



CT TEACHERS' RETIREMENT BOARD

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May 27, 2015

2:00 pm

The meeting of the Teachers' Retirement Board was called to order at 2:10 pm by Chairperson Clare Barnett on Wednesday, May 27, 2015 at 765 Asylum Avenue, Hartford, CT.

BOARD MEMBERS PRESENT:

Clare Barnett, Teacher Member
William Myers, Teacher Member
Al Bredehorst, Teacher Member
Clifford Silvers, Public Member
Jonathan Johnson, Public Member
Elaine Lowengard, Public Member
Lee Ann Palladino, Designee (Office of the Treasurer)

BOARD MEMBERS NOT IN ATTENDANCE:

Gregory Messner, Designee (Office of Policy and Management)
Kathy Demsey, Designee (State Department of Education)
Michael Freeman, Teacher Member
Rosalyn Schoonmaker, Teacher Member
Maureen Honan, Teacher Member
Charles Higgins, Public Member

STAFF PRESENT:

Darlene Perez, TRB Administrator
Mark Aronowitz, OPM Consultant
Mike Janusko, OPM Consultant
Charlene Hill, Administrative Assistant

OTHERS PRESENT:

Dr. Joseph Fields, PhD., Bargained Plans, LLC
Robyn Kaplan-Cho, CEA
Thomas Singleton, ARTC
Thomas Danehy, CAPSS
Karen Nolen, OPM
June Pinkin, HFT-R
Greg Franklin, OTT

Open meeting –Chairperson, Clare Barnett

1. Agency Report:

August Workshop:

There is a change to the August workshop date from August 12, 2015 to August 19, 2015. The workshop this year will be a “meet and greet” to introduce new Board members and new TRB staff members, including a new Fiscal Administrative Manager in the Fiscal Division who is starting on May 29, 2015.

Petition:

A petition has been submitted by a group of retirees who would like the Board to consider “Silver Sneakers” which is a wellness program they would like added to the TRB Health Insurance Program. It is strictly for people who are on Medicare and would not be available to those who are with their Board of Education plans. It would be bundled with the health insurance plan offered by TRB. There are approximately 200 signatures on the petition. Joe Fields confirmed that there is a base fee and a per use fee that is charged. The fee for the TRB membership for this plan would be significant. If the Board were moved to consider this program, the Healthcare Sub-committee would be charged with the task. This topic will remain open and if more information becomes available or if there are other more reasonable alternatives, the Board may consider this topic again in the future.

Retirement Applications:

On or about May 24, 2015 there were approximately 855 people who have filed for retirement. This is a significantly lower number than in preceding years around this same time. There are several factors that cause people not to retire including the rising cost of health insurance has become a big deterrent. The average age of retirement over the past few years has gone up about three or four years from age 60 to age 63 to 64. The Board approved a change in the last few years to allow active members planning to retire the option to use their Supplemental account towards the purchase of credit prior to retirement. This moves the process of the purchase of credit further away from retirement so when members are retiring, the staff are now just dealing with retirement not retirement and also billing for credit, waiting for the money to come, waiting for the credit to get posted, etc. We have been advantaged by the changes this Board has approved and by some of the processes that we do.

60 Day Grace Period:

As a reminder, a few years ago the Board approved to put a “sunset” on the 60 day grace period for those retiring in order to document their credit. Members have been allowed to document their credit all the way through. However, now in order for someone to document their credit, it has to be completely and fully documented in a fashion that it can be approved. If there are additional questions, or if it is

incomplete, they will not be able to buy the credit. This is the first year this is going into effect and this information has been made readily available to members via the TRB website and annual statements. So this is a reminder to the Board of its decision regarding the 60 day grace period that will no longer be in effect.

Rising Cost of Prescription Drugs:

The rising cost of prescription drugs is not unique to the TRB. It is not a direct effect of going from the old prescription drug plan to an EGWP. Costs are rising across the nation. TRB received two emails since last month regarding the rising costs so the Board is being made aware of this on behalf of these members. Drug manufacturing discount cards or coupons are not permitted in the Part D plan because both the drug manufacturer and the Federal Government provide discounts already so those coupons cannot be used in conjunction with the Part D program where cost sharing is done. This may be perceived as an increase in cost only because they can't use the discount cards or coupons but the plan will benefit through manufacturer discounts and catastrophic coverages.

