Joint Benefits Committee Report
CUCEA/CUCRA Fall 2017 Meetings
Retiree Health

1. Introduction

The University of California has several retirement benefits, of which the most important is the Defined Benefit pension plan, which provides economic security to tens of thousands of Retirees and Emeriti. The pension plan is a vested, guaranteed benefit.

Access to affordable health care is important for all people whether young or retired to promote security of mind and body. We cannot know the resolution of this issue at the National level, although we hope that the chaos in Washington will not disrupt the markets for UC Active and Retiree health care. In any event this report provides some observations that should be considered in forthcoming discussions about providing affordable health care for retirees of UC, and many of our issues are relevant regardless if the floor for UC contributions is rescinded. However, contrary to pension benefits, UC maintains that it has never provided a vested, guaranteed retiree health care benefit.

But UC has paid substantial health benefits because of their obvious importance to help with Faculty and Staff recruitment and retention, to alleviate apprehension about retirement, and to recognize the great contributions that Emeriti and Retirees continue to make to the University (See the 11th campus report). Until 2010 the University paid more than 90% of the cost for retiree health premiums with an assessment from each campus based on its payroll. But with the necessity of employee contributions to UCRS and worries about the unfunded liability of UCRS, the University decided to scale back the Retiree health benefit over a period of 6 to 7 years. In 2018 UC will only pay 70% of the Retiree Health premiums, leaving 30% paid by Retirees. The Joint Benefits Committee, CUCRA, CUCEA, and the entire group of Retires all thought that the contribution problem was solved. We had a stable procedure to predict the Retiree share of premiums.

This stability is once again threatened by a proposal to remove the 70% floor on contributions from UC, *but the new proposal will not affect Retiree health premiums for the 2018 calendar year*. There are three main reasons for the proposed change: the first is a new 1% of payroll assessment on each campus to help accelerate obtainment of 100% UCRS funding. The second is a GASB 75 accounting change that requires the University to display the health care unfunded liability in the actuarial balance sheets that are published every Fall in time for the November Regents meeting. This year, 2017, is the first year for this requirement. In the past the unfunded liability was reported as a footnote. The concern of the university is that the new prominent display of the unfunded liability will adversely affect the University's bond rating. The third reason is some belief that the University might have better uses for this money than for Retiree health care. However, regardless of the reasons for changing the floor for UC contributions, Retirees will pay much more for their health insurance. The effect of the cost increases on an individual will depend greatly on how the University allocates the Retiree contributions among distinct groups of Retirees and plans.

The University is considering an indefinite floor that will decrease whenever the total cost of health care (employer + retiree) for the next year increases by more than budget target of 3% or 4%. Although the exact method that will be used to calculate the decrease is unclear, in this report we calculate the new floor with the procedure implicit in the following example. Pretend that in year 1 the total Retiree health care costs $100 M, and that this amount is equally split between UC and Retirees (50% Floor). Now if the cost for year 2 is $107 M, and the budget target is 4%, the first 4 % of the expected increase will be equally split between UC and the Retiree and each will pay $52 M. The extra $107M - $104M = $3M above the budget target will be paid by Retirees. During year 2 UC pays $52M and Retires pay $55M, so the new floor will decrease to $100 \times 52 / 107 = 48.6$ %. This method only works well for the increase in total Retiree health cost. However, we also attempt to apply this method to specific health plans when we investigate some of the longer-term implications of this policy change in section 3 of this document.

In the remainder of this document we will offer some information and analysis that may help readers understand this complicated issue. We try to present the issues as to their effect on retirees. Although explicit references are not included; the data is extracted from Chief

Investment Officer reports, the Actuarial Reports for the Retiree health plans, the November UC Regents agendas, and from other reputable sources. Our additional hope is that this report will be useful to the Work Group, which will make recommendations about UC Retiree health care.

Short summaries of Sections 2 through 6 are found on pages 13 and 14.

2. Brief description of UC retiree health care

This section provides important and perhaps little-known information about the present UC Retiree Health Plans. We must understand the present, before making changes for the future.

