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**State of California  
Public Employee Post-Employment Benefits Commission**

***Public Employee Retiree Health Care Issues***

***May 31, 2007***

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## Outline

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- **Four Constituencies**
- **Employees' Views of Retiree Health Insurance**
- **Impact of Increasing Rates**

## Public Employee Retiree Health Care Issues

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- **Four Constituencies for Retiree Health Beneficiaries**
  - Already retired without Medicare
  - Already retired with Medicare
  - Soon to retire; within 10 years of retirement; will have widely varying years of service with the jurisdiction; tend to be older
  - Long to retire; more than 10 years to retirement; varying years of service, lower expectations; tend to be younger
- PLUS: the Board of Supervisors or City Council and the public

## Public Employee Retiree Health Care Issues

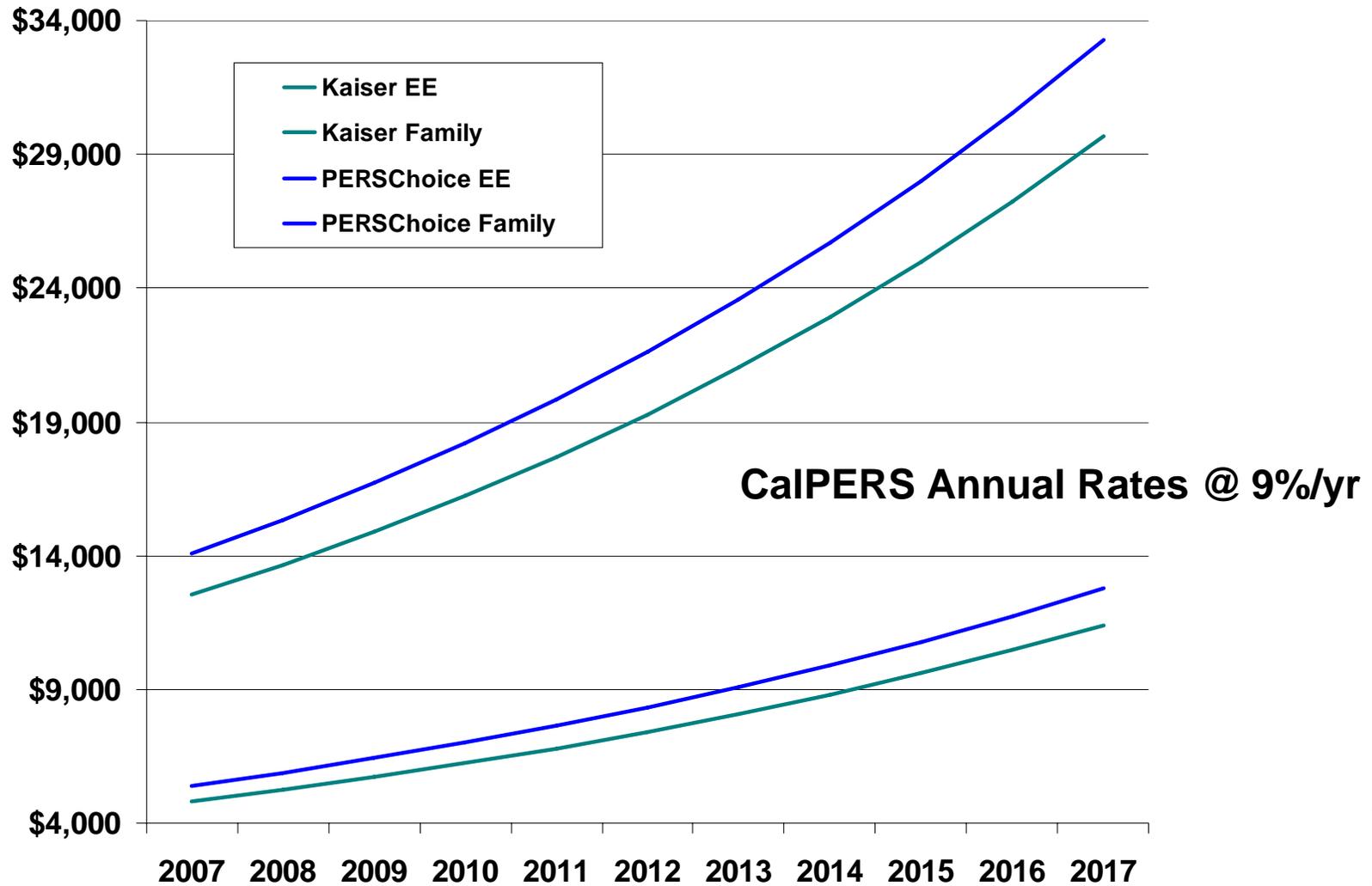
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- **Employees' Views of Retiree Health Insurance**
  - Affirms employees' efforts and loyalty
  - Often the reason employees selected a public employer
  - Actives and retirees are frightened of losing coverage
  - Usually seen as vested even if not
  - Employees may not retire as early without health insurance

