

Superior Officers Council

Captains Endowment Association

Lieutenants Benevolent Association

UPDATE



POLICE DEPARTMENT OF THE CITY OF NEW YORK

JANUARY 2011

TRUSTEES

ROY T. RICHTER

THOMAS SULLIVAN

CHRIS MONAHAN

LOUIS TURCO

A MESSAGE FROM THE TRUSTEES

This Update edition continues our annual tradition of updating you on important changes being made to your Health & Welfare Fund benefits. The most important area to focus on this year is the dramatic improvement in the financial stability of both our Funds.

We are pleased to inform you that for the fiscal year ending June 30, 2010, our Retiree and Active Funds operated at a surplus of more than \$2.4 million and \$600,000 respectively. The surplus in our Retiree Fund returned the Fund to "solvent" status after three years of being marked "insolvent" by our auditors. Moreover, fiscal year 2010 marks the first time in eight years that our Health & Welfare Funds have each been able to increase their reserve balances. This return to financial stability is most dramatic when you review our fiscal year end surplus and deficits over the past eight years in the chart below.

SOC Health & Welfare Funds Fiscal Year End Surplus/(Deficit)		
	Retiree Fund	Active Fund
FY2003	(\$937,263)	\$177,871
FY2004	(\$995,984)	\$104,816
FY2005	(\$972,516)	\$145,310
FY2006	(\$810,788)	(\$308,631)
FY2007	(\$65,198)	(\$687,933)
FY2008	\$196,407	(\$800,769)
FY2009	\$416,170	(\$400,949)
FY2010	\$2,497,455	\$604,273

Our repeated annual operating loss placed in jeopardy our ability to provide all the core benefits you have grown accustomed to. Instead of eliminating benefits, we cut costs by engaging in a comprehensive competitive bidding process for our Drug, Dental and Eyeglass benefits. In many instances this

process enabled us to improve benefits to you and realize a lower cost to the Fund.

In 2011 we have consolidated our eyeglass benefit for our members. This consolidation, more fully detailed inside this edition, maintains the existing benefit for Active members and has improved the benefit for our Retired members by utilizing an increased volume buying power with Davis Vision.

The SOC Annuity Trust Fund has undergone a dramatic transformation over the last two years. We have been fortunate to make this transformation in what turned out to be a positive investment environment. We liquidated the old Annuity Fund in March of 2009 and transferred \$109 million in assets to our current self-directed low cost Annuity Fund. On January 6, 2011, the writing of this article, our Annuity Fund asset balance exceeded \$200 million. This is the highest recorded balance in our Fund's history. We also know members need trustworthy and knowledgeable guidance when making retirement decisions. For this reason the Trustees have added a new benefit in 2011 by engaging the services of a Certified Financial Planner to provide specific guidance to retiring members who are making their final retirement decisions. This benefit is detailed on page 7 of this edition.

We will continue to examine all areas of our Health & Welfare benefits with a goal of continuing to deliver services to you that get the most out of contributions received on your behalf to the Fund. This work is never complete and requires relentless follow-up. Please share with us any questions, concerns, or recommendations you may have through our direct e-mail link that can be found on your union web site.

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Health & Welfare Funds



A MESSAGE FROM YOUR UNION PRESIDENTS

ROY T. RICHTER, PRESIDENT
CAPTAINS ENDOWMENT ASSOCIATION

THOMAS SULLIVAN, PRESIDENT
LIEUTENANTS BENEVOLENT ASSOCIATION

There were a number of factors that enabled us to add more than \$3 million to our Active and Retiree Health & Welfare Fund reserve balances in the fiscal year 2010. This year marked our implementation of many changes to our Funds to improve efficiency and receipt of various pockets of revenue that our Fund previously missed out on.

One important new revenue source we obtained is prescription drug rebates from major pharmaceutical manufacturers. During 2008, we competitively bid our prescription drug benefit and discovered rebate dollar revenue existed and was not disclosed to our Funds by the previous Prescription Benefit Manager (“PBM”), Empire Blue Cross. We made it a condition of a new contract that 100% of rebate dollars realized by our PBM due to our members’ drug usage be returned to our Funds.

In fiscal year 2008, we received no rebate money. In fiscal year 2009, we realized \$772,200 in rebate dollars and in fiscal year 2010, we received \$1,121,148 in rebate dollars.

Empire Blue Cross was terminated as our PBM on December 31, 2008. The SOC had commenced a lawsuit against Empire in 2009 seeking the recovery of more than \$6 million in lost rebate money. Our lawsuit received an unfavorable ruling in the NYS Supreme Court that cited minute contract language in favor of Empire. This decision is currently on appeal and we remain outraged at Empire Blue Cross’ failure to disclose this substantial revenue stream in any of the more than 20 years Empire managed our drug benefit.

Due to the dire financial crisis facing our Health & Welfare Funds, the NYC Comptroller subjected both our Active and Retiree Funds to an extensive six-month audit in 2009. We welcomed this audit as it identified many inefficiencies of our Fund and better equipped us to make changes in

the staffing of our Welfare Funds and methods we used to process the claims and welfare contributions received on behalf of our 9,800 active and retired members.

Last year we published a synopsis of the Audit results and the SOC response. Inside this edition, we are publishing our one-year review of implemented changes we reported to the Comptroller. We also hired a new independent auditor of our Welfare Funds. As a by-product of our extensive analysis of our Welfare Funds, we discovered more than \$400 thousand in missing Welfare Fund contributions from the City. The City agreed with our discovery and is processing the appropriate payment.

Another area of improvement was our Funds’ annual application for Drug Subsidies from Medicare. With advice from expert counsel, we changed our plan design and qualified for a higher subsidy amount. This change improved benefits for Medicare eligible participants by increasing their annual prescription drug cap by 40% to \$10 thousand. In fiscal year 2009, our Medicare Drug subsidy was \$543,218; in fiscal year 2010, this Medicare Drug subsidy was \$1,192,268.

Finally, the passage of the “James Zadroga 9/11 Bill” was especially important to us. In 2009, we identified more than \$1 million in drug costs attributable to pulmonary medicine taken by our active members who responded to the terrorist attacks on September 11, 2001. We continue to contact these members and encourage them to utilize the WTC Mount Sinai clinic for treatment of their ailments. This clinic is funded by the federal government and provides free prescription medicines to our first responders. The WTC Mount Sinai clinic’s survival in the near future is guaranteed by passage of the “James Zadroga 9/11” law.

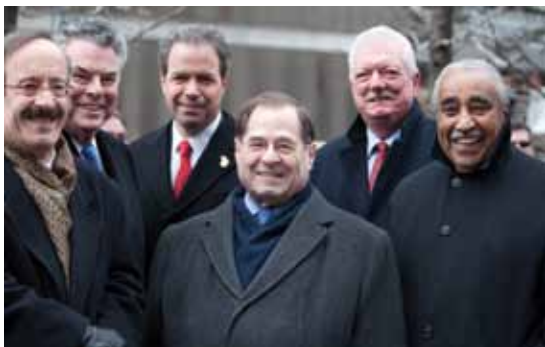
“There were a number of factors that enabled us to add more than \$3 million to our Active and Retiree Health & Welfare Fund reserve balances in fiscal year 2010.”

It took years of fighting an uphill battle, but at the end of the 2010 Congressional session, the Senate finally passed its own version of the 9/11 Zadroga Health Care bill. Within hours, the House of Representatives, which earlier had passed a separate version, was called back into session and voted overwhelmingly in favor of the new version. These events led to what is now our nation's new James Zadroga 9/11 Health and Compensation Act.

The legislation, which the President signed into law on January 2, will cover the cost of medical care for rescue workers and others who became sick from toxic fumes, dust and smoke after the 2001 attack on the World Trade Center.

"The events that took place on September 11, 2001, have not only become a part of history but an everyday health issue for our members across the United States. Law enforcement officers are literally dying of 9/11-related health issues: cancers, pulmonary and respiratory disorders are just some of challenges with which these brave men and women must contend as a result of carrying out their sworn duty to protect and serve on that fateful day nine years ago. Within the New York City Police Department alone, more officers have died since September 11, 2001 of related health conditions than fell in the line of duty in the attacks themselves. There are thousands more from nearly every State and Congressional District in the country who today are suffering from 9/11 health-related conditions," Richter and Sullivan told Legislators numerous times when lobbying for the bill's passage.

