



2023 ORSC Health Care Report
(For period Jan. 1-Dec. 31, 2023)

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Year in Review-2023

The Ohio Police & Fire Pension Fund (OP&F) provides eligible benefit recipients with a stipend-based health care program and collaborates with Alight Retiree Health Solutions to administer a Health Reimbursement Arrangement (HRA) that retirees may use to offset the cost of medical plan premiums and other health-related expenses. Medicare eligible retirees must enroll in either a medical or prescription drug plan through Alight to be eligible to receive a stipend. Alight provides these retirees with support and offers greater choice and affordability to make personalized buying decisions based on their current medical and prescription needs. They offer one-on-one phone and on-line support and numerous plan options that are available in this mature marketplace.

Pre-Medicare eligible retirees can choose an individual or family major medical health care plan through Alight/eHealth, Healthcare.gov, COBRA or any independent broker. If the retiree opts for a plan outside of eHealth it must be a major medical plan that includes the 10 essential benefits and prescription drug coverage. These major medical plans offer greater flexibility by offering levels of coverage that allow for lower premiums and higher out-of-pocket costs or higher premiums with lower out-of-pocket costs. OP&F retirees who enroll through Alight/eHealth are also provided with access to one-on-one phone and on-line support.

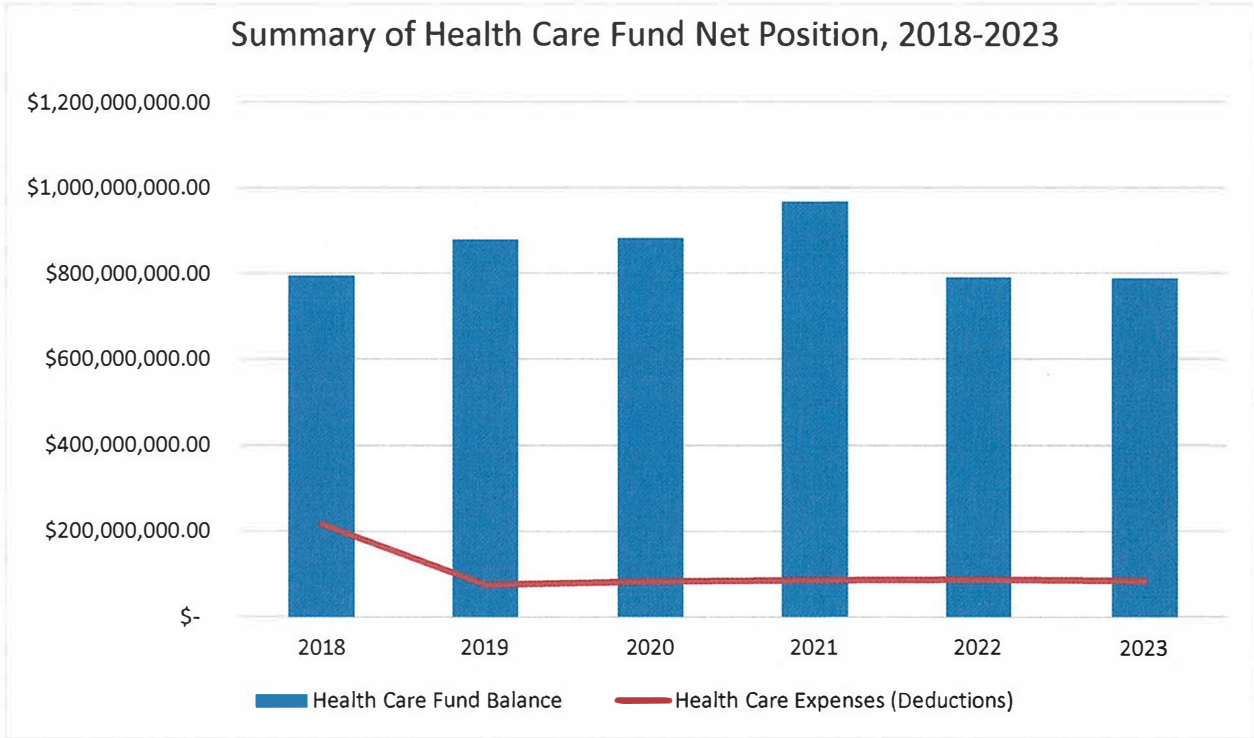
The most recent health care actuarial study conducted as of Jan. 1, 2023, found that the health care stabilization fund's (HCSF) solvency retrenched from December 2046 to November 2038, due largely to reduced investment returns for the HCSF, which were less than the 7.5% expectation. The solvency period is also impacted by the amount of employer contributions directed to the HCSF, which is 0.5%. Implementation of the stipend-based model has allowed the period to generally be above the Board's goal of 15 years.

