STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
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Health Insurance Task Force Summary - May 2001

Background

Section 62 of Public Act No. 00-187 established a Task Force to study the Connecticut Teachers' Retirement Board (CTRB) health insurance program. Members appointed or designated to serve on the Task Force represented active and retired teachers, public members and state officials.

The Task Force was charged with conducting a study and making recommendations concerning the long-term solvency of the fund, the method of funding, future costs to the state, the level of benefits and the ability to provide these benefits in the future.

Ten Year Outlook

There were 10 active teachers to every 1 retiree in 1970. By 1999 the ratio fell to 2.2 to active teachers to every 1 retiree. We expect the ratio to fall to 1.6 to 1 by 2010.

Funding for the CTRB health insurance programs currently comes from active teachers, retired teachers and state appropriations. With the population of retirees increasing significantly and rising prescription drug costs, it is clear that the current funding mechanisms are not adequate to pay for retiree health benefits.

Despite recent plan changes to the prescription drug program and increases in state funding, the Health Insurance Premium Account will be in a deficit position in fiscal year 2004.

Possible Solutions Considered

- Plan design changes will have little impact in averting a deficiency.
- Eliminate the stand alone dental, vision and hearing rider for those not covered by a CTRB subsidized plan.
- Use attained age/service to determine the subsidy level for future retirees.
- Increase contribution level for spouse coverage.
- Cost share with school districts that offer early retirement incentive programs.
- Require school districts to pay for health insurance for rehired retired teachers.
- Participation in larger group plan.
- Examine effect of potential Medicare prescription drug benefits, although thought to have no or little impact.
- Explore alternative funding sources, including the Excess Earnings Account currently used to fund cost of living benefits. (The conclusion was that these funds could not be legally transferred because of future liabilities for cost of living increases.)

Conclusion

Additional funding is required. It remains unclear how and who will share the cost associated with this program. This issue must be addressed by the Legislature during the next legislative session to ensure the solvency of the account for current and future retirees