

2020/2021 YEAR IN REVIEW



1199SEIU Funds
Benefit and Pension

National Benefit Fund and Health Care Employees Pension Fund Executive Director's Report • June 17, 2021



111,738
ACTIVE MEMBERS IN 2020



126,576

SPOUSES AND KIDS IN 2020



81,700

RETIREES IN 2020

WE WELCOMED **4,626** NEW MEMBERS INTO THE FUNDS

1,314

NYU Winthrop Hospital

1,168

New York Methodist Hospital – Nursing

824

NY Presbyterian Queens – RNs

665

**Saint John's Episcopal – Client Service
& Customer Relations Representatives**

502

Long Island Community Hospital

78

Excel at Woodbury – LPN

75

Vassar Diagnostics Lab, Health Quest

Pension Fund only: 78;
Benefit Fund only: 577;
Benefit and Pension: 3,971

Member 2020 Geography, Age and Gender



GEOGRAPHY DISTRIBUTION

New Jersey, 4.7%
Upstate NY (including Rochester), 16%
Long Island, 14%
Staten Island, 5%
Bronx, 18%
Queens, 16%
Brooklyn, 19%
Manhattan, 5%

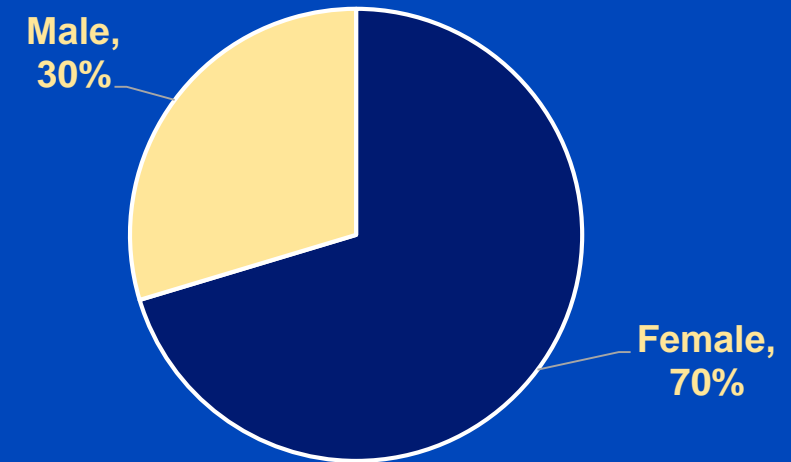


AVERAGE AGE

46.3



GENDER





HEALTH BENEFITS

Our Full, Comprehensive Benefits

No member payments toward premiums. No co-pays or deductibles when following plan rules.



COMPREHENSIVE HEALTH BENEFITS

- ▶ Medical
- ▶ Hospital Care
- ▶ Full Prescription
- ▶ Telemedicine
- ▶ Mental Health

ENHANCED HEALTH BENEFITS

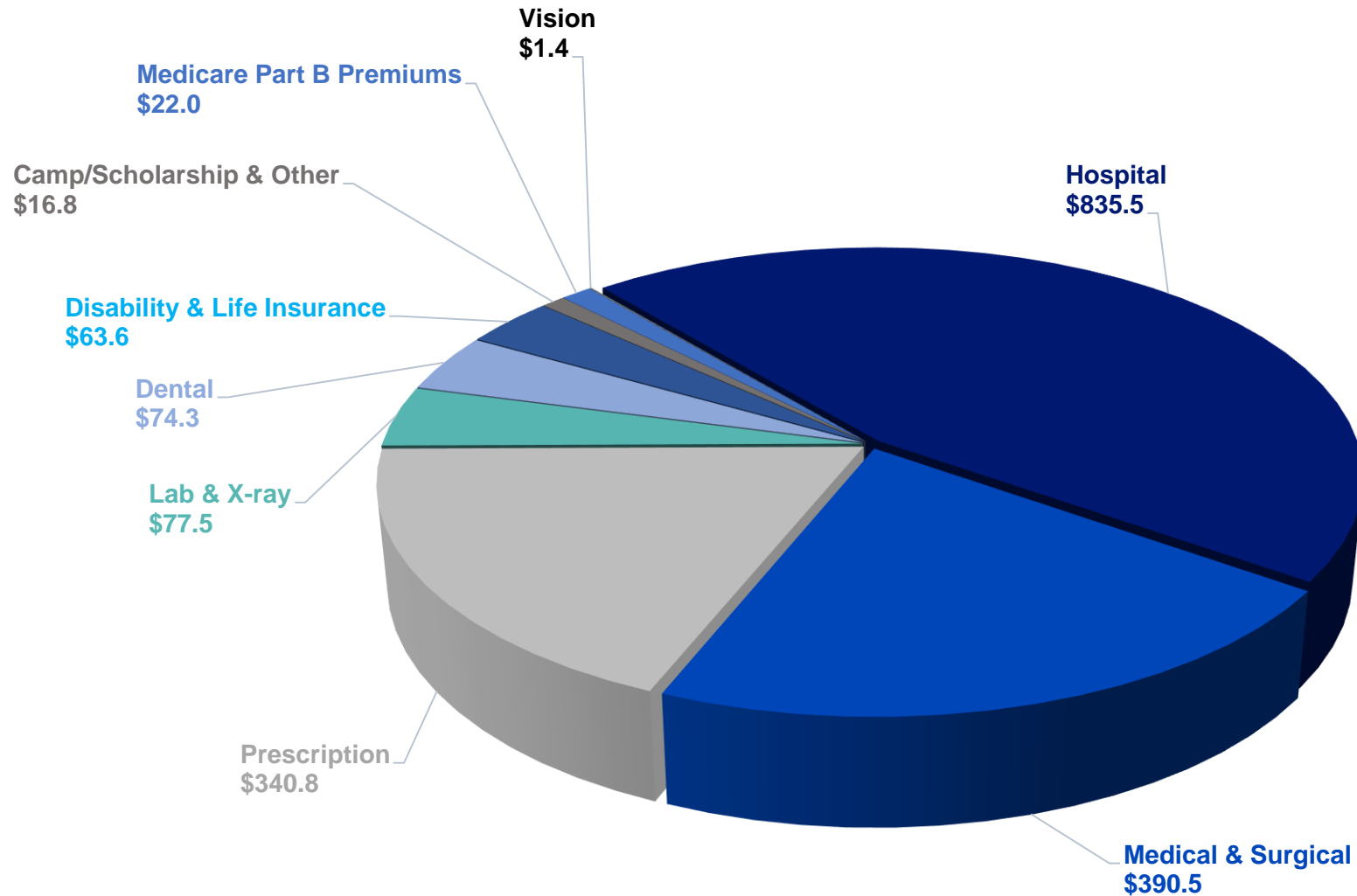
- ▶ Dental
- ▶ Vision
- ▶ Retiree Health Benefits

