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Commonwealth of Pennsylvania Retired Employees Health Program GASB Statement Nos. 74 and 75 Valuation Report

Measurement date of June 30, 2024

Prepared by Deloitte Consulting LLP

October 2024

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Actuarial Valuation Opinion

This report presents results of the actuarial valuation of the Commonwealth of Pennsylvania's Retired Employees Health Program ("the Plan" or "REHP") measured as of June 30, 2024. In this report, we present disclosure information measured as of June 30, 2024 as required by Government Accounting Standards Board Statement Nos. 74 and 75 (GASB Nos. 74 and 75). In our opinion, this report is complete and accurate and represents fairly the actuarial position of the Plan for the purposes stated herein.

Actuarial information under GASB Nos. 74 and 75 is for purposes of fulfilling trust and employer financial accounting requirements. The results have been prepared on a basis consistent with our understanding of GASB Nos. 74 and 75 and are based upon assumptions prescribed by the Commonwealth of Pennsylvania. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein.

The Commonwealth of Pennsylvania provided the participant data, financial information, and plan descriptions used in this valuation. The actuary has analyzed the data and other information provided for reasonableness but has not independently audited the data or other information provided. The actuary has no reason to believe the data or other information provided is not complete and accurate and knows of no further information that is essential to the preparation of the actuarial valuation.

In our opinion, all costs, liabilities, rates of interest, and other factors underlying these actuarial computations have been determined on the basis of actuarial assumptions and methods that are each reasonable (or consistent with authoritative guidance) for the purposes herein taking into account the experience of the Plan and future expectations.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operations of the methodology used for these measurements (such as the additional cost or contribution requirements based on the Plan's funded status); and changes in program provisions or applicable law. Our scope for this actuarial valuation did not include analyzing the potential range of such future measurements, and we did not perform that analysis.

The undersigned with actuarial credentials collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This report was prepared solely for the benefit and internal use of the plan sponsor. This report is not intended for the benefit of any other party and may not be relied upon by any third party for any purpose, and Deloitte Consulting accepts no responsibility or liability with respect to any party other than the plan sponsor.

To the best of our knowledge, no employee of the Deloitte U.S. Firms is an officer or director of the employer. In addition, we are not aware of any relationship between the Deloitte U.S. Firms and the employer that may impair or appear to impair the objectivity of the work detailed in this report.

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Executive Summary

Governmental Accounting Requirements and Report Purpose

The Governmental Accounting Standards Board released the Statement of Governmental Accounting Standards Nos. 74 and 75 in June 2015. GASB No. 74 establishes financial reporting requirements for OPEB plans that have assets accumulated in a trust or equivalent arrangement for the purpose of funding OPEB. GASB No. 75 details the reporting and disclosure requirements for employers with payables (OPEB liabilities) to employees of state and local governmental employers through defined benefit OPEB plans that are administered through trusts or equivalent arrangements. The Commonwealth of Pennsylvania adopted GASB No. 74 in the fiscal year ended June 30, 2017 and GASB No. 75 in the fiscal year ended June 30, 2018.

The purpose of this actuarial valuation report is to provide information for the Commonwealth's trust and employer financial reporting. The information provided herein will be used for the fiscal year ended June 30, 2024 GASB No. 74 disclosures and fiscal year ending June 30, 2025 GASB No. 75 disclosures (the Commonwealth has elected to use a measurement date as of the end of the prior fiscal year end for GASB No. 75).

Summary of Results

The key results for the measurement period ended June 30, 2024 are:

- Net OPEB Liability (NOL) is \$7.0 billion, 155.3% of covered employee payroll.
- Plan Fiduciary Net Position (FNP) as a percentage of Total OPEB Liability (TOL) is 11.6%.
- OPEB Expense/(Income) is \$(0.8) billion.

