

**April 18, 2019**

The nine hundredth and nineteen meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, on Thursday, April 18, 2019. The meeting convened in open session at 8:32 a.m. and continued with the Pledge of Allegiance. Following the Pledge of Allegiance, the roll call was as follows: James Rossler, Chairperson, Hugh Garside, James Haller, Christine Holland, Daniel Wilson, Beverly Woolridge and Catherine Moss. James Rossler excused the absence of Jeffrey DeLeone and Barbra Phillips. Also in attendance was Mary Therese Bridge, representative of the Attorney General, various members of the SERS staff, and members of the public.

**APPROVAL OF MINUTES OF THE RETIREMENT BOARD MEETING HELD ON  
March 21, 2019**

Christine Holland moved and James Haller seconded the motion to approve the minutes of the Retirement Board meeting held on Thursday, March 21, 2019. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, James Haller, Christine Holland, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

Board Chair James Rossler asked Chief Investment Officer Farouki Majeed to present the investment report.

**INVESTMENT REPORT**

**Annual Portfolio Review – Opportunistic and Tactical**

Investment Officer Phil Sisson presented the annual review of the Opportunistic and Tactical Investments portfolio. The portfolio is comprised of Real Assets, Credit, and Special Situations investments consisting of 16 funds between nine managers. Mr. Sisson discussed characteristics, performance, and income returns for the Opportunistic portfolio. The returns are ahead of the total fund benchmark and yield has increased. Following questions the Board thanked Mr. Sisson for his presentation.

**Monthly Investment Report**

Chief Investment Officer Farouki Majeed discussed the Investment report for the period ending February 28, 2019. Mr. Majeed informed the Board of recent terminations of US Equity managers due to consistent under performance, resulting in an increase in passive exposure in the portfolio. The preliminary performance report as of March 31, 2019 and the Ohio Funds data as of December 31, 2018 were distributed to the Board for their information. As of February 28, 2019, the Fund was \$14.2 billion with a FYTD return of 2.56%. Following questions and answers, the Board thanked Mr. Majeed for the presentation.

**SUMMARY OF INVESTMENT TRANSACTIONS**

Beverly Woolridge moved and Hugh Garside seconded that the following summary of investment transactions made in compliance with the Ohio Revised Code Section 3309.15 during the period of **February 1, 2019** through **February 28, 2019** hereby be approved. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, James Haller, Christine Holland, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

A. PURCHASES

Asset Class	Approximate Cost (in millions)
US Equities	\$ 56.6
Non-US Equities	125.8
Fixed Income	380.2
Multi-Asset Strategies	55.2
Private Equity Capital Calls	24.0
Real Asset Capital Calls	2.5
Opportunistic	5.0
Cash Equivalents	436.2

B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
US Equities	\$ 60.2	\$ 7.9
Non-US Equities	128.4	(4.6)
Fixed Income	305.6	(0.4)
Multi-Asset Strategies	8.3	1.7
Private Equity distributions	30.2	n/a
Real Asset distributions	0.8	n/a
Opportunistic	18.5	0.7
Cash Equivalents	402.5	n/a

The Board took a break at 9:33 a.m., and reconvened at 9:46 a.m.

**EXECUTIVE DIRECTOR'S UPDATE**

**Ohio Retirement Study Council**

Executive Director Richard Stensrud informed the Board that he and staff met with two of the three new legislative members of the ORSC: Senator Hearcel Craig of Columbus and Representative Jack Cera of Bellaire. Staff is currently working to schedule a meeting with Representative Derek Merrin of Maumee.

Mr. Stensrud also stated that SERS had no items on the April ORSC meeting agenda.

**Advocacy Groups**

Mr. Stensrud stated that on April 9, SERS hosted its annual 'state of the union' meeting with the OASBO Legislative and Education Finance Committees. There were 18 Treasurers in attendance, and staff gave presentations.

Mr. Stensrud reported that staff is preparing for the SERO Annual Meeting scheduled for May 14. Both Cathie Moss and Beverly Woolridge are planning to attend.

### **Federal Comment Letter**

Mr. Stensrud noted that on April 5, staff submitted a formal comment letter to the Office of the Inspector General of Health and Human Services on proposed regulations for pharmacy rebates at the point-of-sale.

### **Government Relations Officer**

Mr. Stensrud acknowledged Laurel Johnson on her upcoming retirement on April 30. Mr. Stensrud stated that because of Ms. Johnson's efforts and commitment to SERS, our stakeholders and legislators at the capital have high regard for SERS.

Board member Dan Wilson also acknowledged Ms. Johnson's contributions to SERS and her voice on behalf of SERS.

Mr. Stensrud further stated that SERS is looking forward to bringing on Ms. Johnson's successor, Chris Collins. Mr. Stensrud noted that Mr. Collins will work to maintain SERS' active engagement with advocacy groups and legislators.

## **LEGISLATIVE REPORT**

### **STATE LEGISLATION BOARD REPORT 133<sup>rd</sup> General Assembly (Prepared by Laurel Johnson as of April 5, 2019)**

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**SB10** THEFT IN OFFICE PENALTIES Steve Wilson (R-Maineville) To expand the penalties for theft in office based on the amount stolen and to include as restitution audit costs of the entity that suffered the loss.

Current Status: 03/19/2019 Referred to House Criminal Justice

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### **FEDERAL LEGISLATION BOARD REPORT 116<sup>th</sup> United States Congress (Prepared by Laurel Johnson as of April 5, 2019)**

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#### **H.R. 141**

SPONSOR: Rep. Rodney Davis (R-IL)

LAST ACTIONS: House - 01/31/2019 Referred to the Subcommittee on Social Security

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 154 co-sponsors; seven Ohioans

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#### **H.R. 748**

SPONSOR: Rep. Joe Courtney (D-CT)

LAST ACTIONS: House - 01/24/2019 Referred to the House Committee on Ways and Means

CAPTION: Middle Class Health Benefits Tax Repeal Act of 2019

COMMENT: Repeals the health care "Cadillac Tax." 248 co-sponsors; 11 Ohioans

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**H.R. 1398**

SPONSOR: Rep. Ami Bera (D-CA)

LAST ACTIONS: House - 02/27/2019 Referred to the Committee on Ways and Means, and Committee on Energy and Commerce

CAPTION: To delay the reimposition of the annual fee on health insurance providers until after 2021

COMMENT: Delays the health care HIF tax. 39 co-sponsors; two Ohioans

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**S. 521**

SPONSOR: Sen. Sherrod Brown (D-OH)

LAST ACTIONS: Senate - 02/14/2019 Referred to Committee on Finance

CAPTION: Social Security Fairness Act of 2019

COMMENT: Repeals the GPO and WEP. 26 co-sponsors.

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**S. 684**

SPONSOR: Sen. Martin Heinrich (D-NM)

LAST ACTIONS: Senate - 03/06/2019 Referred to the Committee on Finance

CAPTION: To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage

COMMENT: Repeals the health care "Cadillac Tax." 27 co-sponsors; two Ohioans

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## MEMORANDUM

To: Laurel Johnson, Senior Government Relations Officer

From: Carol Nolan Drake, Federal Liaison

Date: April 3, 2019

Re: Federal Legislative and Regulatory Report

### **OVERVIEW**

**Highlights for March and April include:** hearings in the House and Senate on the President's fiscal year 2020 budget proposal for Cabinet agencies and federal programs; House and Senate hearings on investor issues that are important to institutional investors; further partisan debate about health care; the continuing problems at the southern border; a renewed interest in the Electoral College; further debt ceiling discussions; the release of the Special Counsel Robert Mueller's Report; and advocacy for the SERS Wraparound Program.

**On Monday, March 11, President Trump released the Administration's budget request for Fiscal Year 2020.** The budget book is entitled, "A Budget for a Better America. Promises Kept. Taxpayers First." Several Cabinet agencies received cuts to their domestic programs, however, defense spending is increased, and \$8.6 billion in new border wall funding is included. Overall, the budget includes \$4.7 trillion in spending.

#### **In the Budget Message from the President, he said:**

The Budget demonstrates how...the President proposes to fund critical national priorities by reprioritizing other spending. The Budget protects or increases funding for border security, national defense, opioids, law enforcement, childcare, veterans' healthcare, emerging technologies that support the industries of the future, and workforce development. The Budget also illustrates the Administration's commitment to rebuilding the Nation's infrastructure and addressing high drug prices.

#### **A few of the most important budget narratives include:**

- The Budget addresses the Nation's critical public health needs through investments that combat the opioid epidemic and support mental health services, increase efforts to eliminate infectious diseases, support high priority biomedical research, speed access to new innovative technology, and enhance emergency preparedness and health security.
- The Budget also offers strategies to reduce drug-related costs, improve the health of older Americans, and strengthen work requirements to promote self-sufficiency.
- The Budget proposes strategies targeted at increasing competition, encouraging better negotiation, incentivizing lower list prices, and lowering out-of-pocket costs for beneficiaries.
- The Budget includes a number of proposals to speed development of generics and eliminate loopholes that have allowed drug companies to use the regulatory framework to hinder competition.
- The Budget demonstrates fiscal discipline while maintaining funding for key K-12 education formula grants and making targeted investments in school safety, workforce development, teacher quality, and school choice.
- The Budget reduces the Federal role in education, and prioritizes targeted investments in school safety, teacher quality, school choice, and workforce development. The Budget request for elementary and secondary education reflects this Administration's continued commitment to providing States and school districts with the resources and flexibility to ensure that all children receive an excellent education.
- The Budget builds on the Administration's efforts to give families more choices for their children's education and to ensure that all students learn in safe and secure schools.