WHOLE-LIFE BENEFITS

- ▶ Life Insurance
- ▶ Disability
- ▶ Paid Family Leave
- ▶ Wellness and Member Assistance
- ▶ Citizenship/Financial
- ▶ Youth Programs

Applies to New York District members only.
Rochester District members have different benefits.

Total NBF Benefit Expenses 2020



2020 Total:
\$1,822,516,689

2019 Total:
\$1,784,662,119

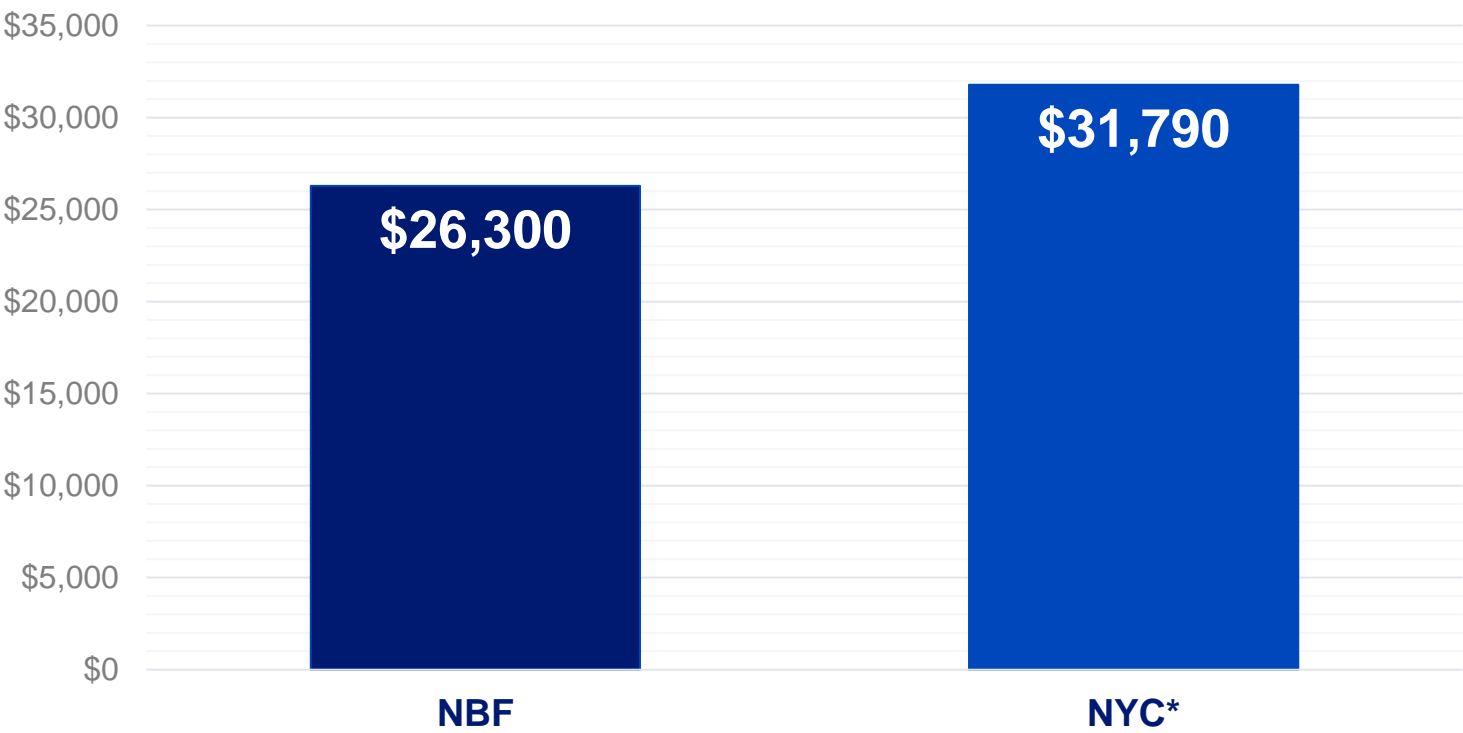


Values from Schedule of Benefits reported and approved for payment. Totals include reserves changes for 2020.

"Other" includes retiree services, wellness, citizenship, burial, EITC and the Patient-Centered Outcomes Research Institute fee.