A collective letter was also received from the Southern Fairfield County Retiree Association regarding the Medicare D and the concern over not wanting Federal oversight with the prescription program. Many people want to go back to the old model. However, as a reminder, we cannot financially sustain the old model. The RDS money is becoming less available, there is Federal incentives to move away from the RDS money. There have been a few members who have been adversely impacted because the Federal Government will not allow a drug to be given to anyone for use other than what they have approved it for. In addition, Plan Sponsors cannot override a decision by the Federal Government. The collective letter also addressed other issues that has been brought to the Board's attention the past two months. Darlene Perez took us through each specific item and updated us on how and when they were resolved. Clare Barnett discussed that some issues are to be expected and that it takes time for people to get used to the Medicare D plan and how it works. However, more than two years were spent examining this and we truly believe this will benefit the majority of our members. Darlene Perez added that individual member issues have reduced to 1 to 2 a week, so there isn't any remaining systemic issues and that things are going much better now that we are in the fifth month of the transition. The number of complaints are significantly smaller than the number of complaints we received from the last implementation with previous vendors.

2. Additional item:

A motion was made and seconded to add an additional item to the agenda to allow the Audit Committee to make a recommendation. All members voted in favor and the motion was passed.

3. Approval of the April 29, 2015 Meeting Minutes.

A motion was made and seconded to approve the April 29, 2015 meeting minutes. All members voted in favor and the motion was passed.

4. Consideration and Approval of the Administrator's Actions regarding:

- a) Granting of service retirement benefits for the April, 2015.
- b) Survivor benefits for the month of April, 2015.
- c) Reports & recommendations of the Medical Review Committee regarding applications for Disability Payments as presented to the Medical Review Committee at the April, 2015 meeting.

A motion was made and seconded to approve the granting of service retirement, survivor benefits and applications for a disability allowance for the month of April, 2015. All members voted in favor and the motion was passed.

5. Audit Committee:

Update:

Mark Aronowitz and Mike Janusko have been at TRB since late October working on the audit recommendations from the audit report submitted by the Auditors of Public Accounts for the period 2011, 2012, and 2013. A new Fiscal Administrative Manager 1 has been hired and she will manage the Fiscal Division. She comes from the Department of Economic and Community Development. Darlene, Mark and Mike have been working to develop a training plan for the new Manager.

Mark and Mike have been continuing with the Health Fund Ledger and they have been examining years that have not been looked at previously. Training is nearing completion for TRB staff who have taken nearly thirty different training courses, many of them provided by CORE-CT, in addition to state wide employee training and individual training. Staff from the Comptroller's and Treasurer's Offices will be providing some training to the Fiscal Administrative Manager of the Fiscal Division.

Motion:

Lee Ann Palladino discussed that there are eight findings in the audit report. The Audit Committee has been discussing one in particular, and that is the requirement to resolve some regulatory and other legal issues. Mark and Mike have gone as far as they can in resolving these issues because what is needed is legal resources. The Audit Committee would like to make a recommendation to the Board to obtain legal resources.

Clare Barnett discussed that this motion is consistent with what the Board has been attempting to do for a period of time and that it is a critical need.

A motion was made and seconded to accept the recommendation of the Audit Committee that the Board acquire legal resources in order to resolve the audit finding that is outlined in the most recent audit report of 2011, 2012, and 2013. All members voted in favor and the motion was passed.

MATTERS FOR THE BOARD INFORMATION:

Retirement Statistics for the April, 2015.

COMMENTS FROM OBSERVERS:

Walt Ciplinski discussed the Silver Sneakers program and presented the petition signed by 218 retired teachers.

Ken Sinkwitz discussed his dissatisfaction with the new Prescription Drug Vendor Express Scripts. He provided examples of the issues he has dealt with that has adversely impacted him over the past few months since Express Scripts has been the new vendor.

ADJOURNMENT – 2:55 PM