The number of retirees increases each year, and the present cohort for Faculty, Management, and Staff is found in Table I. About 75% of the Retirees are Professional Staff, and Management Staff and Faculty comprise the rest. Not surprisingly Faculty have the highest average pensions. The average pensions will increase as active employee salaries will increase in future years. We also take this opportunity to alert the reader that the UC documents about Retiree Health appear to have some inconsistencies! These have caused some consternation in the writing of this document, and our first recommendation is that this data set be corrected if indeed errors are present. To see that others may have had difficulty please refer to Appendix A, first paragraph, page 20, of the November 2016 Actuarial Valuation for Retiree Health.

Table I, Number of retirees and monthly pension amounts rounded to $100

Group	Number of members	Average Pension / month
Faculty	6,380	$6,900
Management	5,769	$5,000
Professional staff	44,029	$2,800
Total annuitants	60,178	$3,600

The total annuitants fall into one of four health categories: Medicare, OneExchange Medicare, Non-Medicare < 65 y.o., and Non-Medicare ≥ 65 y.o. . The Medicare Retirees are mostly people age 65 or older who elected Social Security in 1976 or who started working at UC after 1976. These Retirees have paid sufficient Social Security and Medicare taxes (1.45% of salary by both employee and employer without a cap on salary) to qualify. This group is expected to grow by several percent per year for the next couple of decades. The other significant Medicare group is OneExchange. The members of this group are Medicare eligible people (≥ 65) who live outside of California but in the United States. They receive Medicare benefits as well as a contribution from UC to buy supplemental insurance.

The people who are Non-Medicare and younger than 65 form the third group. These are mostly people who have retired early but will qualify for Medicare when they reach age 65. New people will enter this group at least with partial benefits for many years. The fourth group is a closed group of people who did not coordinate with Social Security in 1976. Unless these individuals qualify for Medicare from other earned income, they will not receive Medicare. Table II provides summary data about enrollments and Explicit costs borne by the University. The largest per capita Explicit costs are for the Non-Medicare Retirees and their dependents. The largest total Annual Explicit expenditure supports Medicare Health care.

Table II, # of policies, covered people, and average contribution by UC[a]

Group	# of policies	# of covered people	Average contribution by UC per month per covered person	Total Annual Explicit UC contribution
Medicare	31,997	47,684	$376	$215M
OneExchange	3,609	4,806	$250	$ 14M
Non-Medicare	8,740	13,322	$494	$ 78M
Total	44,346	65,812	$389	$307M

[a] 2017 data

The University of California also incurs an Implicit cost for Retiree Health. In 2016 this cost was $88M, and it occurs because Non-Medicare Retiree Health plan members have plans that are blended with the Health plans for active employees. There will be Non-Medicare

persons in Medicare and Non-Medicare households. In 2016 there were 8,883 Retirees under age 65, 2,475 Retirees 65 or older, 17,952 Spouses / Domestic Partners, and 4,025 eligible children for a total of 33,335 Non-Medicare people. The Implicit cost is hence $220 per month per Non-Medicare person (Retiree or dependent).

Table III provides insight into health plans for Medicare, young Non-Medicare and older Non-Medicare. Health Net is our chosen example and the rates paid by Retirees are compared with those for active employees. We note that the older Medicare Retirees and Active Employees pay the lowest and equal premiums in 2017. This is not a surprise considering the principles for UC contributions found in the November 2016 Actuarial Report for Retiree Health:

For calendar year 2017, the maximum contribution policy is:
• Medicare eligible retirees: 71% of aggregate premiums (including Medicare Part B premiums) for all Medicare eligible retirees covering only Medicare members.
• Non-Medicare eligible retirees under age 65: 70% of aggregate premiums for all non-Medicare retirees under age 65 covering only non-Medicare members.
• Non-Medicare eligible retirees age 65 and older: The same dollar amount as employees in Pay Band 2.

The last policy has been used for many years, and deserves expanded discussion in this report.

Table III, Monthly Health Net Rates paid by Retirees and Active Employees

Plans	U		UA	UC
Active[1]	$73		$218	$132
Non-Medicare < 65	$226		$515	$407
Non-Medicare ≥ 65	$73		$218	$132
Medicare Plans	M	MM	MA	MC
Retiree cost	$64	$128	$353	$245
"Standard" Medicare Part B Premium	$122	$244	$122	$122
Total Medicare cost	$186	$372	$475	$367

U, Non-Medicare Retiree; UA, Retiree + Non-Medicare Adult; UC, Retiree + Child
M, Medicare Retiree; MM, Medicare Retiree + Medicare Partner; MA, Medicare Retiree + Non-Medicare Partner, MC; Medicare Retiree + Child
[1]Pay Band 2, and here "U" refers to Employee

