Open enrollment for 2020 medical plans begins Nov. 1

Open enrollment for STRS Ohio’s medical plans is Nov. 1–26, 2019. The open-enrollment period provides benefit recipients the opportunity to change plans or enroll in a new plan for calendar year 2020 without a qualifying event. Board-approved premiums resulted in no premium increase for more than 90% of current enrollees for the upcoming year. While most plan features will remain the same, a few changes will be made for the STRS Ohio Health Care Program for 2020 and are outlined below.

In late October, current medical plan enrollees who did not request electronic delivery will receive open-enrollment materials by mail in an STRS Ohio Health Care Program envelope marked, “Your open-enrollment materials are enclosed.” This mailing includes a list of plans and premiums. The medical plan listed on the front of the letter is the plan you will be enrolled in for 2020 unless you contact STRS Ohio. Additional plan options (if available) are listed on the back of the letter. You and your eligible dependents must enroll in the same option. If two medical plans are listed under an option, you and your dependents are eligible for different plans based on Medicare status.

If you are not currently enrolled in coverage through STRS Ohio and would like a personalized enrollment packet, contact STRS Ohio’s Member Services Center toll-free at 888-227-7877 to request these materials.

Medical plan changes for 2020

*Prescription drug plan changes for 2020 include:*

- Increasing the maximum annual expense for Medicare enrollees to $6,350 to align with the 2020 standard Medicare prescription plan.

- Changing the specialty drug coinsurance for all enrollees to the lesser of 13% of the cost or $450 for a supply of 1–31 days, $900 for a supply of 32–60 days and $1,350 for a supply of 61–90 days.

*Medical plan changes for 2020 include:*

- Moving AultCare enrollees with Medicare Parts A & B to AultCare PrimeTime Health Plan. This new plan is a Medicare Advantage HMO with a point-of-service (POS) option, which allows enrollees to seek care outside of the traditional HMO network if needed. Contact AultCare to check the network status of your providers.

- Adding a 24-hour nurse line for non-Medicare Medical Mutual Basic Plan enrollees.

- Requiring transplants to be performed at Organ Transplant Centers of Excellence for non-Medicare Medical Mutual Basic Plan enrollees.

(More health care news on Pages 4 and 5.)
STRS Ohio total fund returns 7.13% for fiscal year 2019

STRS Ohio's total fund return for the year ending June 30, 2019, was +7.13%. This follows returns of +9.57% in fiscal 2018, +14.29% in fiscal 2017 and +0.92% in fiscal 2016. Total investment assets increased by $1.1 billion during fiscal 2019 and ended at approximately $78.9 billion (after benefit payments of approximately $7.5 billion).

The fiscal 2019 return slightly trailed the assumed actuarial return of 7.45% and was just below the total investment benchmark return of 7.30%. Despite volatile markets through much of the year, STRS Ohio's total investment return ranked in the top 20% of investment consultant Callan's public fund sponsor database. STRS Ohio's total investment returns also ranked in the top 10% of Callan's public fund sponsor database for the three-, five-, seven- and 10-year time periods ending June 30, 2019. Callan continues to call for lower than normal market returns over the next decade.

STRS Ohio currently manages about 70% of its assets through its in-house investment department. A report by CEM Benchmarking, a leading global research company, shows that STRS Ohio's internal investment strategy is a key reason the retirement system has the fourth lowest investment costs in its peer group of 17 large U.S. public fund sponsors. The report showed STRS Ohio saved about $95 million in calendar year 2017 alone by using this internal management approach. A portion of compensation for STRS Ohio's investment staff is earned through performance-based incentive (PBI) payments. Based on the investment performance for fiscal year 2019, as well as the trailing five-year period, the Retirement Board approved PBI payments totaling approximately $7.78 million at its September 2019 meeting. STRS Ohio's fiscal 2019 investment performance was verified by ACA Performance Services and was in compliance with the CFA Institute Global Investment Performance Standards (GIPS), widely considered to be the best standard for calculating and presenting investment performance.

Fiscal 2020 operating budget reflects 2.6% increase; fiscal 2019 expenses finish under budget

STRS Ohio's adopted operating budget for fiscal 2020 totals about $104.4 million, an increase of about 2.6% over the fiscal year 2019 budget. Final figures for fiscal 2019 show that STRS Ohio operating expenditures were about $1,048,000 less than the operating budget approved for that fiscal year. STRS Ohio posts approved administrative expenses on its website following each board meeting.

