

# NORTH CAROLINA GENERAL ASSEMBLY

# Session 2019

# **Legislative Actuarial Note**

# **Health Benefits**

**Short Title:** Retirement Technical Corrections Act of 2019.-AB

**Bill Number:** House Bill 214 (First Edition)

**Sponsor(s):** Representatives C. Smith, Gill, and McNeill

## **SUMMARY TABLE**

#### ACTUARIAL IMPACT OF H.B. 214, V.1 (\$ in thousands)

### FY 2019-20 FY 2020-21 FY 2021-22 FY 2022-23 FY 2023-24

# **State Impact**

State Health Plan Net Loss

NET STATE IMPACT - - - -

# **ACTUARIAL IMPACT SUMMARY**

Sections 1 and 13 have potential actuarial impacts on the State Health Plan (Plan).

<u>Section 1</u>: Specifies that the Plan is a governmental plan under federal law and that the Plan should determine whether an employer or an employee would increase the risk of an adverse tax ruling prior to the employer or employee being allowed to participate in the Plan. The Segal Company, the consulting actuary for the Plan, and Hartman & Associates, the consulting actuary for the General Assembly, both estimate that this section will have negligible financial impact on the Plan.

<u>Section 13</u>: Confirms that local government participation in the Plan is irrevocable. Both actuaries estimate that this section will have negligible financial impact on the Plan.

#### ASSUMPTIONS AND METHODOLOGY

The actuarial analyses used by each respective consulting actuary are on file with the Fiscal Research Division. Copies of each respective consulting actuary's analysis, including assumptions, are also attached to the original copy of this Legislative Actuarial note.

# Summary Information and Data about the State Health Plan (Plan)

The Plan administers health benefit coverage for active employees from employing units of State agencies and departments, universities, local public schools, and local community colleges. Eligible retired employees of authorized employing units may also access health benefit coverage under the Plan. Eligible dependents of active and retired employees are authorized to participate in the Plan provided they meet certain requirements. Employees and retired employees of selected local governments and charter schools may also participate in the Plan under certain conditions.

The State finances the Plan on a self-funded basis and administers benefit coverage under a Preferred Provider Option (PPO) arrangement, with the exception of many Medicare-eligible retirees who are in fully-insured Medicare Advantage plans. The Plan's receipts are derived through premium contributions, investment earnings and other receipts. Premiums for health benefit coverage are paid by (1) employing agencies for active employees, (2) the Retiree Health Benefit Fund for retired employees, and (3) employees and retirees who participate in a plan with a non-zero premium or who elect dependent coverage. Benefit and premium changes are typically effective at January 1. The Plan's PPO benefit design includes two alternative benefit levels listed below:

- 1) The 70/30 Plan that offers higher out-of-pocket requirements in return for lower employee and retiree premiums, and
- 2) The 80/20 Plan that offers lower out-of-pocket requirements with higher employee and retiree premiums.

Medicare-eligible retirees are offered three alternative plans:

- 1) The 70/30 Plan as coverage secondary to Medicare for medical services plus a pharmacy benefit plan,
- 2) "Base" Medicare Advantage Prescription Drug Plan (MA-PDP) from United Healthcare, that is actuarially equivalent to the 80/20 Plan and applies in-network out-of-pocket requirements at out-of-network providers
- 3) "Enhanced" MA-PDP, identical to the "Base" MA-PDP, except with lower co-pays and higher retiree premiums

The following tables provide a summary of the most common monthly premium rates for the Plan in 2019:

# Active Employees and Non-Medicare Retirees (if Fully Subsidized)

		Employee/R	etiree Share
	Employer	Complete	Do Not
	Share	Tobacco	Complete
		Attestation	Attestation
70/30 Plan	\$519	\$25 *	\$85 *
80/20 Plan	\$159	\$50	\$110

