviving Spouses/Children	247/21	\$16,710/\$2,298	75.1/22.5
Disability Retirees	124	\$33,730	53.1
<b>Total</b>	1,490	\$37,450	66.0

Data as of 3/17/2014

## Re-employed Retirees and Health Care Coverage

Health care is important to everyone, and the Board works tirelessly to find ways to ensure they can keep offering the same high level of health care. One way the Board had done this was to require all reemployed retirees secure health coverage through their employer. We have found this system has created confusion and angst for some of our members, which is something we always strive to avoid, and has been complicated to administer causing even greater cost and confusion. The Board revisited the issue and made a change that will streamline the process and remove any confusion.

HPRS coverage will now be available to all retirees – employed or not. We believe this new approach has several benefits. First, and foremost, we thought it was important that all of our members have access to coverage regardless of their employment status. Second, this will remove the confusion for both our members and the HPRS staff trying to administer the program. And third, we believe this new approach will be a savings for many of our retirees especially in the future.

The program is very simple; all members have access to coverage. If the member works more than thirty hours a week (over any four pay periods), the premium is \$330 per month. We believe this is a great benefit to our members that want to take advantage of HPRS coverage, and the additional premium will help ensure the solvency of our health care fund. Remember, if your employer’s coverage is still less than \$330 per month,

you are free to keep that insurance. The benefit is now you have the option to choose and are not forced to take your employer’s coverage. For many of our members, the cost of their employer’s coverage is more than \$330 per month, so they could save money by switching to HPRS coverage. We think more and more retirees will get to enjoy these savings in the near future as the cost of employer’s insurance continues to rise in these uncertain times. Or, you might find that your employer’s coverage is less than \$330 per month, but the benefits are not nearly as good as HPRS coverage. Now you have the option to switch. Put simply, the Board wanted you to have the option to do what is best for you and your family.

This change does NOT affect spouse or children premiums, it only applies to retirees. This change also does not affect secondary coverage. These premiums will still be set each year and will be totally independent of your work status. Again, the only change is, if you are working, you may now choose between your employer or HPRS coverage as opposed to being required to take your employer’s coverage. And, the higher premium will only be charged if you work more than thirty hours a week. If you work less than thirty hours a week, you will pay the standard premium set by the Board each year. This change goes into effect January 1, 2015. We will be getting further information out to you soon about the transition process.

### HPRS Board of Trustees

<b>Capt. Cory Davies, Chair</b>	<b>Lt. Heidi Marshall</b>
<b>Maj. (ret.) Darryl Anderson, Vice-Chair</b>	<b>Sgt. Jeremy Mendenhall</b>
<b>Maj. (ret.) JP Allen</b>	<b>Col. Paul Pride</b>
<b>Kenneth Boyer</b>	<b>Capt. Carl Roark</b>
<b>Lt. (ret.) Larry Davis</b>	<b>Lt. Andre Swinerton</b>
	<b>Joseph Thomas</b>

**To learn more about various fitness benefits that Aetna and Medical Mutual of Ohio provide to members, please visit [www.ohprs.org](http://www.ohprs.org)!**





## From the Director

In our last newsletter, I mentioned our generous health care benefits, the cost of those benefits to the system, and to expect changes in the future so that we can continue to provide the level of benefits we are accustomed to receiving. Other sections of this newsletter address the outstanding returns we had in 2013. Although this is great news and our pension funding status has improved significantly, our health care fund is still underfunded. Without changes, our actuary has projected our fund will be out of money by 2024.

Even with an increase of contributions and premiums coupled with approximately \$1 million of cost savings, health care costs still increased \$500 thousand in 2013. The difference between revenue into the fund versus the expenses paid out resulted in a shortage of nearly \$7 million. Fortunately, very positive investment income more than made up this shortfall during the last two years.

The Health Care Funding Committee has met twice in the last month to address the deficiency in the health care fund. You will remember in 2012 the Board passed a health care funding scale (HCS) which included graduated premium increases based on age and years of service for those members who retire beginning January 1, 2015. Aside from being difficult to implement and confusing to understand for the membership, it also has been determined this new formula does little to improve the status of our health care fund.

Most recently, the committee met at the Academy on March 14, 2014, to discuss a new tiered approach based on age rather than age and service. Premiums under this approach would decrease with the age of the retiree. This approach only impacts those under age 65 and those who do not have Medicare A and B. This meeting was attended by a number of active

members and retirees who provided many comments and suggestions.

The committee will meet again on April 16, 2014, for further discussion, deliberation, and final recommendation to the Board, which will meet the following day. Further information will be disseminated after this meeting. If you would like to discuss how health care will impact you in the future, Darryl Anderson and I are always available. Please call us. Please also see the article on page 5 for changes to health care for re-employed retirees.

—Mark Atkeson



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