The Police and Firemen's Disability and Pension Fund

HEALTH CARE REPORT
1997

TABLE OF CONTENTS
ORC 742.14 (E)

ATTACHMENT 1
STATUTORY AUTHORITY FOR HEALTH CARE BENEFITS

§ 742.45 Deduction for group health insurance.
Text

(A) The board of trustees of the police and firemen's disability and pension fund may enter into an agreement with insurance companies, health insuring corporations, or government agencies authorized to do business in the state for issuance of a policy or contract of health, medical, hospital, or surgical benefits, or any combination thereof, for those individuals receiving service or disability pensions or survivor benefits subscribing to the plan. Notwithstanding any other provision of this chapter, the policy or contract may also include coverage for any eligible individual's spouse and dependent children and for any of the eligible individual's sponsored dependents as the board considers appropriate.

If all or any portion of the policy or contract premium is to be paid by any individual receiving a service, disability, or survivor pension or benefit, the individual shall, by written authorization, instruct the board to deduct from the individual's benefit the premium agreed to be paid by the individual to the company, corporation, or agency.

The board may contract for coverage on the basis of part or all of the cost of the coverage to be paid from appropriate funds of the police and firemen's disability and pension fund. The cost paid from the funds of the police and firemen's disability and pension fund shall be included in the employer's contribution rates provided by sections 742.33 and 742.34 of the Revised Code.

The board may provide for self-insurance of risk or level of risk as set forth in the contract with the companies, corporations, or agencies, and may provide through the self-insurance method specific benefits as authorized by the rules of the board.

(B) If the board provides health, medical, hospital, or surgical benefits through any means other than a health insuring corporation, it shall offer to each individual eligible for the benefits the alternative of receiving benefits through enrollment in a health insuring corporation, if all of the following apply:

(1) The health insuring corporation provides health care services in the geographical area in which the individual lives;

(2) The eligible individual was receiving health care benefits through a health or a health insuring corporation before retirement;

(3) The rate and coverage provided by the health insuring corporation to eligible individuals is comparable to that currently provided by the board under division (A) of this section. If the rate or coverage provided by the health insuring corporation is not comparable to that currently provided by the board under division (A) of this section, the board may deduct the additional cost from the eligible individual's monthly benefit.

The health insuring corporation shall accept as an enrollee any eligible individual who requests enrollment.

The board shall permit each eligible individual to change from one plan to another at least once a year at a time determined by the board.

(C) The board shall, beginning the month following receipt of satisfactory evidence of the payment for coverage, pay monthly to each recipient of service, disability, or survivor benefits under the police and firemen's disability and pension fund who is eligible for medical insurance coverage under part B of "The Social Security Amendments of 1965," 79 Stat. 301, 42 U.S.C.A. 1395j, as amended, an amount equal to the basic premiums for such coverage.

(D) The board shall establish by rule requirements for the coordination of any coverage, payment, or benefit provided under this section with any similar coverage, payment, or benefit made available to the same individual by the public employees retirement system, state teachers retirement system, school employees retirement system, or state highway patrol retirement system.

(E) The board shall make all other necessary rules pursuant to the purpose and intent of this section.

History

HISTORY: 135 v H 430 (Eff 11-20-73); 136 v H 268 (Eff 8-20-76); 139 v H 126 (Eff 6-13-81); 139 v H 236 (Eff 2-2-82); 140 v H 631 (Eff 3-28-85); 142 v S 124 (Eff 10-1-87); 144 v H 382 (Eff 6-30-91); 146 v S 82 (Eff 3-7-97); 147 v S 67. Eff 6-4-97.

Analogous to former RC § 742.45 [131 v 318], repealed by § 2 of H 430 (135 v -) Eff 11-20-73.

ATTACHMENT 2

SUMMARY OF BENEFITS

Individual Option (PPO) Network Benefits Comparison Chart

The benefit coverage for benefit recipients residing in areas considered "in-network" and "non-network" are explained in the Network Comparison Chart below. For complete information, please refer to the individual administrator's medical plan description or contact PFDPF Benefit Services Department. Please note that routine health check-ups and claims that the insurance company determines are for maintenance care are NOT covered under the Individual Option (PPO) Network.