Although the nominal Medicare Retiree premium for a "M" policy is less than that of an age ≥ 65 "U", the Medicare premium is more than twice the older Non-Medicare premium once the mandatory Part B premium is paid. The same issue holds true comparing "MA" with "UA" and "MC" with "UC". It is bothersome that a person with Medicare does not have the lowest health plan premium, because this individual has paid Medicare Taxes for many years and must continue Part B premiums throughout retirement. We suspect that setting the older Non-Medicare premiums at Pay Band 2 made sense years ago when Part B premiums were low. However, now the rapid growth in Part B (about 7.5%) per year makes the original arguments less convincing. We will also see in the next section that the Pay Band 2 policy greatly violates the 70% floor for UC contributions.

However, there is another interesting observation. Is there an agreement, actual or implied, between UC and the older Non-Medicare Retirees to hold their premiums to Pay Band 2? If there is an agreement, Retiree Health Care might be a vested benefit.

There are two other issues that must be resolved. The first is the tax treatment of premiums. If UC pays the premiums, they are paid with pretax money. However, Medicare Part B premiums are paid with after tax money, and may be deducted from income only if total medical expenses are greater than 10% of adjusted gross income. Since very few UC Retirees will have such large medical expenses, the Part B premiums will be paid with after tax income. Consider a couple both with Medicare. They pay about $244 per month for Standard Part B premiums. If the couple is in the 33% total tax bracket, the cost in pretax dollars is $366. In comparison with the older or younger Non-Medicare retirees this increases the Medicare premium costs by $122 per month or $1,464 per year. This is not a negligible amount.

The other issue that is more difficult to solve is the fact that some Medicare Retirees will experience income banding of their premiums. This occurs because the Part B premiums increase for higher household income. If a person's Modified Adjusted Gross Income, MAGI, is greater than $87,500 or a couple's MAGI is greater than $170,000, then the part B Premium increases to $187.50. For the couple in the 33% tax bracket, this adds another $65 per month or $780 per year in pretax dollars. This effectively makes Medicare more expensive for higher income individuals. The reader may be thinking that the $170,000 threshold is so high that it will never matter, but note that MAGI is the total income from most of Social Security plus all taxable income from pensions, tax deferred investments, and other income before subtracting the

standard deduction, exemptions, or itemized deductions! Some UC Medicare Retires will have enough household income to require even higher Medicare Part B premiums. The UC Retiree Non-Medical plans have no such income banding, and an older Non-Medicare retiree pays the same premium regardless of pension or household income.

3. Projections of cost paid by Retirees for some UC Retiree health plans

Here we provide some projections for future Retiree Health Costs for the most popular plans for Medicare, young Non-Medicare, and older Non-Medicare Retirees. We make several assumptions:

1. We assume 2016 Actuarial Report growth rates for UC Retiree health care plan costs.
2. We only calculate projections of costs to 2027 or 2028. We are skeptical that projections for even 10 years are meaningful, but Retirees need some estimate of what the future may bring.
3. We assume that the growth rate for Medicare Part B premiums is the same as in assumption #1.
4. Projections are only presented for a single Retiree: "M" or "U" eligibility.
5. We use the equations in Appendix A to calculate future premiums. This choice is not unique, but one consequence is that the projections for older Non-Medicare Retirees will not correspond to Active Employees in Pay Band 2.

The first and most defensible projection is given in Figure 1 for the period 2018 to 2028, and shows the effect of different budget targets on the total UC Retiree Health Costs (Medicare and Non-Medicare beneficiaries). Presently the University pays on average 70% or 71% of premium costs, and the black lines show the projections for maintaining the 70% floor policy. The average premium paid per beneficiary (solid black line) increases by $154 per month while the UC contribution increases by $360 per month. The premiums for both the Retiree and the University increase by about 86% over the ten-year period.

The 4% and 3% budgetary targets are shown with the red and blue lines. The Retiree costs are given with solid lines, and the average cost for each beneficiary increases by $315 per month or 176% for the 4% budget target. The corresponding increases are $372 per

month or 208% for the 3% budget target. We note that each beneficiary pays also almost as much as the University for the 3% in 2018. The 70% floor has dropped to a 50% floor.

