



Date: January 7, 2010
To: Brian Pickering, Chair
Cincinnati Retirement System, Board of Trustees
From: Michael Rachford, Chair
Cincinnati Retirement System, Benefits Committee
Re: Governance Report – Review of Benefits Administration

The Governance schedule for the Cincinnati Retirement System includes a review every two years of the benefits administration and appropriateness of the benefit plan design (CRS Rules XIII). The Board shall review for acceptance the following report from the Benefits Committee.

1. **Accomplishments.** The following recommended changes were approved except as noted and are cost-neutral to the CRS or have a positive impact on the unfunded liability:

- a. Federal Out of State Service Purchase – Ordinance approved by Council on November 11, 2008
- b. Service Purchase for Leave of Absence – Ordinance to Finance Committee: October 28, 2009

2. **The effectiveness of the CRS communications policy.** Improvement is needed in this area.

The CRS Newsletters have been an effective tool for communication changes and other important information to CRS members. The publication of the Newsletter is expected to be resumed on a regular basis

3. **Administrative errors and acknowledge corrective action taken.** The Benefits Committee works in tandem with the CRS Office in developing strategies to prevent potential abuses.

- a. Loan Process June 4, 2009: Initiated changes in loan process due to violations identified by Internal Audit (IAD). Stricter guidelines and procedures incorporated.
- b. Survivor Benefits April 30, 2009: Underpayments and Overpayments identified. CRS Office in process of rectifying errors, recovering benefits, and communicating with recipients. New process for reviewing and processing future benefits. CMC to reflect changes as appropriate.
- c. Pension payments made to deceased retirees and beneficiaries as identified by IAD in their December 2008 report. CRS Office in process of recovering benefits. Quarterly reviews and reports implemented to avoid future errors.

4. **Administration of the disability program on an annual basis**

- a. August 27, 2009 Benefits Committee approved implementing a \$50 fee for members to file an appeal. The Law Department will prepare an Ordinance for the Board and Council to approve.
- b. Medical Records handling and storage. November 6, 2008, created a process and procedure for the handling of medical records by the Committee and the CRS Office. The Procedure aligns with the city's legal guidelines.

5. **The recovery of any benefits or premium subsidies paid to ineligible recipients.** Also see 3. above

- a. Survivor Benefits: Underpayments and Overpayments identified. CRS Office in process of rectifying errors, recovering benefits, and communicating with recipients. New process for reviewing and processing future benefits. CMC to reflect changes as appropriate.
- b. Pension payments made to deceased retirees and beneficiaries as identified by IAD. CRS Office in process of recovering benefits. Quarterly reviews and reports implemented to avoid future errors.

6. **The administration of the health insurance program on an annual basis and**

- a. A city Task Force recommended changes to the city retiree health care and prescription program. City council passed motions approving the changes in June 2009 and they are expected to pass ordinances approving the changes with implementation on January 1, 2010
- b. City Council requested that the City Administration obtain bids for retiree health care and prescription programs. Per Milton Dohoney, City Manager, retiree health insurance will continue to be provided by Anthem during 2010. A new health-care bidding process will be initiated during 2010 for the active and retired populations combined.
- c. Eligibility for Health Care Benefits – Ordinance approved by Council on June 24, 2009.
 - i. Ordinance identifies the costs for dependents eligible for Health care and documentation needed to qualify a disabled adult-child for health insurance benefits.

7. **Recommendations for more cost effective prescription programs**

- a. City Council requested that the City Administration obtain bids for retiree health care and prescription programs. Per Milton Dohoney, City Manager, retiree health insurance will continue to be provided by Anthem during 2010. A new health-care bidding process will be initiated during 2010 for the active and retired populations combined.

8. **Recommendations regarding the CRS members' loan program,** including loan interest rate, deferred retirement loans, insurance on loans and review of loan policies and procedures

- a. No changes are recommended for the interest rate, insurance or other policies and procedures except as noted below in b. and c.
- b. Loan Process. Changes in loan process were implemented due to violations identified by Internal Audit (IAD). Stricter guidelines and procedures incorporated
- c. Deferred Retirements with Loans: Proposed Ordinance held by City council.

➤ **Identifying Opportunities for Improvement:**

Current Agenda Items:

Disability Definition, Application and Appeal Process, and Audit Processes. The vision of this committee includes working with the Administrative Staff to provide clear definitions for administrative ambiguities. This unified focus will result in aligning administrative policy with consistencies among the Cincinnati Municipal Code, the CRS policies and rules, and the CRS administrative manual. Consultations with the Law Department and Risk Management will continue until all aspects of the Disability Process are reviewed.