

Meeting of the Chicago Transit Authority Retiree Health Care Trust
June 18, 2013

Meeting Minutes

A regular meeting of the Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust (“RHCT”) was held on June 18, 2013 at One North Franklin Street, on the 3rd Floor. The Chair and Executive Director were present.

A roll call was taken. The following members were present:

Javier Perez, Jr., Chair
Joan Coogan
Joseph J. Burke
Christopher Kasmer
Robert Kelly
Paul Sidrys
Patricia Thomas-Miller as an alternate for Larry Owens

James O’Connell was present as General Counsel for the Trust. Joseph Burns of Jacobs, Burns, Orlove & Hernandez was present on behalf of the Union-appointed Trustees. Present on behalf of the Regional Transit Authority-appointed Trustee were Andrew Malahowski of Franczek Radalet, PC and John Doerrer of John A. Doerrer and Associates, PC. James Daley of Schuyler Roche & Crisham was present on behalf of the CTA-appointed Trustees. Also present were Ruth Donahue and Barb Zaveduk of The Segal Company, and Ivory Day of Gray & Company.

On a motion by Ms. Coogan, seconded by Mr. Burke, the Board approved the proposed minutes for May 2013.

Administrative Subcommittee

On a motion by Mr. Kasmer, seconded by Mr. Burke, the Board approved the bills submitted.

Investment Subcommittee

Mr. Day provided a report on the investment markets, indicating that equity markets have been in double digits, but bond markets have been negative so far this year. Assets as of June 14, 2013 were \$674,212,811.80.

Mr. Kelly asked why the cash report indicated a drop in contributions to the RHCT, and Mr. Kallianis advised that he would investigate the question and report back to the Trustees.

Old Business

Barbara Zaveduk presented a preliminary draft of the valuation results as of January 1, 2013.

Comparing the benefits expected to be paid to all current participants with assets and income anticipated, Ms. Zaveduk indicated that the RHCT has about 25% more assets and anticipated income than benefit payments anticipated. She advised that there were two primary reasons for the increase: assets returned more than anticipated, and costs were less than anticipated. The cost savings were related to the adoption of the Medicare Advantage plan and the adoption of a prescription drug program through EGWP. She cautioned that other assumptions were due to be reviewed in the next year, including those concerning how long retirees are anticipated to live. Mr. Kelly asked what the impact would be if she assumed contributions remained at 3% of payroll, instead of increasing at the rates indicated in the draft report. Ms. Zaveduk advised that she could perform that analysis, but did not immediately know the answer. The Trustees also discussed other assumptions that could change. The Trustees discussed having an educational session between the July and August Board meetings, and noted that the August meeting would need to occur in the first two weeks of August.

Ms. Donahue passed out a document indicating what the CPI indexing of various co-pays and deductibles will be for 2014. She also passed out an updated timeline and reminded the Trustees that the comparative effectiveness research fee will be due at the end of July, and that she would be working with plan staff to fill in IRS Form 720 with the required information.

Mr. Kallianis reported that he had been advised that the parties had agreed on draft legislation to permit the RHCT to offer a health reimbursement arrangement for participants who paid contributions to the RHCT but who do not satisfy the eligibility requirements for major medical coverage, but the legislation was not passed.

New Business

Mr. Kallianis summarized an appeal that had been filed by a participant, seeking payment for an MRI procedure. Mr. Kallianis noted that the issue had been reviewed by the Medical Review Institute of America (MRIOA), which provided its opinion that the initial MRI which is the subject of the appeal was medically necessary. On motion by Mr. Burke, seconded by Mr. Kelly, the Board granted the participant's appeal. Mr. O'Connell indicated that staff would advise the participant that the MRIOA had indicated that subsequent MRIs would not be considered medically necessary.

On motion by Ms. Coogan, seconded by Mr. Sidrys, the meeting was adjourned.