



## Benefits and Services Committee

### Item Number 3 – Open Session

**Subject:** Supplemental Information on the Triennial Health Benefits Study

**Presenter(s):** Tom Buffalo / David Lamoureux / Rick Reed

**Item Type:** Information

**Date & Time:** January 25, 2023 – 30 minutes

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**Attachment(s):** None

**PowerPoint(s):** Supplemental Information on the Triennial Health Benefits Study

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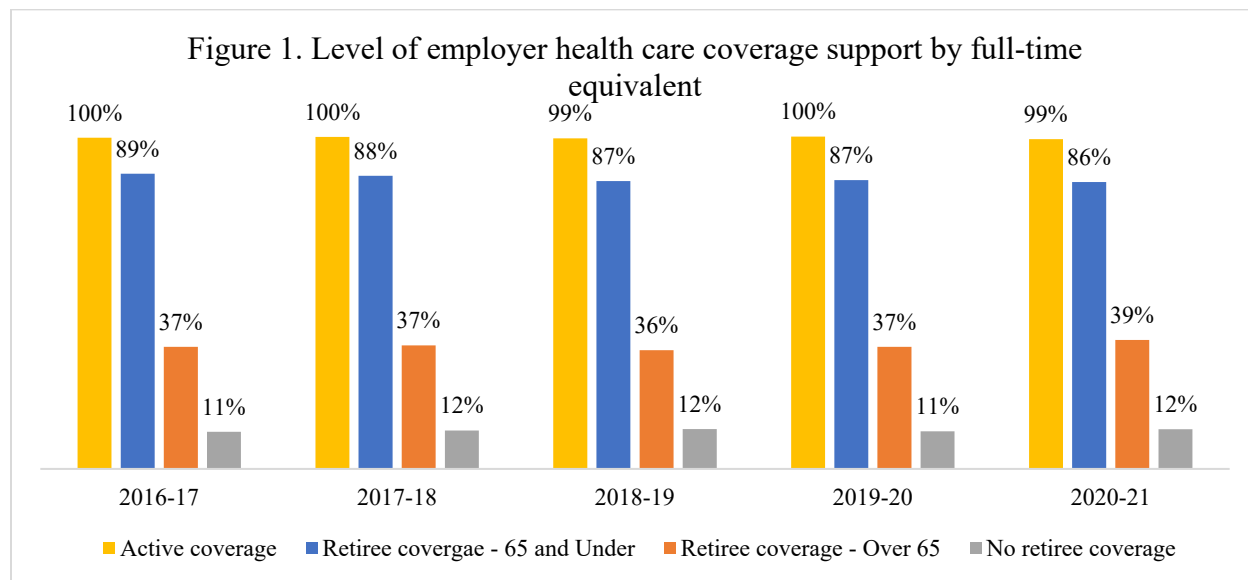
#### **Item Purpose**

At the January 2022 Teachers' Retirement Board Benefits and Services Committee meeting, staff presented the findings of the [Triennial Health Benefits Study](#). This study provides background on the coverage and cost of health care for California's active and retired educators. Board members requested additional information. This item provides the additional information requested.

#### **Discussion**

##### **Employer Health Care Coverage Update**

Since the Triennial Health Benefits Study in January 2022, an additional year of data is available from the [California Department of Education](#) regarding the health care coverage public school districts in California provide to their teachers. The percentage of full-time equivalent positions working for a school district that provides some level of support for teacher health care coverage has remained consistent over the last five years. Almost all teachers work for a district with some coverage, over 80% of teachers work for a district that provides coverage to retirees aged 65 and under, and more than one third of teachers work for a district that provides coverage to retirees over age 65. About 12% of teachers work for a district that does not provide any health care coverage for retirees. At a national level the data suggest that employers have generally decreased their level of support for retired employees over time, however California's educators are not experiencing the same decrease in employer support in retirement.