- The Budget provides approximately \$700 million, an increase of \$354 million compared to the 2019 Budget, in Departments of Education, Justice, and Health and Human Services grants to give States and school districts resources to implement the School Safety Commission’s recommendations, such as expanding access to mental healthcare, developing threat assessments, and improving school climate. At the Department of Education, the Budget requests \$200 million for School Safety National Activities, which provide grants to States and school districts to develop school emergency operation plans, offer counseling and emotional support in schools with pervasive violence, and implement evidence-based practices for improving behavioral outcomes.
- The Budget supports several initiatives to empower States and consumers to regain control over healthcare and increase affordability and consumer choice.
- The Budget acknowledges the importance of ensuring protections for individuals with preexisting conditions and States would be required to include such plans in their applications for these grants.
- The Budget also proposes to give States additional flexibility over their Medicaid programs by transferring control of Medicaid transformation efforts locally where it belongs.
- The Budget emboldens individuals to take charge of their healthcare needs and own their healthcare spending, while protecting them from large unexpected costs.
- The Budget includes a series of reforms to expand access to HSAs.
- The Budget proposes to add new premiums to the multiemployer program, raising approximately \$18 billion in premiums over the 10-year window. At this level of premium receipts, the program is projected to remain solvent over the next 20 years, helping to ensure that there is a safety net available to workers and retirees whose multiemployer plans fail.
- The Budget requests \$167 million for Terrorism and Financial Intelligence (TFI) to continue its work safeguarding the financial system from abuse and combatting other national security threats using economic sanctions.

Here is the link to the 150-page document:

<https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf>

**Markups for appropriations will begin in April in order for final bills to be passed on the floor in June.** News media have reported that Democrats are considering moving appropriations bills in small packages, as Republicans did in the last session of Congress.

**The House returned on Monday, April 1 and will be in session for a total of ten days this month.** The members are scheduled to work in their districts from April 15-26. There are several hearings set thus far in April of interest to institutional investors:

- Putting Investors First: Reviewing Proposals to Hold Executives Accountable, House Committee on Financial Services, Subcommittee on Investor Protection, Entrepreneurship and Capital Markets, April 3.
- The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System before the House Committee on Financial Services, April 9.
- Holding Megabanks Accountable: A Review of Global Systemically Important Banks 10 years after the Financial Crisis, Committee on Financial Services, April 10.

**The House discussed H. Res. 271, a Resolution, “Condemning the Trump Administration’s Legal Campaign to Take Away Americans’ Health Care,” on Monday, April 1.** Speaker Nancy Pelosi (D-CA) called for a vote in the House on April 3. An excerpt of the Resolution:

*Resolved*, That it is the sense of the House of Representatives that—

- (1) the actions taken by the Trump Administration seeking the invalidation of the ACA’s protections for people with pre-existing conditions, and later the invalidation of the entire ACA, are an unacceptable assault on the health care of the American people; and

- (2) the Department of Justice should—
- (A) protect individuals with pre-existing conditions, seniors struggling with high prescription drug costs, and the millions of people in the United States who newly gained health insurance coverage since 2014;
  - (B) cease any and all efforts to destroy Americans' access to affordable health care; and
  - (C) reverse its position in *Texas v. United States*, No. 19–10011 (5th Cir.).

**The vote was along party lines with some exceptions, with a final vote of 240-186. Rep. Anthony Gonzalez (R-OH) voted “present,” which is interesting.** Such a vote generally means that a member is not taking sides on a measure but wants to be considered “present” for the vote. Eight Republicans supported the measure although none were from Ohio.

**The Senate returned on Monday, April 1. The state work period will run from April 15-26.** The Senate has several hearings set this month relating to the federal budget and this one:

- The Application of Environmental, Governance and Social Principles in Investing and the Role of Asset Managers, Proxy Advisors and Other Intermediaries, Committee on Banking, Housing and Urban Affairs, April 2.

**A companion resolution expressing the sense of the Senate that the Department of Justice should reverse its position in *Texas v. United States*, was introduced by Senator Jeanne Shaheen (D-NH) and co-sponsored by Senator Sherrod Brown (D-OH).** The resolution is not expected to advance.

**As previously reported, House Joint Resolution 46 was introduced on February 22 to overturn President Trump’s national emergency declaration of the crisis at the southern border.** In the Senate, on March 14, the Resolution of disapproval passed by a vote of 59-41 with both Senators Sherrod Brown (D-OH) and Rob Portman (R-OH) voting in favor of it. The House voted on February 26 and passed the measure by a vote of 245-182. All twelve Republican House members from Ohio, Balderson, Chabot, Davidson, Gibbs, Gonzalez, Johnson, Jordan, Joyce, Latta, Stivers, Turner and Wenstrup, voted “No.” All Ohio Democratic House members, Beatty, Fudge, Kaptur, and Ryan voted “Yes.” The news media reported that this was the first time Congress has voted to block a president’s emergency declaration.

**President Trump vetoed the Resolution on March 15.** The Resolution went back to the House on March 26 in an effort to override the President’s veto. The measure failed to receive the necessary 2/3 vote for passage, with a final vote of 248-181. The Senate did not need to take action. A coalition, made of 16 states led by California, is suing the Trump administration in an effort to block the declaration.

### **ELECTORAL COLLEGE**

**The Electoral College has been making news again.** The state of Colorado has joined a multi-state consortium, called the “National Popular Vote Interstate Compact,” seeking to change the way that Electoral College votes are counted for the presidency. The idea is to allocate all of a state’s delegate votes to the candidate that wins the popular vote. Eleven other states and the District of Columbia are part of it already. The Compact needs to have enough states participate to reach at least 270 of the total cumulative electoral votes before it can be considered. More information can be viewed here: <https://www.nationalpopularvote.com>

### **DEBT CEILING**

**The national debt ceiling once again must be raised.** Treasury Secretary Stephen Mnuchin has been visiting members of Congress to request that a clean debt ceiling bill be passed by September. If the Democrats and Republicans are not able to reach an agreement, the United States could default on its obligations. The federal fiscal year, too, ends in September, which could give Congress the opportunity to address the debt ceiling and resolve the federal budget without another shutdown.

## **MUELLER REPORT**

**At long last, the report of Special Counsel, Robert Mueller, was released on March 24.** Attorney General William Barr released a four-page summary of the findings shortly thereafter, stating, "Special Counsel's investigation did not find that the Trump campaign or anyone associated with it conspired or coordinated with Russia in its efforts to influence the 2016 presidential election." Democrats have demanded the release of the full report. Attorney General Barr responded that a redacted copy of the report will be made available to Congress later in April.

## **SERS WRAPAROUND PLAN**

**SERS leadership team members, Laurel Johnson and Christi Pepe, and I have continued the advocacy for the extension of the SERS Wraparound Plan.** On March 13, we participated in a conference call with health care legislative aides from the offices of Senators Sherrod Brown and Rob Portman. We asked whether the Senators would sign a joint letter to be sent to the Secretaries of Labor, Treasury, and Health and Human Services, asking them to authorize an extension of wraparound plans. We also discussed whether a legislative vehicle will be moving that we could attach language to authorize the program. Unfortunately, they felt that any bipartisan bills would likely move in the fall, well after the timeline that SERS needs for approval. They will discuss the request with the Senators. Discussions with House members are also continuing. Talking points have been prepared as another handout to educate on the legislative and regulatory authority, health care benefits offered, and savings under the Plan.

**On March 26, we participated on a conference call with Director Jillian Froment, Ohio Department of Insurance (ODI), and two members of her leadership team. You will recall that twice last year, ODI wrote comment letters for SERS to HHS/CMS, offering support for the Wraparound Plan. ODI agreed to reach out to their contact at HHS/CMS on SERS' behalf and ask when the agencies are expecting to finalize their decision. I heard back that ODI did indeed reach out to CMS for us.**

**James Mayhew, one of our most important contacts at CMS/CCIIO, has left the agency, retiring after a long federal career.** I did hear from Jacob Ackerman, CMS/CCIIO, that he will be our new contact. In his message on March 29, **Mr. Ackerman said, "I just wanted to let you know we are continuing to discuss a possible extension of the limited wraparound program. We recognize the urgency for SERS and appreciate your patience. We hope to have a decision soon."** I relayed the information to the Senate offices and SERS.

**SERS has prepared a message for retirees to email to the Secretaries of the three federal agencies, encouraging an extension of the Wraparound Plan.** This will be the first opportunity for retirees to comment directly to the regulatory agencies about the health care savings the Wraparound Plan provides to them. They will lend an important voice to the advocacy effort.

## **REMOVAL OF SAFE HARBOR PROTECTION FOR REBATES RULE**

**The proposed rule is still pending. Public comment letters are due by April 8.** SERS is finalizing its letter which I will submit before the deadline. We reached out to the Public Sector HealthCare Roundtable, several stakeholders that offer health care plans and national organizations, to discuss the proposed rule. There should be many comment letters for HHS/CMS to review.

**SERS will also sign on to a joint letter with the Better Medicare Alliance, Kentucky Teachers' Retirement System and perhaps other funds and the Public Sector HealthCare Roundtable (although their decisions are not known at this time).** In the letter, the signatories said that they "recognize that cost is a serious concern for beneficiaries and agree with the goal of reducing high prescription drug costs for Medicare beneficiaries. However, as organizations representing beneficiaries, community-based organizations, providers, and managed care organizations, we oppose the recent proposed rule to eliminate manufacturer rebates in Part D. We believe if implemented, the proposed rule will jeopardize the high-quality, affordable prescription drug coverage provide in Medicare Advantage and may cause unintended consequences to beneficiaries."



