

Organization of Staff Analysts Welfare Fund Analysis 2015

We continue our tradition of reporting to our members on a per capita basis, the amounts due to be received and the amounts actually spent on benefits. The city often pays late, but we count contractual monies whenever actually due, even if the city is late paying.

PER CAPITA ANALYSIS: INCOME

YEAR	COVERED MEMBERS	CONTRACT RATE \$	INVESTMENT INCOME \$	TOTAL INCOME \$
1990	598	825.00	9.60	834.60
1991	941	825.00	6.39	831.39
1992	3016	925.00	3.48	928.48
1993	3578.5	975.00	8.32	983.32
1994	3499	1075.00 (+ 20.00)	19.22	1114.22
1995	3355	1125.00	28.64	1153.64
1996	3547	1125.00	43.98	1168.98
1997	3505	1125.00	48.65	1173.65
1998	3491	1181.25	66.93	1248.18
1999	3691	1275.00	42.20	1317.20
2000	3937	1275.00	57.90	1332.90
2001	4665	1275.00	97.44	1372.44
2002	4896	1375.00	78.53	1453.53
2003	5025	1475.00	72.64	1547.64
2004	5187	1475.00 (+ 32.50)	74.32	1581.82
2005	5289	1475.00 (+ 82.50)	84.00	1641.50
2006	5455	1475.00 (+ 115.00)	116.41	1706.41
2007	5752	1575.00 (+ 65.00)	149.48	1789.48
2008	5713	1575.00 (+ 65.00)	142.64	1782.64
2009	6034	1575.00 (+ 65.00)	144.73	1784.73
2010	6256	1575.00 (+ 65.00)	159.18	1799.18
2011	6281	1575.00 (+ 65.00)	179.89	1819.89
2012	6003	1575.00 (+ 65.00)	177.21	1817.21
2013	6684	1575.00 (+ 65.00)	210.56	1850.56
2014	6960	1612.50 (+ 65.00)	228.76	1906.26
2015	6974	1637.50 (+ 65.00)	254.64	1957.14

PER CAPITA ANALYSIS: OUTGO AND RESERVES

YEAR	LIFE INS.	LTD INS.	VISION	MAJOR MED	DENTAL	POST-1999 BENEFITS	ADMIN	TOTAL	RESERVES
1990	78.33	66.63	59.66	137.28	443.62		15.97	801.49	33.11
1991	72.79	62.67	72.27	110.50	434.62		4.13	756.98	74.41
1992	61.07	59.50	67.75	110.53	381.73		9.09	689.67	238.81
1993	49.49	52.53	64.73	143.36	422.67		42.87	775.65	207.67
1994	45.63	53.87	75.67	148.33	507.44		70.31	901.25	212.97
1995	45.20	48.20	89.85	151.11	552.46		93.56	980.38	173.26
1996	46.97	40.61	84.88	130.84	549.73		129.56	982.59	186.39
1997	40.45	37.83	84.89	158.08	528.97		119.85	970.07	203.58
1998	57.25	34.86	83.06	134.93	521.00		96.64	927.74	320.44
1999	65.55	45.41	79.18	101.76	532.24	4.92	106.10	935.16	382.04
2000	151.04	39.30	75.86	77.12	537.93	21.80	101.26	1003.81	329.08
2001	153.12	38.86	67.94	69.76	489.68	29.98	114.35	963.69	408.75
2002	167.79	105.36	82.19	93.38	592.19	42.49	137.60	1221.00	232.53
2003	147.98	94.09	138.00	102.84	674.76	63.10	132.87	1353.64	244.00
2004	157.51	91.48	131.66	110.51	798.79	73.06	132.77	1495.78	86.04
2005	172.62	88.47	155.36	105.30	757.85	89.45	137.14	1506.19	135.31
2006	158.55	77.23	154.19	115.22	721.61	60.34	124.08	1411.22	295.19
2007	148.81	79.23	167.20	107.03	725.95	62.69	119.44	1410.35	379.13
2008	148.54	73.83	164.66	104.29	650.96	89.55	117.21	1349.04	433.60
2009	143.29	70.31	170.90	61.66	704.18	153.40	122.07	1425.81	358.92
2010	141.59	53.95	174.84	80.60	625.57	109.54	132.56	1318.65	480.52
2011	147.14	56.97	181.59	76.47	706.14	110.44	167.49	1446.24	373.65
2012	135.32	52.96	189.38	97.06	733.94	112.15	120.40	1434.11	383.10
2013	136.88	48.01	193.17	81.39	724.54	139.55	120.10	1443.64	406.92
2014	124.78	58.54	188.69	75.43	906.94	140.45	175.58	1670.41	235.85
2015	118.24	71.21	193.66	83.52	989.92	147.52	149.36	1753.43	203.71

INTRODUCTION

More than forty years ago a dozen employees formed the Council of Personnel Examiners at the NYC Department of Personnel. They were seeking the right to collective bargaining. Their organization, later known as OSA, won that right, although it took a while.

Thirty-one years ago, when the first 38 Staff and Associate Staff Analysts at the Board of Education were allowed to represent themselves, they were required to establish a welfare fund as part of their new status. A major help to the OSA Welfare Fund was a report issued by Jim Paul, the administrator of the Management Benefits Fund. Jim's report to the members of that fund broke down the overall costs into the cost of each benefit and reported it on a per capita (per member) basis. Thanks to that one analytical report by Jim Paul, the OSA leadership had a head start when they had to create the new union's welfare fund.

For the past 26 years, the OSA Welfare Fund has modeled its own report to its members on Jim's earlier report. We liked what he did and we've been doing it ever since.