Retirees and Active Staff are interested in projections for their own and anticipated plans in future years. However, these projections are subtler than for the total contributions, because one needs Retiree contributions and percentages in a starting year. These parameters might be adjusted each year to rebalance the payments for various plans, and it is entirely possible that different growth rate for costs may exist for each plan. To some degree this is already done with allocation of Implicit costs to blend the Active employee rates with those of Retirees and beneficiaries.

We might note that the University paid about 90% of health plan premiums in 2010, and then just use the same process taken to reach the present floor of 70% to project premiums into the future. However, there is a big problem with the past allocation of decreases in University support. Over the past 7 years the UC contribution policy for the decreasing floor has affected the Retiree health plans very unevenly. As we will see, the University pays in 2017 for at least 90% of some plans while paying only 64% of others! UC must change this unequal allocation of contributions in the future.

We now present projections for nine individual Retiree Health Care plans, and three budget targets for each plan for a total of 27 projections, but only for the "U" or "M" policies. We start each projection with the specific initial 2017 Retiree cost in dollars, and the initial Retiree paid percentage of total plan costs. We realize that this starting point for the projections is the present unequal UC percentage contributions, but this choice shows the outcome for one (although not optimum) method to project the increases in UC and Retiree contributions. Each case can be displayed as Figure 2 or Figure 3 showing the growth of Retiree and UC contributions. The Figures also show the percentage of premiums paid by the Retiree. Figure 2 shows for the 4% budget target that a Health Net Medicare retiree will see his or her monthly premiums (Standard Part B) increase by $327 by 2017. The Retiree pays 36 % of premiums in 2017 which is substantially higher than the 29 % rate corresponding to a 71% floor for University contributions. The Retiree is projected to pay 48 % of premiums in 2027.

