

Organization of Staff Analysts Welfare Fund Analysis 2017

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 |
| 2016 | 6949 | 1662.50 (+ 65.00) | 245.54 | 1973.09 |
| 2017 | 7164 | 1675.00 (+ 65.00) | 206.82 | 1946.82 |

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 |
| 2016 | 93.73 | 77.51 | 198.41 | 82.94 | 921.44 | 167.79 | 162.14 | 1703.96 | 269.13 |
| 2017 | 82.59 | 82.72 | 199.28 | 82.75 | 892.37 | 189.38 | 172.32 | 1701.41 | 245.41 |

INTRODUCTION

More than forty-eight 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-three 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 28 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 33 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 25 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 not that long ago faced serious 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 2017 REPORT

1. The Number of Covered Members includes 4588 active and 2576 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. We have been receiving \$25 per member per year increases in our Welfare Fund over the course of the current contract. Thus, you will note increases for 2013 through 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 almost \$900.

Improvements were made in July of 2015 to include custom abutments for dental implants and related services. A further improvement was made in July of 2017 to include payments for crowns over implants. The Self Insured Dental Service of Valley Stream, Long Island, estimates that this will cost our fund about \$20 per member per year. The Trustees’ goal in this case is to seek to insure that our members using participating dentists avoid out-of-pocket costs entirely.

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: \$.87**

The Survivor Benefit had been increased to provide 3 years paid health care (COBRA) for your spouse and children. Thus far, costs have been reasonable. **Cost: \$23.28**

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: \$161.94**

Long Term Disability/COBRA. This benefit covers the period when any one of our members is still disabled but is out of sick and annual leave. The member who is out of pay status is not covered for basic health benefits, yet needs them.

We will not charge a disabled member for our welfare fund benefits in such a case, but the City can and does say the disabled member must buy “COBRA” to continue their basic health coverage so the members has added costs just when the salary checks cease coming.

Our welfare fund, since 1999, has been reimbursing the cost of COBRA for any disabled member who falls into the gap between employed and retired (Once the member returns to work or is approved for retirement, the City resumes health care payments.) **Cost: \$3.19**

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 administra-

tive 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 2017, we spent \$1,700 per member and received from our contract a bit more. The difference on the plus side, allowed the 2017 dental implant improvement. The Trustees are aware that there is scheduled to be a contractual increase in Welfare Fund contributions in our next contract.

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.

We recently improved our hearing aid benefit by using General Hearing Services as an optional participating provider. This did not affect our Superimposed Major Medical costs at all since GHS agreed to waive the normal monthly participation fee. In return, we agreed to mail out information about their benefit at our own expense. This occurred in early July of last year.

Our 2014 report noted a \$2 per member fee paid to the federal government. The charge, a "PCORI" (Patient Centered Outcome Research Institute) fee was charged to our fund by the Affordable Care Act legislation. By 2017, that charge is up to \$3.80 per member. There was also, in 2014, a further fee of \$94 per member per year then pending approval.

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, Kim Russo and Vojna Stanic-Geraghty

Member Benefits

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

Trustees

Anthony Pasquale

Observer