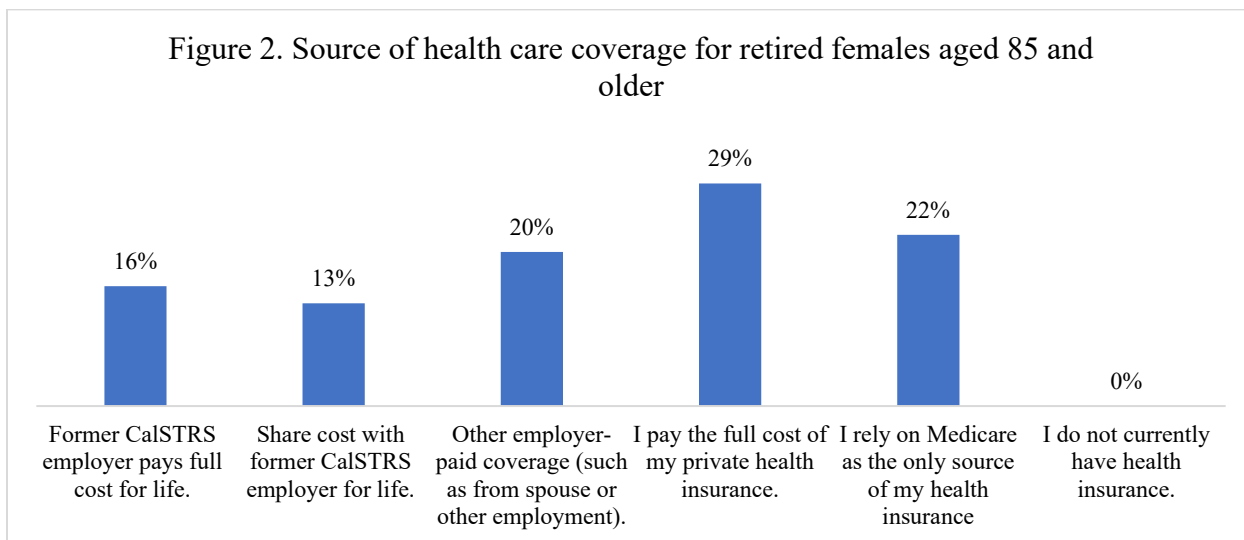


### Elder Women

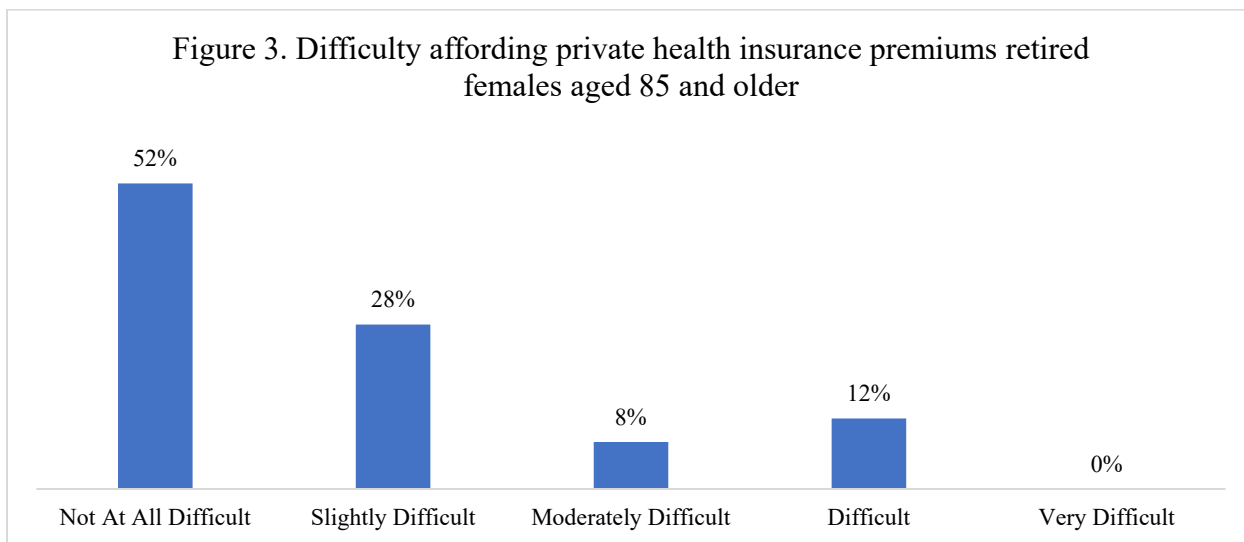
In the Triennial Health Benefits Study presented at the January 2022 Benefits and Services Committee, staff reported that CalSTRS members indicate health care costs are not a significant obstacle to saving for retirement, do not strongly influence their level of confidence they will have enough money to live comfortably throughout retirement, and it is not difficult to afford the cost of private health insurance premiums. However, these findings were presented for active and retired populations overall and did not provide detail for other member subpopulations. Since those findings, CalSTRS surveyed retired members again about health insurance coverage on the [Annual Member Survey](#) conducted in 2022.

