

# Health Benefits at CalSTRS – A Brief History

2006

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# Health Care for California Educators

- 1200 Districts
  - Vary by size
  - Bargaining agreements
  - Certificated and Classified staff
- Health Care Coverage
  - Individually contract with carriers
  - Trusts, JPA or VEBAs
  - CalPERS

## GASB #43 & 45

Employers must report (not necessarily fund) cost of health benefits for retired employees

- Effective now – dependent on size

Parallel ruling in private sector 1993

- Coverage for retired employees dropped precipitously

# Mercer Study 1999

## Recommendations

- Establish a CalSTRS health insurance program (various designs)
- Establish a dental/vision insurance program
- Fund Medicare Part A premiums
- Allow members to participate in tax advantaged savings program for retiree health care costs

# Medicare Premiums Payment Program

1st premium paid July 2001

2006 Medicare Part A premiums \$393/month

2006 Medicare Part B premiums \$88.50/month

Pays Medicare Part A premiums for 6,125 members

Deducts Medicare Part B premiums for 14,257 members

## May 2001 Report

### Recommendations

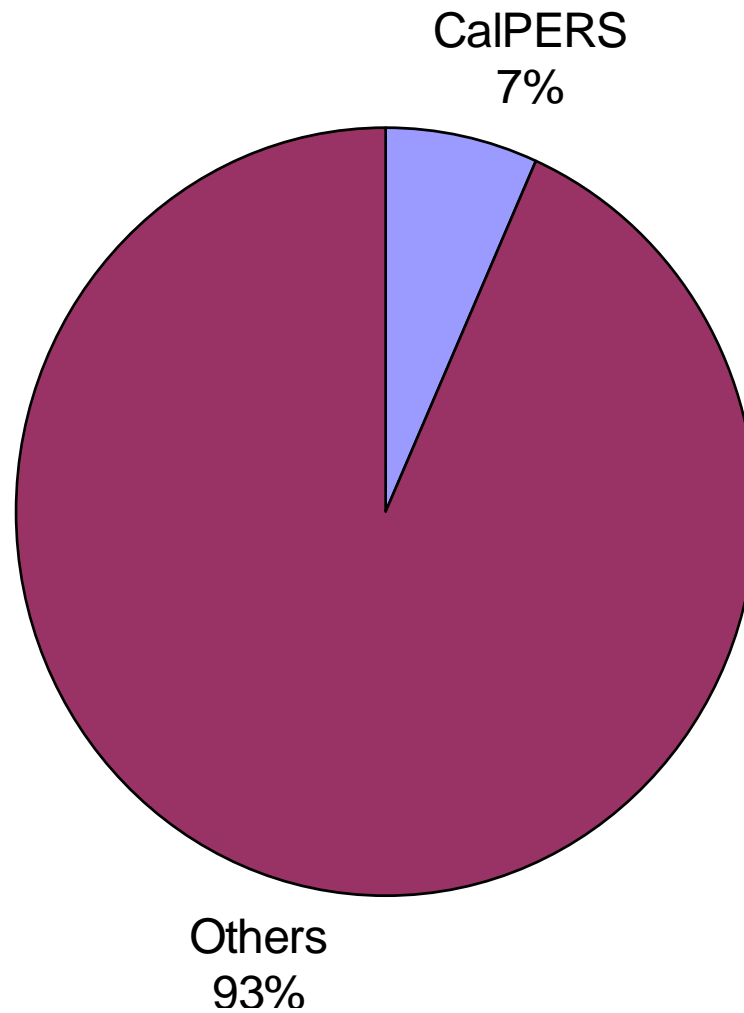
- Prescription Drug Program
- Pay Medicare Part B premiums
- Nominal Health Benefits Accounts

May 2003

## Possible Roles

- Provider - No
- Financier – May finance additional health benefits in the future
- Educator - Yes

