



# Health Care Sustainability: Subsidies, Eligibility, and Expenses

September 19, 2019

Michael Madalena of Madalena Consulting, along with Christi Pepe, SERS' health care director, Penny Baker, assistant health care director, and Michael Steiner, health care data analyst, facilitated a discussion concerning subsidies, eligibility, and expenses of the Health Care program.

To initiate discussions, the group examined the history of the Health Care Guiding Principles approved by the Board and recent updates that were drafted but never formally approved.

The group then segued into a review of the subsidized premiums and the most common subsidized member premiums for both service and disability benefits. A review of subsidized member premiums indicated that service retirees account for 86% of subsidy dollars, enrollees with more than 20 years of service account for 92% of subsidy dollars, and that disability members receive a larger subsidy. The SERS share of subsidized premiums for the largest group of Aetna non-Medicare service retirees was \$998 of \$1,282, and for the largest group of disability members, the SERS share was \$1,029 of \$1,282. The SERS share of subsidized premiums for the largest group of Aetna Medicare service retirees was \$134 of \$198, and for the biggest group of disability members, the SERS share was \$134 of \$198.

In 2018, non-Medicare expenses totaled \$79 million for 5,685 enrollees, and Medicare expenses totaled \$71 million for 38,002 enrollees. For non-Medicare, \$22 million was accounted to premiums. For Medicare, \$57 million was accounted to premiums. For the non-Medicare Aetna participants, claims totaled \$38 million for service retirees, and \$30 million for disability enrollees.

Non-Medicare specifics, such as enrollment trends, expansion enrollment in the Wraparound Plan, and exploration of the Medicaid-eligible, non-Medicare population were discussed. A profile of the non-Medicare population as well as the differences between the Old and New disability and service retiree gross benefit amounts also were discussed.

SERS staff will continue to research sustainability strategies, and present more information requested by the Board at the October Board Meeting.

