

**ORGANIZATION OF STAFF ANALYSTS****WELFARE FUND**

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# Welfare Fund Analysis

## 2009

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	NO. 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

**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

## **INTRODUCTION**

Forty years ago a dozen employees formed COPE 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.

Twenty-five 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, Administrator of the Management Benefit 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 twenty years, the Organization of Staff Analysts Welfare Fund has modeled its own report to its members on Jim's earlier report. We like 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 quarter of a century. There were no annual reports to the members over the first five years because fund membership was in the dozens before 1989 and reports were shared orally.

In 1990, detailed reports began to be published and, as a result, we can now produce a chart showing annual membership, income and

benefits provided for a score of years.

Many Analysts like statistics and this chart tells a happy tale. Between 1990 and 2009 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 is now in 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 governments to act with fiscal prudence, so it is especially good that we have done so.

## **OUR 2009 REPORT**

1. The Number of Covered Members includes 4425 active and 1609 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. There was no contractual increase in welfare fund contributions for 2009, nor as of this writing, for 2010 either.
3. Our Welfare Fund Investments are conservative (federal bills, notes etc). As a result, our investment income was not seriously affected by the current national economic crisis.
4. Total income is the contract rate plus investment income.
5. Our Life Insurance benefit is \$50,000 for active and \$5,000 for retired members.

6. Our Long Term Disability insurance premiums have been low and going lower due to a switch in carrier. As of May 1, 2010, we signed again with the same company and both lowered costs and improved the benefit. As of 5/1/10, any member newly disabled after that date will receive a payout of \$1,000 per month (after the six month waiting period), no longer 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 rose to \$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 also get a second pair, VDT glasses, at the same time, with a form from your employer.
8. Our Superimposed Major Medical benefit is one of our self insured benefits. This past year was a surprise. It was our lowest cost year in 20 years. That is very good, twice over. The SMMP helps with excessive hospital and drug bills and since the program paid out less, it means a smaller number of us or our dependents were sick and hurting.

We would love to see still better results for 2010, but we should not count on it.

9. Our Dental Coverage is handled by Self-Insured Dental Services of Valley Stream, Long Island and they have done a very good job. Their Metrodent Panel provides a long list of dentists and the costs are controlled.

Controlling cost is very important for a self-insured fund, but it is not the only issue. The Trustees increased dental reimbursement for providers on 7/1/02 and also raised the annual limit from \$2,500 to \$3,000 per member or dependent on 7/1/03. As you can see from the chart on the front page, these increases led to an increase in per capita cost from almost \$500 in 2001 to nearly \$800 in 2004.

Thereafter, the increase in per capita cost leveled off and the trustees felt it was possible to adjust the dental benefit once more. Our existing benefit for implants had required adjacent teeth to be sound and natural. Numerous appeals had been received by the trustees on this restriction.

As a result, the trustees modified the rule as of 7/1/06. The new rule was "maximum one implant payable per plan year, two per jaw in a lifetime." This rule allows a maximum of four implants per individual. Please note, some members have already had two or more implants.

10. The Post-1999 Benefits are:

Pension Counseling, a popular benefit, with costs that are 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: \$.78**

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: \$18.04**

The Drug Rider Reimbursement for retirees is clearly the most expensive of the “Post ‘99” benefits. Medicare-eligible retirees get \$50 per month subsidy payable annually from the Fund toward the extremely high cost of drug riders for those over 65 years of age. **Cost: \$134.58**

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.

Last year’s results included the expected increase in post ‘99 benefits but these were somewhat offset by the decrease in Major Medical costs.

Why do we need reserves? We need reserves because our Welfare Fund is largely a self-insured fund. In 1989, OSA priced Dental and Superimposed Major Medical insurance through actual insurance carriers. The Dental estimates were nearly double the expected costs for self-insurance and the Major Medical was out-of-sight. We chose to follow the Management Benefits Fund example and self-insure.

The NYC Comptroller recommends a two-year reserve be held by all self-insured funds, and we have only recently approached that goal. In our first reporting year, 1990, the fund income from our contract was \$825 per capita. A two-year reserve would have been \$1,650 “in the bank.” (That year, we had \$33.11 “in the bank.”)

For 2009, the contract rate remained at \$1,575 and a \$65 potentially recurring contribution came in as well. Our total receipt was \$1,640. A two years reserve would be \$3,280 per member. The OSA Welfare Fund now has over a twenty-four month reserve at that rate and has achieved the City Comptroller’s target for union-sponsored welfare funds.

On behalf of the trustees and staff, fraternally,

*Sheila Gorsky,*  
Fund Administrator

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and Vojna Stanic-Geraghty  
Member Benefits

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