

## STRS: Update on Health Care Plans for 2010

Speaker: Greg Nickel, Director, Health Care Services, STRS-OH

Mr. Nickel began the session explaining how the following factors present challenges for funding the STRS-Ohio Health Care Program.

1. Investment loss to the Health Care Stabilization Fund.
2. Program subsidy costs are escalating much faster than overall inflation.
3. The rising number of baby boomers retiring will further compound the problem of funding the STRS-Ohio Health Care Program.
4. Current funding shortfall is unsustainable. The Annual Required Contribution (ARC) is the actuarially determined amount needed to fund the current program for the long term; 5.01% of employer contributions is needed to fund the program, but only 1% is being contributed. The Health Care Stabilization Fund is rapidly depleting and will quickly reach insolvency in only nine years (2018).
5. Timing and magnitude of changes are critical.

Solvency of the Health Care Stabilization Fund is about tradeoffs and difficult decisions. The STRS staff recommended and the State Teachers Retirement Board approved the following strategy for 2010: *Reduce program costs dramatically and extend the solvency of the Health Care Stabilization Fund.* The staff recommended and the STRS Board approved a target of cutting costs by a minimum of \$83 million for 2010. Mr. Nickel distributed the handouts listed below that describe details of the 2010 plan changes that are estimated to result in total savings of \$90.5 million:

- 2009 Prescription Drug Changes: \$4.3M
- 2010 Prescription Drug Changes: \$27.0M
- Medical Mutual as sole administrator of Plus and Basic Plans: \$8.7M
- Aetna Medicare Advantage Plan: \$50.5M

The following handouts that explain the details for the 2010 Health Care Plan changes were distributed and discussed. Retirees who did not receive the handouts during the Coping with Change Conference should request copies from STRS (1-888-227-7877 or [www.strsoh.org](http://www.strsoh.org)).

- ✓ 2010 Plan Overview Chart for MEDICARE Enrollees
- ✓ 2010 Plan Overview Chart for NON-MEDICARE Enrollees
- ✓ 2010 STRS-Ohio Prescription Drug Program
- ✓ Frequently Asked Health Care Questions for 2010