<sup>\* \$0</sup> for Non-Medicare Retirees

# Medicare Retirees (if Fully Subsidized)

Medicare	Advantage	Plans
Miculcarc	navantage	1 Iuiis

ricalcal e Havantage i lans		
	Employer	Employee/Retiree Share
	• •	
	Share	
MA-PDP Base Plan	\$403	\$0
	•	
MA-PDP Enhanced Plan	\$403	\$63
Alternate Plan		
	Employer	Employee/Retiree Share
	• •	1 3 /
	Share	
Traditional 70/30 Plan	\$403	\$0
114416161141 / 0/ 50 1 1411	ΨΙΟΟ	Ψ0

# Dependents (paid by employee/retiree in addition to premiums above)

	-	nts are Non- icare	One or Mor	re Medicare D	ependents
	70/30 Plan	80/20 Plan	MA-PDP Base	MA-PDP Enhanced	70/30 Plan
Employee/Retiree + Children	\$193	\$255	\$89	\$152	\$155
Employee/Retiree + Spouse	\$565	\$650	\$89	\$152	\$425
Employee/Retiree + Family	\$573	\$670	\$178	\$304	\$444

The employer share of premiums for retirees is paid from the Retiree Health Benefit Fund. During FY 2018-19, employers contribute 6.27% of active employee payroll into the Fund. Total contributions for the year are projected to be approximately \$1,096 million.

### **Financial Condition**

Projected Results for CY 2019 and CY 2020 – The following summarizes projected financial results for 2019 and 2020, based on financial experience through September 2018. The projection assumes

a 7.0% annual claims growth trend for medical claims, a 9.5% trend for pharmacy claims, benefit provisions and member-paid premiums as adopted by the Board for 2019, Medicare-based provider pricing beginning in 2020, and 4% employer premium increases in 2020.

	(\$ m	illions)
	Projected	Projected
	CY 2019	CY 2020
Beginning Cash Balance	\$1,056.7	\$1,079.0
Receipts:		
Net Premium Collections	\$3,690.6	\$3,841.9
Medicare Subsidies	\$10.3	\$10.4
Investment Earnings	\$9.3	\$9.4
Total	\$3,710.1	\$3,861.7
Disbursements:		
Net Medical Claim Payment Expenses	\$2,533.7	\$2,530.9
Net Pharmacy Claim Payment Expenses	\$767.7	\$842.9
Medicare Advantage Premiums	\$171.4	\$239.2
Administration and Claims-Processing Expenses	\$215.0	\$207.1
Total	\$3,687.8	\$3,820.1
Net Operating Income (Loss)	\$22.3	\$41.6

Of the premiums paid in CY 2019, an estimated \$2.4 billion is derived from General Fund sources and an estimated \$0.1 billion is derived from Highway Fund sources.

#### Other Information

Additional assumptions include Medicare benefit "carve-outs," cost containment strategies including prior approval for certain medical services, utilization of the "Blue Options" provider network in 2019 and Medicare-based pricing in 2020 and beyond, case and disease management for selected medical conditions, mental health case management, coordination of benefits with other payers, a prescription drug benefit manager with manufacturer rebates from formularies, fraud detection, and other authorized actions by the State Treasurer, Executive Administrator, and Board of Trustees to manage the Plan to maintain and improve the Plan's operation and financial condition where possible. Medical claim costs are expected to increase at a rate of 7.0% annually and pharmacy claim costs are expected to increase at a rate of 9.5% annually according to assumptions adopted by the Board of Trustees. The active population is projected to remain unchanged, the pre-Medicare retiree population is projected to decrease by 1% per year and the Medicare-eligible retiree population is projected to increase by 3% per year.