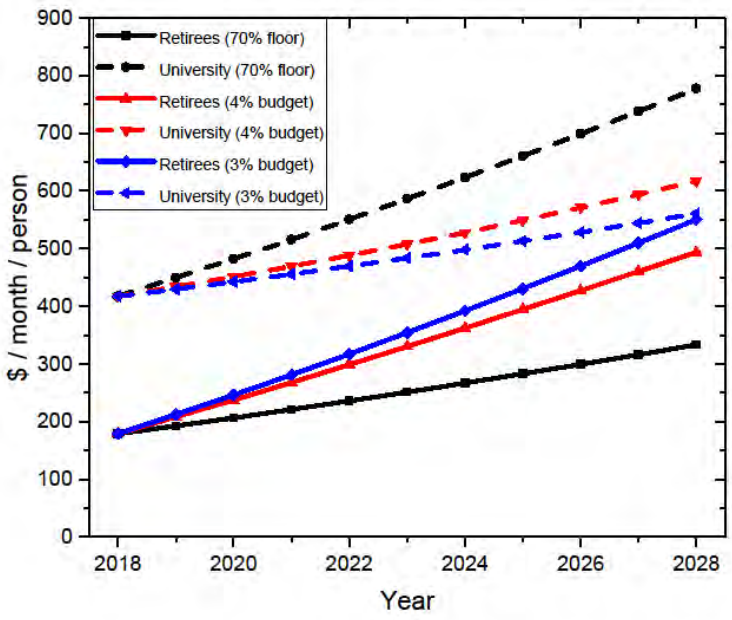

Figure 1, Implications of rescinding 70% floor

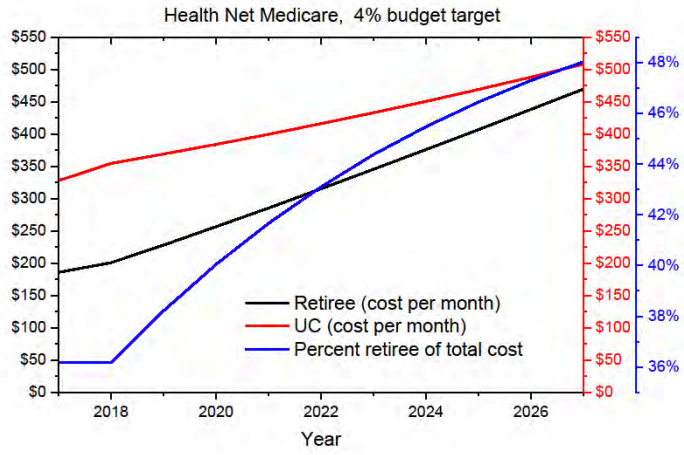

Figure 2, Retiree and UC contributions and Percent paid by Retiree

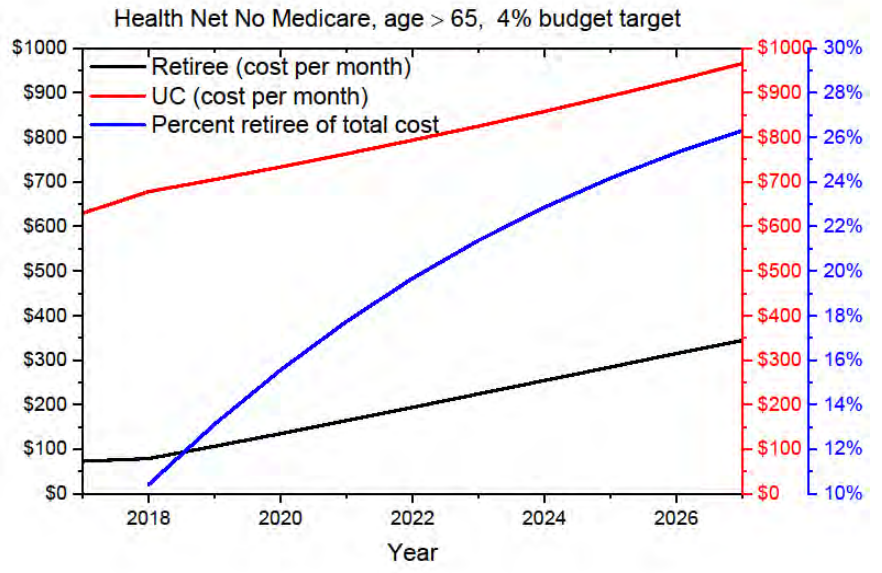

Figure 3, Retiree and UC contributions

Figure 3 shows for the 4% budget target that an older Health Net Non-Medicare retiree will see his or her monthly premiums increase by $272 by 2017. The Retiree pays 10 % of premiums in 2017, which is substantially lower than the 30 % rate corresponding to a 70% floor for University contributions! The Retiree is projected to pay only 26 % of premiums in 2027.

However, we do not present figures for all cases, because this would increase the length of this document by at least 10 more pages. It can also be challenging to estimate increases and numerical values from graphs. Instead we present relevant data in Appendix B as Tables IV, V, and VI. Table IV shows data for the 3 most popular Medicare plans, and Tables V and VI show the most popular plans for young and older Non-Medicare Retirees. The tables are quite self-explanatory, and show the Retiree costs and percentages for 2017, 2022, and 2027.

We find it useful to label the 27 different cases with a simple three-digit code, and these are listed on the left side of Table IV, V, and VI. The first digit is 4, 5, or 6 and denotes the Table (4 is Table IV, 5 is Table V, 6 is Table VI). The second digit gives the plan in the relevant Table, and the third digit gives the budget target: 3 for 3%, 4 for 4%, and 7 for 70%. For 2017 the budget target is irrelevant and hence we only need a designation such as 41x where x denotes a number: 3, 4, or 7.

This report can provide some analysis of the data in the table. Readers will be particularly interested in the present and future costs of the different scenarios and the percentage of health care costs that will fall on Retirees both now and later. In 2017 we see that only plans 41x, 61x, and 62x have Retiree paid costs less than $100 per month. Only 43x, 51x, 63x have monthly costs between $101 and $150, and only 42x with monthly costs between $151 and $200. Plans 52x and 53x have costs between $201 and $300. In 2027 assuming the budget target of 3% (the least favorable to Retirees), only plan 413 will have a projected monthly cost of less than $300. Plan 613 has costs between $301 and $400, plans 433, 513, and 623 between $401 and $500, plans 423 and 623 between $501 and $600, and plan 533 between $600 and $800. The older Non-Medicare Retirees tend to have lower present and projected costs.