Description	**Non-Network** *Medicare A&B eligible/ Permanent residents of non-network area.*	**Network** *Member & dependents reside in network area and using network providers.*	**Out-of-Network** *Member & dependents reside in network area but NOT using network providers.*
GENERAL INFORMATION			
Major Plan Features	Use any provider	Use network provider	Use any provider
Deductible (per plan year):			
Benefit recipient	$100.00	$100.00	$250.00
Family	200.00	200.00	500.00
(no carryover)			
Max. Annual Out-of-Pocket:	Excludes deductible	Excludes deductible	Excludes deductible
Benefit recipient	$500.00	$500.00	$1,500.00
Family	750.00	750.00	2,250.00
Lifetime Maximum	$1,000,000.00	$1,000,000.00	$1,000,000.00
Claim Forms	Yes	No	Yes
Pre-certification/ Utilization review	Patient responsible	Provider responsible	Patient responsible
Pre-certification penalty:			
Inpatient (per admission)	$200.00	None	$200.00
Outpatient	100.00	None	100.00
Managed Second Opinion			
Surgery	$100.00	None	$100.00
PHYSICIAN SERVICES			
Office visits	80%	$10.00 copay	70%
Surgeon/Consultation fees	80%	80%	70%
Specialists not available in network	80%	80%	80%
Surgeons/Surgery fees	80%	80%	70%
OB/Maternity visits & delivery	80%	80%	70%
Diagnostic, x-ray & lab fee	80%	80%	70%
HOSPITAL SERVICES			
Per admission deductible	None	None	$100.00
Inpatient coinsurance	100%	100%	70%
Outpatient			
Pre-admission testing	100%	100%	70%
Surgery	100%	100%	70%
All other	80%	80%	70%
EMERGENCY ROOM			
Hospital Emergency Care* (includes associated tests & physician charges)	$50 copay for facility (waived if admitted); 80% other charges	$50 copay for facility (waived if admitted); 80% other charges	$50 copay for facility (waived if admitted); 80% other charges
MENTAL HEALTH**			
Inpatient & partial hospitalization coinsur. (includes drug abuse)	100%	100%	70%
Mental/Nervous & Drug Abuse outpatient coinsur.	80%	80%	70%
Alcoholism inpatient coins.	100%	100%	70%
Alcoholism outpatient coinsurance	80%; annual maximum benefit=$550.00	80%; annual maximum benefit=$550.00	70%; annual maximum benefit=$550.00

Individual Option (PPO) Network Benefits Comparison Chart, cont'd.

Description	Non-Network	Network	Out-of-Network
PREVENTIVE CARE			
Well baby/child care	Age 0-1=80%, $500/yr Age 1-9=80%, $150/yr	Age 0-1=80%, $500/yr Age 1-9=80%, $150/yr	Age 0-1=70%, $500/yr Age 1-9=70%, $150/yr
Routine PAP Smear Max. one per calendar yr.	80%	$10 copay for physician services; 80% for lab	70%
Routine Mammogram Max. $85 annual benefit	80%	$10 copay for physician services; 80% for lab	70%
Routine PSA Max. $85 annual benefit	80%	$10 copay for physician services; 80% for lab	70%
OTHER COVERED EXPENSES			
Skilled nursing facility	100%, up to 365 days	100%, up to 365 days	70%, up to 365 days
Chiropractors & physical therapists*, durable medical equipment & ambulance**	80%	80%	70%, limit of 24 chiropractic visits
Acupuncturist (in lieu of anesthesiologist)	80%	80%	70%
Private duty nurse, home health care	80%, private duty limit of 120 8-hr shifts per calendar year	80%, private duty limit of 120 8-hr shifts per calendar year	70%, private duty limit of 120 8-hr shifts per calendar year
Hospice care	*Lifetime maximum=*	*Lifetime maximum=*	*Lifetime maximum=*
Inpatient	100%, up to 30 days	100%, up to 30 days	80%, up to 30 days
Outpatient	80%, limited to benefit of $3,000.00	80%, limited to benefit of $3,000.00	70%, limited to benefit of $2,000.00