# Enrollment as of January 1, 2019

I.	No. of Participants	Traditional 70/30	Enhanced 80/20	Medicare Advantage	Total	Percent of Total
1.	-	70/30	00/20	Auvantage	ivai	iviai
	Actives					
	Employees	112,490	192,987	-	305,477	41.6%
	Dependents	77,656	99,369		177,025	24.1%
	Sub-total	190,146	292,356	-	482,502	65.8%
	Retired					
	Employees	44,013	23,411	140,834	208,258	28.4%
	Dependents	7,674	5,346	11,855	24,875	3.4%
	Sub-total	51,687	28,757	152,689	233,133	31.8%
	<u>Other</u>					
	Employees	3,670	8,195	=	11,865	1.6%
	Dependents	2,327	3,704	-	6,031	0.8%
	Sub-total	5,997	11,899	-	17,896	2.4%
	Total					
	Employees	160,173	224,593	140,834	525,600	71.7%
	Dependents	87,657	108,419	11,855	207,931	28.3%
	Grand Total	247,830	333,012	152,689	733,531	100%
	Percent of Total	33.8%	45.4%	20.8%	100.0%	
	Employee Only Employee Child(ren) Employee Spouse Employee Family	118,022 25,632 4,913	170,537 35,239 6,366	128,979 215 11,640	417,538 61,086 22,919	
		11,606	12,451		24,057	
	Total	11,606 <b>160,173</b>	12,451 <b>224,593</b>	140,834		
				140,834 MA	24,057	
	Total	160,173	224,593		24,057 <b>525,600</b>	
	Total  Percent Enrollment by Contract	160,173 Traditional	224,593 Enhanced	MA	24,057 525,600 Total	
	Total  Percent Enrollment by Contract Employee Only	160,173  Traditional 73.7%	224,593 Enhanced 75.9%	<b>MA</b> 91.6%	24,057 <b>525,600</b> <b>Total</b> 79.4%	
	Total  Percent Enrollment by Contract Employee Only Employee Child(ren)	160,173  Traditional 73.7% 16.0%	224,593 Enhanced 75.9% 15.7%	<b>MA</b> 91.6% 0.2%	24,057 525,600 Total 79.4% 11.6%	
	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse	160,173  Traditional 73.7% 16.0% 3.1%	224,593 Enhanced 75.9% 15.7% 2.8%	MA 91.6% 0.2% 8.3%	24,057 525,600 Total 79.4% 11.6% 4.4%	
	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%	MA 91.6% 0.2% 8.3% 0.0% 100.0%	24,057 525,600 Total 79.4% 11.6% 4.4% 4.6% 100.0%	
III.	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced	MA 91.6% 0.2% 8.3% 0.0% 100.0%	24,057 525,600 Total 79.4% 11.6% 4.4% 4.6% 100.0%	
III.	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex Female	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional 141,753	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced 212,564	MA 91.6% 0.2% 8.3% 0.0% 100.0%	24,057 525,600  Total 79.4% 11.6% 4.4% 4.6% 100.0%  Total 456,006	
III.	Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex Female Male	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional 141,753 106,077	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced 212,564 120,448	MA 91.6% 0.2% 8.3% 0.0% 100.0%  MA 101,689 51,000	24,057 525,600  Total 79.4% 11.6% 4.4% 4.6% 100.0%  Total 456,006 277,525	
III.	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex Female	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional 141,753	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced 212,564	MA 91.6% 0.2% 8.3% 0.0% 100.0%	24,057 525,600  Total 79.4% 11.6% 4.4% 4.6% 100.0%  Total 456,006	
III.	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex Female Male Total  Percent Enrollment by Sex	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional 141,753 106,077 247,830  Traditional	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced 212,564 120,448 333,012  Enhanced	MA 91.6% 0.2% 8.3% 0.0% 100.0%  MA 101,689 51,000 152,689  MA	24,057 525,600  Total 79.4% 11.6% 4.4% 4.6% 100.0%  Total 456,006 277,525 733,531  Total	
III.	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex Female Male Total  Percent Enrollment by Sex Female	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional 141,753 106,077 247,830  Traditional 57.2%	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced 212,564 120,448 333,012  Enhanced 63.8%	MA 91.6% 0.2% 8.3% 0.0% 100.0%  MA 101,689 51,000 152,689  MA 66.6%	24,057 525,600  Total 79.4% 11.6% 4.4% 4.6% 100.0%  Total 456,006 277,525 733,531  Total 62.2%	
III.	Total  Percent Enrollment by Contract Employee Only Employee Child(ren) Employee Spouse Employee Family Total  Enrollment by Sex Female Male Total  Percent Enrollment by Sex	160,173  Traditional 73.7% 16.0% 3.1% 7.2% 100.0%  Traditional 141,753 106,077 247,830  Traditional	224,593  Enhanced 75.9% 15.7% 2.8% 5.5% 100.0%  Enhanced 212,564 120,448 333,012  Enhanced	MA 91.6% 0.2% 8.3% 0.0% 100.0%  MA 101,689 51,000 152,689  MA	24,057 525,600  Total 79.4% 11.6% 4.4% 4.6% 100.0%  Total 456,006 277,525 733,531  Total	