Comprehensive Coverage at the Lowest Cost

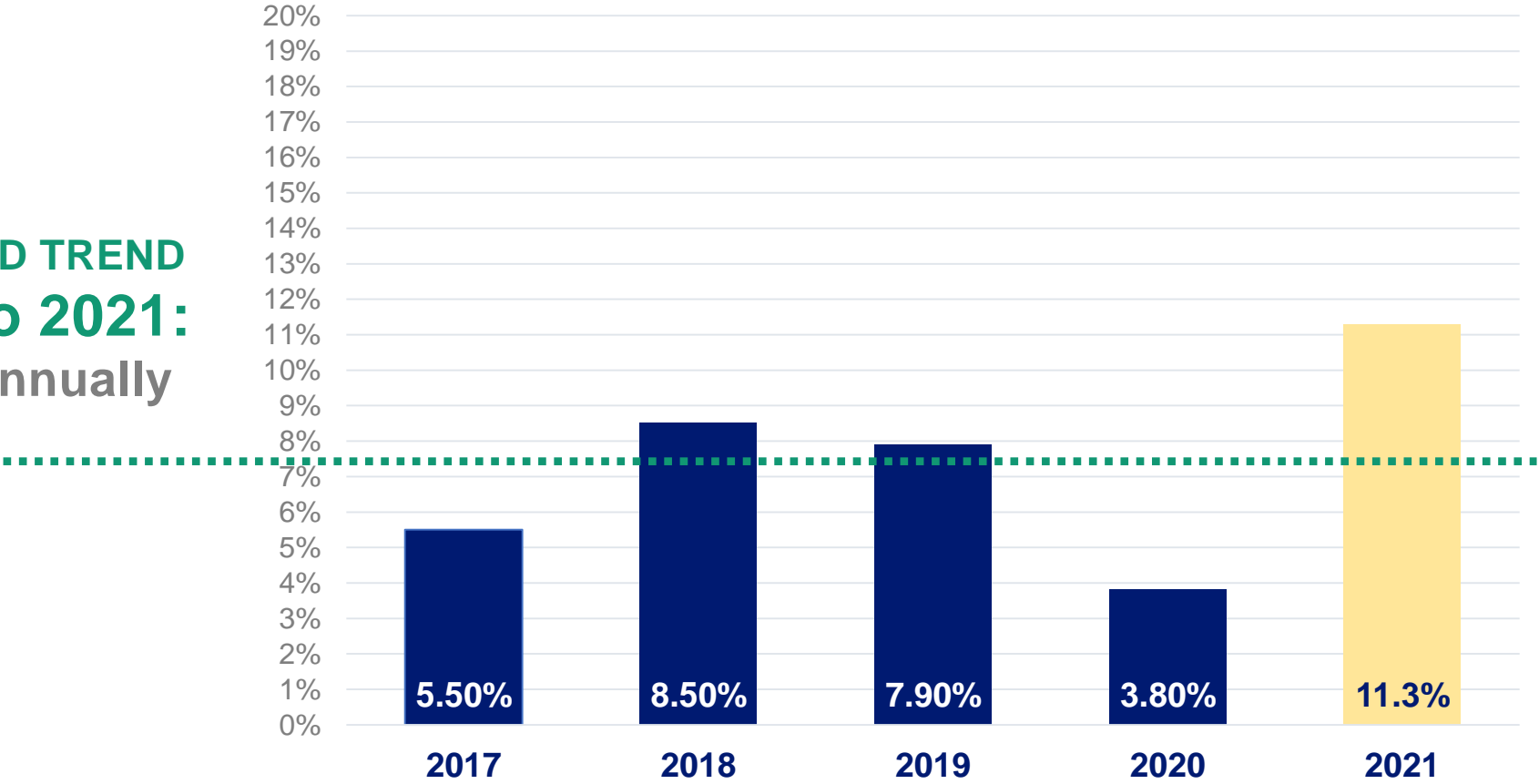
TOTAL HEALTHCARE COSTS FOR A FAMILY OF FOUR IN 2020



*2020 Milliman Medical Index
Costs shown are for NY employers only
Excludes Rochester

Assumed Trend vs. Total Projection Trend

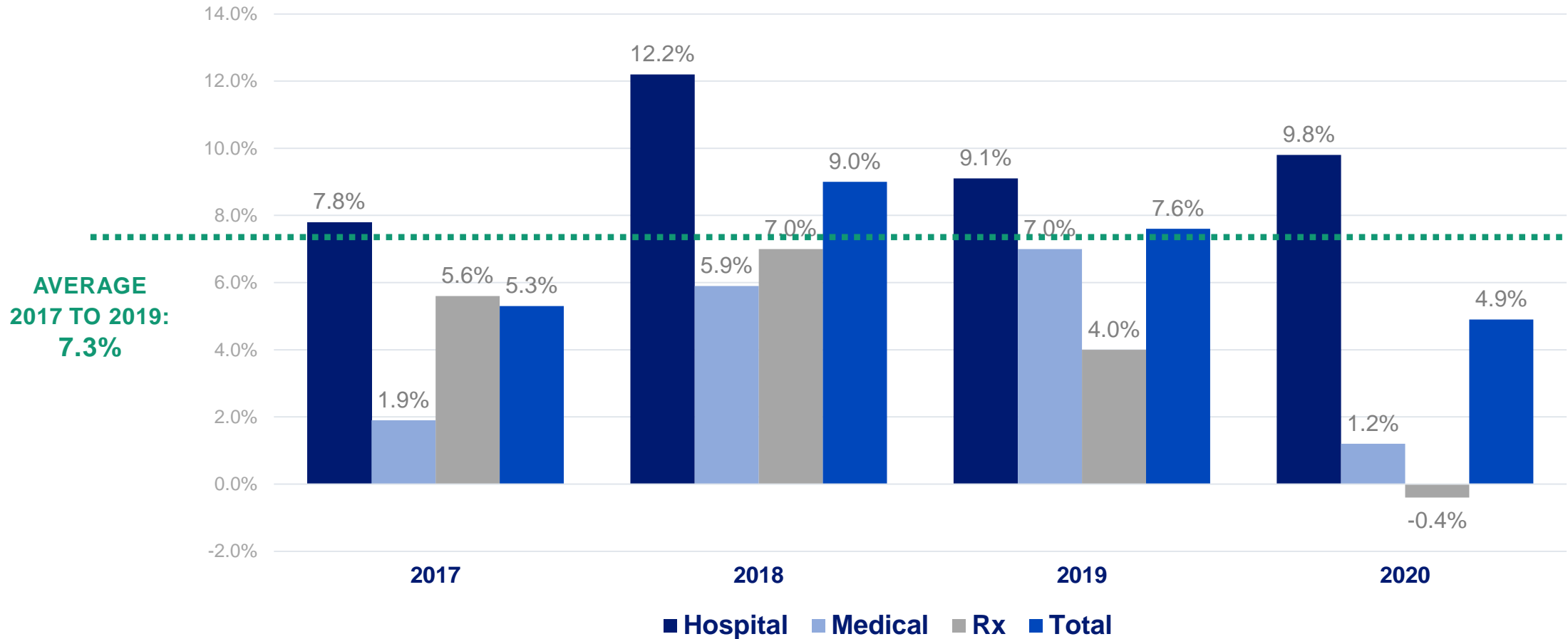
ASSUMED TREND
2019 to 2021:
7.5% annually



