

PROCEEDINGS  
OF THE  
**Board of Trustees**  
OF THE  
**Public School Teachers' Pension and  
Retirement Fund of Chicago**

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**Health Insurance Committee Meeting – Official Report  
Friday, August 4, 2023**

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A Health Insurance Committee meeting of the Board of Trustees of the Public School Teachers' Pension and Retirement Fund of Chicago was held on Friday, August 4, 2023.

The Chair, Ms. Mary Sharon Reilly, called the meeting to order at 1:41 p.m.

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**ROLL CALL**

Committee members present: Ms. Lois Nelson, Ms. Mary Sharon Reilly, Ms. Maria J. Rodriguez – 3

Committee members absent: None

Non-Committee members present: Mr. Jeffery Blackwell, Mr. Victor Ochoa (*via video conference*), Ms. Jacquelyn Price Ward, Ms. Tammie F. Vinson, Mr. Quentin S. Washington – 6

Also in attendance were Mr. Carlton W. Lenoir, Sr., (*Executive Director*), Mr. Daniel J. Hurtado (*Chief Legal Officer via video conference*), Ms. Carolyn Clifford of Ottosen DiNolfo Hasenbalg & Castaldo, Ltd. (*Board Counsel*), Ms. Jenn Pentangelo (*Director of Benefits*), Ms. Carrie Berkich (*Health Insurance Manager*), Mr. Daniel Levin (*Segal Consulting*), and various observers and staff members.

### **Motion to Approve February 21, 2023, Health Insurance Committee Meeting Minutes Approved**

Ms. Reilly made a motion, seconded by Ms. Rodriguez, to approve the February 21, 2023, Health Insurance Committee Meeting minutes.

The motion passed by the following roll vote:

AYES: Ms. Reilly, Ms. Rodriguez – 2

NAYS: Ms. Nelson – 1

ABSENT: None

### **Motion to Approve May 5, 2023, Health Insurance Committee Meeting Minutes Approved**

Ms. Reilly made a motion, seconded by Ms. Rodriguez, to approve the May 5, 2023, Health Insurance Committee Meeting minutes.

The motion passed by the following roll vote:

AYES: Ms. Reilly, Ms. Rodriguez, Ms. Nelson – 3

NAYS: None

ABSENT: None

### **CTPF January 1, 2024, Final Renewal Actions and Recommendations**

Mr. Dan Levin, Segal Consultant, reviewed the January 1, 2024, renewal rates. Mr. Levin reported that CTPF saw good results with low premiums on the Medicare Plans due to the work of the Board of Trustees in approving Request for Proposals (RFPs). He explained that AARP (individual plan and not negotiated by CTPF) plan members received an average increase of 5.9% on June 1, 2023. There will be an increase for the AARP plan members on June 1, 2024, due to the Medicare Supplement benefit component. He also highlighted the Cigna Surround Group Supplement Plan, which is a new plan option in 2024.

For the non-Medicare Plans, CTPF saw rate increases for all three plan options. He referenced that the average medical increase in the market is approximately 7% and prescription drug increase is 11%. Therefore, other than the Blue Cross and Blue Shield PPO, the increases we are seeing are reasonable. Mr. Levin also reported on the base renewal premiums (dollar amounts), for the Medicare and non-Medicare Plans. He mentioned that CTPF also received 3-year rate guarantees from the United Healthcare and Humana Medicare Advantage Plans which will result in significant premium savings for those members. Mr. Levin addressed questions raised by the committee.

### **Non-Medicare Plans Proposal and Recommendation**

Mr. Levin reviewed the non-Medicare Plans RFP proposal. The Fund currently offers medical and prescription drug coverage to approximately 720 non-Medicare annuitants and spouses. Participants have three plan choices: BCBSIL HMO Plan, BCBSIL PPO Plan, and United Healthcare PPO Plan. All non-Medicare plans are fully insured, and the total premium is approximately \$12,626,000 for 2024. The negotiated 2024 renewal increases for 2024 are BCBSIL HMO Plan = 7.6%, BCBSIL PPO Plan = 20.9%, and United Healthcare PPO Plan = 4.9%.

