

Health Care Waiver Program Talking Points

1. Since the early 1990s, the Ohio Public Employees Retirement System, School Employees Retirement System, State Teachers Retirement System and Ohio Police and Fire Retirement System have worked together to coordinate health care coverage for individuals who are eligible for coverage from more than one of the retirement systems.
2. In 1998, each retirement system established rules to address the coordination of coverage and, in doing so, created the “waiver program.” Under this program, an eligible benefit recipient of another Ohio retirement system was permitted to “irrevocably waive such health care coverage in order to be covered by the other Ohio retirement system, if the other system has agreed in writing to offer such coverage.” The rules outlined the specific circumstances under which one system or another would be responsible for primary coverage of the benefit recipient.
 - The rules also required the retirement system that was transferring coverage for these benefit recipients and dependents to reimburse the retirement system providing coverage. The reimbursement was established as the lesser of each system’s average monthly cost of medical, prescription drugs, and Medicare Part B reimbursement.
 - The waiver program worked as a method of coordinating health care coverage in an environment that no one retirement system was disadvantaged—plan designs and subsidies among the plans were similar.
3. In 2003 and 2004, each of the retirement systems participating in the waiver program had cause to reevaluate the health care coverage offered to benefit recipients and to make changes. For example, OPERS adopted the Health Care Preservation Plan, which was designed to protect the long-term solvency of the health care program. One of the recommendations that came from the HCPP was that OPERS be a secondary provider of health care coverage to spouses and dependents who had health care coverage available from another source. During this same time period, STRS Ohio reduced subsidies to retirees and spouses which caused many to change their coverage to the OPERS, SERS and OP&F health care plans.
4. Consequently, as a result of these changes, each system chose to discontinue new waivers as follows:
 - OPERS – Jan. 1, 2007
 - SERS – March 12, 2007
 - OP&F – January 2008
 - STRS Ohio – January 2008

5. Eligible benefit recipients who had chosen to participate in the waiver program prior to discontinuing the program were permitted to continue under the program. To that end, reimbursements under the waiver program continued after the program closed for the existing population. After the waiver program was closed, standard coordination of benefit rules were applied to recipients who were eligible for health care coverage under more than one retirement system.

6. Earlier this year, OPERS, SERS and STRS Ohio agreed to allow benefit recipients who were covered by the waiver program to enroll in the health care program provided by the retirement system that pays their monthly retirement benefit. The rule changes for SERS and STRS are before the Council today. Under those rules, enrollments may occur during the open enrollment periods in 2014 and 2015. In 2016 and after, eligible enrollees for SERS and STRS would be treated the same as other benefit recipients and standard coordination of benefit rules will apply.

For OPERS, benefit recipients covered by the waiver program at the other systems are and will continue to be permitted to enroll during any open enrollment period or after a qualifying event. OPERS does not need a rule change to allow enrollment; but will amend the rule to clarify the availability COBRA coverage and that standard coordination of benefits will apply. This rule change will be before the ORSC before the end of this year.

7. Final reconciliation of reimbursements due to the retirement systems would occur in February 2016 for plan year 2015.