*2021 trend is projected. Assumed total projection trend was 7.0% through 2018, and 7.5% for 2019–2021. 2017-2019 From Milliman’s 2019 Annual Report. 2020 is from CAVIC Presentation by May 2021. Excludes Rochester









What Makes Up the Trend

HOSPITAL, MEDICAL, Rx ACTUAL PER-LIFE TREND



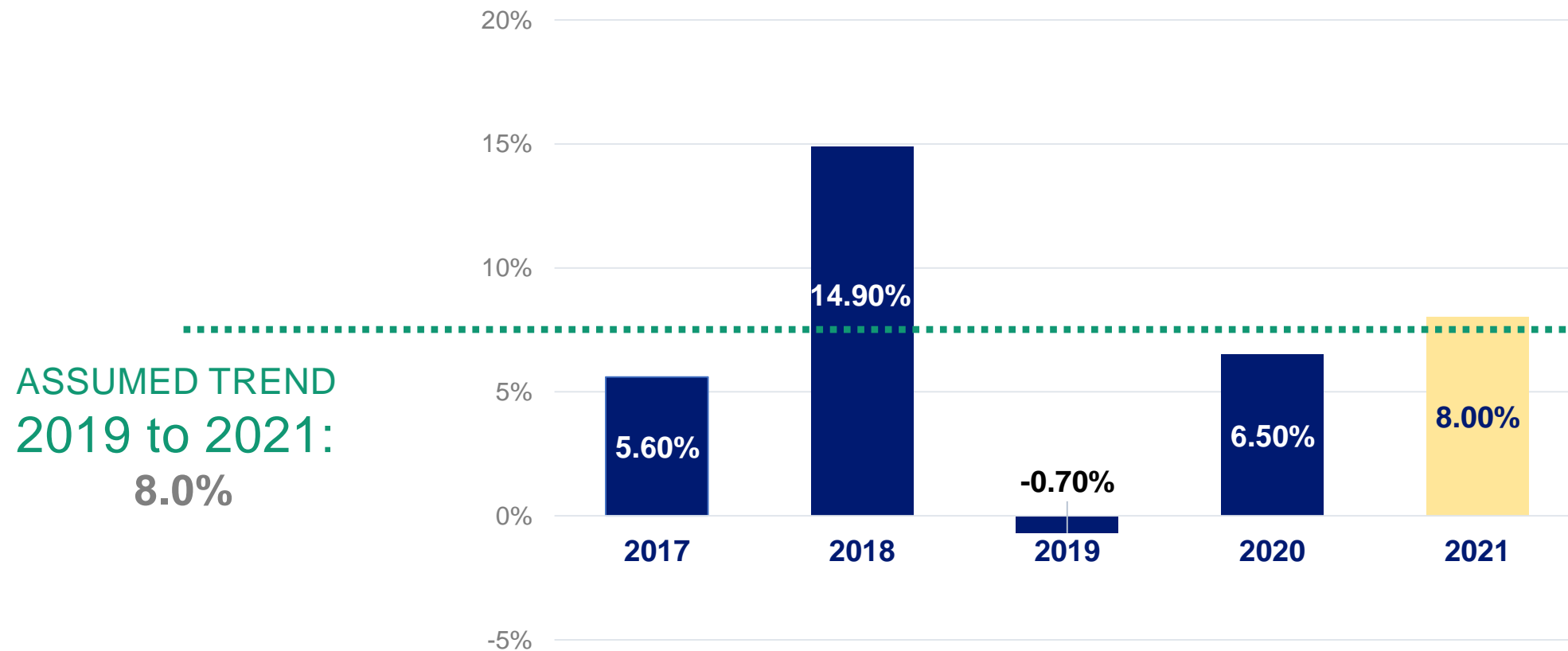
What Contributes to Trend

2020 CATEGORY TRENDS

CATEGORY	CATEGORY TREND	IMPACT TO TREND	NOTES
 Inpatient Emergency	31.6%	4.2	Increase driven by COVID-19-related, inpatient admissions, claims volume trends turned negative since May. 2020
 Inpatient Elective and Other	-9.2%	-1.0	Negative claims volume trend since July.
 Outpatient Surgery	-9.4%	-0.8	Negative claims volume trend from October. 4Q20 is slightly higher than 4Q19.
 Emergency Room	-7.7%	-0.4	Negative claims volume trend through Dec.
 Physician Office	-12.4%	-2.3	Negative claims volume trend through Dec.
 Urgent Care	36.7%	0.5	Increase continued through Dec.
 All Other Hospital and Medical	4.3%	1.0	Increase since July 2020.
 Rx Net of Rebates	-0.4%	-0.1	

Based on paid claims through April 2021; trend may be materially different once further claims run-out is available.
 All categories except Rx reflect trend for NBF-NY Active Wage Class 1 lives. Rx includes retirees.