Significant Changes from the Previous Actuarial Valuation

For the June 30, 2024 measurement, there was a decrease in TOL of \$0.6 billion compared to the previous valuation, with the decrease primarily due to the following:

- There was an expected \$0.2 billion increase in TOL due to the passage of time (service cost, interest, benefit payments, retiree contributions);
- There was a \$0.4 billion decrease in TOL due to changes in actuarial assumptions, driven by the increase in the discount rate from 5.65% to 6.09% and the updated trend rate assumption;
- There was a \$0.5 billion decrease in TOL due to actual experience over the past year that was different than expected, primarily driven by less than expected increases in per capita claims costs due to favorable claims and rebates experience.

Background and Comments

Overview of Plan

The Commonwealth sponsors the Retired Employees Health Program (REHP) for eligible retirees and their dependents to receive subsidized health coverage for the retiree's lifetime.

Funding Policy

The Commonwealth created the OPEB Investment Pool, a Trust Equivalent Arrangement, during the fiscal year ended June 30, 2008. The Commonwealth plans to contribute \$50 million annually until assets cover the present value of future benefits, subject to annual evaluation.

During the fiscal year ended June 30, 2024, employing agencies and certain plan members contributed \$275 per biweekly pay period for each current REHP eligible active employee to the REHP Trust. Certain employing agencies contribute under a separate payment arrangement. Employer contributions made to the REHP Trust, a Trust Equivalent Arrangement, are irrevocable. Plan assets are restricted for use for the provision and administration of REHP retirees' health benefits. Employers maintain no rights of ownership to the assets and the trust.

The OPEB Investment Pool's target asset allocation as of June 30, 2024 is shown in the table below.

Asset Class	Target Allocation
US Equity	42%
Non-US Equity	22%
Core Real Estate	4%
Public REITS	4%
Infrastructure	4%
Private Equity	1%
US Fixed Income	22%
Cash Equivalent	1%
Total	100%

Health Care Reform

The Patient Protection and Affordable Care Act ("PPACA") was signed into law on March 23, 2010. The primary objective of the act is to increase the number of Americans with health insurance coverage. There are several provisions within PPACA with potentially significant short- and long-term cost implications for employers. The applicable provisions of PPACA were first accounted for in the July 1, 2010 valuation. On December 18, 2015, the Consolidated Appropriations Act, 2016 became law. This legislation delayed the effective date of the high cost plan excise tax from 2018 to 2020 and made it tax deductible. On January 22, 2018, the Federal Register Printing Savings Act further delayed the effective date from 2020 to 2022. On December 20, 2019, the excise tax and the health insurance provider fee for calendar years beginning after December 31, 2020 were repealed.

The provisions of PPACA considered are as follows:

- Prohibiting lifetime and annual limits on the dollar value of coverage for "essential health benefits"
- Increasing the dependent child age limit to age 26
- Elimination of cost sharing for in-network preventive services
- Reflecting manufacturer discounts available to certain Medicare beneficiaries receiving applicable covered Part D drugs (mostly brand) while in the coverage gap
- Out-of-pocket limit includes both medical and Rx expenses.

The impact of applicable provisions was incorporated in the per capita claims costs summarized in the Actuarial Assumptions section of this report.

Inflation Reduction Act

The Inflation Reduction Act of 2022 ("IRA") was signed into law on August 16, 2022 and includes provisions to reform Medicare prescription drugs. The IRA impacts the duration of Medicare Part D Retiree Drug Subsidy ("RDS") payments. Since RDS payments should not be reflected in GASB actuarial valuations, there is no effect on the per capita claims costs assumption in this report.

The impact of applicable plan enhancements required by the IRA on Employer Group Waiver Plans ("EGWPs") were incorporated in the per capita claims costs/trend assumption summarized in the Actuarial Assumptions Summary section of this report (if applicable).