STRS Ohio earns Awards From Public Pension Coordinating Council

STRS Ohio received the Public Pension Standards Awards for Funding and Administration for 2018 from the Public Pension Coordinating Council (PPCC). PPCC is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement. The awards recognize public pension plans that meet key standards in several assessment areas, including actuarial, audit, benefit programs and communications.

Direct deposit dates

There are a few times each year when the first banking day does not fall on the first day of the month. These banking days are posted on STRS Ohio’s website, www.strsoh.org. Below are the direct deposit dates for the rest of 2019 and all of 2020.

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 1</td>
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<tr>
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<td>Nov. 2</td>
<td>Nov. 1</td>
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<tr>
<td>Dec. 1</td>
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</table>
Pension, valuation report expected to show slight improvement in STRS Ohio’s funding status

In preparation for the October meeting of the State Teachers Retirement Board, STRS Ohio staff provided some context for the annual pension valuation report that the board’s actuarial consultant, Cheiron, will present at the meeting. Preliminary estimates for the pension fund show progress continues for STRS Ohio’s funded ratio and funding period, as both are expected to show slight improvements in this year’s valuation report. The funded ratio is the value of the system’s actuarial assets compared to the actuarial accrued liabilities. Staff estimates the funded ratio will be near 76.1%. The funding period is the amount of time needed until actuarial assets match actuarial liabilities — if future experience matches the valuation assumptions. Staff estimates the funding period to be near 16.6 years.

In May 2019, the Retirement Board adopted amendments to its funding policy following several months of review and discussion. One of the funding objectives in the policy is to reach a funded ratio of 100%, noting that “At 85% or greater, the Board may consider plan changes that in the determination of the Board’s actuary do not materially impair the fiscal integrity of the system.” While the report is expected to reveal slight funding improvements, STRS Ohio staff estimates that based on the market volatility associated with the pension fund's current investment asset mix, the fund has a greater than 25% chance of seeing its funded ratio drop to 50% (or lower) in the next decade.

Cheiron will also present its health care valuation report at the October board meeting. This report is expected to show that the health care fund remains in a solid position despite no new funding for the account. Findings from the pension and health care valuation reports will be shared in Board News, which is distributed following the meeting to all STRS Ohio members who have an email address on file with the retirement system. Board News is also posted on the system’s website at www.strsoh.org.

Tax info available online in January

STRS Ohio will have 1099-R forms for 2019 prepared in January 2020. This form provides your 2019 pension distribution for use in calculating your income taxes. The form will be available through the password-protected Online Personal Account section of the STRS Ohio website. The forms will be mailed by the end of January 2020. You can opt out of the mailing and view the form online instead by logging in to your Online Personal Account and updating your correspondence preferences.

100th anniversary update — members, retirees share their stories

As STRS Ohio recognizes its 100th anniversary during fiscal year 2020, members and retirees have been sharing their stories on the STRS Ohio website. Among them ...

“’The guidance from STRS as I head toward retirement has been wonderful. I feel that I have been on the right path since I began my career with the workshops, etc., STRS provided throughout my teaching career.’”

A. Martin — Current Teacher, West Liberty-Salem Schools, 29½ Years

“A young lady asked, “Do you remember Jack Jones?” I thought for a moment and responded. “Yes. He was one of my first students.” She responded, “He talks about you all the time.” I asked, “Is that your father?” She answered, “No. It’s my grandfather.”

P. Sites — Retired 2000, Jackson City Schools & Wellston City Schools, 54 Years

“Students have inspired me to do whatever it takes to help a child to find success.”

C. McDonald — Retired 2012, Orange City Schools, 40 Years

“I am very happy with my pension. It has enabled me to continue the standard of living I had when teaching.”

M. Allgood — Retired 1986, Pulaski (Wilmington) School District and Taylor (New Castle) School District (both Pennsylvania); Poland Local Schools, 34 Years, STRS Ohio Centenarian Member

“Everything you do and say will be remembered by many of your students for the remainder of their lives. You are given the opportunity to ‘form the very lives’ of your students.”

