

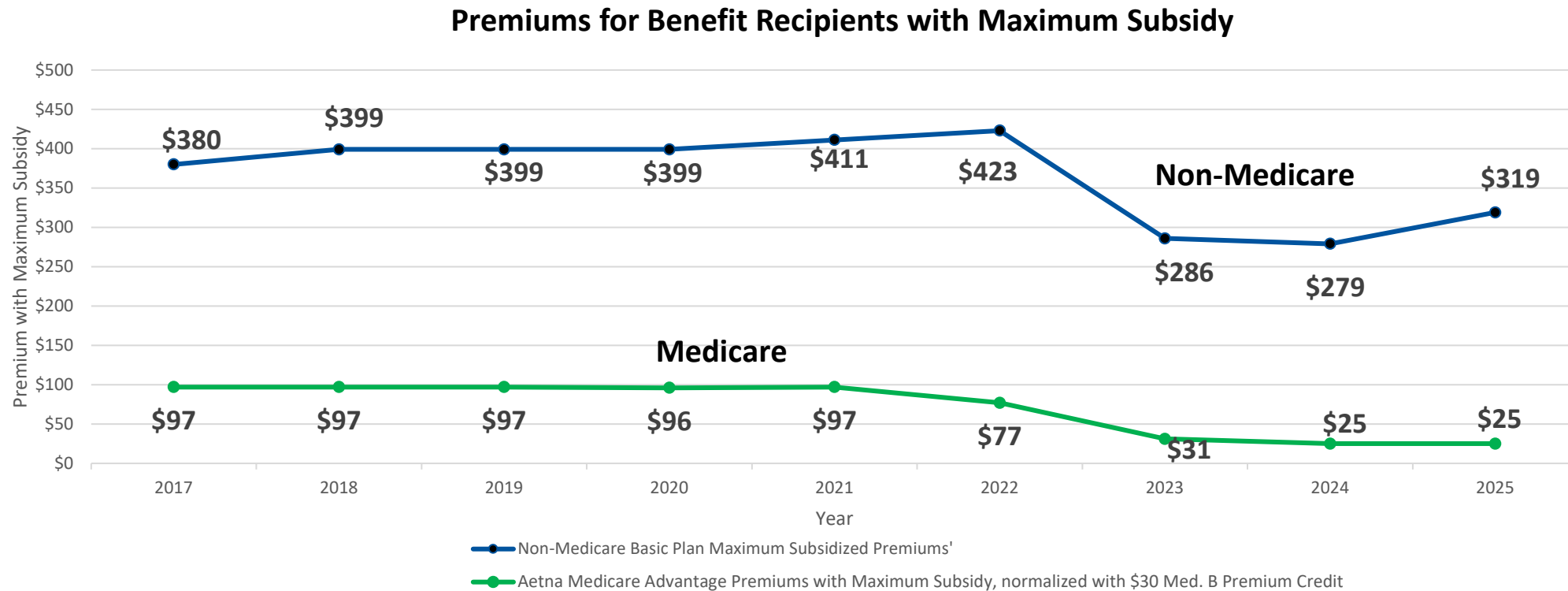


2025 Health Care Premiums

Aug. 15, 2024

- **Background and Process**
- **Premium Drivers**
- **Peer 2025 Marketplace**
- **Value of Waiting**
- **2025 Proposed Premiums**
- **Proposed Motion**
- **Dental and Vision Renewal**
- **Next Steps**

- Since 2017, benefit recipient premiums have remained steady with the lowest premiums occurring the last couple of years



Focus on reducing premiums when possible and only increasing premiums when necessary

- **Last employer contribution was June 2014**
 - No other funding source
- **Fiscal 2023 funded status was 169%; 231% in fiscal 2022**
 - Lower funded status main drivers (all enrollee favorable)
 - Rescinded non-Medicare subsidy freeze and 6% Medicare subsidy cap
 - Increased benefit recipient subsidy multipliers 2.1% to 2.5% non-Medicare and 2.1% to 2.2% Medicare
 - Medicare Advantage Plan improvements notably, deductible eliminated and added hearing aid coverage
- **Funded status could fall below 160% in next valuation**