25 & Under	. Enrollme	nt by Age	Traditional	Enhanced	MA	Total
64 0.55				94,476	15	169,270
64 to 55	26 to 45		64,448	92,523	294	157,265
66 & Over         24,009         71,768         13,155         128,932           66 & Over         21,907         6,194         138,043         166,144           Total         247,830         33,0112         152,689         73,535,31           Percent Enrollment by Age         Traditional         Enhanced         MA         Total           25 & Under         30.2%         28.4%         0.0%         23.1%           26 to 45         26.0%         27.8%         0.2%         21.4%           66 to 05         17.8%         21.6%         8.6%         17.6%           66 & Over         8.8%         12.6%         8.6%         12.6%           7 total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         7.78           Non-Medicare Eligible in Base MA Plan         121,521         9.094         130,615           Medicare Eligible in Enhanced MA Plan         19.313         2,761         22.074           Non-Medicare Eligible in Enhanced MA Plan         58.4%         49.7%         24.6%           Medicare Eligible in Enhanced MA Plan         59.0%         10.0%         10.0%         10.0%           <	46 to 55				1,182	
Percent Enrollment by Age	56 to 65					
Potal         247,830         333,012         152,689         733,531           Percent Enrollment by Age         Traditional         Enhanced         0.0%         22.1%           25 & Under         30.2%         28.4%         0.0%         22.1%           46 to 45         26.0%         27.8%         0.0%         21.4%           46 to 55         17.2%         20.4%         0.8%         15.3%           5 6 to 65         17.8%         21.6%         8.6%         17.6%           6 & 20 ver         8.8%         1.9%         90.4%         22.6%           Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         70tal         100.0%         12,353         57,383           Medicare Eligible in Base MA Plan         121,521         9.094         130,615         22,074           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Non-Medicare Eligible in Taditional 70/30         10.8%         2,7%         9,9%           Medicare Eligible in Base MA Plan         58,4%         36,6%         56,0%           Medicare Eligible in Taditional 70/30         10.8%         2,7%<	66 & Over					
25 & Under         30.2%         28.4%         0.0%         23.1%           26 to 45         26.0%         27.8%         0.2%         21.4%           46 to 55         17.2%         20.4%         0.8%         15.3%           56 to 65         17.8%         21.6%         8.6%         17.6%           66 & Over         8.8%         1.9%         90.4%         22.6%           Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         7 Total           Non-Medicare Eligible         45,030         12,353         57,383           Medicare Eligible in Traditional 70/30         22,394         667         23.061           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Total         200,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Enhanced MA Plan         58,4%         36,6%         56,0%           Medicare Eligible in Traditional 70/30         10,8%         2.7%         9,9%           Medicare Eligible in Enhanced MA Plan         58,4%	Total		247,830	333,012		
25 & Under         30.2%         28.4%         0.0%         23.1%           26 to 45         26.0%         27.8%         0.2%         21.4%           46 to 55         17.2%         20.4%         0.8%         15.3%           56 to 65         17.8%         21.6%         8.6%         17.6%           66 & Over         8.8%         1.9%         90.4%         22.6%           Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         7 Total           Non-Medicare Eligible         45,030         12,353         57,383           Medicare Eligible in Traditional 70/30         22,394         667         23.061           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Total         200,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Enhanced MA Plan         58,4%         36,6%         56,0%           Medicare Eligible in Traditional 70/30         10,8%         2.7%         9,9%           Medicare Eligible in Enhanced MA Plan         58,4%						
26 to 45         26.0%         27.8%         0.2%         21.4%           46 to 55         17.2%         20.4%         0.8%         15.3%           56 to 65         17.8%         21.6%         8.6%         17.6%           66 & Over         8.8%         1.9%         90.4%         22.6%           Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         22,394         667         23,061           Medicare Eligible in Base MA Plan         121,521         9.094         130,615           Medicare Eligible in Enhanced MA Plan         121,521         9.094         130,615           Non-Medicare Eligible in Traditional 70/30         1.08%         2.4875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         1.08%         2.7%         9.9%           Medicare Eligible in Essa MA Plan         9.3%         1.11%         9.5%           Intal         5.4%         36.6%         56.0%         66.9%         9.0%         1.0%         9.0%						