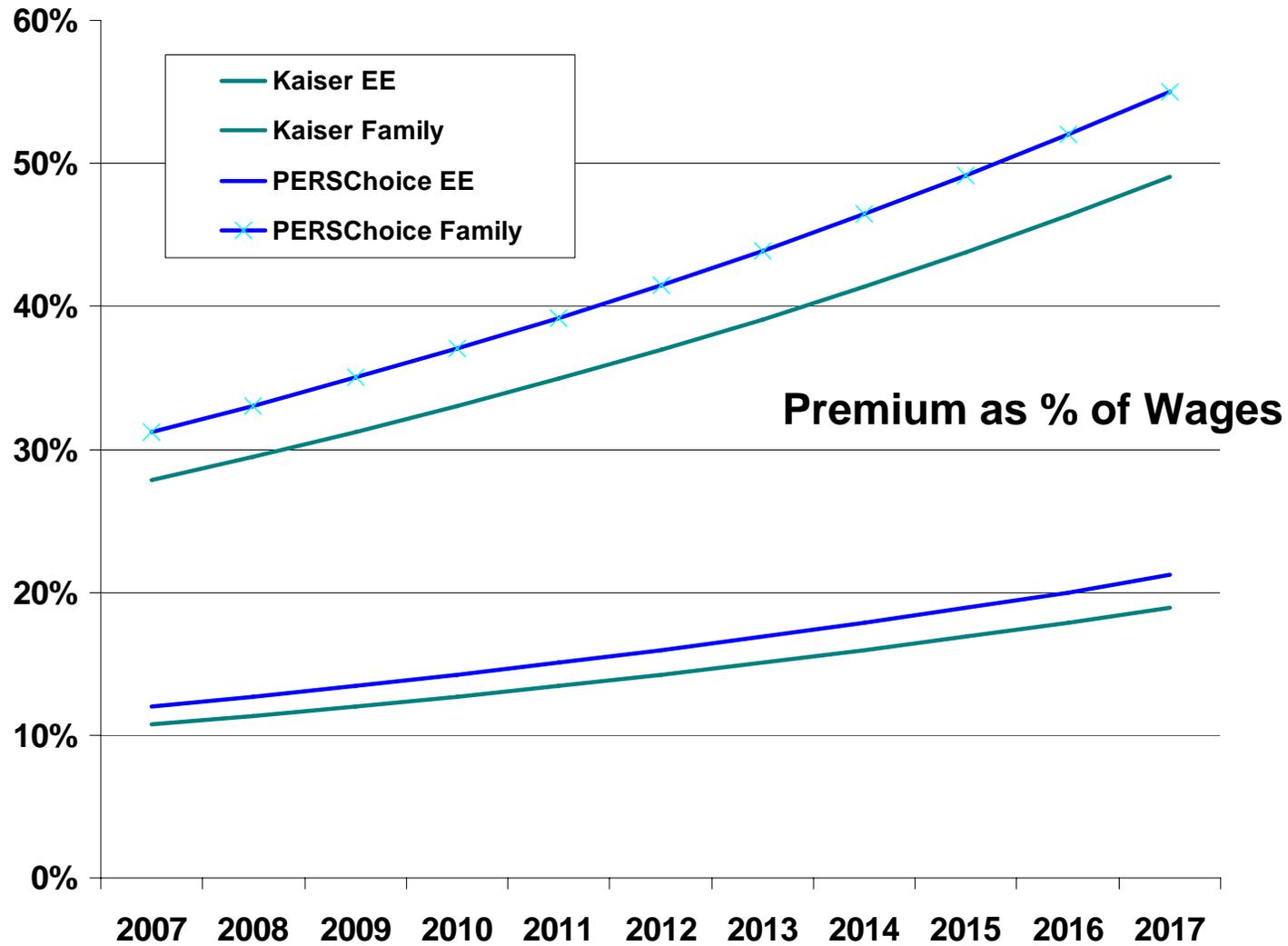
## Impact of Increasing Rates

<b>Wages @ 3%</b>	<b>2007</b>	<b>2010</b>	<b>2015</b>
	\$45,000	\$49,173	\$57,005
<b>\$ Change</b>		\$4,173	\$12,005
<b>% Change</b>		9%	27%
<b>Rates @ 9%</b>	<b>2007</b>	<b>2010</b>	<b>2015</b>
<b>Kaiser single rate</b>	\$4,820	\$6,242	\$9,605
<b>Kaiser family rate</b>	\$12,533	\$16,230	\$24,972
<b>PERSChoice single rate</b>	\$5,408	\$7,004	\$10,776
<b>PERSChoice family rate</b>	\$14,061	\$18,209	\$28,017
<b>% Change</b>		30%	99%
<b>Rates as % of Wages</b>	<b>2007</b>	<b>2010</b>	<b>2015</b>
<b>Kaiser single rate</b>	11%	13%	17%
<b>Kaiser family rate</b>	28%	33%	44%
<b>PERSChoice single rate</b>	12%	14%	19%
<b>PERSChoice family rate</b>	31%	37%	49%

# Impact of Increasing Rates: Premiums



## Impact of Increasing Rates: Per Cent of Wages



## Impact of Increasing Rates: Active Employees

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- Lesser paid are most impacted: entry level salaries of \$25,000 are typical
- Some drop family coverage
- Those who retain family coverage have less money to spend elsewhere
- Will work longer and retire later to afford coverage in retirement

## Impact of Increasing Rates: Retired Employees

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- **Retirees without Medicare**
  - No longer represented
  - Most vulnerable constituency
  - Premiums not subsidized by Medicare
  - Loss of employer coverage often means no other coverage is available due to health status
- **Retirees with Medicare**
  - Premiums subsidized by Medicare
  - Coverage available even if in poor health
- **Too Late to Pre-Fund**