The HCSF balance was \$787,418,957 as of Dec. 31, 2023, a decrease of approximately 0.28 percent or \$2,222,221 from the previous year, primarily due to the health care stipend and Medicare Part B payments for members being slightly higher than the income allocation for employer contributions and investment income. Employer contributions, expressed as a percentage of payroll, 0.5 percent from Jan. 1, 2023 to Dec. 31, 2023, provided additional funding of \$14,118,199. Investment income allocated to the health care fund totaled \$69,712,780.

Financial Information

2023 Additions	2023 Deductions	2023 Fund Balance	Solvency Period	Employer Allocation
\$ 61,393	\$ (85,706,913)	\$ 787,418,957	2038	0.5%

Solvency period based on each system's individual valuation and underlying assumptions.



Health Care Fund Balance (as graphed above)

Year	Health Care Fund Balance	Health Care Expenses (Deductions)
2018	\$ 793,785,996	\$ 217,862,957
2019	\$ 878,688,997	\$ 76,826,595
2020	\$ 881,584,417	\$ 84,249,181
2021	\$ 966,702,599	\$ 86,947,802
2022	\$ 789,641,178	\$ 88,563,565
2023	\$ 787,418,957	\$ 85,706,913

Average Cost Per Member Paid by OP&F

Non-Medicare Recipients	Medicare Recipients
\$9,906	\$2,239

Population of Recipients

Age and Service	Disability	All Others (Survivors, Beneficiaries, etc.)	Total Recipients	Percent Medicare
11,761	3,190	3,121	18,072	77%

OP&F Health Care Program

In 2023, OP&F had an average of 13,836 Medicare enrolled members, which includes retirees and surviving spouses over the age of 65, and those eligible for early Medicare. Medicare participants are able to retain their existing plan each year (if offered) or select a new plan through Alight during the open enrollment period. Medicare participants may choose from more than 100 national and regional insurance carriers, which includes many Medicare Advantage, Medicare Supplement and prescription drug plans.

OP&F had an average of 4,236 Pre-Medicare enrolled members, which includes retirees and surviving spouses under the age of 65. Pre-Medicare retirees were able to select the individual or family plan through the individual Marketplace that best fit their family’s needs, including the network of providers and level of coverage. Most of the health care plans in the Marketplace were HMO plans and included the ten essential benefits and prescription drug coverage.

The stipend provided to an eligible retiree is based on their Medicare status and the status of the eligible dependents enrolled. Because many retirees have a split family status between Medicare and Pre-Medicare, the average cost per participant, listed on Page 4, is based on the stipend status of the eligible retiree as of Jan. 1, 2023. Stipend levels were set in 2019 and have remained in place through 2023.

