

9650 Health and Dental Benefits for Annuitants

This program provides funding for health and dental benefit services for retired state employees and their dependents.

The program began on January 1, 1962, with an employer contribution of \$5 per month toward the cost of a basic health plan. Since then, major medical plans, Medicare, and plans supplementing Medicare have been developed. Dental care was added in 1982.

The 2015-16 employer contribution for health premiums maintains the average 100/90 percent contribution formula established in Government Code Section 22871 for fully vested members. Under this formula, the state averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the state contributes towards retiree health benefits. The state also contributes 90 percent of this average towards the health benefit costs of each of the retiree's dependents. Vesting schedules and employer contributions may vary by employee bargaining unit contract.

The retiree is responsible for paying all health benefit plan costs that exceed the state contribution. Premiums are determined on a calendar-year basis; therefore, the state contribution will vary during the fiscal year. The 2015 monthly contribution maximums are \$655 for a single enrollee, \$1,246 for an enrollee and one dependent, and \$1,605 for an enrollee and two or more dependents. The 2016 monthly contribution maximums are \$705 for a single enrollee, \$1,343 for an enrollee and one dependent, and \$1,727 for an enrollee and two or more dependents. Dental care premiums vary by plan and number of dependents.

Effective July 1, 2012, funding for health benefits for California State University annuitants is displayed in Organization Code 6645 under Higher Education. This funding was previously budgeted within Organization Code 9650.

3-YR EXPENDITURES AND POSITIONS

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15*	2015-16*	2016-17*
7750 Health and Dental Benefits for Annuitants	-	-	-	\$1,461,932	\$1,584,931	\$1,743,956
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	-	-	-	\$1,461,932	\$1,584,931	\$1,743,956
FUNDING				2014-15*	2015-16*	2016-17*
0001 General Fund				\$1,455,932	\$1,580,331	\$1,739,356
0950 Public Employees Contingency Reserve Fund				6,000	4,600	4,600
TOTALS, EXPENDITURES, ALL FUNDS				\$1,461,932	\$1,584,931	\$1,743,956

LEGAL CITATIONS AND AUTHORITY

Government Code, title 2, division 5, part 5.

DETAILED BUDGET ADJUSTMENTS

	2015-16*			2016-17*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Revised Expenditure Authority per Provision 5 of Item 9650-001-0001	-\$36,681	\$-	-	\$-	\$-	-
• Miscellaneous Baseline Adjustments	-	-	-	122,344	-	-
Totals, Other Workload Budget Adjustments	-\$36,681	\$-	-	\$122,344	\$-	-
Totals, Workload Budget Adjustments	-\$36,681	\$-	-	\$122,344	\$-	-
Totals, Budget Adjustments	-\$36,681	\$-	-	\$122,344	\$-	-

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

9650 Health and Dental Benefits for Annuitants - Continued

Health Benefits

	Number of Retirees			Cost*			
	Basic Plans	Medicare Plans	Total	Basic Plans	Medicare Supplement	Part B Reimbursement	Total
2000-01	39,559	68,485	108,044	\$143,153	\$199,279	\$21,824	\$364,256
2001-02	42,228	70,079	112,307	161,304	228,626	20,514	410,444
2002-03	43,654	71,954	115,608	201,174	289,665	21,053	511,892
2003-04	45,200	73,816	119,016	252,166	368,898	20,580	641,644
2004-05	46,123	78,572	124,695	292,221	398,041	53,303	743,565
2005-06	47,333	81,838	129,171	324,835	425,549	76,168	826,552
2006-07	48,186	84,574	132,760	370,382	485,063	87,002	942,447
2007-08	48,266	88,137	136,403	443,065	502,307	102,064	1,047,436
2008-09	48,684	91,367	140,051	468,847	531,711	113,094	1,113,652
2009-10	51,090	94,808	145,898	414,772	563,962	127,324	1,106,058
2010-11	53,539	99,093	152,632	498,523	667,580	135,524	1,301,627
2011-12	52,634	104,471	157,105	568,828	692,689	153,477	1,414,994
2012-13 ¹	47,300	88,819	136,119	534,490	583,823	151,260	1,269,573
2013-14	50,093	94,064	144,157	564,272	562,463	164,506	1,291,241
2014-15	46,396	98,064	144,460	594,108	606,810	171,155	1,372,073
2015-16	46,634	102,729	149,363	773,496	569,250	179,884	1,485,949
2016-17	46,812	107,772	154,584	820,673	627,381	190,016	1,638,070

¹Effective 2012-13, Organization 9650 no longer includes California State University annuitant enrollment and expenditures. Organization 6645 displays this information.

9650 Health and Dental Benefits for Annuitants - Continued**Dental Benefits**

	<u>Number of Retirees</u>	<u>Cost*</u>
2000-01	87,570	\$44,762
2001-02	91,224	47,119
2002-03	94,245	49,026
2003-04	97,271	52,915
2004-05	101,655	57,111
2005-06	104,771	60,695
2006-07	107,630	63,791
2007-08	110,935	66,882
2008-09	114,698	69,842
2009-10	120,148	76,439
2010-11	126,244	85,212
2011-12	130,726	89,934
2012-13	135,101	95,660
2013-14	138,951	91,476
2014-15	143,854	89,858
2015-16	149,555	98,982
2016-17	155,256	105,886

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

9650 Health and Dental Benefits for Annuitants - Continued

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2014-15*	2015-16*	2016-17*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,553,336	\$1,617,012	\$1,739,356
Revised Expenditure Authority per Provision 5 of Item 9650-001-0001	<u>-38,266</u>	<u>-36,681</u>	<u>-</u>
Totals Available	\$1,515,070	\$1,580,331	\$1,739,356
Unexpended balance, estimated savings	<u>-59,138</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$1,455,932	\$1,580,331	\$1,739,356
0950 Public Employees Contingency Reserve Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>\$6,000</u>	<u>\$4,600</u>	<u>\$4,600</u>
TOTALS, EXPENDITURES	\$6,000	\$4,600	\$4,600
Total Expenditures, All Funds, (State Operations)	\$1,461,932	\$1,584,931	\$1,743,956

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.