Elder women—aged 85 and older—are a potentially vulnerable group of retirees. They have longevity but may be without the support of their spouse. Over half of retired female members aged 85 and older report they are widowed. Despite this, more than two-thirds of these retired respondents report being confident or very confident they will have enough money to live comfortably throughout retirement. About one third in this same group report the cost of health care did not influence this confidence at all.

Furthermore, 22% of retired females aged 85 and over report Medicare as their only form of health care. About 29% report they pay the full cost of their private health insurance, another 29% share the cost with their former CalSTRS employer, and the remaining 20% receive some support through other means such as other former employment not covered by CalSTRS or the former employer of a spouse. All respondents from this group reported having some level of health insurance coverage.



Additionally, while 28% of elder female retiree respondents report they spend more than expected on health care in retirement, the other 72% report this amount is the same or less than they expected. No female retirees in the 85 and older group reported the cost of private health insurance premiums as very difficult to afford, and 20% found it difficult or moderately difficult. The remaining 80% found it only slightly or not at all difficult to afford their private health insurance premiums.



Annual survey data of female retirees aged 85 and older suggest this group does not have major deficiencies in their health care coverage.

**Medicare Gaps**

With 24% of all retired female respondents and 28% of all retired male respondents indicating they rely solely on Medicare in retirement, they may face challenges addressing Medicare coverage gaps.

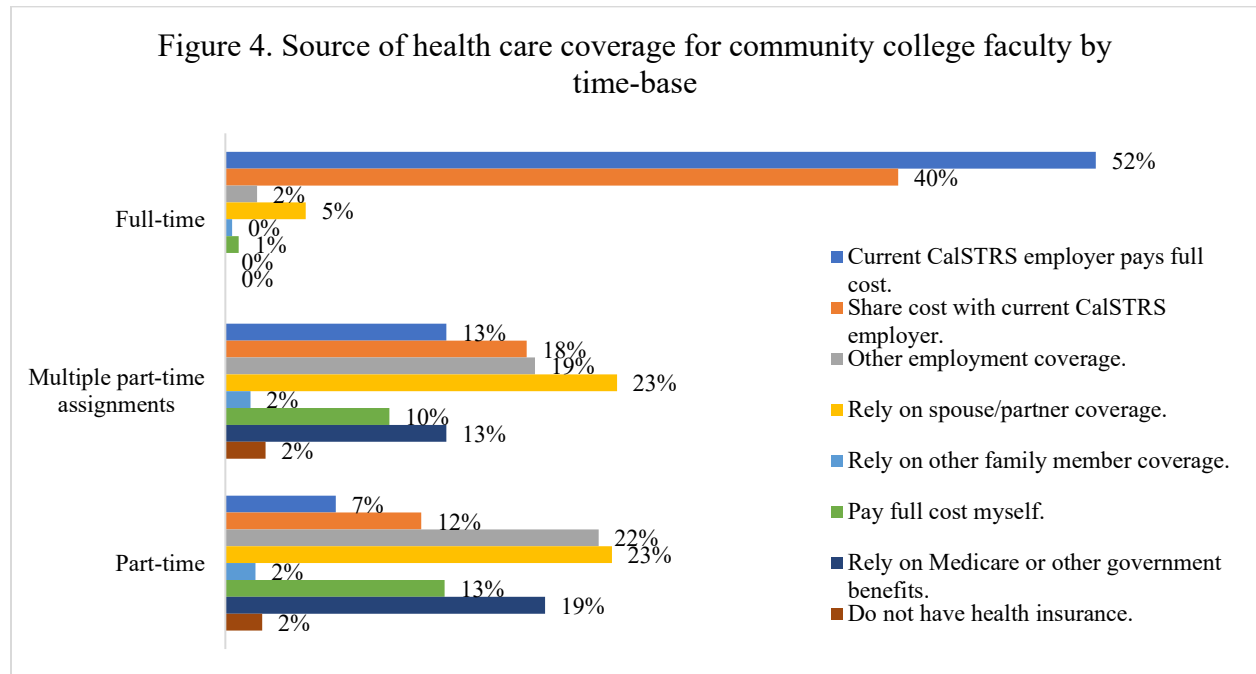
[Previous research](#) suggests most CalSTRS retired members receive Medicare Part A premium free either through employment qualification or through the CalSTRS Medicare Premium Payment Program. For [2023](#), the Medicare Part B premium is about \$165 a month. With Part A and Part B, hospital and doctor visits are still subject to deductible and copayment amounts and do not cover the cost of prescription drugs. The 2023 Part A deductible is \$1,600 for each stay in a hospital or skilled nursing facility. Extended stays in the hospital and skilled nursing facilities incur additional copayment amounts per day. The 2023 Part B deductible is \$226 and is an annual amount.