Assumed Trend vs. Total Projection Trend NBF–Rochester



Care and Value Improvement Programs

PHARMACY: \$185.5m

- ▶ Clinical Outcomes Management
- ▶ Value-based Plan Design
- ▶ Re-bid PBM Contract

HOSPITAL/MEDICAL: \$34.5m

- ▶ Clinical Outcomes Management
- ▶ Utilization Management
- ▶ Network Management

OTHER PROGRAMS: \$104.7m

- ▶ Dependent Eligibility Verification
- ▶ Medicare Advantage Contracts

PROGRAM SAVINGS, 2018–2021

\$302m

CBA TARGET

\$324.7m

CURRENT PROJECTED

Care and Value Improvement Programs: 2020 Dependent Eligibility Verification–Spouses

Total spouses prior to the program	51,290
Initial Terminated	5,329
Reinstatements as of June 9, 2021	982
Percent terminations of total in program	8.5%

Cost Savings History



CBA PERIOD	2004–2009 (4.33 YEARS)	2009–2014 (6.33 YEARS)	2014–2018 (4.75 YEARS)	2018–2021 (3.75 YEARS)
Target	\$120m	\$199m	\$279m	\$302m
Actual	\$264m	\$370m	\$293m	\$325m
Ratio	2.20	1.86	1.05	1.08
% of Total Spend	8.6%	5.8%	4.6%	7.5%

Actual for 1/1/2004–4/30/2008: Milliman letter dated June 20, 2013 (showing 1/04–12/08, pro-rated to 4/08).

Actual for 1/1/2009–4/30/2015: Milliman letter dated September 18, 2014.

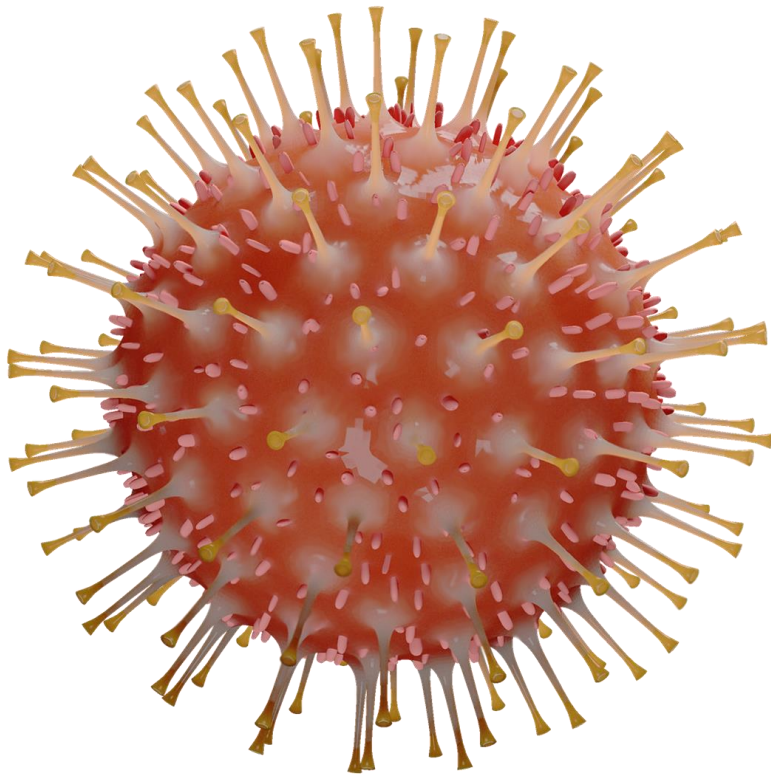
Actual for 1/1/2018–9/30/2021: Milliman letter dated May 28, 2021.



2020: The COVID-19 Year

Trustee Emergency Authorization

TEMPORARY MODIFICATIONS OF PLAN RULES



- i. Paid Family Leave for COVID-19
- ii. COVID-19-related Testing — No Co-pays
- iii. Pension Funds' Return to Work for Retirees
- iv. COBRA Election Period Extension

- i. Inpatient Hospital COVID-19-related Add-on Payments

- i. EXTENSION OF COVERAGE AFTER PAID LEAVE
- ii. EXPANSION OF TELEHEALTH

- i. Inpatient Hospitalization Utilization Management — Suspended
- ii. Outpatient Prior Authorization — Suspended