The needed votes came after prolonged aggressive lobbying by top New York officials and lawmakers, police and firefighter groups and 9/11 families, who argued that the nation had a moral obligation to provide medical assistance to rescue workers who spent days, weeks and even months at Ground Zero.



JAMES ZADROGA BILL SIGNED INTO LAW

The events that took place on September 11, 2001, have not only become a part of history but an everyday health issue for our members across the United States.

LBA President Tom Sullivan is one of many speakers who addressed the crowd at the Zadroga 9/11 Bill Signing Ceremony that took place at the end of December. CEA President Roy Richter looks on with Congresswoman Carolyn Maloney.

The bill's passage was greatly reliant on the support provided by New York's Senators Kirsten Gillibrand and Charles Schumer, as well as Harry Reid (Nevada), and Mitch McConnell (Kentucky), New York Representatives Congresswoman Carolyn Maloney, Congressman Peter King and Congressman Jerry Nadler. Senator Kirsten Gillibrand, one of the bill's chief proponents, said: "Our Christmas miracle has arrived. To the firefighters here, the police officers here, everyone involved in the recovery, all the volunteers, the family members: Thank you! It was your work, it was your heroism, it was your dedication that made the difference. It was your effort, coming here week after week to tell senators and Congress members about your stories and what you went through."

The new bill will reduce the cost of the original legislation to \$4.3 billion, \$3.1 billion less than a recent \$7.4 billion deal. The 9/11 health measure calls for providing \$1.8 billion over the next five years to monitor and treat injuries stemming from exposure to toxic dust and debris at Ground Zero; New York City would pay 10 percent of these costs. There are nearly 60,000 people enrolled in health-monitoring

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Pictured from left: Congressman Eliot Engel, Congressman Peter King, CEA President Roy Richter, Congressman Gerald Nadler, LBA President Tom Sullivan, and Congressman Charles Rangel at the press conference held Thursday, December 23, 2010 at 7 World Trade Center.

Prescription Solutions looks forward to serving you! Effective November 19, 2010, Prescription Solutions replaced Innoviant Pharmacy as your Prescription Benefit Manager. This completes Innoviant Pharmacy's transition into Prescription Solutions, which began in 2008 when United-Health Group acquired both Innoviant and Innoviant Pharmacy.

As Innoviant transitions into Prescription Solutions, you will see our Prescription Solutions name and logo more often. Your pharmacy benefit plan ID card is not changing, so you can continue to use the same ID card if you choose to fill prescriptions through a retail pharmacy. You will receive the same SOC plan benefits. In addition, you can use the same 1.877.559.2955 phone number and your calls will still be primarily answered by the Wausau, WI service center.

Mail Order Changes

For your convenience, current prescriptions have moved to Prescription Solutions® Mail Service Pharmacy. If enrolled in the Mail Order Pharmacy, you will receive a Personalized Prescription Order form that will list your transferable prescriptions with refills remaining with Innoviant Pharmacy. To order your transferred refills from Prescription Solutions:

1. Review the prescription numbers and re-order dates on your Prescription Reorder Form. Note: Not all prescriptions are eligible to transfer. If you filled a medication through Innoviant Pharmacy that does not appear on your Prescription Reorder Form, you must get a new prescription to fill through Prescription Solutions.
2. On the Prescription Reorder Form, check the box for each prescription you need to refill
3. Mail the completed Prescription Reorder Form to Prescription Solutions along with your check, money order or credit card number for your copayment. Coverage is subject to your current pharmacy benefit plan.

After using the Prescription Reorder Form for your first refill order, choose from several convenient options to order future refills:

- Online at www.PrescriptionSolutions.com (when you order refills online, you'll receive convenient email reminders when it's time to refill your medication)
- By calling Mail Service Pharmacy Customer Service at 1.800.562.6223
- Complete the reorder form and return to Prescription Solutions for processing

Medication orders should arrive within seven days of Prescription Solutions receiving your complete order information.

IMPORTANT INFORMATION ABOUT YOUR PHARMACY BENEFIT



If you have any questions about mail service, we encourage you to call us at 1.877.559.2955. Customer Service Advocates are available to assist you 24 hours a day, 7 days a week, or you can contact your Health and Welfare Fund office at 212.964.7500.

In January 2010, our Funds made changes in our drug plan to further encourage the use of generic prescription drug medications. It is anticipated these changes will help the SOC Fund avoid financial collapse while improving the benefit for many participants. However, the Trustees acknowledge our responsibility to provide a safety net for those members experiencing catastrophic medical conditions. For that reason, we have not changed the annual family cap in the respective plans (and improved it for Medicare eligible retirees) or the maximum out-of-pocket costs for families with large drug usage. Once a member has reached the maximum out-of-pocket costs in the year, they will pay no drug payments up to the family cap.

ACTIVE PLAN

CURRENT PLAN

Co-Payments: generic 5%; brand 30%

Annual Family Cap: \$10,000

Maximum out of pocket family: \$2,500

RETIREE PLAN

CURRENT PLAN

Co-Payments: generic 5%; brand 35%

1st \$125 in drug spend: 100% co-pay

Optional Dependent Children
Coverage: Continued

Annual Family Cap: \$7,000

Maximum out of pocket family: \$3,000

For Medicare eligible participants

Individual annual cap: \$7,000

Family Cap: \$10,000 (annual cap for
Medicare eligible retiree families)

SUPERIOR OFFICERS' COUNCIL DRUG PLAN



CERTIFICATION FOR COVERAGE OF ADULT CHILDREN UP TO AGE 26

Effective January 1, 2011, Federal Health Care Legislation requires essential health benefits (includes only the prescription drug coverage provided by the Fund) coverage be extended for current **active** members' qualified adult child(ren) up to age 26 regardless of their financial dependency on the active member, residency with the active member, marital status, student status, or employment status. The Health Care Legislation does not apply to the SOC Retiree Health & Welfare Fund.

Coverage will not be extended for adult children up to age 26 who are eligible for other coverage through another employer sponsored plan, whether it is the adult child's employer or his/her spouse's employer. When a child of an active member turns 26, their coverage will end the day prior to their birth date. (For example, child turns 26 on July 17, 2011, the last day the plan must cover the child is July 16, 2011.)

If your adult child(ren) previously lost Fund prescription drug plan coverage because he/she "aged out", and he/

she is not yet 26 years old, you will have an opportunity to enroll your child(ren) during the period of January 1, 2011 through February 28, 2011 with an effective date of January 1, 2011.

To enroll your adult child(ren) up to age 26, you must complete a "Request for Coverage of Adult Children to Age 26" and submit to the Superior Officers Council Health and Welfare Fund Office. The form can be obtained from our website at www.nypdsoc.com; or by calling the SOC office.

The SOC Health and Welfare Fund has applied for, and been granted, a waiver from the remaining provisions of the Federal Health Care Legislation from the United States Department of Health and Human Services. This waiver will remain in effect until the year 2013.

If you have any questions regarding enrollment for adult dependents to age 26, please contact the Fund Office at 212.964.7500.

ANNUITY FUND

The Trustees have made significant enhancements to the Superior Officers Council Annuity Trust Fund. You should now be accustomed to receiving statements of your account within a few weeks of the close of each calendar quarter. The changes to the Fund have been dramatic and bear quick review.

A Daily Valuation Account administered by The Principal Financial Group in which the individual member may self-direct your investment election from among 18 investment options. You may make changes among investment options or change your investment direction for future contributions anytime. The SOC Trustees monitor the choice of investment options as well as the SOC Balanced Fund mix and recommend changes when appropriate after conferral with the investment consultant, Stone Street Equities. The account is valued on a daily basis. Members have online access to their account information, investments, making changes and much more. These services can also be activated via telephone at Principal's "Teletouch" 1.800.547.7754.

The SOC Trustees not only created a new plan design for the Annuity Fund, but revised the SOC Trust Document that governs the operations of the Fund based on I.R.S. rules and regulations. The SOC hired a national retirement benefits law firm, Kilpatrick, Stocton LLP, to assist in drafting a new, modern Trust Agreement.

Some of the highlights are:

- Changed the Fund's retirement age from 59½ to age 55.