Background and Process

Fiscal 2023 Health Care Scorecard

- Fiscal 2023 valuation (for reference fiscal 2022 valuation score was +9)

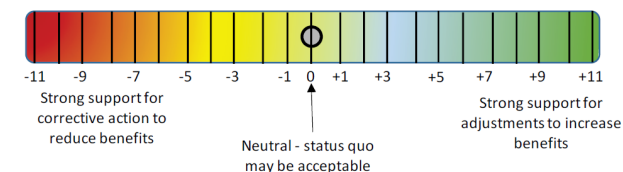
Healthcare Scorecard

Health Care Plan Management Policy Scorecard - 2023

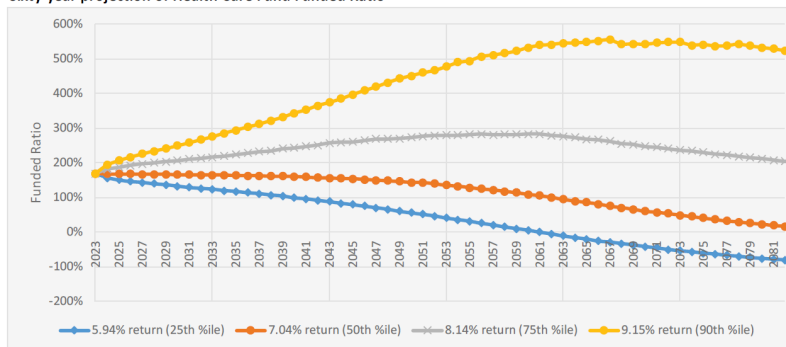
Category	Metric	Current Value	Score Range	2023 Score	2022 Score
Risk measure	Probability of 60+ years of solvency	54%	-3 to +3	0	+3
Current status	Funded ratio	169%	-2 to +2	+2	+2
Stress tests	Gov't subsidies & investment returns	72%	-2 to +2	-1	+2
	Pre-Med. enrollees & investment returns	68%	-1 to +1	-1	+1
Funding potential	Pension funding period	11.2	-1 to +1	+1	+1
Economic context	10-year returns	7.5%	-1 to +1	0	0
	Spread between 10Y & 3M Treasuries	-1.62%	-1 to +1	-1	0

Current Summary Score	0
Prior Year Summary Score	9

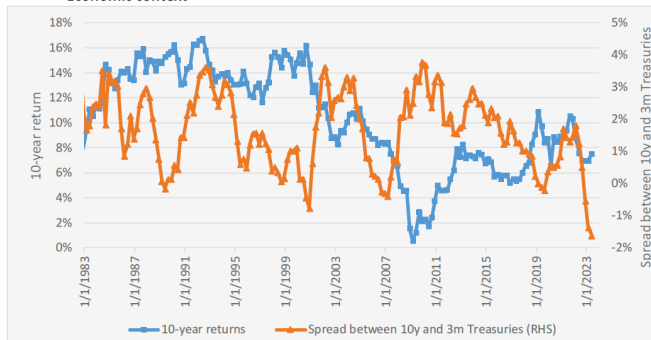
A summary score below -5 suggests corrective action to reduce benefits may be necessary.
 A summary score above +5 suggests adjustments to increase benefits may be supportable.



Sixty-year projection of Health Care Fund Funded Ratio



Economic context



October 19, 2023

- **Process (started Feb. 1 with meetings every week until board week)**
 - Aetna and CVS create lists of potential plan design changes
 - Claims and eligibility data is provided to actuarial firms by STRS Ohio's data warehouse vendor Merative along with more detailed claims, eligibility and risk scores from prescription benefit manager (CVS/ESI)
 - Aetna provides fully insured Medicare Advantage medical premiums that are reviewed
 - Actuarial firms **determine self-insured premiums (Wakely)** and projected impacts to funded status (Cheiron)
 - Staff presents the board with outcome of the preceding process
 - Board makes final decisions