Our Industry Fills the Need: Members Value Extended Telehealth Benefit: 2020

5,723

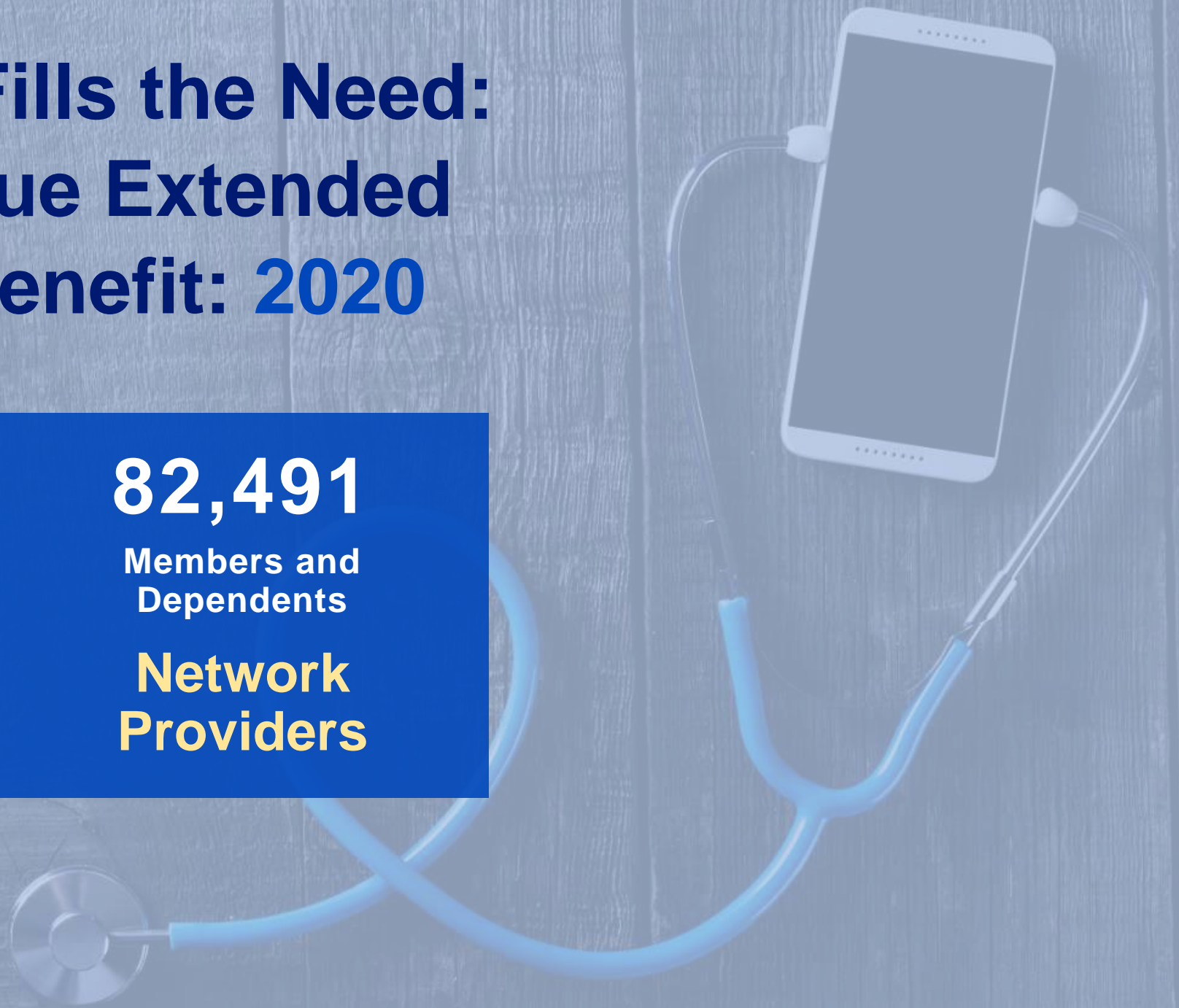
Members and
Dependents

Teladoc

82,491

Members and
Dependents

**Network
Providers**



Members Benefit from Emotional Support

**ALL OF
2020**

20,012

**Members and
Dependents**

Q1

2021

10,992

**Members and
Dependents**





PENSION BENEFITS



Our Pensioners 2020

81,700

TOTAL PENSIONERS

(56,849 Receiving
Health Benefits)

5,094

**NEW PENSIONERS
IN 2020**

*Current requirements for a full pension are retired at age 62.5 with 25 years of service. Full pension count includes early retirees with an unreduced benefit, disability pensioners and surviving spouses.