## **U.S. SUPREME COURT**

**Gerrymandering cases were heard on Tuesday, March 29 before the U.S. Supreme Court.** The cases involved the states of Maryland and North Carolina. Ohio's similar case is pending before the U.S. District Court for the Southern District of Ohio. In that case, a three-judge panel heard arguments in March. The state of Ohio sought a delay of the case, however, the court refused. A decision must be reached by September 2019 in order to give the state time to draw new districts.

## **WINDFALL ELIMINATION PROVISION**

**I contacted the Subcommittee on Social Security, majority staff director, Kathryn Olson, in March to request that we talk with her about the proposed Windfall Elimination Provision and a possible timeline for introduction and passage of a bill.** Ms. Olson agreed to talk with us on April 11. Ms. Olson mentioned that the bill introduced by Chairman Neal, which covers several retirement security pieces, will not contain the WEP language. (A separate section in this report covers this bill.) She indicated that the Ways and Means Committee is still very interested in addressing the WEP issue.

**You may have read the summary which Leigh Snell, Federal Relations Director for NCTR provided on the most recent study by the Urban Institute.** In his March 28 newsletter, Mr. Snell said that the Urban Institute expressed concerns with the proposed revisions to WEP because "it could serve to exacerbate perceived failures of state and local governments to provide employees not covered by Social Security with an equivalent benefit." **The study was funded by the Laura and John Arnold Foundation.**

**S.521, the "Social Security Fairness Act," was introduced by Senator Sherrod Brown (D-OH) and now has 26 co-sponsors.** The bill would amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. There has been no action on the bill.

**H.R. 141, the companion bill, now has 154 co-sponsors, including seven Ohio delegation members,** who are Reps. Tim Ryan (D-OH), David Joyce (R-OH), Steve Stivers (R-OH), Bob Gibbs (R-OH), Marcy Kaptur (D-OH), Michael Turner (R-OH) and Joyce Beatty (D-OH). The bill has been referred to the Committee on Ways and Means, Subcommittee on Social Security.

## **SOCIAL SECURITY**

**April is National Social Security Month, according to the Social Security Administration.**  
<https://blog.ssa.gov/april-is-national-social-security-month/>

**H.R. 860, the "Social Security 2100 Act," to "protect our Social Security system and improve benefits for current and future generations," still has 203 co-sponsors thus far, including all four Ohio Democratic members: Reps. Beatty, Fudge, Kaptur, and Ryan.** We did hear from Subcommittee staff that the sponsor, Rep. John Larson (D-CT), has promised to hold a hearing this year on the Windfall Elimination Provision in the Committee on Ways and Means, Subcommittee on Social Security. Mr. Larson is the chairman of the Subcommittee.

**A bill entitled, "The CRADLE Act," was discussed by Senators Joni Ernst (R-IA) and Mike Lee (R-UT) on March 14.** In a tweet, Senator Ernst said, "[@SenMikeLee](#) and I have put forward a common sense paid parental leave proposal. It's a pathway forward for parents to have the option to stay home with their newborns during the critical first months after birth, without adding to our ever-growing deficit."

**The bill would provide parents with one, two, or three months of paid leave benefits in exchange for agreeing to delay their own retirement and collection of Social Security payments.** "Having workers tap their Social Security income early and delay retirement is likely to have big effects on their entire financial lives, not just the few months they cared for their new baby, according to financial planners," in a CNBC story on March 15. Reps. Ann Wagner (R-MO) and Dan Crenshaw (R-TX) offered to sponsor a companion bill in the House.

## **HEALTH CARE**

**President Trump surprised members of his own party a few days ago when he announced that the Republicans would put forward a health care plan that would be far better than “Obamacare.”** On April 2, however, the President indicated that any plan on health care would come after the 2020 election.

**Democrats have been searching for their own path forward on health care. They unveiled a bill, H.R. 1884 on March 26 to address some of the needed fixes for the ACA.** The bill is sponsored by Rep. Frank Pallone (D-NJ) and has 123 co-sponsors. Their proposal would expand the ACA’s federal insurance subsidies, expand premium tax credits, and extend eligibility for people with higher incomes. They would like to reverse the Trump administration rules that expanded health insurance plans that don’t have to comply with the ACA’s rules for basic coverage. The proposal would provide for an annual cap so Americans would not be surprised by significant out-of-pocket expenses for health services. The strategy would be to pass specific provisions in separate bills rather than tackle every change in one bill.

**The Department of Justice has done an about face with respect to its position on the ACA, claiming now that the entire law is unconstitutional.** It had argued last year that parts of the ACA, including the individual mandate, should be struck down in the case, *Texas v. United States*, which is pending before the Fifth Circuit Court of Appeals. The trial court judge decided that the law was unconstitutional in a December ruling. The Justice Department has now determined that the law is unconstitutional as the case makes its way to the higher court.

## **PRESCRIPTION DRUGS**

**On March 24, the Trump administration announced that it is moving ahead with a proposal to require drug companies to disclose prices in television commercials.** The final rule would require drug companies to disclose product prices in television advertisements, which the administration believes “will provide manufacturers with an incentive to reduce their list prices by exposing overly costly drugs to public scrutiny.” (InsideHealthPolicy article). There are drug companies that do not want to disclose drug prices in their ads, saying that it is misleading to viewers and will not accurately reflect what a customer would pay for the drug.

## **MEDICARE AND MEDICAID**

**H.R. 1346, a bill to “amend title XVIII of the Social Security Act to provide for an option for individuals who are ages 50 to 64 to buy into Medicare,** has 33 co-sponsors, however, no members of the Ohio delegation have signed on yet.

**Senator Sherrod Brown has co-sponsored S. 470, the “Medicare at 50 Act,” which was introduced on February 13 by Senator Debbie Stabenow (D-MI).** The bill would amend title XVIII of the Social Security Act to provide for an option for any citizen or permanent resident of the United States age 50 to 64 to buy into Medicare. There are 20 co-sponsors, however, Senator Portman has not signed on to the bill.

**Some Democratic members are continuing to discuss a “Medicare for All” plan, which would establish a national health insurance program.** H.R. 1384 was introduced on February 27 by Rep. Pramila Jayapal (D-WA). It has 107 co-sponsors, including Ohio Democratic members Reps. Beatty, Fudge, and Ryan.

**The Trump administration has allowed the state of Ohio to impose work requirements of 80 hours a month for most able-bodied adults that are receiving or will be eligible for Medicaid.**

**On March 26, the House passed H.R. 1839, the “Medicaid Services Investment and Accountability Act of 2019.”** The bill includes short-term extensions of several Medicaid programs that have previously passed the House on a bipartisan basis.

## **RETIREMENT SECURITY**

**Chairman of the Committee on Ways and Means, Rep. Richard Neal (D-MA) announced the passage of a bipartisan bill out of Committee on April 2 that would provide enhanced retirement**

**security measures for Americans.** The bill, H.R. 1994, is the “Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019. The press release describes the legislation, stating that it “expands opportunities for Americans to increase their retirement savings and improves the portability of lifetime income options from one plan to another.” Ranking Member of the Committee, Rep. Kevin Brady (R-TX) supported the legislation. Rep. Brad Wenstrup (R-OH) is the only Ohio delegation member who serves on the Committee. The bill will move to the full House for consideration.

**Senators Sherrod Brown (D-OH) and Rob Portman (R-OD) introduced S. 833, the “Pension Accountability Act” on March 14.** In the joint press release, they said the bill is to “help protect Ohioans from having their hard-earned pensions cut with no say in the process. The bill aims to give workers and retirees a seat at the table when a looming multiemployer pension bankruptcy may require major pension cuts. The bill has been referred to the Committee on Health, Education, Labor and Pensions. The press release may be read here:

<https://www.brown.senate.gov/newsroom/press/release/brown-portman-introduce-the-pension-accountability-act-to-provide-ohio-retirees-a-fair-vote-on-pension-cuts>

**It was reported by the Pension Rights Center that the Department of Treasury issued a notice in March, Treasury 2019-18, that reversed “its 2015 guidance that prohibited pension plans from offering retirees who already are receiving their pensions the option of a lump sum.”** In their blog, the Pension Rights Center quoted Alicia Munnell, director of the Center for Retirement Research at Boston College, in which she warned that “only those with serious illnesses or who believe they don’t have much time left should even consider it.” The blog is here: [www.pensionrights.org](http://www.pensionrights.org)

**On March 27, the House passed H.R. 7, the “Paycheck Fairness Act,” a bill aimed at strengthening protections against wage discrimination and holding employers accountable.** The members voted 242-187 for the bill. Seven Republicans joining Democrats in voting for the bill. It was co-sponsored by 238 Democrats and Rep. Chris Smith (R-NJ). It has been introduced multiple times since 1997 to amend the Equal Pay Act and Fair Labor Standards Act and was reintroduced by Rep. Rosa DeLauro (D-CT) in January. The Ohio delegation voted along party lines.

#### **SECURITIES AND EXCHANGE COMMISSION (SEC)**

**A new bill that has been introduced in the House, H.R. 1053, by Rep. Salud Carbajal (D-CA), the “Corporate Political Disclosure Act of 2019.” It would direct the SEC to issue regulations to require disclosure of political expenditures by public companies in their annual reports and on their websites.** This is the kind of bill that the House may pass, however, there is little chance of passage in the Senate. The issue of political expenditure disclosure has been advocated by institutional investors for several years. Without legislation or regulations to require it, shareholders have filed proposals at public companies to request greater disclosure. While most of the proposals do not garner majority support, they serve to get the companies’ attention.