Most members never read the report. So long as benefits are available without interruption or problem, few members focus on the how and why of the fund itself. This report is assembled and written each year for those who are interested and who take the time to study how we are doing and to understand what goes into the operations of the fund. In short, this report is written for you. We have done well over the past 30 years. There were no annual reports to the members over the first few years because fund membership was in the dozens before 1989 and reports were shared orally.

In 1990, detailed reports began to be published. We can now produce a chart showing annual membership, income and benefits provided for more than a score of years.

Some analysts like statistics and this chart tells a happy tale. The OSA Welfare Fund has grown steadily in number of members covered,

has improved existing benefits and added new ones as well. Since our national economy was recently in recession and civil servants are under political attack, it is of importance that the chart also reflects the prudent accumulation of reserves year by year.

One proper goal of welfare fund trustees is to provide predictable, reliable benefits for the members and their families. We have learned that we can not depend upon the city, state or federal government to act with fiscal prudence, so it is especially good that we have done so.

OUR 2015 REPORT

1. The Number of Covered Members includes 4687 active and 2287 retiree members. Of these, about 200 active and another 200 retired members are members of unions that have asked to join the OSA Welfare Fund. We are pleased to have them as members of our fund.
2. There was a contractual increase in welfare fund contributions for 2014 and 2015 – \$25 was added in July 2014 and July 2015. A further \$25 is to be added in July 2016 and 2017.
3. Our Welfare Fund Investments are conservative (Federal bills, notes etc). As a result, our investment income was not seriously affected by the national economic crisis. The valuation of our bond holdings does go up and down with interest rate fluctuations. Meanwhile, our fund is not affected. Thus far, we have held bonds to maturity and received face value on redemption. Since that is our plan for the future, market valuations do not impact our reserves either positively or negatively.
4. Total income is the contract rate plus investment income.

5. Our Life Insurance benefit is \$50,000 for active employees under age 65, a reduced amount for active employees over 65 and \$5,000 for retired members.
6. Our Long Term Disability insurance premiums went up in 2014 due to our raising the minimum payout to \$1,000 per month, not subject to offset by social security or pension disability payments.
7. Our Vision Benefit is one of our most popular benefits. The allowance for “out-of-network” providers is now \$150, and equivalent improvements went into the “panel” contract. At present, unless you insist on designer frames, you should be able to get a pair of glasses for free from any optician who is part of the Davis Vision panel. Those of us still actively employed can also get a second pair, VDT glasses, at the same time, with a form from your employer.
8. Our Superimposed Major Medical benefit is one of our self-insured benefits. The SMMP helps with excessive hospital and drug bills.
9. Our Dental Coverage is handled by Self-Insured Dental Services of Valley Stream, Long Island and they have done a very good job. Their Metrodent panel provides a long list of dentists and the costs are controlled. Controlling cost is very important for a self-insured fund, but it is not the only issue.

Our trustees have regularly improved this benefit over the years. Periodically, they have improved the rates paid to providers or added (or expanded) a benefit (e.g. implants) or increased the amount that can be spent yearly by each patient.

The results can be tracked on the chart provided. A benefit costing \$443 per member in 1990 now costs nearly \$990.

Improvements starting July 1, 2015 include payment for custom abutments for dental implants and coverage of dental implant related services. Also, in order to come into conformity with the Management Benefits Fund, we will now cover dental work needed due to an accident through the Superimposed Major Medical benefit.

10. The Post-1999 Benefits are:

Pension Counseling, which is a popular benefit, with costs both predictable and low. OSA’s counselors will sell you no insurance, stocks, bonds or annuities. Their only concern is to explain your pension benefits and options. **Cost: \$0.84**

The Survivor Benefit had been increased to provide three years paid health care (COBRA) for your spouse and children. Thus far, costs have been reasonable. **Cost: \$4.52**

The Drug Rider Reimbursement for retirees is clearly the most expensive of the “Post ‘99” benefits. Medicare-eligible retirees get \$50 per month subsidy payable annually from the Fund toward the extremely high cost of drug riders for those over 65 years of age. **Cost: \$142.16**

11. Our Administrative Expenses are the normal rent, salaries, office supplies, and equipment you would expect. As a benchmark, the Comptroller of NYC figures an administrative cost of between 10% and 15% is acceptable. Our earliest figures in this column are deceptive because, at first, the union subsidized the Fund to get it going.

12/13.

Total and Reserves. The total of all costs is subtracted from yearly income to generate the addition yearly to reserves on a per member basis.

In 2015, we spent about \$50 more on benefits than we received from the City contract due, primarily, to improved dental coverage. The trustees were not concerned about the shortfall for two reasons. First, contractually, the City contribution is due to rise. Second, interest income from our existing reserves more than made up the difference.

The reason why expenditures per member tend to go up is that the OSA Welfare Fund has continued to improve benefits over the years. If the city continues to agree to increased contributions in the contracts to come, benefits will continue to be improved.

The 2014 report noted a \$2 per member PCORI (Patient Centered Outcomes Research Institute) fee being charged to our fund by the Affordable Care Act legislation. We also warned that a further fee costing about \$94 per member per year was going to be implemented by that law.

We hired a consultant to deal with contesting these costs and while we did end up paying the PCORI fee, we avoided the far larger one.

On behalf of the trustees and staff, fraternally,

Sheila Gorsky

Fund Administrator

**Rose Collins, Yolanda Milanes, Michelle Rivas, Pamela Kolpan,
Krystal Croghan, and Vojna Stanic-Geraghty**

Member Benefits

**Thomas Anderson, Robert J. Croghan, Bill Douglas, Joan Smith,
and Wilfred St. Surin**

Trustees

Russ Taormina, Observer