

I move that this sub-committee recommend the following plan for pre-Medicare retirees:

**Goals:**

1. Provide a more equitable cost sharing between pre-Medicare and Medicare State of Delaware retirees.
2. Reduce the pay-go state cost and the future OPEB liability.
3. Provide a monetary incentive for current employees to continue working longer.

**Rationale:**

1. Medicare retirees are required to pay a monthly premium for Part A & B coverage of at least (as of October 2023) \$164.90, \$174.70 in 2024.
2. In contrast, present pre-Medicare (pre-65) retirees can select one of four plans, with present individual monthly premiums ranging from \$33.06 to \$125.04.
3. The annual cost of claims for pre-Medicare retirees is significantly higher; \$12,241 per year per pre-Medicare member compared to \$4,680<sup>1</sup> per year for Medicare members.

**Proposed Pre-Medicare Plan:** (for employees hired after 1/1/2025):

Retirees would pay the following cost share, depending on their age and years of service :

Age:		Below 48	48 – 55.11	56.0 – 60.11	61.0 – 64.11	65.0+
Years of Service: 30+		75%	50%	25%	12-21%	5%
	25.0 – 29.11	80%	65%	50%	35%	20%
	20.0 – 24.11	90%	77%	63%	49%	35%
	20 or less	100%	87%	75%	62%	50%
Number of Retirees (6/30/2022) <sup>2</sup>		43	684	2,311	2,527	24,070

**Specific Cost Share for Age 61 to 64,11 month Retiree:**

	Present Plans		Proposed	
	State	Retiree	State	Retiree
Basic Plan	96%	4%	87%	13%
Aetna CDH	95%	5%	86%	14%
Aetna HMO	93%	7%	84%	16%
Comprehensive	87%	13%	78%	22%

**Result:**

1. Reduces pay-go annual state cost by estimated \$10.8 million<sup>3</sup>.
2. OPEB liability has not been determined.

**Notes:**

1. FY2023 Financial Analysis of Health/Rx Plans, Year to Date July 1, 2022 to June 30,2023, SEBC document prepared by WTW.
2. Appendices A, Office of Pensions Actuarial Reports for State Pension Plan, Judicial Plan and State Police Plan, June 30, 2022
3. See attached spreadsheet.

Wayne Emsley, 10/22/2023