**President Trump has nominated Allison Lee to fill the Democratic seat on the SEC.** If confirmed, Ms. Lee would replace Kara Stein, who stepped down from the Commission in January. Ms. Lee is a former aide to Commissioner Stein.

#### **OTHER MATTERS OF INTEREST**

**Senator Tammy Baldwin (D-WI) introduced S. 915, a bill to prohibit public companies from repurchasing their shares on the open market, and for other purposes.** The bill has been referred to the Committee on Banking, Housing, and Urban Affairs. Neither Ohio Senator is a co-sponsor.

**On March 5, Rep. David Joyce (R-OH) introduced H.R. 1528, the “Comprehensive Opioid Program Extension (COPE) Act of 2019,” which would “combat the opioid crisis by increasing the authorized resources available to the Department of Justice’s comprehensive opioid abuse reduction activities.”** Reps. Michael Turner (R-OH) and Tim Ryan (D-OH) are co-sponsors.

**In a press release, Rep. Joyce said, “With Ohio being one of the states hit the hardest by this epidemic, finding solutions to the opioid crisis has been one of my top priorities in Congress. If**

we've learned anything over the past few years, it's that battling this epidemic requires an all-of-the-above approach that includes not only prevention and education efforts, but also promotes treatment, cracks down on illegal distribution, and enhances resources for first responders and law enforcement. We need to make sure that federal funding effectively supports all of the life-saving work our local communities are carrying out on the front lines of this crisis, and the COPE Act does just that."

**On March 5, Senator Rob Portman (R-OH) requested time to address the opioid epidemic and its impact on Ohioans.** He gave lengthy remarks, of which excerpts from the Congressional Record are below:

It is devastating communities. The No. 1 cause of death in my home State of Ohio is opioid overdoses. Among Americans under 50, it is now the No. 1 cause of death in America.

In Ohio--fentanyl hit our State particularly hard. We had a record 4,800 overdose deaths in 2017, which was a 20-percent jump over 2016's toll. So it has been tough for 8 years in a row.

Separately, preliminary data from the Ohio Department of Health shows a 34-percent decrease in overdose deaths from January to June 2018. Again, those first 6 months, we saw a little decrease, finally--34 percent. That is progress--again, from a high starting point, but I believe we are headed in the right direction.

**Senator Sherrod Brown (D-OH) followed with his remarks:**

Madam President, I thank my friend from Cincinnati for his work on both the issues he spoke about--both, on sex trafficking, which is a terrible affliction in our country and especially in Ohio, and on the issue of opioid deaths. We lose almost 100 people a week in Ohio to overdoses, and more than 11 a day on opioid overdoses. So I thank my colleague from Cincinnati for that.

#### **ACTIVITIES:**

1. Emails and calls to Ohio delegation Senate offices to set up discussion on the Wraparound Plan.
2. Drafted letter to regulatory agencies for review.
3. Set up and participated on a call with Director and representatives of the Ohio Department of Insurance.
4. Outreach to CMS contacts for update on Wraparound Plan regulations.
5. Participation on conference calls with SERS representatives on advocacy updates.
6. Discussion with SERS and stakeholders on the proposed rule by HHS to eliminate drug rebates and the comment period.
7. Discussions with Ohio delegation staff, the Public Sector Health Care Roundtable Administrator and stakeholders on a legislative solution for the Wraparound Plan.
8. Monitored bills relating to public pensions, retirement security, health care, prescription drugs, and Social Security.
9. Reviewed bills that were introduced by members of the Ohio delegation or other House/Senate members on issues that could impact SERS, retirement security and/or health care.
10. Monitored relevant House and Senate Committee hearings.
11. Reviewed public notices or proposed rules from the SEC, HHS/CMS, and regulatory agencies.
12. Monitored organizations, such as the Social Security Administration, American Benefits Council, AARP, and other entities that have policies and advocacy on pension, investment, and/or health-care-related issues.
13. Reviewed reports and newsletters from CII, ICGN, NASRA, NCTR, NCPERS, and the Public Sector HealthCare Roundtable.
14. Reviewed reports on Social Security and retirement issues, and prepared the monthly Federal Update.

## **REVIEW DRAFT ADMINISTRATIVE BUDGET FOR THE ORSC**

Executive Director Richard Stensrud reported that staff endeavored to bring the budget in line as much as possible. Mr. Stensrud then asked Ms. Valentino to present highlights of the FY2020 draft budget for the Ohio Retirement Study Council (ORSC).

Ms. Valentino presented the FY2020 Draft Budget information in the standard format required by the ORSC. Ms. Valentino noted that the ORSC required documents include FY2019 and FY2020 operating, capital, staff training and travel budget comparisons, investment expenses obtained from the CAFR, a ten-year categorization of Board expenses and membership statistics.

Ms. Valentino stated that staff is currently in the process of finalizing the budget for FY2020, therefore, the expanded budget document will be presented and discussed in greater detail at the May Board meeting.

The Board thanked Ms. Valentino and staff.

## **FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES**

Legal Counsel discussed with the Retirement Board the following proposed amended administrative rules: 3309-1-05, Policy on investment department incentive plan payouts; 3309-1-07, Application for payment upon termination of employment; 3309-1-18, Payment of ~~employee and employer~~ contributions; 3309-1-21, Estimated retirement allowances; 3309-1-23, Contributing status; compulsory and optional; 3309-1-33, Retirement and benefit effective dates; 3309-1-34, Combined disability benefits; 3309-1-35, Health care; 3309-1-42, Options; pop-up and election of new option; 3309-1-50, Re-employment restrictions; and 3309-1-64, Supplemental health care coverage, that have been reviewed by JCARR and are ready for final adoption by the Board.

Christine Holland moved and Catherine Moss seconded that the proposed amended rules 3309-1-05, 3309-1-07, 3309-1-18, 3309-1-21, 3309-1-23, 3309-1-33, 3309-1-34, 3309-1-35, 3309-1-42, 3309-1-50, and 3309-1-64 be adopted. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, James Haller, Christine Holland, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

### **3309-1-05 Policy on investment department incentive plan payouts.**

- (A) Pursuant to section 3309.14 of the Revised Code, payment of employee bonuses are subject to the guidelines established by the school employees retirement board as reflected in the investment department incentive plan. The plan shall be reviewed and approved on an annual basis by the board, and may be interpreted, amended, rescinded, and/or terminated at any time in the board's discretion, provided, however, that no such action by the board will be given effect if it is inconsistent with the requirements of section 409A of the Internal Revenue Code of 1986, as amended. The plan shall establish target incentive awards weighted against performance components, focusing on the school employees retirement system's actual relative investment performance compared with external benchmarks. Any and all material modifications to the plan, including, but not limited to, those related to the assignment of target incentive awards, identification of performance measures and standards, and determination of plan payouts and actual payouts, requires the board's prior approval.
- (B) Participation in the plan is limited to certain school employees retirement system full-time investment professionals. Participation in the plan in any one year does not confer the right to participate in the plan in the current or any other year and does not confer the right to continued employment.

History: 4/2/10, 4/10/05  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.041, 3309.14

**3309-1-07 Application for payment upon termination of employment.**

- (A) For purposes of this rule, "retirant" means a "SERS retirant" or "other system retirant" as defined in section 3309.341 of the Revised Code, or a member who retired under section 3309.343 of the Revised Code.
- B) An application for payment of the accumulated contributions in a member's individual account pursuant to section 3309.42 of the Revised Code shall (be signed by the member. If the account balance exceeds two hundred dollars, the member's signature must be notarized or witnessed by a SERS counselor.
- C) An application for a lump sum annuity payment or a return of contributions pursuant to section 3309.344 of the Revised Code shall (be signed by the retirant and notarized or witnessed by a SERS counselor.
- (D) If the member or retirant was employed in a SERS-covered position during the six month period preceding the application, the application shall not be approved until the employer certifies to the retirement system the member or retirant's last date of service.
- (E) For purposes of division (A)(2) of section 3309.42 of the Revised Code, "eligible for age and service retirement" means a member is eligible for retirement under section 3309.34, 3309.36, or 3309.381 of the Revised Code on or before the first of the month following the date the application for a refund is received by the retirement system.
- (F) The retirement board waives the requirement of spousal consent in division (A)(2) of section 3309.42 of the Revised Code upon receipt of one of the following:
  - (1) The written statement of the spouse's physician certifying that the spouse is medically incapable of consent;
  - (2) A certified copy of a probate court order appointing a guardian for the spouse due to a finding of incompetence; or
  - (3) The affidavits of the member and at least two other persons, one of whom must be unrelated to the member, attesting that the whereabouts of the spouse is unknown.
- (G) A member or retirant may withdraw an application by delivering to the retirement system a signed written request over the applicant's signature to withdraw the application and as follows:
  - (1) If the payment was made by check, by returning to the retirement system the warrant uncashed no later than thirty days from the date the check was issued.
  - (2) If the payment was transmitted by direct deposit to the member or retirant's financial institution, by remitting to the retirement system a personal check or money order repaying the amount transmitted no later than thirty days after the institution's receipt of the payment.
  - (3) If any portion of the payment was distributed as a direct rollover pursuant to rule 3309-1-53 of the Administrative Code, the retirement plan that received the distribution must return to the retirement system the amount transferred no later than sixty days after the transfer.