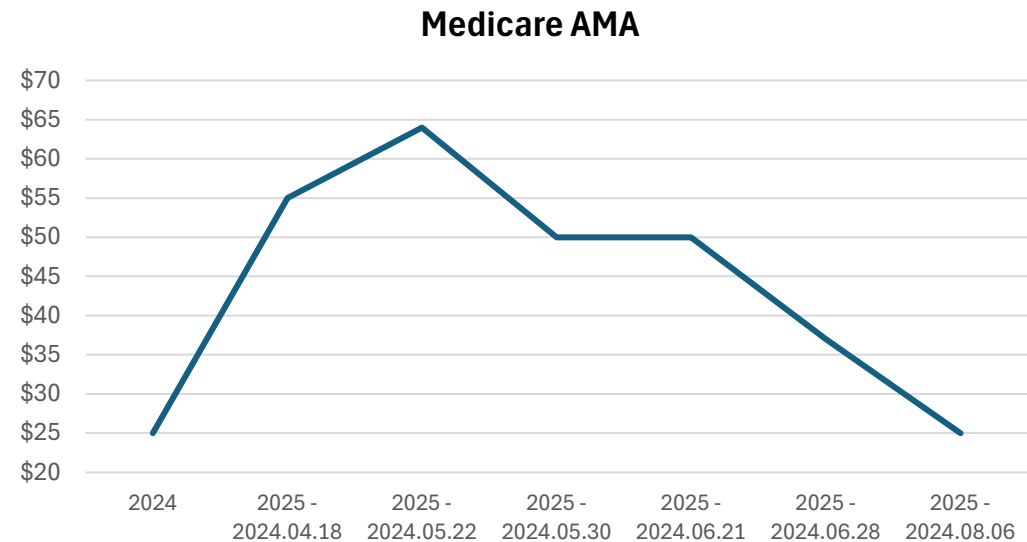
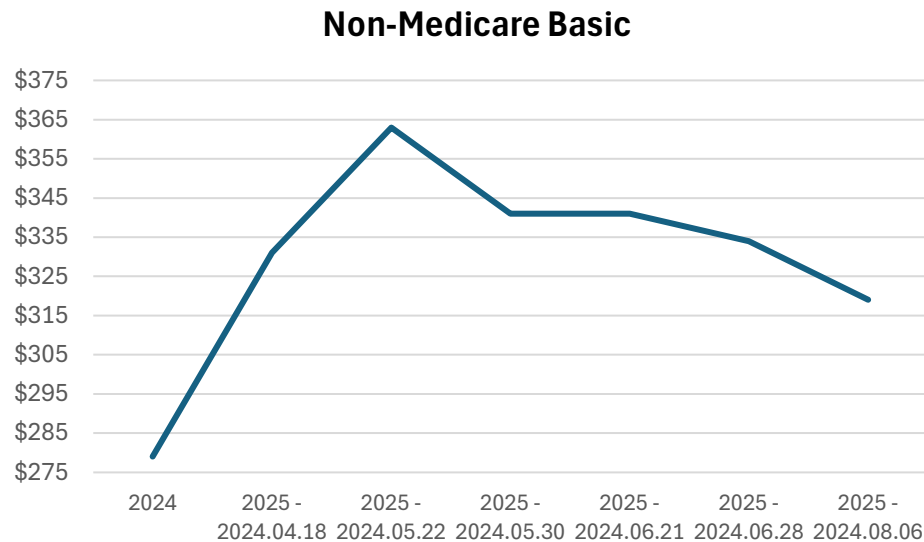
- **The main drivers**

- **Pandemic rebound** – First year premiums based around post pandemic claims; prior two years claims reduced due to the COVID-19 pandemic
- **New contracts and Rx formulary** – Projection versus actual performance
- **Trend** – Comprised of inflation (increased unit cost), utilization (how many and mix), new services/drugs
- **Medicare only**
 - **Inflation Reduction Act (IRA)** – Complete overhaul of subsidies and reimbursements for Medicare Part D (Rx Plan) including required lowering of out-of-pocket limit from \$4,000 to \$2,000
 - **Medicare Advantage subsidies** – Lower year-over-year CMS Medicare Advantage plans subsidy increase that isn't offsetting rising Medicare costs (Medicare subsidizes most of Medicare Advantage plans' cost)
 - **Medicare Prescription Payment Plan (M3P)** – Required for all Medicare Part D plans