2019-2023 OP&F Retiree Health Care Plan Monthly Stipend levels

	Medicare Status		Monthly Medical/RX Stipend	Monthly Medicare Part B Reimbursement	Total OP&F Monthly Support for Health Care
	Retiree	Spouse			
Retiree only:	Medicare		\$143	\$107	\$250
	Non-Medicare		\$685	\$0	\$685
Retiree + Spouse:	Medicare	Medicare	\$239	\$107	\$346
	Medicare	Non-Medicare	\$525	\$107	\$632
	Non-Medicare	Medicare	\$788	\$0	\$788
	Non-Medicare	Non-Medicare	\$1,074	\$0	\$1,074
Retiree + Dependent(s):	Medicare		\$203	\$107	\$310
	Non-Medicare		\$865	\$0	\$865
Retiree + Spouse + Dependent(s):	Medicare	Either Medicare or Non-Medicare	\$525	\$107	\$632
	Non-Medicare	Either Medicare or Non-Medicare	\$1,074	\$0	\$1,074
Surviving Spouse:	Medicare		\$143	\$107	\$250
	Non-Medicare		\$685	\$0	\$685

*The OP&F Medicare Part B reimbursement is an ongoing benefit that has been in place for many years, but should be included in the support provided for health care coverage. The Med B reimbursement is added to a member's monthly pension benefit.

Supplemental Drug List (by request)

No requests for 2023.

Health Care Future - 2024

OP&F will continue partnering with Alight Retiree Health Solutions to provide post-retirement health benefits to eligible retirees. Together, we strive to help retirees shop for coverage, pay for premiums, and manage HRAs through the use of new technologies, such as a new mobile app that provide members with quick access to information in new ways.

The HRA plan structure and stipend amounts remained unchanged in 2023. The Board will continue to work with its actuary and key staff members, and future studies will be performed to determine any future impacts on the health care stabilization funding and solvency periods along with any potential impacts to OP&F's pension funding status.

In addition, OP&F continues to search for ways to make the retiree health care plan the best it can be, while monitoring all impacts to the health care stabilization fund and stipend program eligibility. The health care fund's solvency reserves are expected to last until Nov. 2038. OP&F will continue to offer retirees this elective benefit while working with members and key stakeholders to preserve the trust for as long as possible for current and future generations of public safety officers.

Supplementary Statutory Requirements

1. Statutory Authority for Health Care Benefits

§ 742.45. Deduction from benefit payment for group health insurance

(A) The Board of Trustees of the Ohio police and fire pension fund may enter into an agreement with insurance companies, health insuring corporations, or government agencies authorized to do business in the state for issuance of a policy or contract of health, medical, hospital, or surgical benefits, or any combination thereof, for those individuals receiving service or disability pensions or survivor benefits subscribing to the plan. Notwithstanding any other provision of this chapter, the policy or contract may also include coverage for any eligible individual's spouse and dependent children and for any of the eligible individual's sponsored dependents as the Board considers appropriate.

If all or any portion of the policy or contract premium is to be paid by any individual receiving a service, disability, or survivor pension or benefit, the individual shall, by written authorization, instruct the Board to deduct from the individual's benefit the premium agreed to be paid by the individual to the company, corporation, or agency.

The Board may contract for coverage on the basis of part or all of the cost of the coverage to be paid from appropriate funds of the Ohio police and fire pension fund. The cost paid from the funds of the Ohio police and fire pension fund shall be included in the employer's contribution rates provided by sections 742.33 and 742.34 of the Revised Code.

The Board may provide for self-insurance of risk or level of risk as set forth in the contract with the companies, corporations, or agencies, and may provide through the self-insurance method specific benefits as authorized by the rules of the Board.

(B) Except as otherwise provided in this division, the Board shall, beginning the month following receipt of satisfactory evidence of the payment for coverage, pay monthly to each recipient of service, disability, or survivor benefits under the Ohio police and fire pension fund who is eligible for coverage under part B of the Medicare program established under Title XVIII of "The Social Security Amendments of 1965," 79 Stat. 301, 42 U.S.C.A. 1395j, as amended, an amount specified by the Board or determined pursuant to a formula established by the Board that is not less than ninety-six dollars and forty cents, for such coverage, except that the Board shall not pay an amount that exceeds the amount paid by the recipient for the coverage.