- Limit cost-sharing for insulin to no more than \$35/month
- Eliminate cost-sharing for adult vaccines covered under Medicare Part D
- Eliminate 5% member cost share in the catastrophic phase
- Limit Medicare Part D Base Beneficiary Premium to 6% cap over prior year
- Expand eligibility for Part D Low-Income Subsidy full benefits up to 150% Federal Poverty Level ("FPL")
- Additional enhancements starting in calendar year 2025, including:
 - Define new standard Part D with three phases: deductible, initial coverage, catastrophic
 - Limit maximum out-of-pocket ("MOOP") to \$2,000 for beneficiaries
 - Replace Coverage Gap Discount Program with a new Manufacturer Discount Program
 - Decrease government reinsurance for catastrophic coverage

Additional impacts of the IRA on EGWPs are still not currently estimable due to the unknown effect of other provisions and market reactions, such as:

- Medicare prescription drug negotiations starting in 2026
- The introduction of the Medicare Prescription Payment Plan
- Changes in member behavior or potential induced utilization in response to the benefit changes,
- Changes in PBM and pharmaceutical manufacturer pricing and rebating behaviors in response to the regulation
- Potential future volatility in Medicare Part D National Average Bid Amount.

Actuarial Methods and Assumptions

The Commonwealth of Pennsylvania State Employees' Retirement System (SERS) performs experience studies periodically to determine reasonable and appropriate economic and demographic assumptions for purposes of valuing the defined benefit pension plan. The most recent SERS experience study covered the years 2015 through 2019 and was presented to the State Employees' Retirement Board in July 2020. The approved recommendations from that study were used to determine the assumptions for this valuation, where applicable. Consistent with prior valuations, these demographic assumptions assume beginning of year decrements (retirement, withdrawal, death, disability, etc.). In addition, Deloitte periodically reviews actuarial assumptions only applicable to the postemployment medical plan outside of the experience study, such as medical trend rates and age-graded medical rates.

One significant assumption where the recommendation of the experience study is not applicable to this retiree health benefit valuation is the discount rate. As prescribed by GASB Nos. 74 and 75, the June 30, 2024 single discount rate of 6.09% was based on the long-term expected rate of return on assets held in the OPEB investment pool (6.75%) and a municipal bond rate of 3.93% (based on the 20-year Bond Buyer GO Index as of the end of June 2024). Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance all future benefit payments of the current plan members. Therefore, the long-term expected rate of return on the OPEB investment pool was applied to projected benefit payments through the year 2060 (the last year in which the Plan's Fiduciary Net Position is projected to be sufficient to meet projected benefit payments) and the municipal bond rate was applied to all remaining future years to determine the Total OPEB Liability. The projection of cash flows used to determine the single discount rate for each fiscal year end assumed that employer contributions were made based on the current funding policy for all future years. The analysis is provided in the Development of June 30, 2024 Discount Rate section of this report.

The actuarial methods and assumptions are described in the Basis of the Valuation section of this report.

Summary of Actuarial Valuation

This section provides a summary of the actuarial valuation results for REHP in total. All information is provided as of the measurement date except for the census data. The valuation results as of the June 30, 2023 measurement date were based on December 31, 2022 census data, and valuation results as of the June 30, 2024 measurement date were based on December 31, 2023 census data. All liabilities are net of expected retiree contributions.

(All dollar amounts are in thousands)

Measurement Date	June 30, 2024	June 30, 2023
Total OPEB Liability	\$ 7,882,014	\$ 8,527,705
Plan Fiduciary Net Position	\$ 914,788	\$ 751,685
Net OPEB Liability	\$ 6,967,226	\$ 7,776,020
Plan Fiduciary Net Position As A Percentage Of Total OPEB Liability	11.6%	8.8%
Net OPEB Liability As A Percentage Of Covered Employee Payroll	155.3%	178.2%
Discount Rate	6.09%	5.65%
Participant Counts		
Active Participants	64,585	63,753
Retired Participants*	<u>64,116</u>	<u>64,461</u>
Total	128,701	128,214
Covered Employee Payroll	\$ 4,486,346	\$ 4,362,432

* Retired participants include retirees, disabled participants, and surviving family members.