There is also a wide range for the percentage of the total Retiree Health cost that is paid by the Retiree. With the floor for University contributions at 70% or 71% one might expect that present Retiree contributions might be 29% or 30%. Although the latter costs are valid in the average, they are certainly not for specific plans. In 2017 plans 61x and 62x have Retiree contributions less than 11%, plans 41x and 63x between 12% and 17%, plans 43x, 51x, and 53x between 18% and 31%, and plans 42x and 52x between $32 and 36%. The older Non-Medicare Retirees tend to pay the lowest share of total costs. In 2027 assuming the budget target of 3% (the least favorable to Retirees), plans 613 and 623 have a projected Retiree share of less than 33%. The projections show that plans 413 and 633 have shares between 34% and 40%, plans 433, 513, and 633 between 41% and 50%, and plans 423 and 533 between 51% and 60%. The older Non-Medicare plans have the lowest projected shares of the total.

4. Eligibility for retiree health care

Employees with UC employment starting after July 1, 2013 have stringent requirements to receive Retiree health benefits upon retirement, and these are shown in Figure 4. To receive 100% of maximum Retiree Health benefits the retiree needs to have 20 years of service credit and have attained age 65. With retirement age 60, the Retiree health benefits are limited to 50% of maximum benefits. However, the implication of this policy is that the Retiree Health Benefits have some, presumably significant, value. It may be hard to reconcile a valuable benefit with University Retiree Health contributions that have no floor. UC will probably want to further explain Retiree Health to prospective employees.

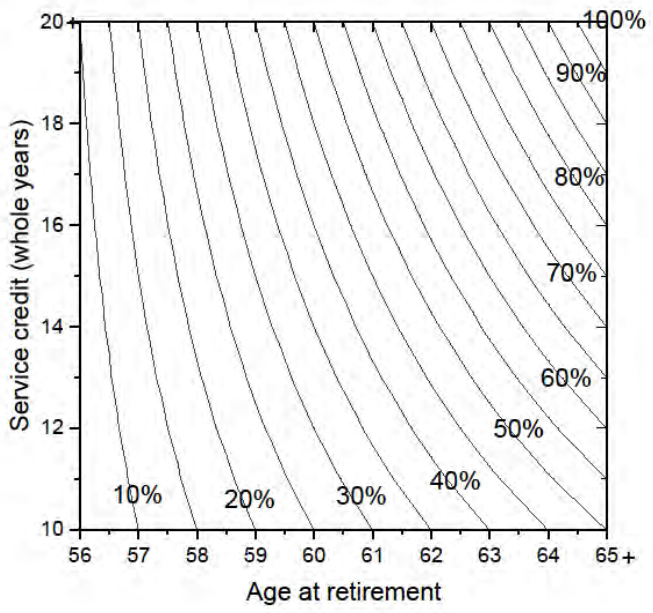

Figure 4, Service credit and Age requirements for 2013 Tier

5. Read carefully and Consult

JBC also notes some text from the Finance and Capital Committee of the UC Regents agendas.

1. From page 5 of attachment F8 for the November 16, **2016** meeting:

"In December 2010, the Regents approved the recommendations of the President of the University's PEB Task Force to gradually reduce the University's maximum contribution to 70 percent of total health care premiums. For valuation purposes, it has been assumed that the pattern of a three percentage point annual decrease in the contribution percentage will continue until the floor of 70 percent is reached (separately for Medicare-eligible retirees and non-Medicare-eligible retirees under age 65). *Each year the administration will reassess the level of the University contribution, the appropriateness of an additional three percent reduction in the contribution percentage, and whether the floor should remain at 70 percent or be changed to a different amount.* This assessment is typically done during the annual health plan renewal process, taking into consideration overall budget resources, salary adjustments for active employees, and cost-of-living adjustments (COLAs) for retirees."

From page 6 of attachment F11 for the November 14, **2013** meeting: "*Each year the administration will reassess the level of the University contribution, the appropriateness of an additional three percent reduction in the contribution percentage, and whether the floor should be 70 percent or a higher amount."*

The italicized sentences are clearly relevant for discussion of retiree health insurance, and

Retirees and active employees need to be vigilant about changes in text about policy. There is a

meaningful change in the two sentences, but we are not clear that it drew the attention of Active or Retired people. The change in this italicized statement is first found in 2014. There should be consultation with affected groups when UC recommends significant changes to Retirement benefits, and this might have avoided stress among Retirees.