The Board shall pay not more than one monthly premium under this division to an eligible benefit recipient even if the recipient is receiving more than one monthly benefit from the fund. The Board shall not pay a monthly premium under this division to an eligible benefit recipient who is receiving reimbursement for the premium from any other source.

(C) The Board shall establish by rule requirements for the coordination of any coverage, payment, or benefit provided under this section with any similar coverage, payment, or benefit made available to the same individual by the public employees retirement system, state teachers retirement system, school employees retirement system, or state highway patrol retirement system.

(D) The Board shall make all other necessary rules pursuant to the purpose and intent of this section.

2. Summary of OP&F Stipend Model

2019-2023 OP&F Retiree Health Care Plan Monthly Stipend levels

	Medicare Status		Monthly Medical/RX Stipend	Monthly Medicare Part B Reimbursement	Total OP&F Monthly Support for Health Care
	Retiree	Spouse			
Retiree only:	Medicare		\$143	\$107	\$250
	Non-Medicare		\$685	\$0	\$685
Retiree + Spouse:	Medicare	Medicare	\$239	\$107	\$346
	Medicare	Non-Medicare	\$525	\$107	\$632
	Non-Medicare	Medicare	\$788	\$0	\$788
	Non-Medicare	Non-Medicare	\$1,074	\$0	\$1,074
Retiree + Dependent(s):	Medicare		\$203	\$107	\$310
	Non-Medicare		\$865	\$0	\$865
Retiree + Spouse + Dependent(s):	Medicare	Either Medicare or Non-Medicare	\$525	\$107	\$632
	Non-Medicare	Either Medicare or Non-Medicare	\$1,074	\$0	\$1,074
Surviving Spouse:	Medicare		\$143	\$107	\$250
	Non-Medicare		\$685	\$0	\$685

**The OP&F Medicare Part B reimbursement is an ongoing benefit that has been in place for many years, but should be included in the support provided for health care coverage. The Med B reimbursement is added to a member's monthly pension benefit.*

3. 2023 Health Care Stipend Program Eligibility

Retirees and survivors who receive a statutory survivor benefit may qualify to participate in the OP&F health care stipend program if they are eligible according to the terms of the health care guidelines.

Benefit recipient eligibility guidelines

Generally, a benefit recipient is defined as an OP&F retiree who is receiving a service retirement or disability benefit, a surviving spouse, or dependent parent who is receiving statutory survivor benefits from OP&F.

Retiree

An OP&F member who is receiving a service retirement or disability benefit from OP&F is eligible to participate in the health care stipend program unless they have access to another group health care plan. The retiree must become enrolled in a new plan within 60 days of involuntarily losing access to the employer's plan or group health care. Otherwise, a Qualifying Life Event, or QLE, must occur to establish eligibility.

Surviving spouse

Upon the effective date of the statutory survivor benefit, a surviving spouse is eligible to participate in the OP&F health care stipend program except when the following apply:

- The surviving spouse is participating in or waived health care coverage through another Ohio retirement system;
- The surviving spouse has access to another group health care plan;
- OP&F does not receive the Survivor Health Care Eligibility and Enrollment form within 60-days.
- The survivor does not become enrolled in a plan within 60-days of the QLE.

Once the required information is received for an eligible surviving spouse, he or she will continue to participate in OP&F's health care stipend program and will receive the balance of the retiree's HRA in the year of the retiree's death. The following year, a surviving spouse will have an individual HRA. If the surviving spouse remarries, the new spouse and any child born to the surviving spouse after the OP&F member's death are not eligible for coverage. The surviving spouse will not receive an increased stipend for a dependent even if the OP&F member was the child's parent.

Dependent Eligibility Guidelines

Spouse

A retired member may be eligible to receive additional stipend support for a spouse who is not eligible to enroll in an employer sponsored health plan and is not eligible for any type of health care coverage through another Ohio retirement system.