46 to 55         17.2%         20.4%         0.8%         15.3%           56 to 65         17.8%         21.6%         8.6%         17.6%           66 & Over         8.8%         1.9%         90.4%         22.6%           Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         7 Total           Non-Medicare Eligible in Traditional 70/30         22,394         66         23,61           Medicare Eligible in Enhanced MA Plan         19,313         2,761         220,74           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         10.9%         2.7%         24.6%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         2.7%         9.9%           Medicare Eligible in Enhanced MA Plan         58.4%         36.6%		er				
56 to 65 (over         17.8% (over         21.6% (over         8.8% (over         1.9% (over         90.4% (over         22.6% (over           Total         100.0%         20.0%         4.6%         <						
66 & Over         8.8%         1.9%         90.4%         22.6%           Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         7.383           Non-Medicare Eligible         45,030         12,353         57,383           Medicare Eligible in Taditional 70/30         22,394         667         23,061           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible         21,6%         49.7%         24.6%           Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           Local Powlibic Schools         164,529         95,091         24,535						
Total         100.0%         100.0%         100.0%         100.0%           Retiree Enrollment by Category         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         22,394         667         23,061           Medicare Eligible in Base MA Plan         121,521         9,094         130,615           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible         21,6%         49,7%         24,6%           Medicare Eligible in Traditional 70/30         10.8%         2,7%         9,9%           Medicare Eligible in Base MA Plan         58,4%         36,6%         56,0%           Medicare Eligible in Enhanced MA Plan         9,3%         11.1%         9,5%           Total         100.0%         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           UNC System         54,857         33,56         82,581           UNC System         54,857         3,356         8,231						
Retiree Enrollment by Category         Employee         Dependents         Total           Non-Medicare Eligible         45,030         12,353         57,383           Medicare Eligible in Traditional 70/30         22,394         667         23,061           Medicare Eligible in Base MA Plan         121,521         9,094         130,615           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         10.89%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           Local Poblic Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         11,040						
Non-Medicare Eligible         45,030         12,353         57,383           Medicare Eligible in Traditional 70/30         22,394         667         23,061           Medicare Eligible in Base MA Plan         121,521         9.094         130,615           Medicare Eligible in Base MA Plan         19,313         2,761         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         16,4529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         82,31           Local Community Colleges         11,040         5,380         16,420	Total		100.0%	100.0%	100.0%	100.0%
Non-Medicare Eligible         45,030         12,353         57,383           Medicare Eligible in Traditional 70/30         22,394         667         23,061           Medicare Eligible in Base MA Plan         121,521         9.094         130,615           Medicare Eligible in Base MA Plan         19,313         2,761         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         16,4529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         82,31           Local Community Colleges         11,040         5,380         16,420	Retiree E	nrollment by Category		Employee	Dependents	Total
Medicare Eligible in Traditional 70/30         22,394         667         23,061           Medicare Eligible in Base MA Plan         121,521         9,094         130,615           Medicare Eligible in Enhanced MA Plan         19,313         2,675         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible         21,6%         49,7%         24,6%           Medicare Eligible in Traditional 70/30         10,8%         2,7%         9,9%           Medicare Eligible in Base MA Plan         58,4%         36,6%         56,0%           Medicare Eligible in Enhanced MA Plan         9,3%         11,1%         9,5%           Total         100,0%         100,0%         100,0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         11,040         5,380         16,220           Charter Schools (94 entities)         11,040         5,380         16,420           C					_	57,383