P. Sites — Retired 2000, Jackson City Schools & Wellston City Schools, 54 Years

“All members and retirees are invited to read more of these entries and to share their stories with us. Please visit the STRS Ohio website at www.strsoh.org/anniversary/#stories.
Medical plan premiums for 2020 provide more than 90% of plan enrollees with a premium less than or equal to their current premium. Open-enrollment packets include 2020 plan options and monthly premiums for current enrollees. A complete list of premiums is available on the STRS Ohio website (www.strsoh.org) or by request through the STRS Ohio Member Services Center. A sampling of the medical plan premiums is shown below. Lower than anticipated health care claims during the review period for STRS Ohio’s self-insured plans had a positive impact on the 2020 premiums.

### Monthly Enrollee Premiums for 2020 — With Medicare

<table>
<thead>
<tr>
<th>Benefit Recipient</th>
<th>Aetna Medicare Plan (Medicare Advantage PPO) Total Cost</th>
<th>Medical Mutual Basic (Indemnity or PPO) Total Cost</th>
<th>AultCare PrimeTime Health Plan (Medicare Advantage HMO-POS for Parts A &amp; B) AultCare (PPO for Part B-only) Total Cost</th>
<th>Paramount Elite (Medicare Advantage HMO) Total Cost</th>
</tr>
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<tbody>
<tr>
<td>30+</td>
<td>$126</td>
<td>$120</td>
<td>$154</td>
<td>$150</td>
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<tr>
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<tr>
<td>Child</td>
<td>$340</td>
<td>$320</td>
<td>$368</td>
<td>$364</td>
</tr>
</tbody>
</table>

### Monthly Enrollee Premiums for 2020 — Without Medicare

<table>
<thead>
<tr>
<th>Benefit Recipient</th>
<th>Aetna Basic/Medical Mutual Basic (Indemnity or PPO) Total Cost</th>
<th>AultCare (PPO) Total Cost $894</th>
<th>Paramount Health Care (HMO) Total Cost: $936</th>
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<tr>
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<tr>
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</tr>
<tr>
<td>Child</td>
<td>$266</td>
<td>$267</td>
<td>$279</td>
</tr>
</tbody>
</table>

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**Eligibility requirements**
- Members who retired before Jan. 1, 2004, with less than 15 years of service credit have access to coverage but pay the full cost of their premium.
- Members who retire on or after Jan. 1, 2004, and before Aug. 1, 2023, must have at least 15 years of qualifying service credit to access coverage.

**IMPORTANT:** Members who retire on or after Aug. 1, 2023, must have at least 20 years of qualifying service credit to access coverage.

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**Health care items of note**
- Annual deductibles and out-of-pocket maximums reset every Jan. 1. Accumulated amounts do not carry over to the next calendar year.
- This open-enrollment period is for medical and prescription coverage only. Dental and vision enrollment and plan changes are not permitted at this time.
- Current medical plan enrollees will receive open-enrollment materials (personalized letter with plans and premiums, overview of plan features and instructions). Enrollees who selected the paperless option can view their materials in their Online Personal Account.
- If you are not currently enrolled in a plan and are interested in coverage, contact STRS Ohio to request your personalized open-enrollment information.
- Current enrollees can use their Online Personal Account to change plans, add coverage or cancel enrollment; new enrollees can use their personal account to enroll in a plan.
Free in-home health evaluations help Aetna Medicare Plan enrollees

Taking care of your health is more than just visiting the doctor when you are sick. This is why Aetna Medicare Plan enrollees are encouraged to participate in Aetna’s in-home assessment program. This free, convenient service allows you to meet with a licensed health care professional in the privacy of your home to talk about your individual needs.

During the visit, you will talk one-on-one with a licensed health care professional, ask questions regarding your health and discuss how to set up a safe, healthy home. The health care professional may suggest a personalized list of topics for you to discuss with your primary care physician. You may also be referred to other programs to manage your health. Feel free to have a family member or caregiver present at the time of the visit, which lasts about an hour.

As an Aetna Medicare Plan enrollee, you will receive a letter in the mail inviting you to participate in the program. You will also receive a follow-up call on behalf of Aetna to schedule your visit. Each year, Aetna is required by Medicare to contact enrollees about the program. If you do not want to receive an in-home visit, simply answer the call and advise that you are not interested versus disregarding the outreach attempts.