Child

A retired member may be eligible to receive additional stipend support for a child if the child meets the following criteria:

- A child must be the retiree's natural child or have been legally adopted by the retiree;
- A child who is up to 26 years of age or younger;
- A child is not eligible to enroll in an employer-sponsored health plan.

Surviving child/orphan

A child who is receiving a statutory survivor benefit from OP&F is not eligible for the OP&F stipend health care program.

Dependent parent

A dependent parent as described in the Ohio Revised Code Section 742, may be eligible for the OP&F health care stipend program.

4. Participants Eligible for Benefits

As of Dec. 31, 2023, OP&F had 30,044 benefit recipients (including retirees and survivors) whom were eligible for the health care stipend program. Of those, approximately 60 percent participated.

5. Accounting, Asset Valuation and Funding Methods

1. Summary of Significant Accounting Policies

The following are the significant accounting policies followed by OP&F.

Basis of Accounting:

OP&F's financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred.

Investments:

Investment purchases and sales are recorded on a trade date basis. Dividend income is recognized on the dividend date, while interest and rental income is recognized when earned. Investments are reported at fair value. Securities traded on a national or international exchange, are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal payments discounted at prevailing interest rates for similar instruments. The fair value of real estate and timber are based on independent appraisals and internal valuations. Investments that do not have an established market are reported at estimated fair value. Private equity limited partnership interest is based on values established by each partnership's valuation committees.

Net appreciation is determined by calculating the change in the fair value of investments between the end of the year and the beginning of the year, less the cost of investments purchased, plus sales

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of investments at fair value. Investment expense consists of administrative expenses directly related to OP&F's investment operations and a proportional amount of all other administrative expenses allocated based on the ratio of OP&F's investment staff to total OP&F staff. OP&F has no individual investment that exceeds five percent of net assets available for benefits.

Federal Income Tax Status:

OP&F is determined to be a trust under section 401(a) of the Internal Revenue Code that is exempt from federal income taxes under section 501(a) of the Internal Revenue Code. OP&F's DROP plan is also determined to be part of the 401(a) trust.

Property and Equipment:

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The range of estimated useful lives is as follows:

Buildings and improvements	40 years
Furniture and equipment	3 to 10 years
Computer software and hardware	2 to 10 years

Contributions and Benefits:

Employer and Member contributions are recognized when due or in the period the related member salaries are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

2. Asset Valuation Method

The difference between actual market value and expected market value is recognized over five years (20 percent per year). The actuarial value is the market value adjusted by the total unrecognized gains or losses incurred during the five-year period.

3. Funding Method

Health care benefits are funded on a pay-as-you-go basis. This fund is credited with a portion of employer contributions equal to 0.5 percent of active member payroll from Jan. 1, 2023 to Dec. 31, 2023 and a portion of investment income. The HCSF is charged with all health care expenses and administrative costs. As of Dec. 31, 2023, the balance in the HCSF was \$787,418,957.

6. Plan Net Assets Available for Post-Employment Health Care Benefits

as of Dec. 31, 2023 (unaudited)

Assets:

Cash and Short-term Investments	\$	82,721,278
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Receivables:

Employers' Contributions		1,387,711
Accrued Investment Income		2,121,376
Investment Sales Proceeds		5,275,886
TOTAL RECEIVABLES		8,784,973

Investments, at fair value:

Bonds-Domestic		136,667,018
Bonds-International		2,116
Mortgage and Asset-Backed Securities		39,308,683
Stocks-Domestic		181,311,703
Stocks-International		107,981,889
Real Estate		80,722,838
Private Debt		20,328,136
Private Equity		64,912,930
Real Assets		48,120,577
Master Limited Partnerships		18,800,210
Derivatives-Domestic		(18,921)
Derivatives-International		(241,909)
TOTAL INVESTMENTS		697,895,270

Collateral on Loaned Securities		21,651,876
TOTAL ASSETS		811,053,397

Liabilities:

Investment Commitments Payable		1,982,564
Obligations Under Securities Lending		21,651,876
TOTAL LIABILITIES		23,634,440