Medicare Eligible in Base MA Plan         121,521         9,094         130,615           Medicare Eligible in Enhanced MA Plan         19,313         2,761         22,074           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible         21,6%         49,7%         24,6%           Medicare Eligible in Traditional 70/30         10,8%         2,7%         9,9%           Medicare Eligible in Base MA Plan         58,4%         36,6%         56,0%           Medicare Eligible in Enhanced MA Plan         9,3%         11,1%         9,5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         9,591         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System		_				
Medicare Eligible in Enhanced MA Plan         19,313         2,761         220,74           Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65.979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         20         20         4,875         3,356         8,231           Local Goverments (129 entities)         11,040         5,380         16,420		= -			9,094	
Total         208,258         24,875         233,133           Percent Enrollment by Category (Retiree)         Employee         Dependents         Total           Non-Medicare Eligible         21.6%         49.7%         24.6%           Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931		=				
Non-Medicare Eligible         21.6%         49.7%         24.6%           Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         11,040         5,380         16,420           Other         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Verent Enrollment by Major Employer Groups         Employees         Dependents		-		•		
Non-Medicare Eligible         21.6%         49.7%         24.6%           Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         11,040         5,380         16,420           Other         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Verent Enrollment by Major Employer Groups         Employees         Dependents	Porcont F	nrollment by Category (Retiree)		Employee	Dependents	Total
Medicare Eligible in Traditional 70/30         10.8%         2.7%         9.9%           Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%					-	
Medicare Eligible in Base MA Plan         58.4%         36.6%         56.0%           Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Gommunity Colleges         15,237         9,298         24,535           Other         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12,6%         15.7%         13,4%           UNC System         10,4%         17,6%         12,5%           Local Public Schools         31,3%         45,7%         <		9				
Medicare Eligible in Enhanced MA Plan         9.3%         11.1%         9.5%           Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         0000         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%		= -				
Total         100.0%         100.0%         100.0%           Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community		_				
Enrollment By Major Employer Groups         Employees         Dependents         Total           State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Gommunity Colleges         2.9%         4.5%         3.3%           Oth		Eligible ili Elilianceu MA i lan				
State Agencies         65,979         32,602         98,581           UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%	1041			1001070	1001070	1001070
UNC System         54,857         36,678         91,535           Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         825         651         1,476           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0% <td>Enrollme</td> <td>nt By Major Employer Groups</td> <td></td> <td><b>Employees</b></td> <td>Dependents</td> <td>Total</td>	Enrollme	nt By Major Employer Groups		<b>Employees</b>	Dependents	Total
Local Public Schools         164,529         95,091         259,620           Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         30,200         3,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	State Age	ncies		65,979	32,602	98,581
Charter Schools (94 entities)         4,875         3,356         8,231           Local Community Colleges         15,237         9,298         24,535           Other         Local Goverments (129 entities)         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	UNC Syste	em		54,857	36,678	91,535
Local Community Colleges         15,237         9,298         24,535           Other         Local Goverments (129 entities)         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	Local Pub	lic Schools		164,529	95,091	259,620
Other         Local Governments (129 entities)         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         1.0cal Governments         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	Charter So	chools (94 entities)		4,875	3,356	8,231