**Must be on same day as injury or illness*

***Covered for alcohol or drug abuse treatment only if treatment is for underlying causes leading to rehabilitation from such addiction. Detoxification alone is not covered.*

****Chiropractic care must be non-maintenance care only; and physical therapy treatments must be performed by registered therapist and recommended by physician (must also be certified as medically necessary).*

HMO Benefit Comparison Chart

Description	Aetna	MMO	Kaiser	Paramount	United HealthCare
PHYSICIAN SERVICES					
Office Visit with PCP	$5 copay	$10 copay	$5 copay	$5 copay	$5 copay
Specialist					
Consultation	$5 copay	$10 copay	$5 copay	$5 copay	$5 copay
Treatment	100%	100%	$5 copay	$5 copay	$5 copay
Immunizations & Inoculations	100%	100%	100%	$5 copay	$5 copay
Allergy Treatment/Testing	$5 copay	copays: $10 /$25	100%	$5 copay	$5 copay
Diagnostic x-ray & Lab testing	100%	100%	100%	100%	100%
Podiatrists	$5 copay (if medically necessary)	$10 copay	$5 copay (if medically necessary)	$5 copay if medically necessary/2 preventive visits per year	$5 copay/1 preventive visit per yr
Chiropractors	$5 copay for 20 visits per year/50% for visits after 20	$10 copay, 20 visits per year (includes physical therapy)	$5 copay for 20 visits per year, then 50% per visit	Subluxation: $5 copay Other: $5 copay for 20 visits/then 50% unlimited	Subluxation:$5 copay Other: $5 copay, limit of 20 visits
PREVENTIVE SERVICES (one per year)					
Physical Exams	$5 copay	$10 copay	$5 copay	$5 copay	$5 copay
Routine PSA Test	100%	100%	$5 copay	$5 copay	$5 copay
Routine Mammogram	100%	100%*	$5 copay	$5 copay	$5 copay
Routine PAP Smear	100%	100%*	$5 copay	$5 copay	$5 copay
Routine Eye Exam	$5 copay	Not Covered	$5 copay	$5 copay	$5 copay
Routine Hearing Exam	$5 copay	Not Covered	$5 copay	$5 copay	$5 copay
**one gynecological exam per year covered with participating GYN, without PCP referral*					
HOSPITAL SERVICES					
Hospital Confinement	100%	100%	100%	100%	100%
In-patient Physician Visit	100%	100%	100%	100%	100%
Surgical procedures (inpatient and outpatient)	100%	100%	100%	100%	100%
EMERGENCY ROOM					
Hospital Charges	$25 copay waived if admitted	$50 copay waived if admitted	$25 copay waived if admitted	$25 copay waived if admitted	$25 copay waived if admitted
Ambulance	100%	$25 copay	100%	100%	100%
MENTAL HEALTH					
Inpatient Confinement	100% (unlimited)	100%, 30 days/ calendar yr. (3 per lifetime)	100% (unlimited)	100%	100% (unlimited)
Outpatient Care	$5 copay (unlimited)	$10 copay, 20 visits per yr.	$5 copay (unlimited)	$5 copay (unlimited)	Group: $5 copay Individual: $10 copay (both unlimited)

The benefits for each carrier's Medicare HMO and non-Medicare HMO are equivalent.