GASB Nos. 74 and 75 Disclosures

GASB Nos. 74 and 75 requires disclosure of notes to the financial statements and required supplementary information that includes information shown in this section. The valuation results as of the June 30, 2023 measurement date were based on December 31, 2022 census data and employer contributions for the fiscal year ended June 30, 2023. The valuation results as of the June 30, 2024 measurement date were based on December 31, 2023 census data and employer contributions for the fiscal year ended June 30, 2024.

For reporting purposes, the associated liabilities, expenses, and other disclosure items are reported for different covered populations:

- Most primary government agencies and component units contribute at the retiree health assessment rate.
- One primary government agency and three component units participate under separate contribution arrangements. The agency and the component units contribute the actual fiscal year benefit payments attributable to their respective retirees.
 1. Health Care Cost Containment (FT = 001; BA = 43)
 2. PHEAA (FT = 079; BA = AA)
 3. Philadelphia Regional Port Authority (FT = 140; BA = 88)
 4. Port of Pittsburgh Commission (FT = 141; BA = 88)
- The primary results are presented for REHP in total.

Schedule of Changes in Net OPEB Liability

(All dollar amounts are in thousands)

	Discount Rate	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Measurement Date of June 30, 2023	5.65%	\$ 8,527,705	\$ 751,685	\$ 7,776,020
Service Cost		178,788		178,788
Interest		479,865		479,865
Changes In Benefit Terms		-		-
Changes In Assumptions - Discount Rate		(353,673)		(353,673)
Changes In Assumptions - Others		(16,669)		(16,669)
Differences Between Expected And Actual Experience		(501,427)		(501,427)
Benefit Payments				
Insurance Premiums - Employer Paid		\$ (432,575)		
Insurance Premiums - Retiree Paid		<u>(57,879)</u>		
Total			(490,454)	(490,454)
GASB 75 Defined Employer Contributions	\$ 489,659		489,659	(489,659)
Contributions - Employee			-	-
Contributions - Retiree		57,879	57,879	-
Administrative Expenses			(6,508)	6,508
Net Investment Income				
Expected Investment Earnings	\$ 52,418			
Differences Between Projected And Actual Investment Earnings	<u>60,109</u>			
Total			112,527	(112,527)
Net Change		\$ (645,691)	\$ 163,103	\$ (808,794)
Measurement Date of June 30, 2024	6.09%	\$ 7,882,014	\$ 914,788	\$ 6,967,226
Measurement Date			June 30, 2024	June 30, 2023
Plan Fiduciary Net Position As A Percentage Of Total OPEB Liability			11.6%	8.8%
Covered Employee Payroll			\$ 4,486,346	\$ 4,362,432
Net OPEB Liability As A Percentage Of Covered Employee Payroll			155.3%	178.2%
Sensitivity of Liability to Changes in Discount Rate			\$ Change	% Change
A one percentage point change in discount rate would have the following effect on Total OPEB Liability as of June 30, 2024:				
One Percentage Increase (7.09%)		\$ (725,823)		-9%
One Percentage Decrease (5.09%)		\$ 845,227		11%
Net OPEB Liability at a one percentage point change in discount rate as of June 30, 2024 is as follows:			Net OPEB Liability	
One Percentage Increase (7.09%)		\$ 6,241,403		
One Percentage Decrease (5.09%)		\$ 7,812,453		
Sensitivity of Liability to Changes in Trend Rate			\$ Change	% Change
A one percentage point change in trend rate would have the following effect on Total OPEB Liability as of June 30, 2024:				
One Percentage Increase (9.2% / 9.2% grading to 4.9%)		\$ 1,070,587		14%
One Percentage Decrease (7.2% / 7.2% grading to 2.9%)		\$ (892,261)		-11%
Net OPEB Liability at a one percentage point change in trend rate as of June 30, 2024 is as follows:			Net OPEB Liability	
One Percentage Increase (9.2% / 9.2% grading to 4.9%)		\$ 8,037,813		
One Percentage Decrease (7.2% / 7.2% grading to 2.9%)		\$ 6,074,965		
Key Assumptions			June 30, 2024	June 30, 2023
Discount Rate		6.09%	5.65%	
Investment Rate of Return		6.75%	6.75%	
Inflation		2.50%	2.50%	
Initial Medical Trend Rate (Non-Medicare / Medicare)		8.2% / 8.2%	8.9% / 9.0%	
Ultimate Medical Trend Rate		3.9%	3.9%	
Year Ultimate Trend Rate Reached		2075	2075	

