



CALSTRS

Updates on Financial Reporting

Medicare Premium Payment Program

Presenter:

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Background on MPP Program

- Medicare Premium Payment (MPP) Program
 - Established July 1, 2001, to provide other postemployment benefits (OPEB) to eligible Defined Benefit Program members
- Under the MPP Program, CalSTRS pays:
 - Medicare Part A premiums for eligible members
 - Medicare Parts A and B late enrollment surcharges for eligible members

Reporting Related to OPEB Plans

- Governmental Accounting Standards Board (GASB) 75
 - Employers participating in an OPEB plan must disclose their proportionate share of the total OPEB liability and related items
- CalSTRS prepared OPEBI report to assist employers with GASB 75 reporting requirements
 - Schedule of proportionate share
 - Net OPEB liability
 - Deferred inflows and outflows of resources
 - Other items (information on actuarial methods and assumptions, etc)

CalSTRS' Research & Analysis

- To what extent are employers utilizing information published by CalSTRS related to the MPP Program?
- Surveyed employers in Spring 2021
- Sampled employers' financial statements
 - Are employers accounting for and making disclosures about the MPP Program in their financial statements?

CalSTRS Research & Analysis (cont.)

- Employers are not widely reporting information on the MPP Program
- Employers are not widely utilizing the OPEBI report
- Information provided in OPEBI report already included in other documents published by CalSTRS

Resulting Changes

- Beginning with the fiscal year ended June 30, 2021, CalSTRS will no longer prepare the OPEBI report
- Information presented in the OPEBI report will be made available by CalSTRS in the following publications:
 - Comprehensive annual financial report
 - OPI report
 - Financial reporting actuarial valuation reports by consulting actuary (Milliman)
 - Online FAQs

Next Steps

- Additional outreach to come
- CalSTRS to update FAQs on CalSTRS.com in coming months
- Employers encouraged to have discussion with your external auditors notifying them of change
- Additional questions? FinancialReporting@CalSTRS.com

Questions?