A Secure Pension Benefit in Retirement 2020

10–19
YEARS OF SERVICE

24,800
PENSIONERS*

\$738
AVG. MONTHLY BENEFIT



20–29
YEARS OF SERVICE

16,276
PENSIONERS*

\$1,516
AVG. MONTHLY BENEFIT



30+
YEARS OF SERVICE

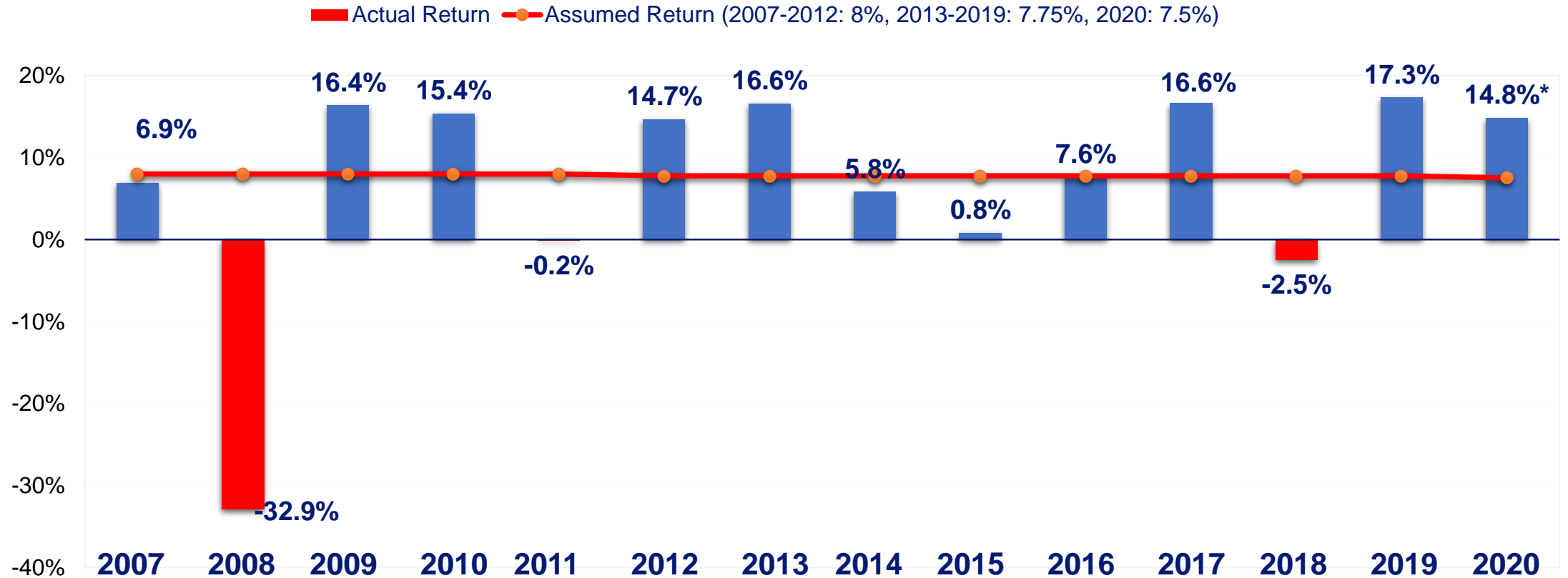
7,604
PENSIONERS*

\$2,522
AVG. MONTHLY BENEFIT



Asset Performance, 12/31/07–12/31/20

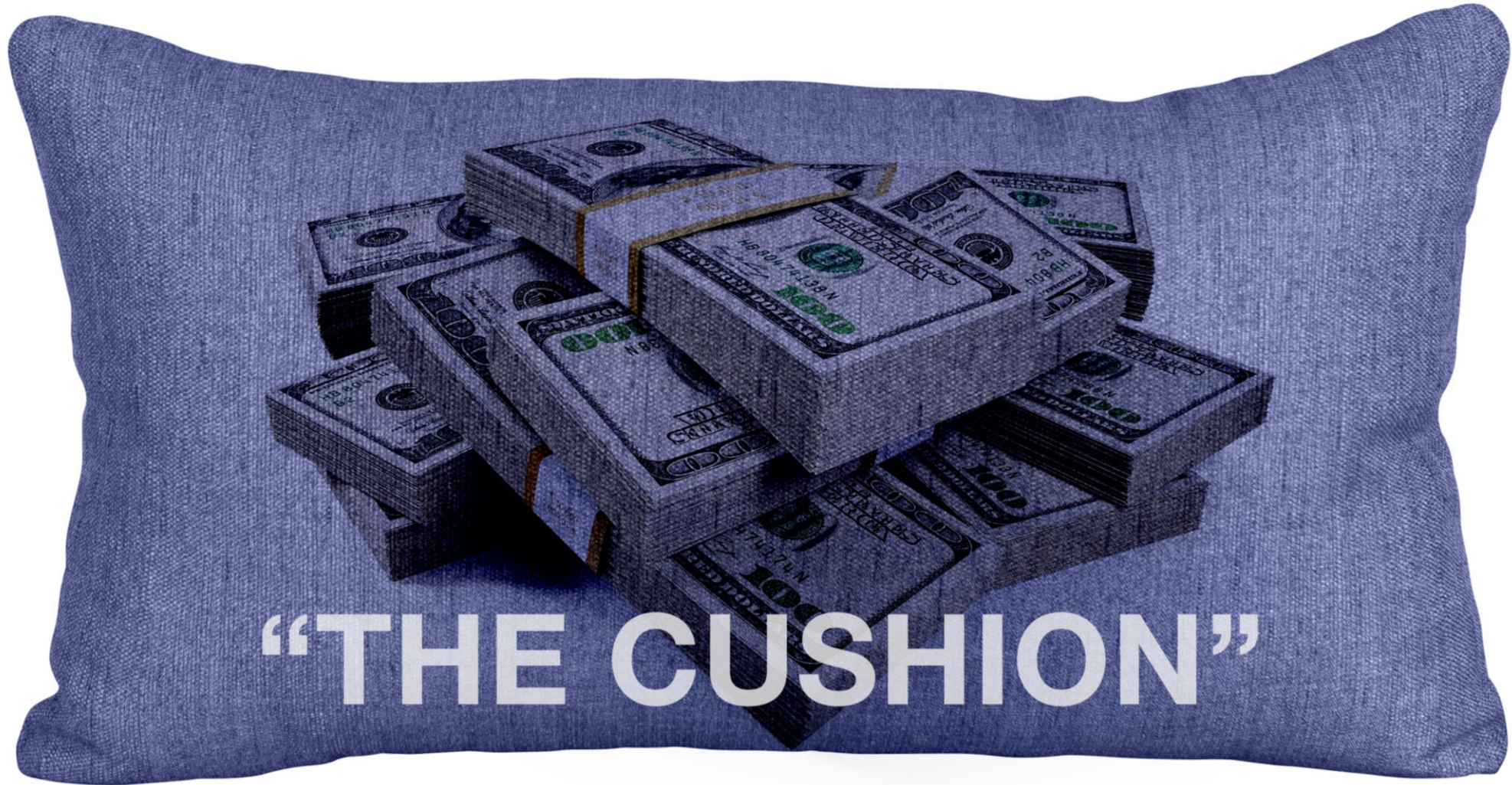
MARKET VALUE INVESTMENT RETURNS



2007–2019 from Milliman valuation reports.

*2020 is preliminary and may change in final Milliman report.

Health Care Employees Pension Fund Status



“THE CUSHION”

15.0%

“Cushion”: Where We Are Now

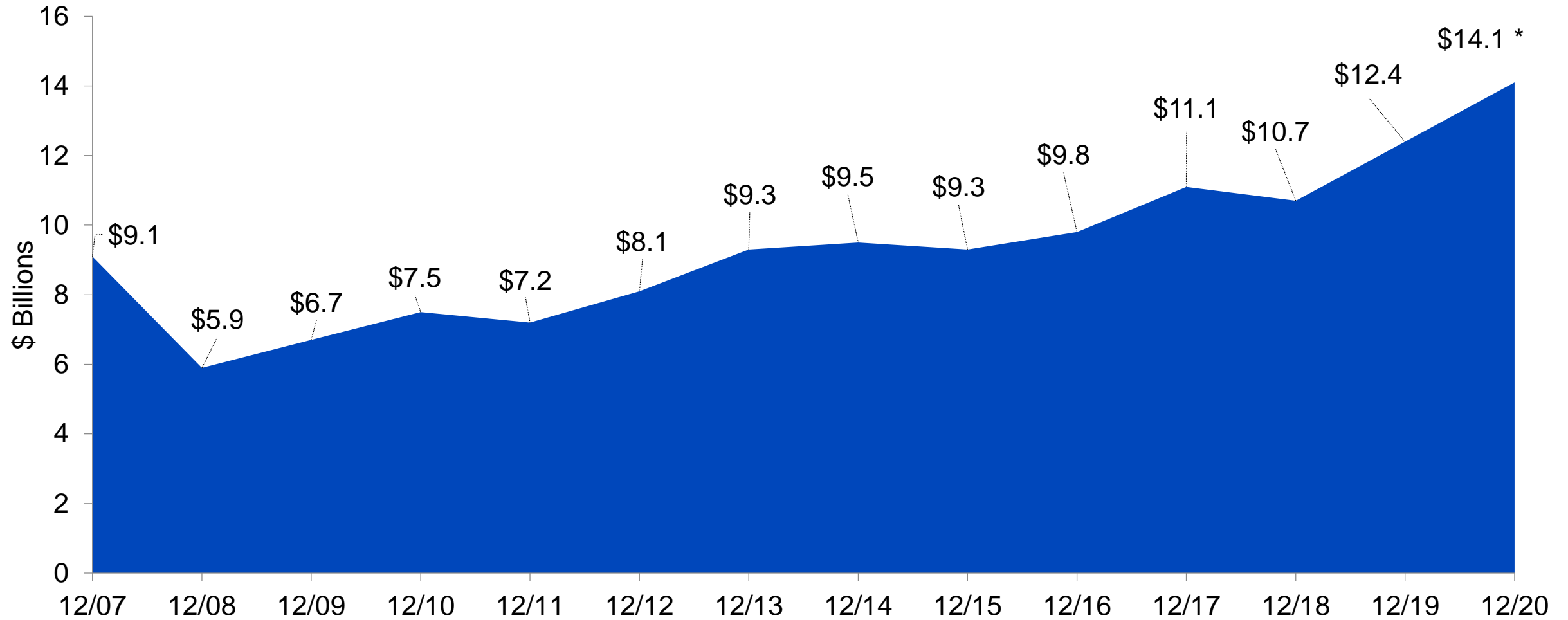
Original cushion as of 1/1/2018	15.0%
Actual cumulative investment return for 2018-2020 was HIGHER than expected ¹	6.4%
Updated Valuation Results ²	-6.9%
Remaining cushion as of 1/1/2021 ³	14.5%