- Allow Distributions (Withdrawals) to be paid in installments. (periodic, monthly, etc.)
- Allow Beneficiaries to maintain an account with full member privileges in the event of a member's death.
- Ability to accept rollovers from other government N.Y. tax exempt retirement plans ie: Police Pension Fund "Final Loan" distribution and Banked Variable Supplement Fund.
- Designation as a government sponsored 401a retirement plan that allows the Plan to distribute withdrawals exempt from NYS and NYC income taxes.
- Allow retirees in their 40s to elect a "72t Distribution" [calculated at the Federal Midterm Rate] that is free from New York Income Tax and without the 10% early withdrawal Federal penalty.
- Provides for daily account valuation and quick turnaround for distribution requests (5-10 business days).
- Allows for Required Minimum Distributions to be paid at age 70½.

Your account information is easily accessible online! You only need the Superior Officers Council Annuity Trust Fund Plan ID number 710466 to get started! Simply go to www.principal.com, select PERSONAL from the Account Login box on the left-hand side, and click Go. Enter your username and password before clicking on the Login button.

If you are a first-time user, you need your Social Security number and the Plan ID number to establish your username and password, then answer the security verification questions. The web site is a one-stop resource for tools, information,

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UPDATE

and news to help make educated decisions and take control in planning for your future retirement. You can access account information, investment options, and historical information.

NEW BENEFIT AVAILABLE FOR THE ANNUITY FUND

Retirees May Deduct the Cost of Benefits

In 2006, Congress passed the Pension Protection Act (“PPA”), which contains many provisions that affect members of the SOC Annuity Trust Fund. Because participants in the Annuity Fund are Public Safety Officers as defined in the Pension Protection Act, special provisions allow the ability to exclude up to \$3,000 from the amount of income distributions reported to the Internal Revenue Service (“IRS”) for payment of premiums for accident or health insurance or long-term care insurance. The Principal Financial Group has established special procedures where Annuity Fund distributions can be paid directly to a qualified insurance provider to take full advantage of the PPA.

- Distributions used to pay premiums for a spouse and dependent children are also excludable.
- This exclusion can be made if the amount paid for the premium would have otherwise been included in your income and is deducted directly from your Annuity Fund balance.
- The maximum amount allowed by the PPA to be excluded is \$3,000; however the amount excluded may not exceed the actual amount paid.
- To claim this benefit, you must reduce the taxable benefit on line 16B of the 1040 by the amount of the exclusion and write “PSO” on the line for “public safety officer.”

This benefit information is provided as a courtesy to SOC Annuity Fund members and is based on the Fund counsel’s current opinion and understanding of the law, but does not constitute tax advice and should not replace the advice of a qualified tax professional. If you wish to take advantage of this benefit, please call the SOC Fund office for a PPA specific withdrawal form.

As part of the Superior Officers Council commitment to the financial success of its members, thru the Annuity Trust Fund, the SOC is pleased to provide an additional benefit.

SOC OFFERS CERTIFIED FINANCIAL PLANNING SERVICES

The SOC has engaged the services of a Certified Financial Planner® (CFP) to assist both active and retired participants with tax and retirement planning issues. After a selection process, the SOC has chosen Peter Thomann, a retired NYPD Lieutenant.

In addition to being a CFP®, Peter has a Bachelor’s degree in Accounting, a Master’s degree in Financial Planning, and over 10 years of experience advising NYPD members with their unique retirement planning needs.

As a NYPD member, Peter served for over 23 years in various commands throughout the city including the 28th Pct, 66th Pct, Police Academy, 30th Pct, 62nd Pct, and the Emergency Service Unit.

Peter is available to provide one-on-one retirement counseling sessions on a wide variety of topics:

- SOC Annuity distribution rules
- SOC Annuity IRC 72(t) election
- Increased-Take-Home-Pay
- 50% additional deductions
- NYC Deferred Compensation Plans
- Defined benefit (VSF) DROP
- Final pension loan
- Beyond 20 years of service
- Federal/NYS tax laws
- Distributions/rollovers/conversions of retirement plans

Peter’s contact information:

Peter Thomann, CFP®
Thomann Tax & Asset Management, Inc.
1688 Victory Blvd. Suite 200
Staten Island, NY 10314
718.720.1712 or 718.619.0340
info@nycinvestmentadvice.com
www.nycinvestmentadvice.com

DAVIS RETIREE

The Superior Officers Council Retiree Health Benefits Fund is pleased to announce an enhancement to our vision care benefits effective January 1, 2011. In an effort to provide our retirees with the greatest possible value while significantly enhancing our vision care benefit, the trustees have elected to add Davis Vision as one of our vision care providers.

Vision benefits provided by Davis Vision will be provided as an in-network only benefit whereby an eye examination, frames/lenses or contacts lenses can be obtained at any of the available participating providers. If you choose to use Davis Vision for your optical benefit, **you will not be required to obtain a vision voucher from the SOC Benefits office and can access your benefit directly from your provider of choice.** You simply present the enclosed ID card and your electronic eligibility will appear on your provider's screen. It's that simple.

As part of the SOC Retiree Health Benefit Fund's commitment toward protecting confidentiality of your information, in most cases Davis Vision will no longer be using your social security number for identification. Instead they will be utilizing your Tax ID number if available for identification to access their optical benefit for you and your dependents. So, when scheduling appointments with a Davis Vision provider, please use your Tax ID number if available for enrollment verification to obtain vision care benefits.

Described below is a summary of Davis Vision's vendor benefits effective January 1, 2011 and enclosed are descriptive brochures as well as provider listings.

Davis Vision

The Davis Vision program being introduced to retirees effective January 1st closely mirrors the current active member program (**BASIC COPAYMENTS ARE APPLICABLE**), and will feature an in-network benefit that offers the opportunity to obtain services for an eye examination with dilation, as professionally indicated, as well as obtain eyeglasses or contact lenses at fixed co-payments.



As part of the SOC Retiree Health Benefit Fund's commitment toward protecting confidentiality of your information, in most cases Davis Vision will no longer be using your social security number for identification. Instead they will be utilizing your Tax ID number if available for identification to access their optical benefit for you and your dependents. So, when scheduling appointments with a Davis Vision provider, please use your Tax ID number if available for enrollment verification to obtain vision care benefits

You now have the opportunity to select any frame from Davis Vision's exclusive "Collection." Independent providers have the exclusive "Collection" on display with over 200 frames to choose from in multiple sizes and colors. The "Collection" features three levels of frames: Fashion, Designer and Premier, with retail values of up to \$225. Approximately eight out of ten members take advantage of the tremendous savings by selecting a Davis Vision "Collection" frame.

In addition, spectacle lenses are offered in glass or plastic, and in any range of prescription (single vision, bifocal, and trifocal) at a basic co-payment. All of the most popular lens options (Progressive Lenses, Scratch Protection, Anti-Reflective Coating, High-Index Ultra-Thin Lenses and many others) that typically result in large out-of-pocket expenses have been included in the program at fixed significantly discounted prices. You can find a provider who carries the exclusive collection by visiting www.davisvision.com or by telephoning 1.888.234.5248.

Lastly, the SOC's new retiree vision benefit with Davis Vision was enhanced in comparison to the current \$40 eye examination/eye glass benefit, effective January 1st. The comprehensive nature of the new vision benefit, as well as provider locations in all 50 states, no longer requires reimbursement under the Davis Vision Plan.

As always, you may contact the SOC Health Benefits Office at 212.964.7500 if you have any questions. We are proud to offer you this significant enhancement and provide our retirees with the benefits they deserve.

DAVIS ACTIVE

OPTICAL BENEFIT

The Superior Officers Council Active Health and Welfare Fund provides an annual optical benefit to members and their eligible dependents. Davis Vision Inc., a leading national administrator of quality vision care programs, administers this benefit.

Benefit Overview

With Davis Vision, you have access to licensed providers in both private practice and retail locations who are extensively reviewed and credentialed to ensure stringent standards for quality and service is maintained.

Eligibility

The member and eligible dependents are entitled to an annual vision benefit once every calendar year. A full year is not required to pass between benefit distributions.

What Are My Benefits?