**Development of OPEB Expense for Fiscal Year Ending June 30, 2025
(Measurement Year June 30, 2024)**

(All dollar amounts are in thousands)

Components of OPEB Expense		Measurement Year Ended 06/30/2024	Measurement Year Ended 06/30/2023
Service Cost	\$ 178,788	\$ 254,312	
Interest	479,865	492,319	
Expected Investment Earnings	(52,418)	(43,645)	
Contributions - Employee	-	-	
Administrative Expenses	6,508	5,451	
Changes In Benefit Terms	-	-	
Recognition of Current Period Deferred Outflows and (Inflows)			
Changes in assumptions	(66,133)	(151,390)	
Differences between expected and actual experience	(89,541)	(249,018)	
Differences between expected and actual investment earnings	(12,022)	(7,061)	
Recognition of Beginning Deferred Outflows	444,948	463,225	
Recognition of Beginning Deferred Inflows	(1,684,444)	(2,284,283)	
OPEB Expense	\$ (794,449)	\$ (1,520,090)	
Assumptions Used to Determine OPEB Expense		Measurement Year Ended 06/30/2024	Measurement Year Ended 06/30/2023
Assumptions as of Measurement Date*	6/30/2023	6/30/2022	
Discount Rate	5.65%	4.67%	
Investment Rate of Return	6.75%	6.75%	
Inflation	2.50%	2.50%	
Initial Medical Trend Rate (Non-Medicare / Medicare)	8.9% / 9.0%	7.3% / 6.3%	
Ultimate Medical Trend Rate	3.9%	3.9%	
Year Ultimate Trend Rate Reached	2075	2075	

* Per Q&A 4.114 and 4.115 of GASB Implementation Guide No. 2017-3, Service Cost and Interest are determined "based on the results of the actuarial valuation that determined the beginning net OPEB liability".

Schedule of Deferred Outflows and Deferred Inflows of Resources

(All dollar amounts are in thousands)