HMO Benefit Comparison Chart

Description	Aetna	MMO	Kaiser	Paramount	United HealthCare
ALCOHOL & SUBSTANCE ABUSE					
Inpatient Confinement	100% (unlimited)	100%, 30 days/ calendar yr.	100%	100%	100%
Outpatient Care	$5 copay (unlimited)	$10 copay, 20 visits per yr.	$5 copay	$5 copay (unlimited)	$5 copay
OTHER SERVICES					
Skilled Care Facility	100%, 100 days/ benefit period	100%, 100 days/ calendar year	100%, 100 days/ calendar yr. or benefit prd.	100%, up to 100 days/ benefit period	100%
Home Health Care	100% (unlimited)	100%	100%	100%	100%
Hospice Services	100%	100%	100%	100%	100%
Outpatient Therapy Services	$5 copay (unlimited)	$10 copay, 10 visits, speech 20 visits, other	100%	100%	100%
Durable Medical Equipment	100%	100%	100%	100%	100%
Hearing Aid Allowance	$700 every 36 mos.	Not Covered	100% every 3 years	$700 every 3 years	$700 every 3 years
Vision--Glasses & Contacts (Covered 100% under all plans if if in conjunction with cataract surgery)	$300 every 24 mos.	Not Covered	$300 every 24 mos.*	$500 every 2 years	$300 every 2 years
DENTAL COVERAGE					
Deductible	None	n/a	None	$50 per person/$150 family maximum	$50 single
Annual Maximum	None	n/a	None	$1500 per year	$1500 per year
Preventive	$2 copay	Not Covered	100%	100% with no deductible	100%, no deductible
Basic Care	Discounted fees	Not Covered	Discounted copays	80% after deductible	80% after deductible
Major Restorative Care	Discounted fees	Not Covered	Discounted copays	50% after deductible	50% after deductible
Network Providers Required	Yes	n/a	Yes	Recommended	Yes

The benefits for each carrier's Medicare HMO and non-Medicare HMO are equivalent.

Primary Care Physician must provide and/or arrange for all health care. United HealthCare is the only HMO which allows participants to utilize specialists without a referral (must utilize UHC participating providers, however). All benefits subject to medical necessity requirements and/or prior approval by the HMO.

*All Kaiser vision services and hardware must be obtained through a Union Eye Center location.

ATTACHMENT 3
SUMMARY OF ELIGIBILITY

Medical Expense Benefit Eligibility–Dependents

Benefit recipients must be enrolled in an individual plan in order to enroll their dependents in that plan. Dependents eligible for the PFDPF Medical Expense Benefits Program include:

- The benefit recipient's spouse;

- Unmarried child(ren) at least 14 days of age, but under 18 years of age, or under 22 if attending school* on a full-time basis (or at least a two-thirds basis) and primarily dependent upon the benefit recipient for support. Primarily dependent means that the child is validly claimed as an exemption for income tax (FITR) purposes** by the benefit recipient in the year that medical expenses are incurred;

- A dependent child, (validly claimed as an exemption on FITR**), regardless of age, who is unable to earn a living because of a physical or mental handicap, but only if such child became incapacitated prior to attaining age 18, (age 22 if then attending school on a full-time or at least a two-thirds basis). A disabled child over age 22 may only apply for PFDPF medical expense benefits at the time the benefit recipient is FIRST eligible for PFDPF medical expense benefits. However, the disabled child must have met the regulations listed above prior to attaining age 22. The medical expense benefits administrator will determine if the child has met the requirements for eligibility and may also periodically require proof of continued disability and dependency; and

- Unmarried step-children, grandchildren or other children at least 14 days of age, but under 18 years of age, or under 22 if attending school on a full-time basis (or at least a two-thirds basis) for whom the benefit recipient is the legal guardian required to provide health care coverage. Step-children, grandchildren or other children must be financially dependent upon the benefit recipient for support and live with the benefit recipient in a regular parent-child relationship. Financially dependent means that the child is validly claimed as an exemption for income tax (FITR) purposes** by the benefit recipient in the year that medical expenses are incurred.

ATTACHMENT 4
STATEMENT OF PARTICIPANTS ELIGIBLE FOR MEDICAL EXPENSE BENEFITS

# of Benefit Recipients:	18,997
# of Dependents:	13,350
Total covered lives:	**32,347**

ACCOUNTING, ASSET VALUATION AND FUNDING METHODS

YEAR ENDED DECEMBER 31, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies followed by the Police and Firemen's Disability and Pension Fund of Ohio (the Fund).

Basis of Accounting - The Fund's financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and measurable, and expenses are recorded when a liability is incurred.