These assessments have helped many retirees better manage their health, which can lead to staying in your own home longer. Your participation can also help keep premiums lower for STRS Ohio Aetna Medicare Plan enrollees. For all of these reasons, we encourage you to schedule your free in-home assessment. If you have any questions or would like to schedule your appointment, please call toll-free 877-503-5802. Hours of operation are Monday–Friday, 9 a.m. to 9 p.m. You can also view a brief video about the program at: https://view.highspot.com/viewer/5ca61d8da2e3a949b3aba4cd.

Health care assistance program available to benefit recipients

STRS Ohio offers a Health Care Assistance Program (HCAP) to qualifying benefit recipients that provides medical and prescription drug coverage for a $0 premium. Eligibility for the program is based in part on an annual family income limit of $23,800 and a household liquid asset limit of $23,800 (a home is not considered a liquid asset). New HCAP applicants must be eligible for a subsidy under the STRS Ohio Health Care Program to qualify for HCAP enrollment. Benefit recipients, survivors and beneficiaries who are currently enrolled in HCAP are not subject to the subsidy requirement as long as they continue to meet all other HCAP requirements and remain continuously enrolled in the program. New and current STRS Ohio Health Care Program enrollees may apply. The application and additional program details are available on the STRS Ohio website at www.strsoh.org or by request from the Member Services Center (toll-free) at 888-227-7877.

STRS Ohio’s Open-Enrollment Resource Center — your 24/7 detail destination

Visit STRS Ohio’s Open-Enrollment Resource Center at www.strsoh.org for the information and materials you need to enroll in a medical plan. This section of the website includes instructions, plan coverage features, premiums and more.

Retirement Board chair, vice chair named

The State Teachers Retirement Board elected retired teacher member Rita Walters as its vice chair for the September 2019–August 2020 year. According to Board Policy, contributing teacher member Carol Correthers (Lorain City Schools, Lorain County), who was previously serving as vice chair, automatically moved into the position of board chair. Walters and Correthers assumed their new responsibilities on Sept. 1, 2019.
Executive Director Michael Nehf announced his plans to retire when his current contract ends on June 30, 2020. Nehf served as just the ninth executive director in the Retirement System's 100-year history. He joined STRS Ohio in 2008.

“It has been an honor to serve Ohio's public educators as executive director of the system,” Nehf said. “The Retirement Board, STRS Ohio staff and I have shared a commitment to the system’s mission — to partner with our members in helping to build retirement security. The financial markets took a downturn shortly after I joined the STRS Ohio team. With the cooperation and understanding of STRS Ohio stakeholders, we have seen steady improvements in the system’s funding levels. I hope to see this progress continue as the system embarks on its second century of service to our members.”

Under Nehf’s leadership, STRS Ohio:

• Grew assets to the current total of more than $78 billion — despite the Great Recession (when assets dropped to as low as $46 billion).

• Successfully gained support and passage of a pension reform bill that significantly improved the funding level and sustainability of the system.

• Successfully worked with the board, staff and stakeholders to improve the solvency of the retiree health care program.

• Maintained its commitment to providing exceptional service to STRS Ohio members and retirees, as the system earned the #1 service level in CEM Benchmarking’s Pension Administration Survey in each of the past four years.

• Earned highly positive overall impressions of active and retired members as measured by annual member surveys.

Nehf also noted that it has been a team effort to make these strides. “I would like to thank all of the board members, STRS Ohio associates and stakeholders who have worked with me over this past decade to partner in our accomplishments.”

Carol Correthers, chair of the State Teachers Retirement Board, recognized Nehf’s contributions to the Retirement System, “We have been very fortunate to have Mike’s steady hand at the helm during this time in the system’s history. He helped STRS Ohio navigate needed pension reforms and now the condition of the fund is steadily improving. His commitment to STRS Ohio’s membership has been unwavering, he’s fostered a positive culture among staff and worked effectively with Ohio’s legislators. My board colleagues and I are grateful for his leadership.”

The Retirement Board selected executive search firm Korn Ferry to assist in its search for STRS Ohio’s next executive director. Interested parties may be referred to the STRS Ohio website (www.strsoh.org) for additional details. The board plans to have a new executive director named by June 30, 2020.