Local Goverments (129 entities)         11,040         5,380         16,420           COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         1.0cal Goverments         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%		nmunity Colleges		15,237	9,298	24,535
COBRA         825         651         1,476           Retirement System         208,258         24,875         233,133           Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%		overments (129 entities)		11,040	5.380	16,420
Total         525,600         207,931         733,531           Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.2%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%		,				
Percent Enrollment by Major Employer Groups         Employees         Dependents         Total           State Agencies         12.6%         15.7%         13.4%           UNC System         10.4%         17.6%         12.5%           Local Public Schools         31.3%         45.7%         35.4%           Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	Retiremen	nt System		208,258	24,875	233,133
State Agencies       12.6%       15.7%       13.4%         UNC System       10.4%       17.6%       12.5%         Local Public Schools       31.3%       45.7%       35.4%         Charter Schools       0.9%       1.6%       1.1%         Local Community Colleges       2.9%       4.5%       3.3%         Other       2.1%       2.6%       2.2%         COBRA       0.2%       0.3%       0.2%         Retirement System       39.6%       12.0%       31.8%	Total			525,600	207,931	733,531
State Agencies       12.6%       15.7%       13.4%         UNC System       10.4%       17.6%       12.5%         Local Public Schools       31.3%       45.7%       35.4%         Charter Schools       0.9%       1.6%       1.1%         Local Community Colleges       2.9%       4.5%       3.3%         Other       2.1%       2.6%       2.2%         COBRA       0.2%       0.3%       0.2%         Retirement System       39.6%       12.0%       31.8%	Dorcont E	nrollment by Major Employer C-	ounc	Employees	Danandanta	Total
UNC System       10.4%       17.6%       12.5%         Local Public Schools       31.3%       45.7%       35.4%         Charter Schools       0.9%       1.6%       1.1%         Local Community Colleges       2.9%       4.5%       3.3%         Other       2.1%       2.6%       2.2%         COBRA       0.2%       0.3%       0.2%         Retirement System       39.6%       12.0%       31.8%		, ,	vups		_	
Local Public Schools       31.3%       45.7%       35.4%         Charter Schools       0.9%       1.6%       1.1%         Local Community Colleges       2.9%       4.5%       3.3%         Other       2.1%       2.6%       2.2%         COBRA       0.2%       0.3%       0.2%         Retirement System       39.6%       12.0%       31.8%	_					
Charter Schools         0.9%         1.6%         1.1%           Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	-					
Local Community Colleges         2.9%         4.5%         3.3%           Other         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%						
Other         2.1%         2.6%         2.2%           Local Governments         2.1%         2.6%         2.2%           COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%						
COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%		imunity Colleges		2.9%	4.5%	3.3%
COBRA         0.2%         0.3%         0.2%           Retirement System         39.6%         12.0%         31.8%	0 01101	overments		2.1%	2.6%	2.2%
		, , , , , , , , , , , , , , , , , , , ,				
Total 100.00/ 100.00/ 100.00/ 100.00/	Local Go	, vormond		0.2%	0.5 /0	0.= 70
	Local Go COBRA					

# **TECHNICAL CONSIDERATIONS**

N/A.

#### **DATA SOURCES**

The Segal Company; baseline financial projections updated through Q3 CY2018; dated January 9, 2019. Filename "CY18 Q3 - Baseline - Final v2.pdf"

-Actuarial Note, Hartman & Associates, "House Bill 214: Retirement Technical Corrections Act of 2019", March 8, 2019, original of which is on file in the General Assembly's Fiscal Research Division.

-Actuarial Note, The Segal Company, House Bill 214, "Retirement Technical Corrections Act of 2019.-AB", March 6, 2019, original of which is on file with the State Health Plan for Teachers and State Employees and the General Assembly's Fiscal Research Division.

# LEGISLATIVE ACTUARIAL NOTE - PURPOSE AND LIMITATIONS

This document is an official actuarial analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described above. This document only addresses sections of the bill that have projected direct actuarial impacts on State employee health benefit programs and does not address sections that have no projected actuarial impacts.

#### **CONTACT INFORMATION**

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

# **ESTIMATE PREPARED BY**

David Vanderweide

### **ESTIMATE APPROVED BY**

Mark Trogdon, Director of Fiscal Research Fiscal Research Division March 25, 2019



Signed copy located in the NCGA Principal Clerk's Offices