

9650 Health and Dental Benefits for Annuitants

This program provides funding for health and dental benefit services for retired state employees and their dependents.

The program began on January 1, 1962, with an employer contribution of \$5.00 per month toward the cost of a basic health plan. Since then, major medical plans, Medicare, and plans supplementing Medicare have been developed. Dental care was added in 1982.

The 2011-12 employer contribution for health premiums maintains the average 100/90 percent contribution formula established in Government Code Section 22871. Under this formula, the state averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the state contributes towards retiree health benefits. The state also contributes 90 percent of this average towards the health benefit costs of each of the retiree's dependents. The retiree is responsible for paying all health benefit plan costs that exceed the average of the four largest benefit plans. The 2012 monthly contribution maximums are \$566 for a single enrollee, \$1,074 for an enrollee and one dependent, and \$1,382 for an enrollee and two or more dependents. Dental care premiums vary by plan and number of dependents.

3-YR EXPENDITURES AND PERSONNEL YEARS

| | Personnel Years | | | Expenditures | | |
|--|-----------------|----------|----------|--------------------|--------------------|--------------------|
| | 2010-11 | 2011-12 | 2012-13 | 2010-11* | 2011-12* | 2012-13* |
| 10 Health and Dental Benefits for Annuitants | - | - | - | \$1,386,839 | \$1,528,407 | \$1,705,809 |
| TOTALS, POSITIONS AND EXPENDITURES (All Programs) | - | - | - | \$1,386,839 | \$1,528,407 | \$1,705,809 |
| FUNDING | | | | 2010-11* | 2011-12* | 2012-13* |
| 0001 General Fund | | | | \$1,351,008 | \$1,490,007 | \$1,662,770 |
| 0950 Public Employees Contingency Reserve Fund | | | | 35,831 | 38,400 | 43,039 |
| TOTALS, EXPENDITURES, ALL FUNDS | | | | \$1,386,839 | \$1,528,407 | \$1,705,809 |

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Government Code, Title 2, Division 5, Part 5.

DETAILED BUDGET ADJUSTMENTS

| | 2011-12* | | | 2012-13* | | |
|--|------------------|-------------|-----------------|------------------|----------------|-----------------|
| | General Fund | Other Funds | Personnel Years | General Fund | Other Funds | Personnel Years |
| Workload Budget Adjustments | | | | | | |
| Other Workload Budget Adjustments | | | | | | |
| • Adjustment to Health and Dental Benefits Rates | \$- | \$- | - | \$147,583 | \$4,639 | - |
| • Control Section 4.21 Savings | -25,180 | - | - | - | - | - |
| Totals, Other Workload Budget Adjustments | -\$25,180 | \$- | - | \$147,583 | \$4,639 | - |
| Totals, Workload Budget Adjustments | -\$25,180 | \$- | - | \$147,583 | \$4,639 | - |
| Totals, Budget Adjustments | -\$25,180 | \$- | - | \$147,583 | \$4,639 | - |

* Dollars in thousands, except in Salary Range.

9650 Health and Dental Benefits for Annuitants - Continued

Health Benefits

| Retirement System ¹ | Number of Retirees | | | Cost by System | | |
|---------------------------------|--------------------|----------------|----------------|--------------------|--------------------|--------------------|
| | 2010-11 | 2011-12 | 2012-13 | 2010-11 | 2011-12 | 2012-13 |
| PERS State Employees | 152,296 | 156,088 | 159,879 | \$1,281,880 | \$1,414,827 | \$1,584,388 |
| District Agricultural Employees | 336 | 341 | 346 | 2,825 | 3,161 | 3,540 |
| Legislators | 113 | 112 | 110 | 983 | 1,149 | 1,287 |
| Teachers | 145 | 138 | 132 | 1,163 | 1,293 | 1,448 |
| Judges | 1,657 | 1,696 | 1,736 | 14,776 | 16,380 | 18,343 |
| Totals | 154,547 | 158,375 | 162,203 | \$1,301,627 | \$1,436,810 | \$1,609,006 |

¹The cost for retirees' health benefits is based on the following average number of retirees covered from each retirement system.

9650 Health and Dental Benefits for Annuitants - Continued

Dental Benefits

| Retirement System ¹ | Number of Retirees | | | Cost by System | | |
|---------------------------------|--------------------|----------------|----------------|-----------------|-----------------|-----------------|
| | 2010-11 | 2011-12 | 2012-13 | 2010-11 | 2011-12 | 2012-13 |
| PERS State Employees | 125,916 | 129,739 | 133,562 | \$83,698 | \$89,958 | \$95,070 |
| District Agricultural Employees | 328 | 337 | 346 | 218 | 238 | 252 |
| Legislators | 105 | 104 | 103 | 76 | 82 | 87 |
| Teachers | 111 | 108 | 106 | 73 | 82 | 87 |
| Judges | 1,621 | 1,665 | 1,709 | 1,147 | 1,237 | 1,307 |
| Totals | 128,081 | 131,953 | 135,826 | \$85,212 | \$91,597 | \$96,803 |

¹ The cost for retirees' dental benefits is based on the following average number of retirees covered from each retirement system.

9650 Health and Dental Benefits for Annuitants - Continued

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

| 1 STATE OPERATIONS | 2010-11* | 2011-12* | 2012-13* |
|---|--------------------|--------------------|--------------------|
| 0001 General Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | \$1,357,718 | \$1,515,187 | \$1,662,770 |
| Adjustment per Section 4.21 | <u>-</u> | <u>-25,180</u> | <u>-</u> |
| Totals Available | \$1,357,718 | \$1,490,007 | \$1,662,770 |
| Unexpended balance, estimated savings | <u>-6,710</u> | <u>-</u> | <u>-</u> |
| TOTALS, EXPENDITURES | \$1,351,008 | \$1,490,007 | \$1,662,770 |
| 0950 Public Employees Contingency Reserve Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | <u>\$35,831</u> | <u>\$38,400</u> | <u>\$43,039</u> |
| TOTALS, EXPENDITURES | \$35,831 | \$38,400 | \$43,039 |
| TOTALS, EXPENDITURES, ALL FUNDS (State Operations) | \$1,386,839 | \$1,528,407 | \$1,705,809 |

* Dollars in thousands, except in Salary Range.