- Eye Examination: (including dilation as professionally indicated) is covered at a participating network provider with no co-payment.
- Spectacle Lenses (one pair) - including single vision, bifocal, or trifocal lenses, in any prescription range with no co-payment.
- Frame: select from the premier selection on “the collection” displayed in most provider office. if the member selects a frame other than provided by the plan a credit will be applied toward the frame purchase.
- Contact Lenses (in lieu of eyeglasses): the plan covers most popular types of contact lenses including standard, soft, daily-wear (available with no copayment) or disposable type contact lenses (at ei-

You Can Pay These Additional Discounted Fees For The Following Optional Items:

Lens Treatment	Additional Fees
Uv (Ultraviolet) Protection	\$12
Scratch-Resistant Coating	\$20
Arc (Anti-Reflective Coating)	
Standard Brands	\$35
Premium Brands	\$48
Lenses	
Blended Invisible Bifocals	\$20
Intermediate Vision Lenses	\$30
Polycarbonate Lenses	\$30
Plastic Photosensitive Lenses	\$65
High Index (Thinner/Lighter)	\$55
Polarized	\$75
Progressive Addition Lenses*	
Standard Brands	\$50
Premium Brands	\$90
Photogrey Extra (Photosensitive)	\$20

***Most people can wear progressive lenses, however conventional bifocals will be supplied at no additional cost for anyone who is unable to adapt to progressive lenses. The fixed fee for progressive lenses noted above will not be refunded.**

ther a \$20 co-payment for an approximate three-month supply or a \$40 copayment for an approximate six-month supply).

A \$45 credit will be applied toward the purchase of non-plan contact lenses, fitting fees, and follow-up care. Your provider will determine your copayment or credit based on the type of contact lenses required.

NOTE: Most people can wear contact lenses; however, once contact lenses are provided, they may not be exchanged for eyeglasses. Routine eye examinations may not include professional service for contact lens evaluation. Any applicable fees are the responsibility of the patient.

What Lenses/Coatings Are Included?

- Glass grey #3 prescription lenses.
- Oversize lenses.
- Post-cataract (lenticular) lenses.
- (Prescription) fashion, sun or gradient tinted plastic lenses.
- Polycarbonate lenses for dependent children, monocular patients, and patients with prescriptions +/- 6.00 Diopters or greater.

Exclusions

The following items are not covered by the davisvision program:

- Medical treatment of eye disease or injury.
- Vision therapy.
- Special lens designs or coatings, other than those previously described.
- Replacement of lost eyewear.
- Non-prescription (plano) lenses.
- Two pair of eyeglasses in lieu of bifocals.
- Contact lenses and eyeglasses in the same benefit cycle.

How To Claim Benefits

To access a listing of participating davisvision providers you can call 800.999.5431 Or visit www.davisvision.com enter client control number 2942, the last four digits of the member social security number, and the first five characters of the member's last name as the password. If the member's last name is less than 5 characters, use the full last name only as the password.

Call the network provider of your choice and schedule an appointment. Identify yourself as a davisvision plan participant with the superior officers council active health and welfare fund. Provide the office with the member's id number and the birth dates of any covered children needing services.

FINANCIAL BENEFITS OF USING GENERIC VS. BRAND NAME PRESCRIPTIONS

Generic drugs can save you money. They cost much less than brand-name drugs. But many people worry that generics are not as good. You need not fear that. Generics are every bit as pure, potent, and safe as brands. They aren't like "generic" cereal, soap, or canned goods — where the brand is indeed usually a better product. The Food and Drug Administration regulates generic drugs just as it does brands, and all generics, by law, must have exactly the same active chemicals as the brands they copy.

You'll get the same medical benefit. It's tempting to want the newest medicine. But you may not need one. Think of generics as "tried and true." They have been prescribed They have been prescribed for many years, and doctors know them well. In contrast, new drugs have uncertainties and can sometimes cause problems. Today, generics are available for about half of all prescription drugs, and some widely prescribed drugs will become available as generics in the next few years. So, ask your doctor or pharmacist if you can save money by using a generic drug.



GENERIC DRUGS CAN SAVE US MONEY

Generics are copies of brand-name medicines whose patents have expired. That usually happens after a brand drug has been on the market for about 10 to 14 years. By law, the brand name company loses the right to be the only seller of that drug after its patent period is up.

But it can be quite confusing when new generics become available. The first reason for confusion is most of the time the brand name drug stays on the market. So if you have been taking one for many years for a chronic disease, you and your doctor will have a choice. You can stick with the brand or switch to the generic. Not surprisingly, you may be reluctant to switch at first because change isn't easy if something is working. That's one reason many generics remain under-prescribed compared to brands. But these days, your insurer, pharmacist, and doctor may be newly committed to making the switch.

Our advice: there's no reason not to. The second reason generics can be confusing is that generic pills often look different. The companies that make brand-name drugs have been very successful at selling you their pills in certain colors, shapes, and sizes. For example, you may recall the ads for the "purple pill" (for heartburn). Brand pills may also have a colored outer shell that contains a sweetener. Generics, in contrast, are often plain white pills that don't look as high quality. Our advice: don't be fooled by appearances. The shape, color, and taste of a pill make no biological or medical difference. The third reason for confusion is that many doctors may continue to write a prescription for the brand medicine. The SOC prescription plan is a "mandatory generic plan." If there is a generic equivalent available, the pharmacist must fill the prescription with the generic. If your doctor should write the brand prescription and write DAW (dispense as written), you will be charged 100 percent of the drug cost.

Other doctors may switch to writing the prescription for the generic without fully explaining this to you. Our recommendation is to talk with your doctor about your prescription when it is being written in his or her office. Inquire whether the prescription is for a brand or generic, and learn why your doctor has prescribed one or the other. The fourth reason generics can be confusing is that most of us have health insurance that covers much of the cost of our medicines.

Why bother with the generic if the brand is not going to cost you that much more? Well, for one, the generic will cost you less, so why not? If you take several medicines, the difference can mount. Also, by switching, you'll be helping to keep a lid on soaring health care costs and insurance premiums. Remember, on average, the price for the generic

will be one-third the price of the brand. Add that to the SOC co-payment of only 5 percent for generic drugs and the savings for everyone is substantial.

SWITCHING DRUGS

Until now, we have been talking mostly about switching to the generic version of a brand drug when it becomes available. But there's another way you can and should be taking advantage of generics. If you are taking a costly brand-name drug for a chronic illness, a generic of another drug in the same class may be available that would work just as well and cost less. Yes, your doctor may have prescribed the brand. And if he or she wants you to stay on it, you should. But many doctors prescribe newer medicines because those are the ones that get promoted. We advise that you talk with your doctor about whether another less expensive medicine – a generic or cheaper brand – is available that would do just as good a job. In many classes of drugs these days, doctors and researchers are learning that the older medicines (now generics) work just as well as the new ones. Bear in mind that pharmacists can not switch you to a generic of another drug without your doctor's permission. However, more and more pharmacists today are working with insurers, employers, doctors and patients to make these switches when they are appropriate.

Why bother with the generic if the brand is not going to cost you that much more? Well, for one, the generic will cost you less, so why not? For example, these days you may have to pay \$7 to \$10 for the generic versus \$15 to \$35 for the brand-name drug. If you take several medicines, the difference can mount.

ACTIVE FUND DENTAL BENEFIT

DESCRIPTION OF PLAN

CURRENT PLAN

Healthplex Managed Care Benefit "Dentcare"
(Member is assigned a dentist and most procedures incur no charge. Limited selection of dentists.)

Healthplex PPO Plan
Over 3,500 Participating Dentists
All Dentists charge a discounted rate.
No charge for diagnostic & preventative services.
Co-payments apply to other dental work.

Out of network dentists are reimbursed at the current rate. The Process will be handled directly by Healthplex.

The Trustees of the Superiors Officers Council Health & Welfare Fund are pleased to announce that effective January 1, 2010, Healthplex is administering our Indemnity Dental Program in addition to the Dentcare Delivery Systems Managed Care plan. Healthplex will perform all claims processing and administrative functions previously conducted by Empire Blue Cross

Blue Shield. If you were in the EBC/BS Retiree Indemnity Dental Plan, you have been automatically transferred to the Indemnity Plan administered by Healthplex effective January 1.

Active and Retired members enrolled in the Indemnity Plan may visit any dentist of their choice. Effective January 1, 2010, you also have the added benefit of using a Healthplex Participating Provider. The Healthplex Participating Provider Organization (PPO) panel has a network of approximately 3,500 participating dentists who will provide covered services at minimal cost to you.

