

Health Benefits: What Are Other Systems Doing?

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At the request of the Health Benefits Task Force:

- Staff contacted other Teacher Retirement Systems in the United States who offer Health Benefits to their members



HOW WILL YOU SPEND YOUR FUTURE?

With the assistance of Keith Brainard of
NASRA:

- We identified nine Teacher Retirement Systems who provide health benefits.



HOW WILL YOU SPEND YOUR FUTURE?

1. Alaska Division of Retirement Benefits
2. Colorado Public Retirement System - PERACARE
3. Illinois Teachers' Retirement System
4. Kentucky Teachers' Retirement System
5. Michigan Public School Employee Retirement System
6. New Jersey Division of Pension & Benefits
7. Ohio School Employee Retirement System
8. Ohio State Teachers' Retirement System
9. Texas State Teachers' Retirement System – TRS-Care

Initial information sought...

1. Who does the HB Program cover?
2. What is the source of funding?
3. What is the “role” of the system?
4. What benefits are offered?
5. What is subsidized?
6. Does program provide coverage for family?



7. Is there a vesting period?
8. What type of plans are offered?
9. What is the monthly premium?
10. What is the annual deductible?
11. Is there a preexisting clause?
12. What changes have occurred over the past ten years?



HOW WILL YOU SPEND YOUR FUTURE?

Alaska Division of Retirement System

- Those receiving health benefits include retirees & beneficiaries receiving a survivor benefit and disability recipients
- Benefits include medical, dental, & vision
- Family coverage is available
- The monthly premium is \$590 for the retiree and \$1,423 for the family
- The annual deductible is \$150 for the retiree and \$450 for the family

At this time additional information is not available.



HOW WILL YOU SPEND YOUR FUTURE?

Colorado Public Retirement System - PERACARE

- Those receiving health benefits include retirees & beneficiaries receiving a survivor benefit and co-beneficiary of retiree who selected option 2
- Funded with member premiums and investment earnings
- Benefits include medical and prescription drug
- Retiree receives a subsidy of \$11.50 - \$230 per month based on service credit (1 – 20)
- Family coverage is available
- Program includes HMO, PPO, HDHP & HSA
- The premium ranges from \$273 - \$641 for an individual and \$765 - \$1,795 for a family per month



HOW WILL YOU SPEND YOUR FUTURE?

Colorado Public Retirement System – PERACARE (cont.)

- The annual deductible varies depending on plan
 - HMO = Individual & Family \$0
 - PPO = Individual \$1,500 & Family \$3,000
 - HDHP = Individual \$3,000 & Family \$6,000
- There is no preexisting clause



HOW WILL YOU SPEND YOUR FUTURE?

Illinois Teachers' Retirement System

- Those receiving health benefits include retirees & beneficiaries receiving a survivor benefit and disability recipients
- The health benefits program is funded by contributions of .8% from active employees and .6% from employers
- Benefits include medical and prescription drug
- Retirees are subsidized up to 75% for managed plan; 50% if the managed plan is available but choose Indemnity
- Family coverage is available
- There is a vesting period of 8 years
- The plans included “managed” and “indemnity”



HOW WILL YOU SPEND YOUR FUTURE?

Illinois Teachers' Retirement System (cont.)

- The premium ranges from \$51.22 - \$564.11 for an individual and \$204.89 - \$1,128.21 for a family per month
- The annual deductible is \$350 for Teachers Choice
- There is no preexisting clause
- Over the past ten years the coverage is the same however the funding source has increased



HOW WILL YOU SPEND YOUR FUTURE?

Kentucky Teachers' Retirement System

- There is a six month prior exclusion where they cannot be treated for 12 months

At this time additional information is not available.



HOW WILL YOU SPEND YOUR FUTURE?

Michigan Public School Employee Retirement System

- Those receiving health benefits include retirees, spouse, children, and beneficiaries
- The health benefits program is funded by member premiums, investment earnings, Rx rebates, and Part D subsidy
- Benefits include medical, dental, & vision
- Family coverage is available – retiree pays full
- The vesting period is twenty years.
- Plans include HMO & PPO



HOW WILL YOU SPEND YOUR FUTURE?

Michigan Public School Employee Retirement System (cont)

- The premium is based on service credit, could be 17.5% - 100% of premium
- The annual deductible is \$340 for the retiree and \$700 for the family
- There is no preexisting clause
- Over the past ten years there have been many changes to the premiums and coverage because of the increased cost

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HOW WILL YOU SPEND YOUR FUTURE?

New Jersey Division of Pension & Benefits

At this time no information is available.



HOW WILL YOU SPEND YOUR FUTURE?

Ohio State Teachers' Retirement System

- Those receiving health benefits include retirees and their families
- The health benefits program is funded by 1% employer & employee contribution diversion (effective 2002)
- Benefits include medical and prescription
- Premiums are subsidized at 2.5% for each year of service up to a maximum of 75%
- There is family coverage but retiree pays
- There is a vesting period of 15 years



HOW WILL YOU SPEND YOUR FUTURE?

Ohio State Teachers' Retirement System (cont.)

- Plans include Indemnity, PPO, HMO, and Medicare HMO
- The annual deductible varies from \$0 for an HMO to \$3,000 for “out of network”
- There is no preexisting clause

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Ohio School Employee Retirement System

At this time no information is available.



HOW WILL YOU SPEND YOUR FUTURE?

Texas State Teachers' Retirement System – TRS-Care

- Those receiving health benefits include retirees and their families
- The health benefits program is funded by active employees, state, employers, investment returns and retirees
 - The Trust Fund also contributes – could be up to 55% by law
- Benefits include medical, prescription, and hospital
- Premiums are subsidized at \$150
- There is family coverage but retiree pays



HOW WILL YOU SPEND YOUR FUTURE?

Texas State Teachers' Retirement System – TRS-Care (cont.)

- There is a vesting period of 10 years
 - Effective September 2005 “Rule of 80” (age + service credit) or 30+ Years
- Plans include TRS-Care 1, 2 & 3
- The annual deductible
 - TRS-Care 1 - 1,800 - 4,000
 - TRS-Care 2 - \$1,000
 - TRS-Care 3 - \$300
 - Family rate double individual



HOW WILL YOU SPEND YOUR FUTURE?

Texas State Teachers' Retirement System – TRS-Care (cont.)

- There is no preexisting clause if enrolled when first eligible
- Over the past ten years premiums have increased by 30% while coinsurance, deductibles, and copays increased only 20%. The last changes were implemented September 1, 2004

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HOW WILL YOU SPEND YOUR FUTURE?

Where do we go from here?

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HOW WILL YOU SPEND YOUR FUTURE?

QUESTIONS OR COMMENTS?