6. Bond ratings

The Bond rating for the University of California does not seem to have suffered because of the large unfunded liability for Retiree Health Insurance that up to now has been reported in footnotes in the Actuarial Valuation reports. As of April 2017, UC has Stable High-Grade Investment Grade bond ratings. Using Moody's classifications, the bonds have ratings:

General Revenue Bonds	Aa2
Limited Project Revenue Bonds	Aa3
Medical Center Pooled Revenue Bonds	Aa3

It will be interesting to see the ratings after the 2017 Actuarial Valuation report is published showing the Unfunded Liability directly in the Tables.

7. Observations/recommendations from the sections of this report include the following:

Section 1 above: Introduction

Section 2 above: Brief description of UC retiree health care

a. Check for the consistency of data in different UC documents about number of individuals in different subgroups of Retirees.

b. Review the Pay Band 2 policy for Non-Medicare Retirees with age $\geq$ 65 that results in their premiums being less than half those for Medicare Retirees. Is this Pay Band policy the result of an explicit agreement between these Retirees and UC?

c. Consider income tax consequences and possible income banding that disadvantage Medicare Retirees with respect to Non-Medicare Retirees.

Section 3 above: Projections of overall cost to retirees and for some UC Retiree health plans

a. With the 70% floor the average projected premium paid by each beneficiary will increase by $154 per month or 86% between 2018 and 2028. The projected premium for the 3% budget target will increase by $372 per month or 208% while the 4% budget target shows an expected increase of $315 per month or 176%.

b. The 70% floor does not mean that Retirees pay 30% of the premium costs for their plan. The actual percentages in 2017 range from 10.1% to 36.2%, although the average over all plans is close to 30%. In 2009 the Retiree contributions represented about 10% of total costs for all plans.

c. We show projections of costs and Retiree paid premiums for 9 popular plans during the years: 2017, 2022, and 2027.

Section 4 above: Eligibility for retiree health care

For the 2013 Tier, UC adopted rigorous requirements to qualify for 100% of the Retiree health benefit. This seems to imply that this health benefit has value.

Section 5 above: Read carefully and Consult

Retirees and Active Staff should carefully follow changes in University documents to ask for consultation when required.

Section 6 above: Bond Ratings

Presently UC has excellent ratings for its bonds, and we will see what happens to the ratings once Retiree Health unfunded liability appears directly in the balance sheets.

We also call the reader's attention to important letters written by the chairs of the Task Force on Investment and Retirement, the Health Care Task Force, UCFW, and the Academic Council. Links are at: https://uclafacultyassociation.blogspot.com/2017/10/chain-mail-on-retiree-health.html .

Joint Benefit Committee Members

Adrian Harris (UCLA)	Appointed by CUCRA
Randy Scott (UCOP)	Appointed by CUCRA
Joel Dimsdale (UCSD)	Appointed by CUCEA
Dan Mitchell (UCLA)	Appointed by CUCEA
Louise Taylor (UCB)	Selected by JBC
Larry Pitts (UCSF/UCOP)	Selected by JBC
Chair, Roger Anderson (UCSC)	Selected by JBC
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Joe Lewis (UCOP)	CUCRA Chair-Elect
Richard Attiyeh (UCSD)	CUCEA Chair
Caroline Kane (UCB)	CUCEA Chair-Elect

Appendix A

The following equations allow the calculation of the new UC and retiree percentages, P_{new}^{UC} and P_{new}^{Ret}, in terms of its value in the previous year, for an annual percentage growth rate, G, and budget target, T:

$$P_{new}^{UC} = P_{old}^{UC}\frac{100+T}{100+G}$$
$$P_{new}^{Ret} = 100 - P_{new}^{UC}, \quad P_{old}^{Ret} = 100 - P_{old}^{UC}$$
$$R = \frac{(100+G)P_{new}^{Ret} - 100P_{old}^{Ret}}{P_{old}^{Ret}}$$

If $G \le T$, then $P_{new}^{UC} = P_{old}^{UC}$, and $R = G$.