- (4) If any portion of the payment was paid to satisfy a court order or was otherwise deducted as required by law, the application may not be withdrawn as provided in this rule.

History: 5/15/17, 8/13/15, 3/30/15, 4/2/10, 5/14/05, 2/11/00, 1/2/93, 12/24/76  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.42, 3309.344

**3309-1-18 Payment of ~~employee and employer~~ contributions.**

(A) For purposes of this rule:

- (1) "Employer" has the same meaning as in section 3309.01 of the Revised Code.  
2) ("Contribution report" means payroll data for each pay date that has been cleared of any errors or warnings.  
(3) "Surcharge" means the employer minimum compensation contribution amount determined pursuant to section 3309.491 of the Revised Code.

(B) Payments due under section 3309.47 of the Revised Code shall be remitted to the school employees retirement system by the fifth business day following the pay date.

(C) Contribution reports shall be submitted to the retirement system by the fifth business day following the pay date.

(D) Payments due under section 3309.51 of the Revised Code and paid by an employer directly to the employers' trust fund shall be remitted by the fifth business day following the pay date.

(E) Payments due to the employers' trust fund pursuant to section 3309.51 of the Revised Code and received from the amounts allocated under Chapter 3317. of the Revised Code, section 3314.08 of the Revised Code, and section 3326.33 of the Revised Code shall be remitted each month and attributed to that month.

(F) Annually, the retirement system shall issue a final school year statement that reconciles the estimated employer payments received with the employer payments owed. Within thirty days of the statement's issuance, the employer shall directly pay to the employers' trust fund any balance owed, or the retirement system shall directly refund to the employer any overpayments made. The retirement system shall not issue a refund to an employer whose reports or payments are delinquent.

(G) Surcharge payments due to the employers' trust fund shall be collected in one of the following ways:

- (1) An employer who does not receive amounts allocated under section 3314.08 or 3326.33 of the Revised Code may choose to pay its surcharge directly to the employers' trust fund. An employer who chooses this option must pay its surcharge within thirty days after receipt of the certified amount due from the retirement system.  
(2) For those employers who do not choose the direct pay option under paragraph (G)(1) of this rule, as well as employers who receive amounts allocated under section 3314.08 or 3326.33 of the Revised Code, the retirement system shall include surcharge payments in the estimated payments certified to the superintendent of public instruction pursuant to section 3309.51 of the Revised Code.

(H) For any payments made pursuant to paragraphs (B), (D), (F) and (G)(1) of this rule, payment

remittance information shall be submitted in the manner specified by the retirement system no later than the date the payment is remitted.

(I) The retirement system may extend a due date for an employer upon a finding that good cause has been shown.

(J) For purposes of section 3309.571 of the Revised Code, "days" refers to "business days."

History: 5/15/17, 12/4/14, 1/7/13, 7/1/10  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.47, 3309.49, 3309.491, 3309.51, 3309.55, 3309.571

### **3309-1-21 Estimated retirement allowances.**

(A) For purposes of this rule:

(1) "Final retirement allowance" means a monthly retirement allowance paid pursuant to section 3309.35, 3309.36 or 3309.46 of the Revised Code that the retirement system calculates after the employer certifies the final contributions and service credit made on behalf of the member.

(2) "Estimated retirement allowance" means a monthly retirement allowance paid pursuant to section 3309.35, 3309.36 or 3309.46 of the Revised Code prior to the certification of a member's final contributions and service credit and the calculation of the final retirement allowance.

(B) A member retiring on or after March 1, 2014 under section 3309.35, 3309.36 or 3309.46 of the Revised Code who meets the following requirements shall receive an estimated retirement allowance:

(1) The retirement system has received the member's application for age and service retirement and all required forms and documents necessary to process the retirement application at least thirty days prior to the effective date of retirement.

(2) The member has sufficient service credit in this system to retire under section 3309.34 of the Revised Code, not including the following:

(a) Any additional service that may be credited following receipt of the certification of final deposits from the employer; and

(b) Service credit purchases not completed at least thirty days prior to the benefit effective date.

(C) Notwithstanding paragraph (B) of this rule, an estimated retirement allowance will not be issued if:

(1) The member elects to receive health care coverage and the amount of the benefit recipient's health care premium will exceed the amount of the estimated retirement allowance; or

(2) The member's retirement allowance is subject to any court order.

(D) An estimated retirement allowance shall be calculated using the accumulated contributions and service credit available in the account of the member at the time the retirement application is received. The retirement system shall calculate the final retirement allowance following the receipt of the employer's certification of final deposits and all contributions on behalf of the member.



- (1) If no additional contributions are received by the retirement system, the estimated retirement allowance shall be the final retirement allowance.
  - (2) If the final retirement allowance is greater than the estimated retirement allowance, the retirement system shall issue a retroactive payment for the difference between the total amount paid as estimated retirement allowances and the amount that would have been paid had the member received payments in the amount of the final retirement allowance.
  - 3) If the final retirement allowance is less than the estimated retirement allowance, the retirant shall repay any overpayment to the retirement system pursuant to section 3309.70 of the Revised Code.
- (E) In order to change a retirement plan of payment selection, including an election to take or change the amount of a partial lump sum option payment, a member must withdraw their retirement application in accordance with rule 3309-1-33 of the Administrative Code and file a new application.
- (F) If the member elects to receive a partial lump sum option payment pursuant to division (B)(4) of section 3309.46 of the Revised Code, the retirement system shall make such payment following the calculation of the final retirement allowance under paragraph (D) of this rule.

History: 5/1/18, 12/14/13  
 Promulgated Under: 111.15  
 Statutory Authority: 3309.04  
 Rule Amplifies: 3309.35, 3309.45, 3309.46

**3309-1-23 Contributing status; compulsory and optional.**

- (A) The following standards shall apply for the determination of contributing status in the school employees retirement system.
- (B) Contributing status shall be required for any employee of an employer as defined in divisions (A) and (B) of section 3309.01 of the Revised Code beginning with the first date of service, unless contributing status is otherwise made optional under this rule or the provisions of Chapter 3309. of the Revised Code.
- (C)
  - (1) Employees who are eligible pursuant to division (B) or (C) of section 3309.23 of the Revised Code to elect to be exempt from contributing status, shall make such election by filing a written application for exemption with their employer within the first month of being employed.
  - (2) Once an exemption is filed, it is irrevocable during the current period of employment for the same employer provided the employee remains qualified for an exemption pursuant to division (B) or (C) of section 3309.23 of the Revised Code. Should the employee no longer qualify for an exemption, the previously filed exemption shall be invalid and contributing status shall be mandatory.
  - (3) An exemption shall be valid only during the current period of employment for the employer by whom the employee is employed at the time that the exemption is filed. When such employment terminates, the exemption also terminates. Upon return to employment, either for the former or for another employer, contributing status is mandatory unless the employee qualifies and timely applies for an exemption.
- (D)
  - (1) Within thirty days of initially taking office, school board members or governing board members

who are compensated by the school district for their services as board members may elect to be members by filing a written election with the treasurer of the board of education. If the board member elects to be a member, the treasurer of the board of education shall notify the system of the election on a form provided by the school employees retirement board. Board members who are not compensated for their services, or who receive only reimbursement or payment for their expenses, are not eligible to be members.

- (2) A board member who is an SERS retirant or other system retirant as defined in section 3309.341 of the Revised Code and who has elected to be a member shall contribute under the provisions of section 3309.341 of the Revised Code.
- (3) The election to become a member, once made, is irrevocable during the board member's current term as a board member, and during any successive terms where the board member has not, prior to the commencement of the term, refunded his accumulated contributions or taken a retirement benefit from the school employees retirement system.

History: 4/3/09, 5/8/04, 1/2/96, 2/1/92, 3/1/89, 1/1/86, 2/18/77, 12/24/76  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.23, 3309.012

### **3309-1-33 Retirement and benefit effective dates.**

(A) For purposes of this rule, "retirement allowance" refers to a monthly retirement allowance, including an "estimated retirement allowance" as defined in paragraph (A) of rule 3309-1-21 of the Administrative Code, as well as a lump sum payment made under a plan described in division (B)(4) of section 3309.46 of the Revised Code.

(B)

(1)

(a) The effective date of a service retirement under sections 3309.34, 3309.35, 3309.36, and 3309.46 of the Revised Code shall be as follows:

The first of the month following the last date of compensated service, the first of the month following the date that age and service credit eligibility is met, the first of the month after all purchases of service credit are completed, or at the date requested by the applicant in writing at retirement, whichever is later.

(b) The effective date of a service retirement under section 3309.343 of the Revised Code shall be as follows:

The first of the month following the last date of compensated service for the position from which the member is retiring, the first of the month following the date that age and service credit eligibility is met, the first of the month after all purchases of service credit are completed, or at the date requested by the applicant in writing at retirement, whichever is later.

(c) Notwithstanding any other provision of this rule to the contrary, the effective date of a service retirement under this rule of a member who is an other system retirant as defined in division (A)(2) of section 3309.341 of the Revised Code shall not be sooner than the effective date of retirement in the other system.

(2) The effective date of reemployment, conversion retirement, disability, and survivor benefits shall be the date as provided by section 3309.344, 3309.381, 3309.39, 3309.40, 3309.401,

or 3309.45 of the Revised Code.