Investments - Investment purchases and sales are recorded on a trade date basis. Dividend income is recognized on the ex-dividend date, while interest and rental income is recognized when earned.

Investments are reported at fair value. Short term investments are valued at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal payments discounted at prevailing interest rates for similar instruments. The fair value of real estate is based on independent appraisals and internal valuations. Investments that do not have an established market are reported at estimated fair value. Venture capital limited partnership interest is based on values established by valuation committees.

Net appreciation (depreciation) is determined by calculating the change in the fair value of investments between the end of the year and the beginning of the year, less the cost of investments purchased, plus sales of investments at fair value. Investment expense consists of those administrative expenses directly related to the Fund's investment operations and a proportional amount of all other administrative expenses allocated based on the ratio of the Fund's investment staff to total Fund staff.

The Fund has no individual investment that exceeds 5% of net assets available for benefits.

Federal Income Tax Status - The Fund was determined to be exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The range of estimated useful lives is as follows:

Buildings	40 years
Furniture, fixtures and equipment	3 to 10 years

Contributions and Benefits - Member and employer contributions are recorded in the period the related member salaries are earned. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

New Accounting Pronouncements - The Fund has implemented Governmental Accounting Standards Board Statements No. 25 and 26 for the year ended December 31, 1997. Statement No. 25, "*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,*" and Statement No. 26, "*Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Plans,*" require, among other things, that investments be carried at fair value and that statements of net plan assets and changes therein be included; additional financial statement disclosures regarding healthcare benefits be included; and the elimination of disclosures regarding the pension benefit obligation. Plan assets not readily identifiable as pension or other postemployment healthcare are proportionately allocated.

The Fund adopted Statement's No. 25 and 26 in 1997 and has applied the provisions of these statements retroactively to January 1, 1997. The impact of the adoption of these statements was an increase in net assets held in trust for pension benefits of $1,063,228,204 at January 1, 1997 from the amount previously reported.

2. ASSET VALUATION METHOD

Valuation assets equal the net cost (book) value of all Fund assets, except common and preferred stocks are included in valuation assets with a value equal to that developed under the 4-year Market Adjustment Method, with an initial value equal to market value. Under this method realized and unrealized gains are recognized in the assets over a 4-year period: valuation assets equal market value less 75% of the previous year's realized and unrealized gains, 50% of the second previous year's realized and unrealized gains, and 25% of the third previous year's realized and unrealized gains. Future payments on the Employer Accrued Liability are capitalized at the valuation interest rate and the result is added to valuation assets. The balance in the Health Care Stabilization Fund is excluded from total assets to arrive at valuation assets for pension and disability benefits. Contributions due to be refunded to terminated members are also excluded from valuation assets.

3. FUNDING METHOD

Healthcare benefits are funded on a pay-as-you-go basis. In 1992 the Health Care Stabilization Fund (HCSF) was established by the Board of Trustees with an initial allocation of $150,000,000. This fund is credited with a portion of employer contributions equal to 6.5% of payroll, all retire healthcare contributions, as well as investment income equal to the actuarial interest rate of 8.25% per year. The fund is charged with all health care expenses. As of December 31, 1997 the balance in the HCSf was $249,421,643.

THE POLICE AND FIREMENS'S DISABILITY AND PENSION FUND
PLAN NET ASSETS AVAILABLE FOR POSTEMPLOYMENT HEALTHCARE BENEFITS
AS OF DECEMBER 31, 1997