1) Actual cumulative return for 2018-2020 is estimated to be 31.2%. Expected cumulative return for 2018-2020, assuming 7.75% annual returns for 2018 and 2019 and 7.5% for 2020, was 24.8%.

2) Reflects 2021 valuation data and assumptions including updated mortality assumption and lowering the long-term return assumption from 7.75% to 7.50%, as well as liability losses for 2018-2020.

3) Assumes cushion parameters similar to the prior cushion.

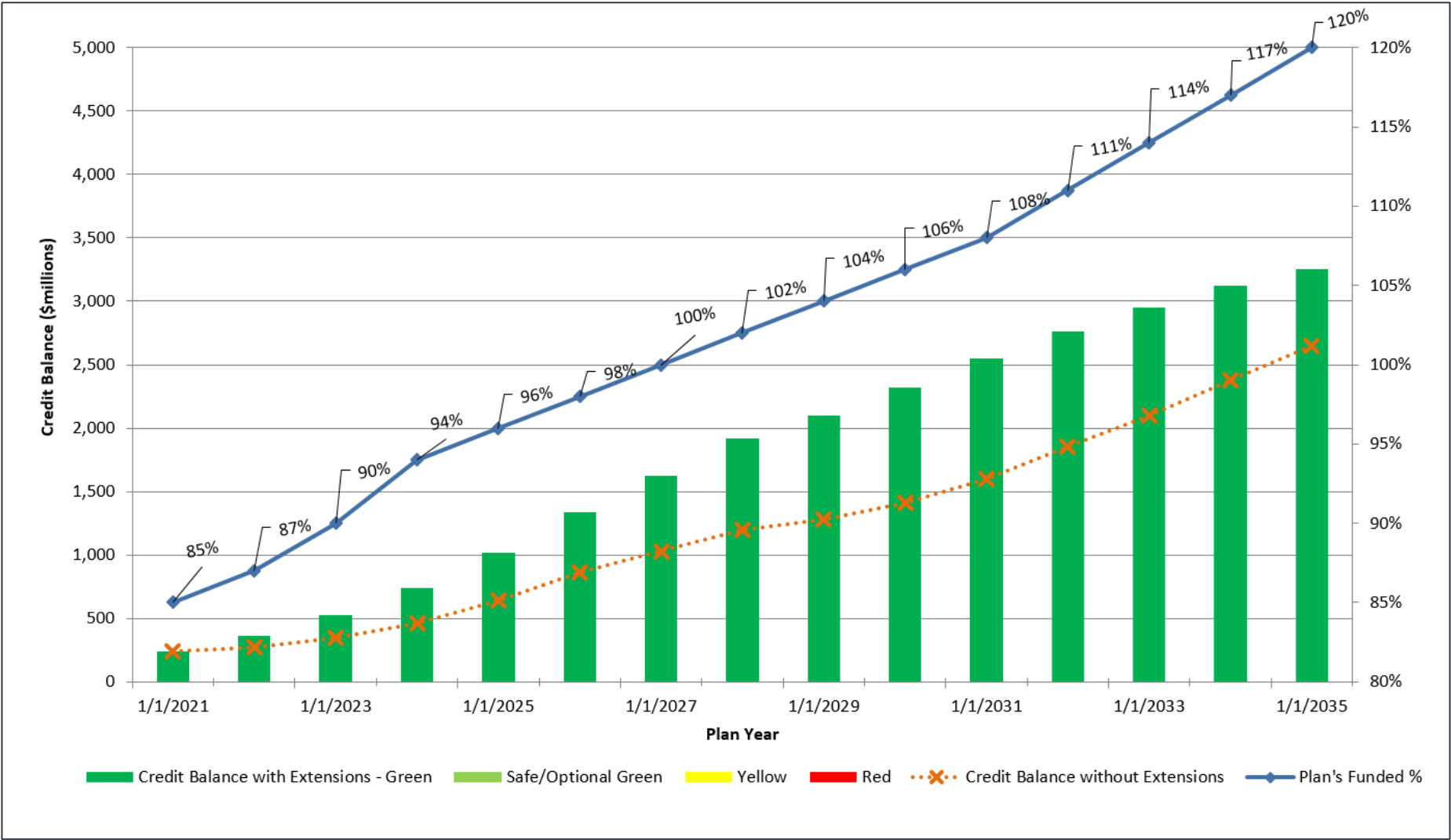
Pension Fund Assets 2020



*2020 is preliminary and may change in final financial statements.

Projected Credit Balance and Funded Percentage 2020

ASSUMES 7.5% ASSET RETURN FOR 2021 AND EACH YEAR BEYOND





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