Healthplex will also continue to provide services to Active and Retired members who are currently enrolled in the Managed Care Plan (known as the "Dentcare" program). No changes have been made to the dentists currently participating in this program, and you may continue to utilize this benefit as you have in the past.

The SOC has also added new benefits for retired members. Effective January 1, 2010, orthodontic work will now be covered for you and your dependent children. Orthodontics will be subject to a co-payment structure specific to the plan you are enrolled in (Managed Care Plan or Indemnity/PPO).

This past year, you should have received a new identification card from Healthplex. This card will identify whether you are currently enrolled in the Managed Care Plan (Dentcare) or Indemnity Plan with access to the Healthplex PPO network. If you are enrolled in the Indemnity Plan, you may visit any dentist listed in the Healthplex PPO Directory at any time. Be sure to bring your Healthplex identification card with you when you visit the dentist. You may locate a Healthplex participating PPO dentist in your area or request additional ID cards by visiting the Healthplex web site at www.healthplex.com. If you do not have access to a computer, please call Healthplex and they will send you a directory. You may also receive treatment at any time from

DENTAL PLAN



By merging both the Active and Retired indemnification plans together, the SOC was able to negotiate a reduced monthly

administrative fee by offering the vender a substantially larger number of participants.

RETIREE FUND DENTAL BENEFIT

DESCRIPTION OF PLAN

CURRENT PLAN

Healthplex Managed Care Benefit "Dentcare"
Member is assigned a dentist and most procedures incur no charge. Limited selection of dentists.

Comp Benefits Managed Care "Florida Plan"
Member is assigned a dentist and most procedures incur no charge.

CURRENT PLAN (NEXT 12 MONTHS)

Dentall Plan Administered by Empire BCBS Managed care plan. (Limited enrollment, members will be moved to Healthplex plan).

CURRENT PLAN

Healthplex PPO Plan Over 3,500 Participating Dentists All Dentists charge a discounted rate. No charge for diagnostic & preventative services. Co-payments apply to other dental work.

Out of network dentists are reimbursed at the current rate.

Reimbursement will be Administered by Healthplex.

non-participating dentists and you will be reimbursed according to the existing out-of-network fee schedule. The annual cap for Dental benefits for each family covered by the Superior Officers Council is \$2,000.

Effective January 1, 2010, all dental claims not processed directly by your dentist will be filed directly with Healthplex, Inc. at 333 Earle Ovington Blvd., Suite 300, Uniondale, NY 11553. To ensure prompt payment, if the dental claim being submitted is for services approved by the previous administrator, please attach the pre-certification (pre-determination) to the claim form.

The Healthplex Customer Service Department will assist you Monday through Friday, 8:00 a.m. to 6:00 p.m. with any eligibility, claims or provider availability questions. Call 1.800.468.0600. You can also visit the Healthplex, Inc. web site at www.healthplex.com to view your account at any time.

Below are the answers to some commonly asked questions:

I, or my dependant, am currently in the middle of extensive dental work, (for example braces). Will my co-payment structure or plan change?

No, all dental work that has been approved by your administrator in the past will continue with no interruption or change.

How do I know which plan I am in?

Generally, if you and your family have received dental care from one specific dentist in the past you are enrolled in the Healthplex Managed Care Plan. If you are retired, you may also be enrolled in the Empire Managed Care Plan (Dentall). You will receive a new identification card in mid-December that will specifically identify the plan you are enrolled in. If you want to change your plan, contact the SOC Fund office at 212.964.7500 after you receive your new identification card.

I currently go to a non-participating dentist and pay for dental work out of my pocket. I request reimbursement by filling out a form and submitting it to the SOC. How do I enroll in the Healthplex PPO Plan?

On January 1, 2010, you will be automatically enrolled in the Healthplex Indemnity Plan with access to the Healthplex PPO network. You need to take no action at this time.

Why has the indemnification administrator changed in the retiree plan?

By merging both the Active and Retired indemnification plans, the SOC was able to negotiate a reduced monthly administrative fee by offering the vender a substantially larger number of participants. The SOC was also able to adopt a more efficient process by submitting reimbursement requests directly to Healthplex instead of first processing them by SOC staff. This enables the SOC to pay claim requests faster and more efficiently to our membership.

CITY AUDIT RESPONSE

Response of the Superior Officers Council Health and Welfare Fund, Active and Retiree Funds Implementation of the Recommendations of Audit Numbers: FL09-99A & FL09-100A

This correspondence is in response to the Comptroller's request for a status report and formal Audit Implementation Plan for the Superior Officers Council ["SOC"] Health and Welfare Fund, Active and Retiree Funds, Active and Retiree Funds to address the recommendations set forth in Audit Numbers: FL09-99A and FL09-100A dated September 30, 2009 and July 29, 2009, respectively.

The following pages outline the steps implemented since the aforementioned audit(s) to address the audit deficiencies as well as an Implementation Plan to effectively manage financial controls for the Superior Officers Council going forward.

We are confident these controls will provide a foundation on which our management can rely upon to successfully achieve the purpose, goals and objectives of our organization and safeguard assets and help prevent or detect errors or fraud.

The Trustees of the Superior Officers Council Health and Welfare, Active and Retiree Funds present this report in the hope it will meet with your expectations, address your findings and satisfy your recommendations.

Audit Implementation Plan (AIP)

We recognize the need to examine our internal controls and reporting requirements as per the procedures outlined in Directive #12. In order to comply effectively with those procedures we have developed a plan based on an examination of the Audit Report's recommendations set forth in Audit Numbers: FL09-99A and FL09-100A dated September 30, 2009 and July 29, 2009, respectively.

This implementation plan reflects a planned approach regarding the identified findings and recommendations and are assessed under one of three categories:

Accepted (A): Concurrence with Audit Report's statement of relevant finding(s) and conclusion(s); recommendation is appropriate based and formally implemented.

Under Review (UR): Concurrence with Audit Report's statement of relevant finding(s) and conclusion(s); however modifications of the implementation plan is currently being reviewed and has not been presented for review to the Board of Trustees.

Pending Approval (PA): Concurrence with Audit Report's statement of relevant finding(s) and conclusion(s); however the tentative implementation plan is pending review by and subject to approval by the Board of Trustees.

Board Engagement

The Board of Trustees will receive regular updates on implementation activities and status. Recommendations, which have been reviewed and found to be appropriate, will be formally adopted. Furthermore the Board of Trustees and when appropriate, with the advisement of consultant(s) retained by the Superior Officers Council Health and Welfare Fund will provide direction and guidance on implementing and/or modifying the current AIP controls.



Management is committed to outlining a framework for planning, directing and controlling the daily operations of our organization in order to achieve our financial objectives.

Control Environment

Management is committed to outlining a framework for planning, directing and controlling the daily operations of our organization in order to achieve our financial objectives. With that we have established clearly defined lines of responsibility and controls for the administrative staff with the expectation of making internal controls a day-to-day function.

The following outline the Audit Implementation Plans (AIP) that address recommendations for both the Active and Retiree Funds, were appropriate.

