



**MEETING OF THE HEALTH BENEFITS COMMITTEE OF THE RETIREMENT
BOARD OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT
FUND OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE
DISTRICT EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY**

**70 West Madison, St, Suite 1925
Chicago, Illinois 60602**

Minutes for the September 20, 2018 Meeting

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Fund are herein collectively referred to as the "Fund." All committee recommendations are preliminary in nature and subject to review and approval by the full Retirement Board.

Call to Order and Roll Call:

Trustee Committee Members Present: John Fitzgerald (Chair); Patrick McFadden;
Robert DeGraff.

Non-Committee Trustees Present: Joseph Nevius

Staff Present: Dennis White, Interim Executive Director; Jane Hawes,
Director of Health Benefits; Rachelle Howliet, Senior
Health Benefits Specialist; Tonya Jackson, Health Benefits
Specialist; Margaret Fahrenbach, Legal Advisor (present
for Disabled Dependent Eligibility discussion); Saron
Tegenge, Comptroller.

Others Present: Daniel Levin and Thomas Wyszomirski, Segal Consulting.

Public Comment: Chairman Fitzgerald asked if anyone present would like to address the Committee. There being no public comment, the meeting continued.

Review and Consideration of August 21, 2018 Health Benefits Committee Meeting Minutes
Trustee McFadden made a motion to approve the August 21, 2018 meeting minutes. Trustee DeGraff seconded the motion and the motion was approved.

Administrative Report

Jane Hawes reported CVS/Caremark has made a verbal offer to improve terms of the EGWP contract in lieu of the Fund not putting the plan out to bid for 2020. Ms. Hawes has asked CVS/Caremark to provide specific terms of their renewal proposal in writing.

Discussion of Eligibility Guidelines for Minor Children and Disabled Dependents

Margaret Fahrenbach gave the legal definition of a guardian and ward and explained that an adult can be appointed guardian for a ward who may be a minor under 18, and for a person who is incompetent and therefore incapable of managing their own affairs, for example a person with a cognitive disability. Ms. Fahrenbach stated that guardianship ends when a minor ward turns 18 and becomes an adult, whereas a disabled adult guardianship relationship continues for the life of the ward.

Ms. Hawes reviewed an analysis of the Health Plan's current eligibility guidelines and noted inconsistencies in coverage rules for disabled and non-disabled dependents. The Committee considered current Health Plan criteria for dependent children and agreed that eligibility for health benefits should be limited to those children who might receive an annuity, such as a biological or adopted child of an annuitant. Based on this criteria, a step child or a ward child would not be eligible for coverage.

Trustee DeGraff made a motion to allow the ward and step children currently enrolled in the Health Plan to continue to be covered until the limiting age of 26 and going forward (effective January 1, 2019) only provide coverage for dependents of annuitants who are in a position to receive an annuity, such as a biological or adopted child. Trustee McFadden seconded the motion; the motion was approved.

Trustee McFadden made a motion to allow any disabled dependent currently enrolled in the Health Plan to continue to be covered until the dependent's parents' coverage terminates and, going forward (effective January 1, 2019), only provide coverage for dependents of annuitants who are in a position to receive an annuity, such as a biological or adopted child. Trustee DeGraff seconded the motion; the motion was approved.

Segal Analysis of CVS's Proposed Pharmacy Contract Terms and Impact on 2019 Premiums

Dan Levin reviewed CVS's improved discounted fees and rebates which resulted from the Fund's participation in the Coalition of Municipal Agencies RFP for pharmacy benefit management services. The new contract will achieve 11.6% savings on the commercial pharmacy plan expenses and 17.5% on the EGWP plan over the three year contract term.

Mr. Levin presented rate tables for 2019 showing the impact of the CVS pricing/rebate terms and proposed changes to the Fund's cost share percentages previously considered at the August 21, 2018 Health Benefits Committee meeting. Final cost share percentages were presented:

- The Fund's 2019 subsidy for Choice Medicare changes to 41% and for Choice Plus Medicare to 38% (current subsidies are 50% for Choice and 50% for Choice Plus).
- The subsidy for Choice non-Medicare changes to 48% and Choice Plus non-Medicare to 43% (current subsidies are 50% for Choice and 45% for Choice Plus).
- The subsidies for Choice survivor Medicare change to 54% and for Choice Plus survivor Medicare to 51% (current subsidies are 65% Choice and 65% for Choice Plus)

- The subsidy for Choice survivor non-Medicare changes to 61% and for Choice Plus survivor non-Medicare to 56% (current subsidies are 65% for Choice and 60% for Choice Plus).

Trustee McFadden made a motion to recommend the revised rates to the Board, Trustee DeGraff seconded the motion, and the motion was approved.

Medicare Enrollment Requirement for Future Plan Enrollees over the Age of 65

In prior HBC meetings, the Committee reviewed Segal's analysis showing higher health costs incurred by non-Medicare members ineligible for premium free Medicare Part A. After considering the cost of late enrollment penalties if members were required to buy Medicare, the Committee requested analysis of the impact of a premium credit if members were mandated to buy Medicare Part A before incurring late enrollment penalties, e.g. members at age 65 or new retirees over the age of 65.

Mr. Levin presented a report showing the impact of a \$123 credit on the Fund's single Medicare premium for members incurring the cost of buying Medicare at current Medicare rates. The report showed there would be no increase in the Fund's Medicare rates for Choice annuitants; a \$331 decrease for Choice Plus annuitants; a \$153 decrease for Choice survivors, and a \$116 increase in the Choice rates for survivors. The Fund's share of the single Medicare premium would also decrease, even with the additional cost of providing the \$123 credit.

Trustee McFadden made a motion to recommend to the Board that effective January 1, 2019, all Health Plan members over the age of 65 who are ineligible for premium free Part A will be allowed to continue CCPF coverage at the non-Medicare rate and, going forward effective January 1, 2019, all new plan enrollees ineligible for free Medicare Part A must purchase Medicare Part A and B in order to have health coverage. CCPF will provide a premium credit of \$123 per month in 2019 to members who purchase Medicare Parts A and B. Trustee DeGraff seconded the motion and the motion was approved.

Adjournment: Trustee McFadden made a motion to adjourn. Trustee DeGraff seconded the motion and the motion was approved.