Additional coverage for these expenses can be purchased through Medicare Supplement Insurance ([Medigap](#)) and through [Medicare Part D](#) that are provided by private companies. These types of supplemental insurance add additional premiums to the monthly cost of health care for retirees, sometimes hundreds of dollars depending on the type and amount of coverage purchased. Decisions about the type of coverage purchased is a personal matter dependent on many factors including health status, age, and finances.

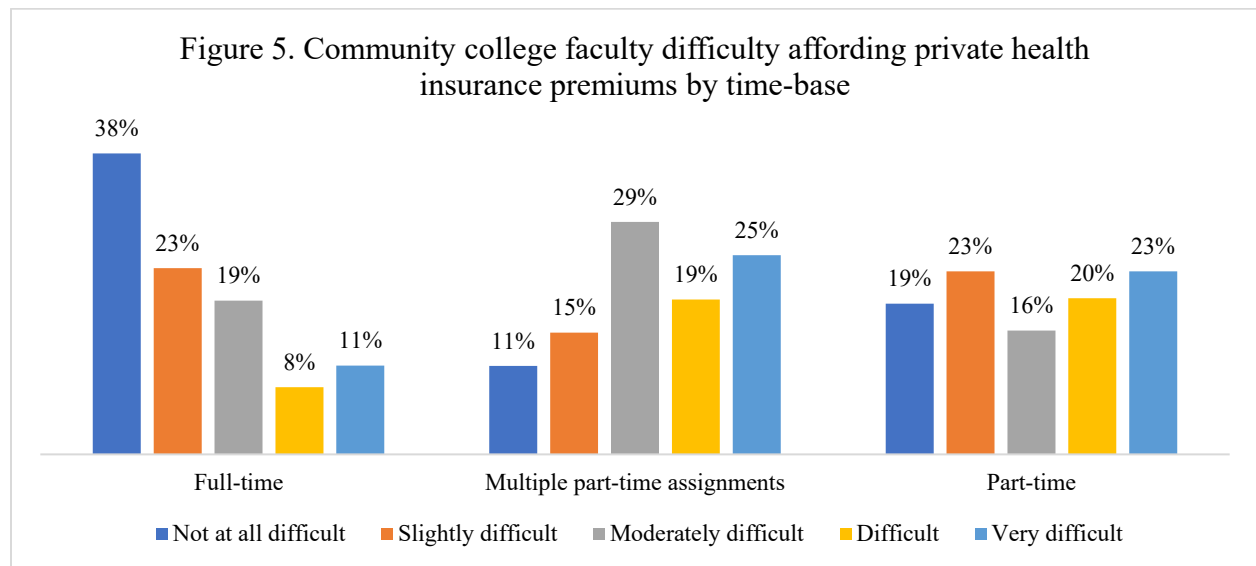
### **Community College Faculty**

In April of 2022, staff surveyed community college faculty. This survey asked a series of questions about the health care coverage community college faculty receive. Community college faculty are often part-time or work multiple part-time assignments to accumulate earnings that resemble a full-time salary. Community college districts often have time-base requirements to qualify for health care coverage support. This may lead to a lack of coverage for part-time community college faculty, assuming this employment is relied on to be the primary source of their health benefits.

Over 90% of full-time faculty report they either share the cost of their private health insurance premiums with their employer or their employer covers the full cost. Fewer than 20% of part-time faculty have health care premium support from their current CalSTRS employer, while 31% of faculty who work multiple part-time assignments have some support. The most frequently reported method of obtaining health care coverage for part-time faculty and faculty working multiple part-time assignments is through their spouse or partner.



Over 40% of part-time faculty and faculty with multiple part-time assignments find it difficult or very difficult to afford their private health insurance premiums.



## Conclusion

Staff will continue to monitor and identify significant shifts in the type of coverage or level of support California’s educators receive and monitor the data for potentially vulnerable member groups and report further updates with the next Triennial Health Benefits Study.

Strategic Plan Linkage: Goal 2 – Leading innovation and managing change. Success indicators – Sponsor of financial literacy and financial wellness solutions. Engaged, educated and confident members and retirees.

Board Policy Linkage: Benefits and Service Policy – Improve access to affordable and adequate health care for members.

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**Optional Reference Material:** None.