- **Take immediate action to reduce expenses to eliminate the Fund's operating deficit, thereby increasing fund reserves to ensure its financial viability.**

Accepted: As mentioned in our Audit Report Response dated August 21, 2009 immediate action was taken to reduce expenses in order to eliminate the Fund's operating deficit. They are as follows:

- **(A)** On January 1, 2009, the Fund engaged the services of Innoviant a Prescription Solutions Company as the PBM (Pharmacy Benefit Manager) for the Active and Retiree members prescription benefit. Transparent pricing, the restructuring of the co-payment schedule for both the Active and Retiree Funds, quarterly receipt of pharmaceutical rebates along with the Funds affiliation with True Health Benefits to provide assistance in controlling prescription costs and provide administrative functions (i.e. providing detailed invoices, payment processing) has proven to be an effective cost saving plan for both the Active and Retiree Funds. The cost of the prescription drug benefit for the Active Fund decreased from \$3,166,505 in calendar year 2008 to \$2,864,104 in 2009 and the cost for the Retiree Fund decreased from \$5,944,383 in calendar year 2008 to \$5,454,990 in 2009.
- **(A)** After an analysis of the dental benefit for the active and retiree funds the Board of Trustees adopted several changes with the intention of improving the previous dental benefit while maintaining cost within the projected budget expectations. These changes were implemented effective 1/1/10. They are as follows:
 - Retiree members whose self-insured (reimbursable) dental benefit was administered by EBCBS were transitioned to an enhanced self-insured (PPO + Reimbursable) dental benefit with Healthplex Inc. effective 1/1/10. Preliminary analysis of this benefit indicates a slight overall increase in the Retiree Dental Benefit Costs for 2010. However, the increase incurred by the addition of this enhanced benefit are projected to be offset by the changes in the co-payment structure in the Retiree Healthplex Comprehensive Plan as well as the continued savings realized by the Fund in the Prescription Drug Benefit.
 - The Healthplex PPO portion of the benefit was also added to the Active member benefit administered by Healthplex through an Indemnity Plan. The preliminary cost analysis of this benefit indicates a substantial cost increase for 2010. However, the increase incurred by the addition of this enhanced benefit are projected to be offset by the changes in the co-payment structure in the Active Healthplex Comprehensive Plan as well as continued savings realized by the Fund with the 1/1/2009 transition to Innoviant Prescription Solutions as our PBM.
- **Ensure that administrative and benefit expenses are recorded accurately on its Directive #12 filing and accurately calculate and submit key ratios, in accordance with Comptroller's Directive #12.**

Accepted: Since the results of the Audit Report, the Fund has taken the following steps to ensure administrative and benefit expenses are recorded accurately on its Directive #12 filling and accurately calculate and submit key ratios in accordance with the Comptrollers Directive # 12. They are as follows:

- **(A)** On June 8, 2009 the Superior Officers Council Health and Welfare Fund Active and Retiree engaged the services of an Accountant to perform bookkeeping services. This employee is responsible for accurately recording administrative fees and benefit expenses accordingly.
- **(A)** Additionally, the Fund conducted interviews and proposals in search of a new accounting firm. Based on the aforementioned the Fund hired the firm of Andrew L. Holt CPA, PLLC on January 25, 2010 to provide those services. They have been commissioned to audit the statements of benefit obligations and net assets available for benefits of Fund as of June 30, 2010 and 2009, and the related statement changes in net assets available for benefits and cash flows for the year-end June 30, 2010. Also, as mandated in the City of New York Office of the Comptroller's Internal Control and Accountability Directive #12, audit the supplemental information contained in the schedule of administrative expenses for the year-end June 2009 and June 2010.
- **Recoup \$1,473 from the Unions for their share of the telephone expenses.**

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CITY AUDIT RESPONSE

continued from page 15

Accepted: The aforementioned charges were recouped from each of the respective Unions. Since the audit, the billing of charges to each of the separate union entities is appropriately charged and is now duly managed by the SOC bookkeeper.

- **Ensure that it pays for benefits only for eligible individuals, in accordance with its guidelines.**

Accepted/Under Review: Several controls have been initiated to ensure the Fund pays for benefits only for eligible individuals, with several other controls currently under review. They are as follows:

- **(A)** With the departure of the prior Fund Administrator, the Fund has taken full advantage of the availability of electronic claims and billings from its various vendor's.
- **(A)** The Fund's administrative personnel have access to updating and editing member information directly through the vendor portal.
- **(UR)** A schedule to review and reconcile benefit utilization and claims review is being created for implementation and will be conducted by specifically assigned administrative personnel on a fixed timetable.
- **(UR)** The Fund is currently considering options for installing an upgraded database system for members' information, dependent eligibility, etc.
- **Maintain copies of all documentation in members' permanent files to substantiate eligibility of dependents.**

Accepted/Pending Approval: The plan to ensure appropriate documentation is contained in members' permanent files to substantiate eligibility of dependents is as follows:

- **(A)** Require documentation submitted by members upon their promotion to Lieutenant, which entitles them to membership into the Superior Officers Council Health and Welfare Fund for all dependents claimed.
- **(PA)** Currently in discussion with the Benefit Manager at the Sergeants Benevolent Association regarding the possibility of the SBA providing dependent documentation for members promoted in the last 12 months.
- **(PA)** Upon initiation of the prior actions, the SOC will conduct a review of the documentation currently on file and carry out a mailing to request required documentation from



active and retired members'.

- **Create and implement written time-keeping controls and maintain daily attendance records for its employees.**

Accepted: The Fund has adopted a positive time-keeping reporting system for its employees. The adoption of this basic payroll system will increase the accuracy and reliability of timekeeping and payroll controls. They are as follows:

Each salaried and hourly employee will be responsible for completing a computer generated time sheet on a weekly basis to affirmatively attest to the hours and days they have actually worked.

- Timesheets include: employee name, day of the week on which the employee's work week begins, hours worked each day, total hours worked each work week.
- Vacation, sick, holiday or other leave absences are documented.
- Completed time sheets will be dated and signed by the employee and will be submitted to the Benefit Manager at the end of the last working day of each pay period.
- The Benefit Manager will verify the accuracy of the time sheets and submit Timesheets to the bookkeeper to verify the submission of the weekly payroll.
- Employees are paid weekly with deductions itemized on each paycheck.

Active: Maintain all supporting documentation to substantiate City contributions, member eligibility, and benefit use. These documents should include, but not be limited to, the City contributions reports, Pharmacy Billing Detail for Drug Mail Orders, and a complete list of participants recorded on the catastrophic premium billings that were missing during our audit period.

CITY AUDIT RESPONSE

Retiree: Maintain all supporting documentation to substantiate City contributions, member eligibility, and benefit coverage. These documents should include, but not be limited to, complete list of all participants recorded on hospitalization and catastrophic premium billings that were missing during our audit period.

Accepted/Under Review: This Board of Trustees and the Administrator of the Fund realize it is critical to accurately record and maintain all supporting documentation to substantiate City Contribution, member eligibility, and benefit use. Therefore to correct the deficiency, the Fund is continuing its efforts to create a “paperless” system through the implementation of a comprehensive plan to electronically record and maintain data wherever possible as follows:

- **(UR)** The Fund is currently considering options for installing an upgraded database system for members’ information, dependent eligibility, etc. The system will include but not be limited to member personal/contact information, dependent(s), required dependent(s) documentation, city contributions, benefits realized, etc. In addition, the system will enable the administrative staff quick and easy access to reporting capabilities, reconciliation management, etc.

(A) City Contributions are currently being recorded in an access database. The database now provides easy and accurate access to substantiate City Contributions for members.

- **(A)** On January 1, 2009 the Fund engaged the services of Innoviant a Prescription Solutions Company as the PBM (Pharmacy Benefit Manager) for the Active and Retiree members prescription benefit. The Fund is now provided with monthly, quarterly and annual Pharmacy Billing Details and Mail Order Utilization electronically.

We appreciate the opportunity to propose for your information and review the aforementioned Audit Implementation Plan (AIP) to comply effectively with the procedures outlined in Directive #12. We anticipate the plans implemented and proposed will adequately address the recommendations set forth in Audit Numbers: FL09-99A and FL09-100A dated September 30, 2009 and July 29, 2009, respectively.

The Trustees of the Superior Officers Council look forward to cooperating with you in the future. If you have any questions or concerns please contact Mary Ann Pellegriti, SOC Benefit Manager at 212.964.7500 or email maryann@nypdsoc.com.

JAMES ZADROGA BILL SIGNED INTO LAW

continued from page 3

and treatment programs related to the 9/11 attack. The legislation also sets aside \$2.5 billion to reopen the September 11th Victim Compensation Fund for five years to provide payment for job and economic losses. The Victims Compensation Fund (VCF) will be permanently closed after five years as opposed to keeping the VCF open until 2031. Also included in the bill will be a limit of attorney’s fees, reinstatement of civil claims and a limitation on infrastructure cost. More accountability will be included and individuals will not be allowed to “double-dip” on benefits.

In September 2010, after years of negotiation and debate, the House passed legislation that called for providing \$7.4 billion over eight years to cover the medical care of 9/11 rescue workers and others. Later, Republicans derailed that legislation in the Senate, expressing concern about its cost. Senate Republicans finally budged, following a barrage of criticism — not just from Democrats, but also from allies, including former Mayor Rudolph W. Giuliani of New York and



Pictured from left: CEA President Roy Richter, Congressman Charles Schumer, and LBA President Thomas Sullivan at the press conference announcing the bill’s passage.

conservative news outlets like Fox News. The 9/11 health care issue also became a cause of Jon Stewart, who used the platform of his program, “The Daily Show,” to bring national attention to the bill.