For example consider the case where the University is paying 70% in a given year. If the total cost of health care increases by $G =$ 7% for the next year and the budget target is $T =$ 3%, then

$$P_{new}^{UC} = 70.0\frac{100+3}{100+7} = 67.4\%, \quad P_{new}^{Ret} = 100 - 67.4 = 32.6\%, \quad R = \frac{(100+7)32.6 - 100\times 30.0}{30} = 16.3\% \ .$$

In the new year the University will pay 67.4% of the healthcare cost, and the Retiree will pay 32.6%. However the increase in cost of health insurance for the Retiree is $R =$ 16.3% , although the total cost of Retiree Health Insurance only increases by $G =$ 7%! The reader can verify for T = 4% and G = 7% that: $P_{new}^{UC} = 68.0\%, \quad P_{new}^{Ret} = 32.0\%, \quad R = 14.1\%$. The 4% target is better for retirees, but an annual premium increase of 14.1% is still expensive. If the target is greater than 7% then the percentage contributions for UC at 70%, and $R = 7.0\%$. Keeping the 70% floor provides much slower growth of retiree health premiums.

[Appendix B follows on the next page.]

Appendix B

Table IV. Projected Single Retiree Cost (SRC) for three Medicare health plans and budget targets (BT) of 3%, 4%, and 70% floor

Code	Plan	BT	2017 SRC[1]	2022 SRC[1]	2027 SRC[1]	2017 % paid by Retiree[2]	2022 % paid by Retiree[2]	2027 % paid by Retiree[2]
413	Kaiser Medicare HMO	3%	$46	$133	$248	12.4%	24.9%	34.8%
414		4%	$46	$116	$204	12.4%	21.9%	28.6%
417		70%	$46	$65	$86	12.4%	12.4%	12.4%
423	Health Net Medicare HMO	3%	$186	$331	$513	36.2%	45.3%	52.5%
424		4%	$186	$315	$469	36.2%	43.1%	48.0%
427		70%	$186	$261	$347	36.2%	36.2%	36.2%
433	Medicare PPO	3%	$137	$261	$420	29.4%	39.6%	47.5%
434		4%	$137	$245	$376	29.4%	37.1%	42.5%
437		70%	$137	$193	$255	29.4%	29.4%	29.4%

[1] Monthly premiums paid by one person in Medicare. Includes Medicare Part B premium of $121.80 plus assumed price increases.
[2] Percent of total health premiums paid by Retiree

Table V. Projected Single Retiree Cost (SRC) for three Non-Medicare health plans and BT of 3%, 4%, and 70% floor. Age of Retiree < 65 years

Code	Plan	BT	2017 SRC[1]	2022 SRC[1]	2027 SRC[1]	2017 % paid by Retiree[2]	2022 % paid by Retiree[2]	2027 % paid by Retiree[2]
513	Kaiser HMO	3%	$127	$257	$423	23.8%	34.3%	42.6%
514		4%	$127	$237	$371	23.8%	31.7%	37.3%
517		70%	$127	$178	$237	23.8%	23.8%	23.8%
523	Health Net HMO	3%	$226	$410	$640	32.2%	41.5%	48.8%
524		4%	$226	$387	$579	32.2%	39.2%	44.2%
527		70%	$226	$318	$421	32.2%	36.2%	36.2%
533	UC Care	3%	$277	$482	$735	29.4%	45.5%	52.3%
534		4%	$277	$459	$675	29.4%	37.1%	42.5%
537		70%	$277	$389	$516	29.4%	29.4%	29.4%

[1] Monthly premiums paid by one person without Medicare.
[2] Percent of total health premiums paid by Retiree

Table VI. Projected Single Retiree Cost (SRC) for three Non-Medicare health plans and BT of 3%, 4%, and 70% floor. Age of Retiree ≥ 65 years

Code	Plan	BT	2017 SRC[1]	2022 SRC[1]	2027 SRC[1]	2017 % paid by Retiree[2]	2022 % paid by Retiree[2]	2027 % paid by Retiree[2]
613	Kaiser HMO	3%	$54	$168	$320	10.1%	22.4%	32.2%
614		4%	$54	$145	$259	10.1%	16.4%	26.0%
617		70%	$54	$76	$101	10.1%	10.1%	10.1%
623	Health Net HMO	3%	$73	$224	$425	10.4%	22.7%	32.4%
624		4%	$73	$194	$345	10.4%	19.7%	26.3%
627		70%	$73	$103	$136	10.4%	10.4%	10.4%
633	UC Care	3%	$125	$297	$521	16.6%	28.0%	37.1%
634		4%	$125	$245	$376	16.6%	25.2%	31.4%
637		70%	$125	$176	$233	16.6%	16.6%	16.6%

[1] Monthly premiums paid by one person without Medicare.
[2] Percent of total health premiums paid by Retiree