- **STRS Ohio – Medicare Advantage has 0% increase and Basic Plan non-Medicare has a 14.4% increase**
 - Non-Medicare 2025 premiums typically rising by 8% to 12% (Wakely proprietary projection)
 - Premium increase depends upon adequacy of 2024 rates
 - CalPERS – Basic (non-Medicare) plans will increase 9.8%
 - Medicare plans experiencing more variance
 - CalPERS Medicare plan premiums will rise 22.25%
 - Wisconsin Group Insurance Board Medicare Advantage premiums increasing 20%
 - Texas Teachers – Medicare Advantage BR premiums decreasing 45% (\$135 to \$75) but with a \$400 deductible and \$3,500 out-of-pocket limit
 - » STRS Ohio’s premiums approximately half of Texas for most benefit recipients with richer coverage; \$0 deductible and \$1,500 out-of-pocket limit

- Premium increase projections fell after May as additional information became available

Projected Premiums for Benefit Recipients Receiving Maximum Subsidy



2025 Proposed Premiums

- In 2025, over 90% of enrollees will have no premium increase including Health Care Assistance Plan (HCAP) enrollees with \$0 premiums; Non-Medicare premiums are increasing; full premium chart available in the Appendix

	Total Counts % of Total Count (July 24)	2025			2024		
		Full Premium	BR Maximum Subsidy		Full Premium	BR Maximum Subsidy	
			Monthly Premium	Change from 2024		Monthly Premium	Change from 2023
Medicare*							
Aetna MA Plan	98,419 (90.6%)	\$159	\$25	BR \$0 Spouse -\$2	\$161	\$25	BR -\$6 Spouse -\$19
Aetna Basic Plan	460 (0.4%)	\$275	\$141	BR +\$4 Spouse +\$2	\$273	\$137	BR +\$9 Spouse -\$45
Non-Medicare							
Aetna Basic Plan	9,714 (8.9%)	\$1,278	\$319	BR +\$40 Spouse +\$161	\$1,117	\$279	BR -\$7 Spouse -\$26

*Medicare premiums include \$30 Medicare Part B credit for BRs and \$2 Medicare Prescription Payment Plan (M3P) debit for all Medicare enrollees
BR = Benefit Recipient

- **Motion to adopt 2025 premiums and plan change**



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PROPOSED MOTION

Approval of the 2025 Retiree Health Care Premiums and Medicare Prescription Plan True Out-Of-Pocket Limit (TrOOP)

August 15, 2024

_____ moved, seconded by _____ to approve the following retiree health care premiums and plan change for 2025;

- Aetna Medicare Plan medical/prescription monthly premiums at the full plan cost of \$159, with subsidies not to exceed 66%.
- Aetna Medicare Basic Plan medical/prescription monthly premiums at the full plan cost of \$275, with a subsidy maximum of 66% but not to exceed the corresponding Aetna Medicare Plan subsidies.
- Aetna non-Medicare Basic Plan medical/prescription monthly premiums at the full plan cost of \$1,278, with subsidies not to exceed 75%.
- Medicare prescription drug plan change of maximum Medicare Part D drug true out-of-pocket limit (TrOOP) to \$2,000.