Measurement Date Established	Initial Amount	Deferred Outflows of Resources as of 06/30/2024		Deferred (Inflows) of Resources as of 06/30/2024*		Initial Years	Remaining Years	Outflows/(Inflows) Recognized in Measurement Year Ended 06/30/2024
		06/30/2024	06/30/2024*					
Changes In Assumptions								
06/30/2017	\$ (2,228,187)	\$ -	\$ (3,312)	5.08 - 8.54	0.00 - 0.54	\$ (6,141)		
06/30/2019	403,428	-	-	5.74	0.00			52,008
06/30/2020	1,617,170	208,485	-	5.74	0.74			281,737
06/30/2021	(1,171,069)	-	(359,237)	5.77	1.77			(202,958)
06/30/2022	(1,163,056)	-	(563,542)	5.82	2.82			(199,838)
06/30/2023	(870,494)	-	(567,714)	5.75	3.75			(151,390)
06/30/2024	(370,342)	-	(304,209)	5.60	4.60			(66,133)
	Total	\$ 208,485	\$ (1,798,014)			\$		(292,715)
Differences Between Expected And Actual Plan Experience								
06/30/2019	\$ (5,082,545)	\$ -	\$ -	5.74	0.00	\$ (655,240)		
06/30/2020	12,936	1,666	-	5.74	0.74			2,254
06/30/2021	(1,073,951)	-	(329,443)	5.77	1.77			(186,127)
06/30/2022	446,115	216,159	-	5.82	2.82			76,652
06/30/2023	(1,431,856)	-	(933,820)	5.75	3.75			(249,018)
06/30/2024	(501,427)	-	(411,886)	5.60	4.60			(89,541)
	Total	\$ 217,825	\$ (1,675,149)			\$		(1,101,020)
Net Difference Between Projected And Actual Earnings On Investments								
06/30/2020	\$ 19,414	\$ -	\$ -	5.00	0.00	\$ 3,882		
06/30/2021	(133,357)	-	(26,673)	5.00	1.00			(26,671)
06/30/2022	142,074	56,829	-	5.00	2.00			28,415
06/30/2023	(35,305)	-	(21,183)	5.00	3.00			(7,061)
06/30/2024	(60,109)	-	(48,087)	5.00	4.00			(12,022)
	Total**	\$ 56,829	\$ (95,943)			\$		(13,457)
Contributions subsequent to measurement date***								
		To be determined by each participating employer.						
Balance as of 06/30/2024 Measurement Date	\$ 483,139	\$ (3,569,106)				\$	(1,407,192)	
Deferred Outflows And Deferred (Inflows) Of Resources Will Be Recognized In Expense As Follows:								
Measurement Year Ending:								Outflows/(Inflows)
06/30/2025						\$		(878,855)
06/30/2026								(969,532)
06/30/2027								(676,176)
06/30/2028								(468,005)
06/30/2029								(93,399)
Thereafter								-

* Deferred (Inflows) should be disclosed as positive numbers in the ACFR.

** Per GASB 75 Paragraph 43.b, Deferred outflows of resources and deferred inflows of resources arising from differences between projected and actual OPEB plan investment earnings in different measurement periods should be aggregated and reported as a net deferred outflow of resources related to OPEB or a net deferred inflow of resources related to OPEB. Therefore, a net deferred inflow of \$(39,114) is recognized as of 06/30/2024.

*** Reflects employer contributions made subsequent to 06/30/2024. This will be recognized as a reduction in Net OPEB Liability next year.

10-Year Schedule of Net OPEB Liability

(All dollar amounts are in thousands)

Measurement Year Ended	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c)	Plan Fiduciary Net Position As A Percentage Of Total OPEB Liability (d)	Covered Employee Payroll (e)	Net OPEB Liability As A Percentage Of Covered Employee Payroll (f)
June 30, 2016	\$21,910,888	\$200,596	\$21,710,292	0.9%	N/A	N/A
June 30, 2017	\$20,336,764	\$282,429	\$20,054,335	1.4%	\$3,902,336	513.9%
June 30, 2018	\$15,015,975	\$333,848	\$14,682,127	2.2%	\$3,911,464	375.4%
June 30, 2019	\$10,821,333	\$407,480	\$10,413,853	3.8%	\$3,992,729	260.8%
June 30, 2020	\$12,788,546	\$469,053	\$12,319,493	3.7%	\$4,083,699	301.7%
June 30, 2021	\$10,899,184	\$666,929	\$10,232,255	6.1%	\$4,161,481	245.9%
June 30, 2022	\$10,487,651	\$621,280	\$9,866,371	5.9%	\$4,188,532	235.6%
June 30, 2023	\$8,527,705	\$751,685	\$7,776,020	8.8%	\$4,362,432	178.2%
June 30, 2024	\$7,882,014	\$914,788	\$6,967,226	11.6%	\$4,486,346	155.3%

