

## ORGANIZATION OF STAFF ANALYSTS WELFARE FUND ANALYSIS 2020

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
2018	7449	1675.00 (+165.00)	37.20	1877.20
2019	7799	1675.00 (+165.00)	374.05	2214.85
2020	7949	1925.00 (+165.00)	316.93	2406.93

## INTRODUCTION

More than 50 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-six 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 31 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 36 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 31 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.

## 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
2018	82.83	89.55	196.34	74.40	979.16	192.89	195.25	1810.42	66.78
2019	71.60	93.23	199.56	89.90	946.10	202.02	227.34	1829.77	385.08
2020	70.92	92.48	150.11	54.36	727.33	182.59	218.90	1496.69	910.24

## OUR 2020 REPORT

1. The Number of Covered Members includes 5059 active and 2890 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. This report is being written in 2021, at the close of a contract negotiation that took far longer than expected. The recent negotiation was affected by COVID, the City's deliberations over increasing 22 formerly managerial minimum salaries and even the City's negotiation over a switch from Medigap program to a Medicare Advantage Program for our retirees.

We finally agreed upon a \$250 increase to our Welfare Fund income, effective mid-2019 and this is reflected in our 2020 contract rate although it has not been received as of this writing.

3. Our investment income dropped off a bit from last year's high, but this simply reflects changing interest rates and bond prices.

Our fund trustees purchase our bonds to achieve a "ladder" of maturity dates. Thus, we redeem some bonds each year at full maturity and receive 100 cents on the dollar.

If the reserves are needed because a new benefit proves more expensive than expected, the redemptions at face value from that year's bonds can be used to fill any gap. If the proceeds from the bond redemptions are not needed, they are reinvested for the future.

The fiscal impact of the pandemic has been dramatic thus far, and we are unsure as to when this will end and we will return to normal. We are beginning to wonder what normal we will return to.

For 30 years, we have set aside some of our income, each year, to prepare for a rainy day. Thank goodness we did.

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. 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 get a second pair, VDT glasses, at the same time, with a form from your employer.

Our vision benefit usage dropped dramatically in the Spring of 2020. This was obviously due to the members putting off the replacement of glasses due to COVID. We anticipate an increase in claims for 2021, but this too can be affected by the virus.

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 Costs were down due to COVID. The Trustees sought to accommodate members who had to put off dental treatment by carrying over members' unused dental benefits from fiscal 2020 into fiscal 2021.

Thus, if a member avoided going to the dentist between March of 2020 and September, the unused funds could be used in the period 7/1/20 through 6/30/21.

Results up to the end of 2020 reflect the drop off in dental visits. There may be increase on claims for 2021 as members caught up on missed treatments. Also our trustees approved an increase in costs for dental visits to pay for the protective equipment installed by dentists to cope with COVID.

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: \$.34.**

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: \$9.73**

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 member has added cost 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: \$.84.**

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.

We have never previously experienced an increase in our reserves equal to 2020. Even if we note that the annual \$250 increase in Welfare Fund payment has not been received, our increase in reserves for a single year is unprecedented.

The source of this increase is from claims not submitted and treatment not given due to COVID. In response our Welfare Fund Trustees chose to use the extra monies to do what little we can do to reduce the continuing impact of COVID on our members.

We were aware that vaccination appeared to greatly reduce the severity of COVID and reduced hospitalization dramatically. We were also aware that many of our members were reluctant to accept the vaccine.

Finally we watched as the government seemed to move ever closer to mandatory vaccination for civil service workers.

Our response was to ask the Administrative Services Only corporation, which handles our Major Medical claims, to issue a Health Benefit Award certificate plus \$500 to each retiree or active member who has been or would be vaccinated. Our goal was to encourage as many of our members, as were willing, to be vaccinated.

We knew that some members for religious, health, or personal reasons would choose not to participate. However, by increasing the percentage of voluntary vaccinations, we hoped to reduce the pressure for an involuntary mandate.

We were hoping to use the monies saved by the fund in 2020, due to COVID, to take a small step against COVID hurting our members further.

On behalf of the trustees and staff,

*Sheila Gorsky* , **Fund Administrator**

*Yolanda Milanes, Michelle Rivas, Pamela Kolpan, Krystal Croghan,*

*Kim Russo and Vojna Stanic-Geraghty* , **Member Benefits**

*Michael Daflos, Michael Schady, Robert J. Croghan, Bill Douglas,*

*Joan Smith and Wilfrid St. Surin* , **Trustees**

*Anthony Pasquale* , **Observer**