# Kaiser Coverage in California



## Health Survey of Districts - Fall 2003

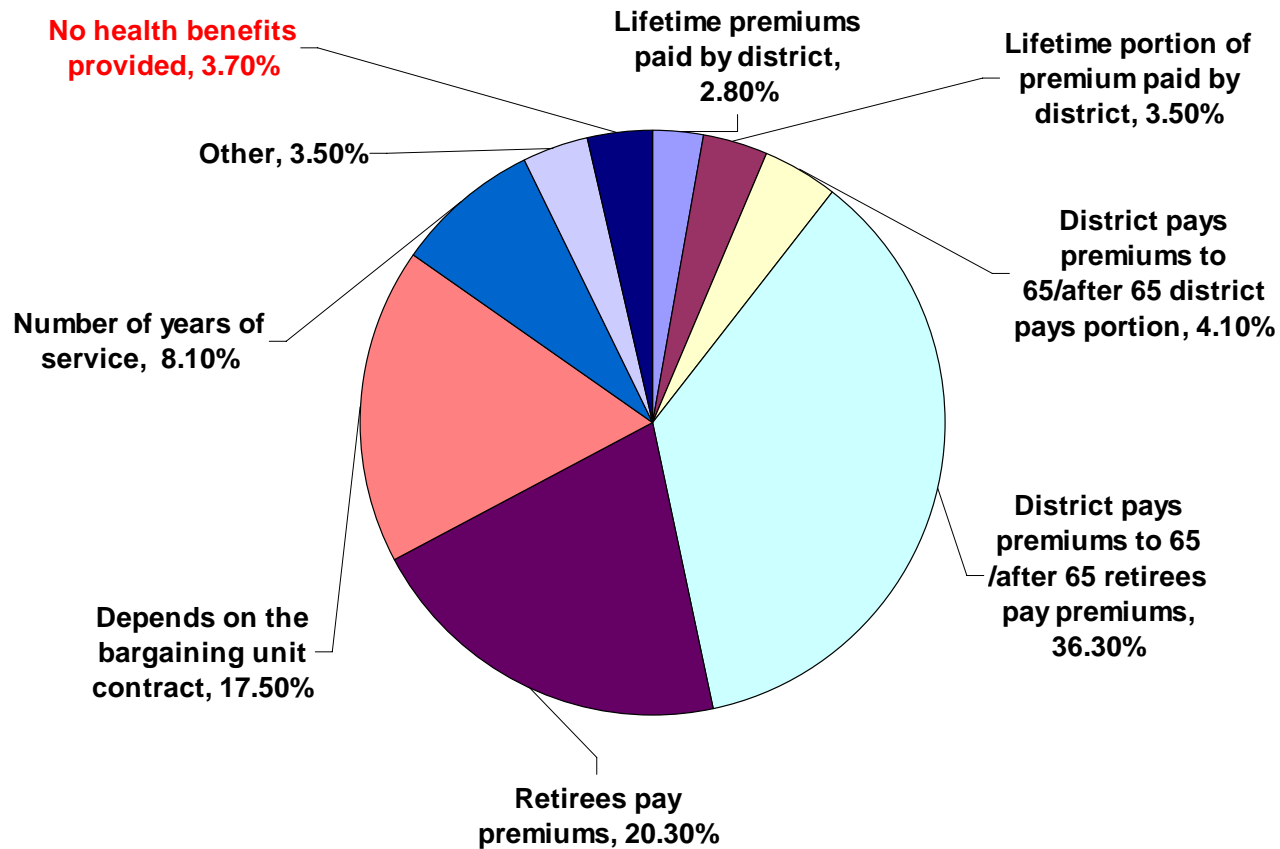
- 42% response rate
- Tracked very well by county
- Tracked very well by size

New Survey – Fall 2006

## Anticipated Changes by District

- Increase in premiums
- Reduction in number of insurance carriers
- Districts will ask employees to share more of the costs
- Flexible Benefits plans

# What Is Available After Retirement?



# Health Care Cost Perspectives

- US Health Care Costs 2004
  - \$1.87 trillion; \$6,280/per person
- Health care costs are increasing at 5 times the rate of inflation\*
- Person @ age 65 2004 needs \$72,000 to \$580,000 to cover insurance premiums & out of pocket expenses\*\*

\* National Coalition on Health Care, Factions on Health Insurance Cost, retrieved May 2005

\*\* EBRI, Fronstin & Salisbury, Health Care Expenses in Retirement & the Use of Health Savings Account, July 2004

California State Teachers' Retirement System

# CALSTRS

HOW WILL YOU SPEND YOUR FUTURE?

*Securing the financial future  
and sustaining the trust of California's educators.*