- (C) A member, a beneficiary eligible for benefits pursuant to section 3309.45 of the Revised Code, or a SERS retirant or other system retirant as defined in section 3309.341 of the Revised Code, may withdraw an application for a retirement allowance, survivor benefit or annuity by delivering to the retirement system a signed written request over the applicant's signature and as follows:
- (1) If the payment was made by check, by returning to the retirement system the warrant uncashed no later than thirty days after issuance of the check.
  - (2) If the payment was transmitted by direct deposit to the member, beneficiary, or retirant's financial institution(s), by remitting to the retirement system a personal check or money order repaying all payments transmitted no later than thirty days after the institution's receipt of the payment.
  - (3) If any portion of a payment was delivered as a direct rollover pursuant to rule 3309-1-53 of the Administrative Code, the retirement plan that received the distribution must return to the retirement system the amount transferred not later than sixty days after the transfer.
  - (4) If any portion of a payment was paid to satisfy a court order or was otherwise deducted as required by law, the application may not be withdrawn as provided in this rule.
- (D) The retirement laws in effect on the benefit effective dates shall determine the amount and eligibility for a retirement allowance, survivor benefit, or annuity.
- (E) The annuity and option tables as adopted by the board and in effect shall be used to determine reserve liability and retirement allowance, survivor benefit payments and annuity.

History: 3/20/15, 12/14/13, 1/7/13, 4/2/10, 5/11/06, 1/2/04, 1/2/03, 11/1/01,  
7/30/01(Emer), 5/2/01, 1/2/93, 2/1/92, 12/24/76

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.34, 3309.343, 3309.344, 3309.35, 3309.36, 3309.381, 3309.39, 3309.40,  
3309.401, 3309.45, 3309.46

### **3309-1-34 Combined disability benefits.**

- (A) This rule amplifies section 3309.35 of the Revised Code.
- (B) As used in this rule:
- "Last date of service" means last day of compensated service, either for a day worked or used paid leave, under the school employees retirement system, public employees retirement system, or state teachers retirement system, whichever is latest.
- (C) If this system is the paying system and a member of school employees retirement system files an application for a disability benefit pursuant to section 3309.39 of the Revised Code and also chooses to apply for a combined disability benefit with the public employees retirement system or the state teachers retirement system, the following shall apply:
- 1) (This system shall request and pay for the examining physician(s) report(s).
  - ((2) Disability shall be determined on the basis of the member's ability to perform the duties for the position held on the member's last date of service. If the member's last date of service is concurrent under two or more systems, disability for performance of duty shall be

determined on the basis of the duties for the position with the greater annual compensation or earnable salary at the time of the application.

(3) If a disability benefit is granted, this system shall notify the other retirement system(s) of the decision and the member's intent to combine.

(D) If this system is the paying system of a combined disability, this system's rules and statutes shall govern the disability benefits, and this system will be responsible for subsequent medical examinations.

History: 3/30/15, 1/7/13, 4/2/10  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.34, 3309.343, 3309.344, 3309.35, 3309.36, 3309.381, 3309.39, 3309.40, 3309.401, 3309.45, 3309.46

### **3309-1-35 Health care.**

#### (A) Definitions

As used in this rule:

- (1) "Benefit recipient" means an age and service retiree, disability benefit recipient, or a beneficiary as defined in section 3309.01 of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retiree or disability benefit recipient.
- (2) "Member" has the same meaning as in section 3309.01 of the Revised Code.
- (3) "Age and service retiree" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code. A former member with an effective retirement date after June 13, 1986 must have accrued ten years of service credit, exclusive of credit obtained after January 29, 1981 pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code.
- (4) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.
- (5) "Dependent" means an individual who is either of the following:
  - (a) A spouse of an age and service retiree, disability benefit recipient, or member,
  - (b) A biological, adopted or step-child of an age and service retiree, disability benefit recipient, member, deceased age and service retiree, deceased disability benefit recipient, or deceased member or other child in a parent-child relationship in which the age and service retiree, disability benefit recipient, member, deceased age and service retiree, deceased disability benefit recipient, or deceased member has or had custody of the child, so long as the child:
    - (i) Is under age twenty-six, or
    - (ii) Regardless of age is permanently and totally disabled, provided that the disability existed prior to the age and service retiree's, disability benefit recipient's, or member's death and prior to the child reaching age twenty-six. For purposes of this paragraph "permanently and totally disabled" means the individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which

has lasted or can be expected to last for a continuous period of not less than twelve months.

(6) "Health care coverage" means either of the following group plans offered by the system:

(a) A medical and prescription drug plan or

(b) Limited wraparound coverage, which provides limited benefits that wrap around an individual health insurance plan.

(7) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for health care coverage for the recipient or the recipient's eligible dependents.

(8) "Employer" and "public employer" have the same meaning as in section 3309.01 of the Revised Code.

#### (B) Eligibility

(1) A person is eligible for health care coverage under the school employees retirement system's health care plan so long as the person qualifies as one of the following:

(a) An age and service retiree or the retiree's dependent,

(b) A disability benefit recipient or the recipient's dependent,

(c) The dependent of a deceased member, deceased age and service retiree, or deceased disability benefit recipient, if the dependent is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code,

(d) The dependent child of a deceased member, deceased disability benefit recipient, or deceased age and service retiree if the spouse is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code and the spouse elects to be covered.

(2) Eligibility for health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of this rule, except that a dependent described in paragraph (A)(5)(b)(i) of this rule shall cease to qualify on the first day of the calendar year following the dependent's twenty-sixth birthday.

(3) Except for a dependent described in paragraph (A)(5)(b) of this rule, eligibility for health care coverage shall terminate when the person is not enrolled in Medicare part B and on or after January 1, 2016 commences employment that provides access to a medical plan with prescription coverage through the employer, or if employees of that employer in comparable positions have access to a medical plan available through the employer, provided the medical plan with prescription drug coverage available through the employer is equivalent to the medical plan with prescription coverage at the cost available to fulltime employees as defined by the employer. For purposes of this paragraph, employer means a public or private employer.

#### (C) Enrollment

(1) Except as otherwise provided in this rule, an eligible benefit recipient may enroll in school employees retirement system's health care coverage only at the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefits pursuant to section 3309.45 of the Revised Code.

(2) An eligible spouse of an age and service retiree or disability benefit recipient may only be enrolled in the system's health care coverage at the following times:

- (a) At the time the retirant or disability benefit recipient enrolls in school employees retirement system's health care coverage.
  - (b) Within thirty-one days of the eligible spouse's:
    - (i) Marriage to the retirant or disability benefit recipient;
    - (ii) Voluntary or involuntary termination of health care coverage under medicaid; or
    - (iii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
  - (c) Within ninety days of becoming eligible for medicare.
- (3) An eligible dependent child of an age and service retirant, disability benefit recipient, or deceased member may be enrolled in the system's health care coverage at the following times:
- (a) At the time the retirant, disability benefit recipient, or surviving spouse enrolls in school employees retirement system's health care coverage.
  - (b) Within thirty-one days of the eligible dependent child's:
    - (i) Birth, adoption, or custody order; or
    - (ii) Voluntary or involuntary termination of health care coverage under medicaid;
    - (iii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
  - (c) Within ninety days of becoming eligible for medicare.
- (D) Cancellation of health care coverage
- (1) Health care coverage of a person shall be cancelled when:
- (a) The person's eligibility terminates as provided in paragraph (B)(2) of this rule;
  - (b) The person's eligibility terminates as provided in paragraph (B)(3) of this rule;
  - (c) The person's health care coverage is cancelled for default as provided in paragraph (F) of this rule;
  - (d) The person's health care coverage is waived as provided in paragraph (G) of this rule;
  - (e) The person's health care coverage is cancelled due to the person's enrollment in a medicare advantage plan or medicare part D plan as provided in paragraph (H) of this rule;
  - (f) The health care coverage of a dependent is cancelled when the health care coverage of a benefit recipient is cancelled; or
  - (g) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, division (D) of section 3309.41 of the Revised Code, or division (D) of section 3309.392 of the Revised Code.
- (E) Effective date of coverage

- (1) The effective date of health care coverage for persons eligible for health care coverage as set forth in paragraph (B) of this rule shall be as follows:
  - (a) For a disability benefit recipient or dependent of a disability benefit recipient, health care coverage shall be effective on the first of the month following the determination and recommendation of disability to the retirement board or on the benefit effective date, whichever is later.
  - (b) For an age and service retiree or dependent of an age and service retiree, health care coverage shall be effective on the first of the month following the date that the retirement application is filed with the retirement system or on the benefit effective date, whichever is later.
  - (c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retiree, health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retiree's death, or the first of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retiree's death.

(F) Premiums

- (1) Payment of premiums for health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.
- (2) Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and supplemental health care coverage under rule 3309-1-64 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage.
- (3) After cancellation for default, health care coverage can be reinstated as provided in paragraph (I) of this rule, or upon submission of an application for reinstatement supported by medical evidence acceptable to SERS that demonstrates that the default was caused by the benefit recipient's physical or mental incapacity. "Medical evidence" means documentation provided by a licensed physician of the existence of the mental or physical incapacity causing the default. Health care coverage reinstated after termination for default shall be effective on the first of the month following the date that the application for reinstatement is approved and payment for the total amount in default is received.
- (4) A person enrolled in SERS' health care plan cannot receive a premium subsidy unless that person is:
  - (a) A dependent child.
  - (b) An age and service retiree:
    - (i) An age and service retiree with an effective retirement date before August 1, 1989; or
    - (ii) An age and service retiree with an effective retirement date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

- (iii) An age and service retiree with an effective retirement date on or after August 1, 2008 who had earned twenty years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
  - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
- (c) A disability benefit recipient:
  - (i) A disability benefit recipient with an effective benefit date before August 1, 2008; or
  - (ii) A disability benefit recipient with an effective benefit date on or after August 1, 2008 who:
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or
    - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.
- (d) A spouse:
  - (i) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or benefit date before August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;
  - (ii) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or benefit date on or after August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
    - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
  - (iii) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date before August 1, 2008; or
  - (iv) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date on or after August 1, 2008, and the member;
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of death or separation from SERS service; or



(b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding the member's death or separation from SERS service.