The bill is formally known as the James Zadroga 9/11 Health and Compensation Act, named after New York Police Detective James Zadroga who took part in the rescue efforts at Ground Zero and later developed breathing complications. He died in January 2006. The cause of his death became a source of debate after the City’s medical examiner concluded that it was not directly related to the attack.

Important Notice from the
Superior Officers Council
Health and Welfare Fund
About Your Prescription
Drug Coverage and Medicare
For Medicare-Eligible
Retirees and Dependents

NOTICE OF CREDITABLE

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with the *Superior Officers Council Health and Welfare Fund* and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. The *Superior Officers Council Health and Welfare Fund* has determined that the prescription drug coverage offered by the Fund is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore considered Creditable Coverage. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15-December 31.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two-month Special Enrollment Period (SEP) to join a Medicare drug plan.

Information About The Medicare Prescription Drug Program

If you are considering joining a Medicare prescription drug plan, you should compare your current coverage with the Fund to the Medicare prescription drug plans available where you live.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current *Superior Officers Council Health and Welfare Fund* coverage will be affected.

If you are Medicare-eligible, you can choose one of the following options:

1. You can keep your current prescription drug coverage with the *Superior Officers Council Retiree Health and Welfare Fund* and you do not have to enroll in a Medicare prescription drug plan.
 - If you choose to enroll in a Medicare prescription drug plan, Medicare's annual enrollment period is (November 15-December 31 of each year). You will also be eligible for a two-month Special Enrollment Period (SEP) to join a Medicare Drug Plan.

COVERAGE

- You can enroll in a Medicare prescription drug plan, but you will lose the prescription drug coverage provided by the fund.
 - If you lose your Medicare prescription drug plan, you may only re-enroll in the Fund's prescription coverage in accordance with the Plan's enrollment rules.
 - Be aware, if you drop your prescription drug coverage with the Fund, you will lose prescription drug coverage for yourself, spouse, and other dependents.
 - If you lose your prescription drug benefits with the Fund, you will keep the other benefits offered by the Fund.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current coverage with *Superior Officers Council Retiree Health and Welfare Fund* and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go 19 months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

POSSIBLE DIFFERENCES AMONG MEDICARE PRESCRIPTION DRUG PLANS THAT MAY BE OFFERED IN YOUR AREA

PREMIUMS	You pay the premium in the Medicare prescription drug plan you choose. The amount would depend on the type of coverage you choose. For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available.
COVERED DRUGS	Each Medicare prescription drug plan will cover different brand name drugs at different costs to you. Your drugs may not be covered under every plan, so you need to choose carefully. For instance, one plan might cover your current brand-name medication, and another might not.
COST-SHARING	Each Medicare prescription drug plan will have a different deductible, co-payments, and other costs that you will be responsible for paying.
PHARMACIES	Each Medicare prescription drug plan will have a different network of retail and mail order pharmacies.

For More Information About This Notice Or Your Current Prescription Drug Coverage, contact our office at 212.964.7500.

NOTE: You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if the coverage through the *Superior Officers Council Health and Welfare Fund* changes. You may also request a copy of this notice at anytime.

More Information About Your Options Under Medicare Prescription Drug Coverage

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (inside back cover of your copy of the "Medicare & You" handbook) for personalized help.
- Call 1.800.MEDICARE or (1.800.633.4227). TTY users can call 1.877.486.2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information, visit Social Security on the web at www.socialsecurity.gov, or call them at 1.800.772.1213 (TTY 1.800.325.0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).



THE SUPERIOR OFFICERS COUNCIL

BALANCED FUND AND SENIOR BALANCED FUND

Your contributions to the Annuity Trust Fund are invested in the SOC Balanced Fund, Senior Balanced Fund or one of the 17 other self-directed investment fund options. On August 1, 2010, the Superior Officers Council Trustees added the Senior Balanced Fund. This new investment option addition enhanced the investment option line-up and may appeal to members interested in a more conservative investment option or those nearing retirement.

The SOC Balanced Fund and Senior Balanced Fund are comprised primarily of a basket of low cost index funds that invest in specific market segments. Stone-Street Equity is a group of investment advisors who make recommendations to the Trustees on asset allocations to the various market segments. The broad mix of the investments in the Balanced Fund is 67% in equities and 33% in fixed income. The broad mix of the investments in the Senior Balanced Fund is approximately 34% in equities and 66% in fixed income. As of December 31, 2010 this mix of investments consisted of:

	Balanced Fund	Senior Fund
Dreyfus Bond Market Index Fund	30%	60.5%
Treasury Inflation Protected Securities	3%	6%
Large Cap S&P 500 Index Fund	32%	16.5%
MidCap S&P 400 Index Fund	7%	3.5%
SmallCap S&P 600 Index Fund	4%	2%
Developed Markets Index Fund	20.1%	10%
Emerging Markets	3%	1.5%



As of December 30, 2010, 93.42% of the assets held in the Annuity Trust Fund were invested in the default SOC Balanced Fund and 1.03% were invested in the Senior Balanced Fund. The value of these assets totaled \$185.7 million and \$2.1 million respectively. The remaining 5.55% of plan assets were self-directed by the participants to one of 17 additional mutual fund offerings.

At the December 2010 meeting of the Trustees of the Annuity Trust Fund, it was voted to change the asset allocation of the fixed income portion of the SOC Balanced Fund and Senior Balanced Fund among a more diversified group of fixed income investments. This will be accomplished by reducing exposure to the Dreyfus bond market index, increasing exposure to inflation protected securities, adding an international bond fund and a high yield bond fund. Equity allocations will remain unchanged. Effective January 2011, the new investment mix of the SOC Balanced Fund and Senior Balanced Fund will be changed to:

Working with our advisors, the Trustees of the Annuity Fund will continue to seek above average rates of return with reduced volatility.

	Balanced Fund	Senior Fund
Dreyfus Bond Market Index Fund	11%	42%
Treasury Inflation Protected Securities	7%	10%
High Yield Bond Fund	5%	5%
Global Bond Fund	5%	5%
Intermediate Term Bond	5%	5%
Large Cap S&P 500 Index Fund	32.81%	16.5%
MidCap S&P 400 Index Fund	7.12%	3.5%
SmallCap S&P 600 Index Fund	4.02%	2%
Developed Markets Index Fund	19.19%	10%
Emerging Markets	2.93%	1.5%

The Trustees of your Annuity Plan are pleased to submit the Statement of Operations of the Fund for the fiscal year ended June 30, 2010. The Financial Statements have been prepared and certified by the certified public accounting firm of Andrew L. Holt, CPA, PLLC. Copies of this statement are forwarded to the Comptroller and other City agencies as required.

SUPERIOR
OFFICERS COUNCIL
ANNUITY
TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR ANNUITANTS

	Fiscal Year Ended June 30, 2010
Additions to Net Assets	
Investment Income	
Appreciation of Investments	\$17,462,939
Interest	7,918
Dividends	<u>65,527</u>
Total Investment Income	\$17,536,384
Employer Contributions	\$6,860,888
Transfers/Rollovers:	
SBA Annuity Fund	\$2,465,340
Police Pension Fund	\$3,816,535
Other	<u>\$12,975</u>
Total Increase to Net Assets	<u>\$6,294,850</u>
Plan Expense Reimbursements	\$222,130
<u>TOTAL ADDITIONS TO NET ASSETS</u>	<u>\$30,914,252</u>
Deductions from Net Assets	
Benefits Paid to Participants	(3,999,198)
Administrative Expenses	<u>(234,701)</u>
Total Deductions from Net Assets	<u>(\$4,233,899)</u>
Net Increase	\$26,680,353
Net Assets & Trust Balance Beginning of Fiscal Year	\$141,538,273
END OF FISCAL YEAR	\$168,218,626

Each member now receives a quarterly investment statement from the Principal Financial Group. This statement of plan assets is a required notice pursuant to regulations enforced by the NYC Comptroller and is as of June 30, 2010. These amounts do not include your most recent statement for the period ending December 31, 2010.