Assets	
Cash and Short-term Investments	$ 7,548,476
Receivables:	
Employers' Contributions	24,546,851
Accrued Investment Income	1,359,434
Investment Sales Proceeds	910,771
Total Receivables	26,817,056
Investments, at fair value:	
Bonds	40,796,006
Mortgage & Asset Backed Securities	43,738,683
Stocks	99,346,986
Real Estate	20,545,077
Commercial Mortgage Funds	3,643,834
Venture Capital	941,640
International Securities	19,957,720
Mortgage Note Receivables	399,363
Total Investments	229,369,310
Collateral on Loaned Securities	24,583,160
Fixed Assets:	
Furniture and Equipment	120,302
Accumulated Depreciation	(73,518)
Total Fixed Assets	46,784
Prepaid Expenses and Other	41,887
TOTAL ASSETS	288,406,673
Liabilities	
Medical Benefits Payable	10,046,045
Investment Commitments Payable	4,129,078
Accrued Administrative Expenses	63,520
Other Liabilities	163,226
Obligations Under Securities Lending	24,583,160
TOTAL LIABILITIES	38,985,030
Net assets held in trust for pension and postemployment healthcare benefits	**$ 249,421,643**

THE POLICE AND FIREMENS'S DISABILITY AND PENSION FUND
STATEMENT OF CHANGES IN PLAN NET ASSETS
AVAILABLE FOR POSTEMPLOYMENT HEALTHCARE BENEFITS
YEAR ENDING DECEMBER 31, 1997

Additions:	
Contributions:	
Employers	$ 75,277,682
Retirants	5,251,898
Total Contributions	80,529,580
Investment Income:	
Net Appreciation (Depreciation) of Fair Value of Investments	16,293,681
Bond Interest	3,121,182
Dividends	472,306
Real Estate Operating Income, net	819,833
Foreign Securities	125,827
Other	3,567
Less Investment Expenses	(225,741)
Net Investment Income	20,610,655
From Securities Lending Activities:	
Securities Lending Income	1,309,150
Securities Lending Expense:	
Borrower Rebates	(1,247,562)
Management Fees	(24,421)
Total Securities Lending Expense	(1,271,983)
Net Income from Securities Lending	37,167
Other Income	979,352
TOTAL ADDITIONS	102,156,754
Deductions:	
Healthcare Benefits	76,459,832
Administrative Expenses	3,048,819
TOTAL DEDUCTIONS	79,508,651
Net Increase (Decrease)	22,648,103
Net assets held in trust for pension and postemployment healthcare benefits:	
Balance, Beginning of year (as restated)	226,773,540
Balance End of year	$ 249,421,643

THE POLICE AND FIREMEN'S DISABILITY AND PENSION FUND
SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
1992 - 1997

	1992	1993	1994	1995	1996	1997
Additions:						
Contribution of Pension Assets	$150,000,000	$ -	$ -	$ -	$ -	$ -
Employer Contributions	57,918,770	60,635,808	62,791,082	67,128,959	71,890,062	75,277,682
Retirant Contributions	2,400,094	4,810,931	4,897,139	4,965,059	5,119,195	5,251,898
Investment Income	12,034,912	12,641,884	14,006,268	15,382,302	17,021,606	20,647,822
Recoveries and Rebates	-	240,175	345,329	387,953	1,576,239	979,352
TOTAL ADDITIONS	222,353,776	78,328,799	82,039,818	87,864,273	95,607,102	102,156,754
Deductions:						
Healthcare Expenses	67,445,599	65,291,348	65,230,088	69,152,432	72,300,761	76,459,832
Administrative Expenses	-	-	-	-	-	3,048,819
TOTAL DEDUCTIONS	67,445,599	65,291,348	65,230,088	69,152,432	72,300,761	79,508,651
Net Increase (Decrease)	154,908,178	13,037,451	16,809,730	18,711,842	23,306,341	22,648,103
Net assets held in trust for postemployment healthcare benefits:						
Balance, Beginning of year	-	154,908,178	167,945,629	184,755,358	203,467,200	226,773,540
Balance, End of year	$154,908,178	$167,945,629	$184,755,358	$203,467,200	$226,773,540	$249,421,643

NOTES:

1. The Health Care Stabilization Fund was established in 1992 with an initial allocation of $150 million from the pension fund.
2. Retirant contributions toward healthcare expenses began in June, 1992.
3. Amounts for 1992-1996 are on a basis of cash receipts and disbursements; 1997 amounts are accrual basis as prescribed by GASB Statement No. 26.
4. Administrative expenses relating to healthcare were not allocated to the Health Care Stabilization Fund prior to 1997.