(e) For purposes of determining eligibility for a subsidy under paragraph (F)(4) of this rule, when the last contributing service of an age and service retiree, disability benefit recipient, or member was as an employee as defined by division (B)(2) of section 3309.01 of the Revised Code, the health care plan participation requirement shall be if the individual would have been eligible for the public employer's health care plan if the individual were an employee as defined by division (B)(1) of section 3309.01 of the Revised Code.

(f) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.

(g) In all cases of doubt, the retirement board shall determine whether a person enrolled in a SERS health care plan is eligible for a premium subsidy, and its decision shall be final.

#### (G) Waiver

(1) A benefit recipient may waive health care coverage by completing and submitting a SERS waiver form to SERS.

(2) The health care coverage of a benefit recipient's dependent may be waived as follows:

(a) For non-medicare eligible dependents, the benefit recipient may waive their coverage by completing and submitting a signed written request to SERS on their behalf.

(b) For medicare eligible dependents, the dependent may waive their coverage by completing and submitting a signed written request to SERS.

#### (H) Medicare advantage or medicare part D

SERS shall cancel the health care coverage of a benefit recipient or dependent who enrolls in a medicare advantage or medicare part D plan that is not offered by the system.

#### (I) Reinstatement to SERS health care coverage

(1) An eligible benefit recipient, or dependent of a benefit recipient with health care coverage, whose coverage has been previously waived or cancelled may be reinstated to SERS health care coverage by filing a health care enrollment application as follows:

(a) The application is received no later than ninety days after becoming eligible for medicare. Health care coverage shall be effective the later of the first day of the month after becoming medicare eligible or receipt of the enrollment application by the system;

(b) The application is received no later than thirty-one days after voluntary or involuntary termination of coverage under medicare. Health care coverage shall be effective the later of the first day of the month after termination of coverage or receipt of proof of termination and the enrollment application by the system; or

(c) The application is received no later than thirty-one days after involuntary termination of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such termination. Health care coverage shall be effective the later of the first day of the month after termination of the other plan or receipt of proof of termination and the enrollment application by the system.

(2) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(g) of this rule

shall be reinstated to SERS health care plan when benefit payments are reinstated.

- (3) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(b) of this rule may be reinstated to SERS health care plan when they no longer have access to the medical plan of an employer by filing a health care enrollment application within thirty-one days of the employment ending.
- (4) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled and who is enrolled in medicare parts A and B or medicare part B only on December 31, 2007 may be reinstated to SERS health care coverage by filing a healthcare enrollment application during the period of time beginning October 1, 2007 and ending November 30, 2007. Health care coverage shall be effective January 1, 2008.
- (5) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled pursuant to paragraph (H) of this rule and who is enrolled in medicare parts A and B or medicare part B only on June 30, 2009 may be reinstated to SERS health care coverage by filing a health care enrollment application during the period of time beginning May 21, 2009 and ending July 15, 2009.
- (6) An eligible benefit recipient who had an effective retirement or benefit date on or after August 1, 2008, who qualifies for a premium subsidy under paragraph (F)(4) of this rule, and whose coverage has previously been waived as provided in paragraph (G) of this rule, may be reinstated to school employees retirement system health care coverage by submitting a complete health care enrollment application on or before December 14, 2012. Health care coverage shall be effective January 1, 2013.
- (7) An eligible benefit recipient for whom SERS is transferring funds to another Ohio retirement system in accordance with paragraph (G) of rule 3309-1-55 of the Administrative Code may be reinstated to SERS health care coverage by submitting a health care enrollment application during open enrollment periods for health care coverage starting January 1, 2015 or January 1, 2016.

(J) Medicare part B

- (1) A person who is enrolled in SERS' health care shall enroll in medicare part B at the person's first eligibility date for medicare part B.
- (2)
  - (a) The board shall determine the monthly amount paid to reimburse an eligible benefit recipient for medicare part B coverage. The amount paid shall be no less than forty-five dollars and fifty cents, except that the board shall make no payment that exceeds the amount paid by the recipient for the coverage.
  - (b) As used in paragraph (J) of this rule, an "eligible benefit recipient" means:
    - (i) An eligible person who was a benefit recipient and was eligible for medicare part B coverage before January 7, 2013, or
    - (ii) An eligible person who is a benefit recipient, is eligible for medicare part B coverage, and is enrolled in SERS' health care.
- (3) The effective date of the medicare part B reimbursement to be paid by the board shall be as follows:
  - (a) For eligible benefit recipients who were a benefit recipient and were eligible for medicare B coverage before January 7, 2013 the later of:

(i) January 1, 1977; or

(ii) The first of the month following the date that the school employees retirement system received satisfactory proof of coverage.

(b) For eligible benefit recipients not covered under paragraph (J)(3)(a) of this rule, the later of:

(i) The first month following the date that the school employees retirement system received satisfactory proof of coverage, or

(ii) The effective date of SERS health care.

(4) The board shall not:

(a) Pay more than one monthly medicare part B reimbursement when a benefit recipient is receiving more than one monthly benefit from this system; nor

(b) Pay a medicare part B reimbursement to a benefit recipient who is eligible for reimbursement from any other source.

History: 10/13/16, 8/13/15, 12/4/14, 7/12/14, 1/1/14, 3/8/13, 1/7/13 (Emer.), 9/30/12, 8/14/11, 9/26/10, 7/1/10 (Emer.), 6/11/10, 8/10/09, 5/22/09 (Emer.), 1/8/09, 8/8/08, 12/24/07, 9/28/07 (Emer.), 3/1/07, 1/2/04, 6/13/03, 11/9/98, 8/10/98, 1/2/93, 7/20/89, 3/20/80, 1/1/77

Promulgated Under: 111.15

Statutory Authority: 3309.04

Rule Amplifies: 3309.69

**3309-1-42 Options; pop-up and election of new option.**

(A)

(1) Upon the death of a spouse or a designated beneficiary, the lesser retirement allowance calculated as plan A, C, or D under division(B)(1)(a), (B)(3)(b), (B)(3)(c) or (B)(4) of section 3309.46 of the Revised Code or as option 1 or 2 under division (A) or (B) of section 3309.46 of the Revised Code as in effect prior to amendment effective July 24, 1990 shall be increased to the single lifetime retirement allowance.

(2) Upon the death of a designated beneficiary under plan F under division (B)(3)(e) of section 3309.46 of the Revised Code, the retirant shall receive the actuarial equivalent of the retirant's single lifetime retirement allowance based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary.

(B)

(1) Upon divorce, annulment, or marriage dissolution, the lesser retirement allowance calculated as plan A, C, or D under division(B)(1)(a), (B)(3)(b), (B)(3)(c) or (B)(4) of section 3309.46 of the Revised Code or as option 1 or 2 under division (A) or (B) of section 3309.46 of the Revised Code as in effect prior to amendment effective July 24, 1990 shall, at the election of the retirant, be increased to the single lifetime retirement allowance; except that no benefit first payable on or after August 1, 1990 shall be increased without the written consent of the ex-spouse or order of the court with jurisdiction over the termination of the marriage.

(2) Upon the divorce, annulment, or marriage dissolution from a designated beneficiary under plan F, the retirant may elect to receive the actuarial equivalent of the retirant's single

lifetime retirement allowance based on the number of remaining beneficiaries, with no change in the amount payable to any remaining beneficiary; except the retirant's benefit shall not be increased without the written consent of the ex-spouse or order of the court with jurisdiction over the termination of the marriage.

(C)

- (1) Upon marriage or re-marriage, a retirant receiving a single lifetime allowance may elect to have his allowance recalculated as plan A, C, or D, designating the current spouse as beneficiary.
- (2) Upon remarriage, a retirant receiving a benefit pursuant to a plan of payment providing for payment to a former spouse pursuant to a court order described in division (B)(1)(b)(ii) of section 3309.46 of the Revised Code may elect a new plan of payment adding the new spouse under division (B)(3)(e) of section 3309.46 of the Revised Code if the new plan of payment does not reduce the payment to the former spouse or to any other beneficiary designated at the time of retirement.
- (3) In the case of a retirant who marries or remarries on or after June 6, 2005, an election under paragraph (C) of this rule shall be received by school employees retirement system not later than one year after the marriage or remarriage.
- (4) A plan elected under paragraph (C) of this rule shall be calculated according to the actuarial factors in effect when such plan is elected and based on the age of the retirant and spouse at the time of selection.

(D) The effective date for a change in plan and benefit shall be as follows:

- (1) Death of spouse - the first of the month following death of spouse or September 1, 1976, whichever is later. The retirant shall furnish proof of date of death, satisfactory to the board.
- (2) Death of designated beneficiary other than spouse - the first of the month following the death, or November 1, 1978, whichever is later. The retirant shall furnish proof of date of death, satisfactory to the board.
- (3) Divorce, annulment or marriage dissolution - the first of the month following receipt of the application for a change of plan. The application shall be accompanied by proof of divorce, annulment or marriage dissolution, and any written consent of the ex-spouse or court order as required under paragraph (B) of this rule, satisfactory to the board.
- (4) Marriage or re-marriage - provided all documents are received prior to the retirant's death, the effective date for the change in the plan shall be the date the system receives the application, the marriage certificate, and any required consent or consent order; the effective date for the change in benefit shall be the first of the following month.