The total expenses paid by the Fund has continued to decline for the period ending June 30, 2010. As a point of reference, the total expenses for the period ending June 30, 2010 was \$234,701. This compares favorable to the total expense amount for period ending June 30, 2009 of \$692,664 and the period ending June 30, 2008 of \$960,188.

Should you have any questions, please contact the Fund office.



SUPERIOR
OFFICERS COUNCIL
ACTIVE HEALTH &
WELFARE FUND

INCOME/BENEFIT COSTS
PER MEMBER PER ANNUM
JUNE 30, 2010

The Trustees of your Fund
are pleased to submit the
Summary of Financial
Operations for the fiscal
year ended June 30, 2010.

STATEMENT OF CHANGES IN
FOR BENEFITS FOR THE

<u>INCOME</u>		ANNUAL <u>TOTAL</u>	# <u>MEMBERS</u>	PER <u>MEMBER*</u>
CONTRIBUTIONS:				
EMPLOYER	1465x4= 1565x8=	5,860 <u>12,520</u>		
		<u>18,380</u>	\$ 3,806,744	2,485 **1531.67
EMPLOYER - CEA LUMP SUM		151,800	759	200.00
LT LUMP SUM		350,400	1,752	200.00
EMPLOYER - LINE OF DUTY WIDOWS		157,866	93	1,697.48
COBRA		8,075		
		<u>4,474,885</u>	*2,485	\$ 1,800.76
INVESTMENT		<u>118,848</u>		<u>47.83</u>
	TOTAL INCOME	<u>4,593,733</u>		<u>1,848.59</u>
BENEFIT COSTS				
DENTAL		1,050,924		422.91
G.H.I./H.I.P CATASTROPHIC/EXTENDED RIDER		212,295		85.43
PRESCRIPTION DRUGS		2,663,726		1,071.92
OPTICAL		204,227		82.18
HEARING AID		900		0.36
CATASTROPHIC REIMBURSEMENT		-		-
LESS: GHI RATE CREDIT & DIVIDEND		(145,934)		(58.72)
PRESCRIPTION DRUG REBATES		(197,381)		(79.43)
TOTAL BENEFIT COSTS		<u>3,788,757</u>		<u>1,524.65</u>
ADMINISTRATIVE EXPENSES		<u>200,703</u>		<u>80.77</u>
TOTAL BENEFIT COSTS AND ADMIN EXPENSES		<u>3,989,460</u>		<u>1,605.42</u>
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		<u>\$ 604,273</u>		<u>243.17</u>

*USED AVERAGE OF 2,485 MEMBERS FOR ALL CALCULATIONS
**\$18,380/12

ANNUAL
FINANCIAL
REPORT
ACTIVE
WELFARE
FUND

Additions to Plan Assets	2010
Contributions:	
Employer	\$4,308,944
Employer - Line of Duty Widows	157,866
Employee (COBRA)	8,075
Total Contributions	<u>4,474,885</u>
Investment Income:	
Interest Income	92,127
Net Appreciation	
In Fair Value of Investments	<u>26,721</u>
Total Investment Income	<u>118,848</u>
Total Additions	<u>\$4,593,733</u>
Deductions from Plan Assets	
Benefit Costs Paid	3,788,757
Administrative Expenses	<u>200,703</u>
Total Deductions	<u>3,989,460</u>
NET INCREASE IN NET ASSETS	<u>\$604,273</u>

NET ASSETS AVAILABLE YEAR ENDED JUNE 30, 2010

SUPERIOR OFFICERS COUNCIL RETIREES HEALTH & WELFARE FUND

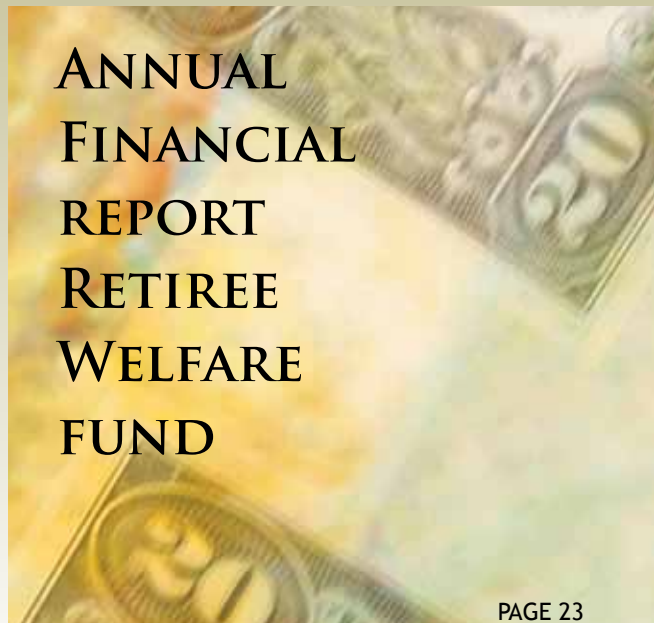
INCOME/BENEFIT COSTS
PER MEMBER PER ANNUM
JUNE 30, 2010

		ANNUAL	#	PER
		TOTAL	MEMBERS	MEMBER
INCOME				
CONTRIBUTIONS				
EMPLOYER:	1465x4=	5,860		
	1565x8=	12,520		
		<u>18,380</u>		
		\$ 7,396,302	4,829	**1531.67
EMPLOYER - CEA LUMP SUM		286,000	1,430	200.00
- LT LUMP SUM		671,200	3,356	200.00
COBRA		19,396		
		<u>8,372,898</u>	*4,829	1,733.88
INVESTMENT				
		<u>294,186</u>		<u>60.92</u>
		<u>8,667,084</u>		<u>1,794.80</u>
BENEFIT COSTS				
DENTAL		1,445,677		299.38
365 DAY HOSPITAL RIDER		51,851		10.74
GHI CATASTROPHIC RIDER		133,293		27.60
PRESCRIPTION DRUGS		5,913,563		1,224.59
DEATH BENEFITS		393,733		81.54
HIP RIDER REIMBURSEMENT		131,096		27.15
OPTICAL		73,298		15.18
CATASTROPHIC REIMBURSEMENT		-		-
LESS: GHI RATE CREDIT & DIVIDEND		(86,048)		(17.82)
PRESCRIPTION DRUG REBATES		(923,767)		(191.30)
MEDICARE DRUG SUBSIDY		<u>(1,192,268)</u>		<u>(246.90)</u>
TOTAL BENEFIT COSTS		5,940,428		1,230.16
ADMINISTRATIVE EXPENSES		<u>229,201</u>		<u>47.46</u>
TOTAL BENEFIT COSTS AND ADMIN EXPENSES		<u>6,169,629</u>		<u>1,277.62</u>
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		<u>\$ 2,497,455</u>		<u>517.18</u>

*USED AVERAGE OF 4,829 MEMBERS FOR ALL CALCULATIONS
**\$18,380/12

The Financial Statements
have been prepared and
certified by the certified
public accounting firm
Andrew L. Holt, CPA, PLLC.
Copies of this statement
are forwarded to the
Comptroller and other City
agencies as required.

Additions to Plan Assets	2010
Contributions:	
Employer	\$8,353,502
Employee (COBRA)	<u>19,396</u>
Total Contributions	8,372,898
Investment Income:	
Interest Income	190,001
Net Appreciation	
Fair Value of Investments	<u>104,185</u>
Total Investment Income	<u>294,186</u>
Total Additions	8,667,084
Deductions from Plan Assets	
Benefit Costs Paid	5,940,428
Administrative Expenses	<u>229,201</u>
Total Deductions	<u>6,169,629</u>
NET INCREASE IN NET ASSETS	<u>\$2,497,455</u>



ANNUAL FINANCIAL REPORT RETIREE WELFARE FUND

Superior Officers Council

Captains Endowment Association

Lieutenants Benevolent Association

UPDATE



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“GRANDFATHER” HEALTH PLAN DISCLOSURE NOTICE

This (group health plan or health insurance carrier) believes this (plan or coverage) is a “grandfathered health plan” under the Patient Protection and Affordable Care Act; a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your (plan or policy) may not include certain consumer protection of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, the grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the plan administrator at (insert contact information). For more information, you may also contact the U.S. Department of Health and Human Services at www.healthreform.gov.