NET ASSETS HELD IN TRUST FOR POST-EMPLOYMENT HEALTH CARE BENEFITS	\$	787,418,957
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**7. Statement of Changes in Plan Net Assets Available for
Post-Employment Health Care Benefits**
as of Dec. 31, 2023 (unaudited)

Additions:

From Contributions:

Employers'	14,118,199
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TOTAL CONTRIBUTIONS	14,118,199
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From Investment Income:

Net Appreciation (Depreciation)

Value of Investments	52,729,724
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Bond Interest	6,672,701
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Dividends	4,226,468
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Alternative Investment Income	3,469,536
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Master Limited Partnerships Income	1,914,075
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Other Investment Income (Loss)	3,189,076
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Less Investment Expenses	(2,616,811)
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NET INVESTMENT INCOME	69,584,769
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From Securities Lending Activities:

Securities Lending Income	1,496,356
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Securities Lending Expense	(1,368,345)
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NET INCOME FROM SECURITIES LENDING	128,011
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Other Income	61,393
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TOTAL ADDITIONS	83,892,372
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Deductions:

Health Care Benefits	85,706,913
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Administrative Expenses	407,680
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TOTAL DEDUCTIONS	86,114,593
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NET INCREASE (DECREASE)	(2,222,221)
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FIDUCIARY NET POSITION - BEG OF YEAR	789,641,178
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FIDUCIARY NET POSITION - END OF YEAR	\$ 787,418,957
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8. Schedule of Changes in Net Assets Available for Post-Employment Health Care Benefits, 2019-2023

	December 2023	December 2022	December 2021	December 2020	December 2019
BEGINNING BALANCE	\$ 789,641,178	\$ 966,702,599	\$ 881,584,417	\$ 878,688,997	\$ 793,785,996
COSTS					
Utilization Costs	(53,069)	(48,076)	45,279	298,306	4,487,795
Administrative Fees	-	-	-	-	(768,132)
Health Care Stipend	(64,673,284)	(67,734,270)	(66,416,654)	(64,518,906)	(60,793,408)
Medicare Part B	(20,980,560)	(20,781,219)	(20,576,427)	(20,028,581)	(19,752,850)
HEALTH CARE COSTS	(85,706,913)	(88,563,565)	(86,947,802)	(84,249,181)	(76,826,595)
Member Contributions	-	-	-	-	523,461
Recoveries and Rebates	61,393	186,311	262,495	563,964	19,647,113
HEALTH CARE CONTRIBUTIONS	61,393	186,311	262,495	563,964	20,170,574
NET HEALTH CARE	\$(85,645,520)	\$(88,377,254)	\$(86,685,307)	\$(83,685,217)	\$(56,656,021)
ALLOCATION					
Employer Contribution Allocation	14,118,199	13,381,154	12,758,046	12,166,558	11,973,144
Investment Return Allocation	69,712,780	(101,829,817)	159,291,105	74,728,819	129,948,485
Administrative Expense Allocation	(407,680)	(235,504)	(245,662)	(314,740)	(362,607)
NET ALLOCATION	\$83,423,299	\$(88,684,167)	\$171,803,489	\$ 86,580,637	\$141,559,022
ENDING BALANCE	\$787,418,957	\$789,641,178	\$966,702,599	\$881,584,417	\$878,688,997

9. Description of Significant Changes Affecting the Comparability of the Report Required Under this Division

This report is a courtesy copy for reporting year 2023, and there are no significant changes in comparison to the requirements.

10. Medicare Part B Reimbursement

Upon enrollment in Medicare Part B, benefit recipients are eligible for reimbursement of a portion of their Medicare Part B premium through OP&F, as required by ORC Section 742.45 (B), if they are not receiving reimbursement from another source. In 2023, OP&F paid more than \$20.9 million in Medicare B reimbursements; approximately 16,340 participants received \$107 per month, included in the recipient's benefit payment.