An important way in which plans control spend is by negotiating the best possible contractual pricing terms with their insurance carriers. Favorable financial terms allow the plan to provide coverage to plan participants in the most cost-efficient way. The Fund could choose to conduct a competitive bid process (a request for proposal or RFP), to obtain the best pricing offers from qualified insurance carriers for 2025. In addition to the financials, a complete analysis reviews insurer qualifications, member disruption (having to change network providers) and performance guarantees. This analysis is intended to ensure that the member impact of any potential change in insurance carriers is determined and quantified, so that the Trustees have a clear understanding of their options.

Ms. Jenn Pentangelo, Director of Benefits reported that renewal rates over the past two years have increased slightly over the past two years (.1% in 2022 and 2.5% in 2023) but have also been well below industry benchmarks. The Board Action Request stated that in 2024, the renewal increase for the non-Medicare Plans is 11.3%. This is above the industry benchmark of 7%. In addition, the increase for the Blue Cross and Blue Shield PPO is 20.9% based on poor plan experience in 2023.

Therefore, Segal and the CTPF staff recommended that the Fund engage in a competitive bid process for CTPF Non-Medicare Plans to evaluate the competitiveness of the current offerings against offerings of other vendors within the market. They requested that the Health Insurance Committee to recommend to the Board to approve the engagement of Segal to conduct a competitive bid via a Request for Proposal (RFP) for a Non-Medicare Plans, with a cost not to exceed \$65,000. Mr. Levin and Ms. Pentangelo addressed questions raised by the Board.

### **Motion to Approve Segal's Recommendation to Issue an RFP for a Non-Medicare Plans, Failed**

Ms. Reilly made a motion to engage Segal to conduct a competitive bid via a Request for Proposal (RFP) for Non-Medicare Plans, with a cost not to exceed \$65,000.

The motion failed due to lack of second.

### **Health insurance Subsidy Forecast and Renewal Recommendation**

Ms. Carrie Berkich, Health Benefits Manager, reported on the subsidy forecast. She stated that the Illinois Pension Code limits the amount to defray member health insurance costs to \$65M annually, plus carryover from previous years. At the end of fiscal year 2023, the carryover of health insurance spending authority was estimated to be \$64.7M and there was an estimated \$70.2M in health insurance program expenses, including accruals.

Based on these results, the staff recommended that the Board authorize a 60% subsidy for calendar year 2024. Forecasting forward, staff estimated that the Board will likely be able to maintain a 60% subsidy for the next year. Market trend shows that health insurance expenses are increasing overall and several factors including medical and drug inflation, advances in medical technology, and demographic changes can impact program expenses. Staff will continue to carefully monitor the reserve and subsidy levels at least annually. Ms. Berkich addressed questions raised by the Committee.

Trustee Nelson requested information on savings history and increasing the subsidy amount. Discussion ensued.

Chairperson Reilly stated that the recommendation to continue the subsidy of the annuitant health insurance cost at 60% and approving the renewal rates for calendar year 2024, will be voted on at the next full Board meeting.

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## ADJOURNMENT

### **Motion to Adjourn the Meeting, Approved**

Ms. Reilly made a motion, seconded by Ms. Rodriguez to adjourn the meeting.

The motion passed by the following roll call vote:

AYES: Ms. Nelson, Ms. Reilly, Ms. Rodriguez – 3

NAYS: None

ABSENT: None

The meeting adjourned at 3:47 p.m.

Respectfully submitted,



Mary Sharon Reilly  
Committee Chairperson

*Minutes approved by the Board at a meeting held on May 3, 2024.*

*Minutes prepared by Sharena Bennett-Bridgmon (Executive Assistant, CTPF).*