(E) The "single lifetime retirement allowance" determined under this rule shall be the original single lifetime allowance established at retirement plus any subsequent ad hoc pension increases and automatic cost-of-living increases which shall be applied to the original amounts granted. The original single lifetime allowance established at retirement shall be the portion of the allowance payable in monthly payments, if the retirant elected a plan that included a lump sum payment under division (B)(4) of section 3309.46 of the Revised Code.

History: 3/30/15, 10/27/06, 1/6/06, 1/2/03, 9/20/90, 11/1/78  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.46

**3309-1-50 Re-employment restrictions.**

This rule implements section 3309.341 of the Revised Code and applies to Ohio public service after retirement in circumstances other than those subject to section 3309.343 of the Revised Code and rule 3309-1-58 of the Administrative Code.

(A) For the purpose of this rule and section 3309.341 of the Revised Code:

- (1) "Effective retirement benefit date" means the date upon which a retirement allowance begins.
- (2) "Ohio retirement system" means the school employees retirement system, state teachers retirement system, public employees retirement system, Ohio police and fire pension fund, and state highway patrol retirement system.
- (3) "Uniformed retirement system" means the Ohio police and fire pension fund and the state highway patrol retirement system.

(B)

- (1) Forfeiture of a retirement allowance under section 3309.341 of the Revised Code for employment in a position covered by another Ohio retirement system shall apply only to a SERS retirant whose effective retirement benefit date is on or after September 1, 1991.
- (2) A SERS retirant who has received a retirement allowance for less than two months and who is employed in a position covered by an Ohio retirement system shall forfeit such allowance for any month in which he is so employed during the two-month period after the effective benefit date.

The forfeited allowance shall be the retirement allowance payable under a plan described in division (B)(1) or (B)(3) of section 3309.46 of the Revised Code before any lump sum amount elected pursuant to division (B)(4) of section 3309.46 of the Revised Code.

- (3) Notwithstanding paragraphs (B)(1) and (B)(2) of this rule, the forfeiture provision shall not apply to a SERS retirant who is employed in a position covered by a uniformed retirement system if the retirant was continuously employed in the position for at least two months prior to the effective retirement benefit date in this system.

(C)

(1)

- (a) Where a member of this system who also has established membership in another Ohio retirement system or systems is terminating all employment covered by all systems, and is electing to take a retirement benefit from one or more of the other systems, as of the effective retirement benefit date, the member shall elect to:

- (i) Apply for a benefit if eligible pursuant to section 3309.34 or 3309.35 of the Revised Code; or

- (ii) Apply for a refund of contributions pursuant to section 3309.42 of the Revised Code.

- (b) If as of the effective retirement benefit date from an Ohio retirement system the member has sufficient service credit to qualify for a benefit in this system, the effective retirement benefit date shall be the first of the month following the later of the benefit date in the Ohio retirement system or attainment of eligibility for a benefit in this system.

(2)

- (a) A member of this system who also is a member of an Ohio retirement system and who has applied for a retirement benefit in the that system may continue employment in the position covered by this system, provided that contributions made to this system after the member's effective retirement benefit date in the Ohio retirement system shall accrue only a benefit as described in section 3309.344 of the Revised Code.
- (b) If the member has been continuously employed in such position for at least two months prior to the effective retirement benefit date in the Ohio retirement system, the member may make an irrevocable election on a form provided by this system to have contributions to this system made prior to the effective retirement benefit date in the other system applied toward the same benefit described in section 3309.344 of the Revised Code. In the event this election is made, accrual of allowable interest shall not begin until after the effective retirement benefit date in the other system.

History: 8/13/2015, 3/30/07, 5/14/05, 5/2/01, 1/2/93  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.341, 3309.344, 3309.35

### **3309-1-64 Supplemental health care coverage.**

#### (A) Definitions

- (1) "Benefit recipient," "Member," "Age and service retirant," "Disability benefit recipient," and "Dependent" shall have the meanings set forth in paragraph (A) of rule 3309-1-35 of the Administrative Code.
- (2) "Supplemental health care coverage" means any dental or vision plan offered by the school employees retirement system.
- (3) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for the supplemental health care coverage for the recipient or the recipient's eligible dependents.

#### (B) Eligibility

- (1) A person is eligible for supplemental health care coverage under this rule so long as the person meets the eligibility requirements in section 3309.69 of the Revised Code and rule 3309-1-35 of the Administrative Code for the retirement system's health care coverage.
- (2) Eligibility for supplemental health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of rule 3309-1-35 of the Administrative Code.

#### (C) Enrollment

- (1) An eligible benefit recipient may only enroll in one or more supplemental health care plans as follows:
  - (a) At the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefit pursuant to section 3309.45 of the Revised Code;
  - (b) At the time the benefit recipient reinstates previously waived or cancelled health care coverage as provided in paragraph (I) of rule 3309-1-35 of the Administrative Code;

- (c) Within thirty-one days after involuntary termination of another dental or vision plan; or,
  - (d) During the retirement system's open enrollment period.
- (2) An eligible dependent of an age and service retiree or disability benefit recipient may only enroll in one or more supplemental health care plans as follows:
- (a) At the time the age and service retiree or disability benefit recipient enrolls in the supplemental health care plan;
  - (b) During the retirement system's open enrollment period so long as the age and service retiree or disability benefit recipient is also enrolled in the supplemental health care plan; or
  - (c) Within thirty-one days after involuntary termination of another medical, dental, or vision plan, so long as the age and service retiree or disability benefit recipient is also enrolled in the supplemental health care plan.
- (D) A person's supplemental health care coverage shall be cancelled when:
- (1) The person's eligibility for health care coverage terminates as provided in paragraph (B)(2) of rule 3309-1-35 of the Administrative Code;
  - (2) The supplemental health care coverage of a dependent is cancelled when the supplemental health care coverage of a benefit recipient is cancelled;
  - (3) The person's supplemental health care coverage is cancelled for default as provided in paragraph (F) of this rule;
  - (4) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, or division (D) of section 3309.41 of the Revised Code;
  - (5) The benefit recipient elects to cancel the supplemental health care coverage for the following calendar year during the open enrollment period; or
  - (6) The benefit recipient elects to cancel health care coverage under paragraph (D) of rule 3309-1-35 of the Administrative Code.
- (E) Effective date of coverage
- (1) When a benefit recipient elects to enroll in supplemental health care coverage during an open enrollment period, the effective date of coverage shall be the first day of the calendar year following the open enrollment period.
  - (2) When a benefit recipient elects to enroll in supplemental health care coverage upon receipt of a benefit, the effective date of coverage shall be as follows:
    - (a) For a disability benefit recipient or dependent of a disability benefit recipient, the supplemental health care coverage shall be effective on the first day of the month following approval of the benefit or the benefit effective date, whichever is later.
    - (b) For an age and service retiree or dependent of an age and service retiree, the supplemental health care coverage shall be effective on the first day of the month following the date that the retirement application is filed with the retirement system or the benefit effective date, whichever is later.

(c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retiree, the supplemental health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retiree's death, or the first day of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retiree's death.

(F) Premiums

- (1) Payment of premiums for supplemental health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.
- (2) Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and health care coverage under rule 3309-1-35 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage. The benefit recipient shall be ineligible for reinstatement of coverage until payment for the total amount in default is received.

History: 1/1/14  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.69

**EXECUTIVE SESSION**

At 10:07 a.m., Beverly Woolridge moved and Catherine Moss seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, James Haller, Christine Holland, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

The Board returned to open session at 10:11 a.m.

The Board continued with the review of calendar dates. Board Chair James Rossler stated that he would not be present for the May Board meeting, and Board members Hugh Garside and James Haller stated that they would not be present for the June Board meeting.

**CALENDAR DATES FOR FUTURE BOARD MEETINGS**

**2019**

May 16 and 17 (Thurs. and Fri.)  
June 20 and 21 (Thurs. and Fri.)  
July 18 and 19 (Thurs. and Fri.)  
September 19 and 20 (Thurs. and Fri.)  
October 17 and 18 (Thurs. and Fri.)  
November 21 and 22 (Thurs. and Fri.)  
December 19 and 20 (Thurs. and Fri.)



**\*\*NOTE: The above dates are tentative.**

### **CONTINUED OR NEW BUSINESS**

Executive Director Richard Stensrud continued by reviewing the open and closed information items. Mr. Stensrud noted that the Board will convene in July for a Board Retreat to discuss funding sustainability and health care sustainability.

Board member James Haller provided highlights from the Pension Bridge Conference he recently attended.

The Board took a break at 10:16 a.m., and reconvened at 1:10 p.m.

### **EXECUTIVE SESSION**

At 1:10 p.m., Catherine Moss moved and Beverly Woolridge seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits. Upon roll call, the vote was as follows: Catherine Moss, Hugh Garside, James Haller, Christine Holland, Daniel Wilson, Beverly Woolridge and James Rossler. The motion carried.

The Board returned to open session at 1:25 p.m.

### **ADJOURNMENT**

James Rossler moved that the Board adjourn to meet on Thursday, May 16, 2019 for their regularly scheduled meeting. The meeting adjourned at 1:32 p.m.

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James Rossler, Board Chair

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Richard Stensrud, Secretary