Bill Myers, Retirement Board Member
2015 Public Pension Funding Forum — Berkeley, CA
2 Plans in CT

- There are 72,000 active teachers in CT.
- Retired teachers who are under 65 have the right to participate in their former district’s insurance plan. They receive a subsidy of $110 per month from a retired teachers’ health insurance fund. 15,000 are enrolled.
- For teachers age 65+, there is a Medicare Supplemental Plan. 25,000 are enrolled.
CT’s History

- **1950s:** CTRS established a group health insurance plan for retirees and in 1965 Congress enacts the Medicare Program.

- **1978:** The State begins paying 10% of the cost of health insurance for retirees.

- **1986:** School districts offered health insurance to retirees. Those on Medicare Part A may enroll in a Medicare Supplemental Plan. The State contributed 25%.

- **1989:** Legislation creates the Health Insurance Fund. Active members contribute 1% of their salary to fund health benefits for retirees.

- **1990:** The Fund pays the full cost of the Medicare Supplemental Plan.

- **1994:** CTRS plan becomes self-insured and includes prescription coverage.
1998- The state partially funds a $110 subsidy to the Board of Education Health Plans.

1999- CTRS offers Managed Care Plans at no cost to retirees.

2000- Members and the State each pay 25% of the cost and the Health Fund pays 50%.

2004- Active teacher contribution increased to 1.25%.

2005- The state’s share of the TRB health plans increases to 33%.

2006- Retiree Drug Subsidy money begins to arrive.

2007- 2012, Members must participate in Medicare Parts A and B to enroll in the Medicare Supplemental Health Plan.
The Medicare Supplemental Plan

- Hospitalization
- Medical Expenses
- Laboratory Expenses
- Home Health Aide
- Outpatient Hospital and Ambulatory Surgical Services
- Blood
- Skilled Nursing Facility Care
- Hospice Care
- Prescription Drugs
- Vision, Hearing and Dental
Funding
The Medicare Supplemental plan is funded by three groups, each paying approximately 1/3 of the cost:

- One third by the retired teachers’ health insurance fund which includes contributions from active teachers through a 1.25% payroll deduction,
- One third by the retiree, and
- One third by the State of Connecticut
Consistent Underfunding

In recent years, the State has not met its one-third contribution. It contributed

- 0% in 2010 and 2011
- 33% in 2012
- 25% in 2013–2017
- A 20% average over eight years
The result

- In the same eight years the Fund’s contribution will average 47%.
  - 66% for 2 years
  - 33% for 1 year, and
  - 42% for 5 years

- The Fund can not continue to sustain itself without the State’s full contribution.
There is some good news

- Our members Stay Healthy
- We enjoy Low Administrative Fees
- We have a Competitive Bidding Process
- We use an EGWP + Wrap
Premium Share per Member

Price: $0, $20, $40, $60, $80, $100, $120, $140, $160, $180
What else have we done?

This past year the Board worked with the Treasurer and the Attorney General to create a Trust for the Medical Fund.

The fund is in the process of receiving its initial funding and can be invested over the longer term, lowering our future expenses.
Continuing Challenges

- Inadequate staffing and resources at the Agency
- Underfunding by the State
- Funding of the Trust
- Medicare Part D limitations (off-label uses)
- EGWP program
- Educating our Members when changes occur