- **Dental and vision plans are fully insured with two-year contract period that renews next year; enrollees pay the full premiums (no subsidies)**
 - **Dental (102k enrollees)**
 - Plan remains the same
 - Rates are increasing
 - Dental practices permanently closed during COVID
 - Increase in reimbursement schedule for dental services
 - Increase in claims utilization
 - **Vision (87k enrollees)**
 - Plan remains the same
 - Rates remain virtually unchanged

Dental and Vision Two-Year Renewal



- Dental premiums are increasing while vision premiums remain nearly unchanged

2025–2026 Dental and Vision Monthly Premiums				Historical Monthly Premiums			
	2025–2026	Increase	2023–2024	2022	2021	2019–2020	2017–2018
Delta Dental							
Benefit recipient	\$34.38	\$3.72	\$30.66	\$29.48	\$30.08	\$30.38	\$30.35
Per additional adult	\$45.16	\$4.87	\$40.29	\$38.74	\$39.53	\$39.91	\$39.87
Children	\$25.78	\$2.80	\$22.98	\$22.10	\$22.55	\$22.79	\$22.75
Vision Service Plan (VSP)							
Benefit recipient only	\$6.70	\$0.05	\$6.65	\$6.65	\$6.65	\$6.82	\$6.85
Benefit recipient and other adult	\$13.41	\$0.05	\$13.36	\$13.36	\$13.36	\$13.53	\$13.56
Benefit recipient and children	\$14.43	\$0.05	\$14.38	\$14.38	\$14.38	\$14.55	\$14.58
Benefit recipient and all other combinations	\$21.13	\$0.05	\$21.08	\$21.08	\$21.08	\$21.25	\$21.28

- **Setting 2026 medical/Rx coverage and premiums**
 - April 2025: Possible look at 2026 coverage and premiums
 - May 2025: Possible discussion and finalization of 2026 coverage
 - August 2025 (possibly June) set 2026 premiums
 - May be delayed again until August due to Inflation Reduction Act (IRA) impacts on the prescription program that won't be fully known until late July or early August

Questions?

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Appendix

2025 Premiums Chart



MONTHLY PREMIUMS FOR 2025

		Medicare		Non-Medicare	
ELIGIBILITY GROUP ² (See eligibility requirements below)		Aetna Medicare Plan (Medicare Advantage PPO)	Aetna Basic Plan (PPO or Indemnity)	Aetna Basic Plan (PPO or Indemnity)	
BENEFIT RECIPIENT ELIGIBLE FOR SUBSIDY YEARS OF SERVICE		MONTHLY PREMIUM ¹	MONTHLY PREMIUM ¹	MONTHLY PREMIUM	
Retired before 8/1/2023	Retire 8/1/2023 through 7/1/2032 ³	Premiums shown below are reduced by a \$30 Medicare Part B credit for benefit recipients enrolled in an STRS Ohio Medicare plan. Enrollment in Medicare Part B is mandatory.		Medicare Part B credit does not apply.	
30+	30+	25	141	319	
29	29	29	145	351	
28		32	148	383	
27		36	152	415	
26		39	155	447	
25		43	159	479	
24		46	162	511	
23		28	50	166	543
22		27	53	169	575
21	26	56	172	607	
20	25	60	176	639	
19	24	63	179	671	
18	23	67	183	703	
17	22	70	186	735	
16	21	74	190	767	
15	20	77	193	799	
BENEFIT RECIPIENT NOT ELIGIBLE FOR SUBSIDY		129	245	1,278	
Benefit recipients enrolled in the Health Care Assistance Program pay a \$0 monthly premium. Eligible dependents pay premiums shown below.					
Spouse		159	275	1,278	
Per Child		159	275	302	
Disabled Adult Child		159	275	1,278	

¹All Medicare premiums include \$2 costs to administer the CMS Medicare Prescription Payment Plan (M3P).

²Eligibility Requirements

- Retire on or after Aug. 1, 2023: At least 20 years of service credit is required to qualify for coverage and a subsidy.
- Retired Jan. 1, 2004–July 1, 2023: At least 15 years of service credit is required to qualify for coverage and a subsidy.
- Retired before Jan. 1, 2004: No minimum years of service credit is required to qualify for coverage; however, at least 15 years of service credit is required to qualify for a subsidy.

³Maximum Subsidy Requirements

- Retire Aug. 1, 2023–July 1, 2032: At least 30 years of service credit is required to qualify for maximum subsidy.
- Retire on or after Aug. 1, 2032: Years of service credit required for maximum subsidy will be the same as eligibility for unreduced pensions (currently 34 years of service credit; subject to change).