Participating Employers Results

The REHP is a single-employer defined-benefit OPEB Plan that is established and sponsored by the Commonwealth. In addition to the Commonwealth agencies, there are several component units that have elected to participate in the REHP. Both GASB 74 and GASB 75 consider a primary government and its component units to be one employer. Hence, if a defined-benefit OPEB plan is used to provide OPEB to the employees of only one employer, the OPEB plan should be classified for financial reporting as a single-employer defined benefit OPEB plan. GASB 75, paragraph 24 requires the Commonwealth as the financial reporting entity to follow the single-employer reporting and disclosure requirements identified in GASB 75, paragraphs 47-58. Further, GASB 75, paragraph 24 requires the component units to follow the cost-sharing employer reporting and disclosure requirements identified in GASB 75, paragraphs 59-98. To satisfy the component unit reporting requirements, a proportionate share was determined for each Commonwealth agency and component unit. For the entities that contribute at the same employer health assessment rate, the proportionate share is based on current year contractually required contributions. For the one Commonwealth agency and three component units that participated under contribution terms unique to their agencies, the proportionate share is based on their subset demographics' Total OPEB Liability.

Basis for the Valuation

Plan Participation Summary

The participant data used in the valuation was provided by the Commonwealth as of December 31, 2023. While the participant data was checked for reasonableness, the data was not audited, and the valuation results presented in this report are dependent upon the accuracy of the participant data provided. This section presents a summary of the basic participant information for the active and retired participants covered under the terms of the Plan.

a. Active Participants

Total Counts	64,585
Average Age	47.21
Average Service	12.57

b. Retired Participants

Counts	Employees*	Spouses
Under Age 65 Non-Medicare	11,169	9,286
Under Age 65 Medicare	2,422	920
Over age 65 Non-Medicare	9	16
Over age 65 Medicare	50,516	22,158
Total Counts	64,116	32,380

Average Age	72.36
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c. Total Participants**

128,701

d. Inactive Participants Entitled To But

Not Yet Receiving Benefits***

22,934

* Employees include retirees and 3,711 surviving spouses

** Total participant count excludes dependent spouses

*** These inactive participants who currently elect to waive coverage are assumed to remain uncovered in the future; therefore, they are excluded from the valuation.

Plan Participation Summary (cont.)

Age Group	Retired Participant	Distribution of Service Groups by Age Groups							
		Active Participants - Years of Service							
		0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30+	Total
<20	-	28	-	-	-	-	-	-	28
20-24	-	693	14	-	-	-	-	-	707
25-29	-	2,852	978	17	-	-	-	-	3,847
30-34	13	2,786	2,843	734	31	-	-	-	6,394
35-39	48	2,209	2,390	2,102	957	38	-	-	7,696
40-44	138	1,901	1,863	1,651	2,443	866	49	-	8,773
45-49	250	1,659	1,513	1,299	1,929	1,869	643	41	8,953
50-54	1,553	1,667	1,427	1,275	1,881	1,754	1,364	752	10,120
55-59	3,522	1,370	1,251	1,259	1,611	1,529	1,056	1,277	9,353
60-64	8,067	860	1,059	965	1,334	752	424	596	5,990
65-69	11,706	194	350	391	506	266	136	210	2,053
70-74	14,341	19	68	98	128	70	43	78	504
75-79	11,964	10	7	21	32	24	12	34	140
80-84	6,645	-	-	-	3	4	3	10	20
85-89	3,519	-	-	-	1	1	1	1	4
90+	2,350	-	-	-	1	-	-	2	3
Total	64,116	16,248	13,763	9,812	10,857	7,173	3,731	3,001	64,585

Participant Reconciliation				
	Active	Retirees	Beneficiaries	Total
Beginning of Year (12/31/2022)	63,753	60,866	3,595	128,214
New Hire	5,767	0	0	5,767
Opt-In	1,002	0	0	1,002
New Retiree/Beneficiary	(2,164)	2,164	483	483
Death/Termination/Opt-Out	(3,773)	(2,625)	(367)	(6,765)
End of Year (12/31/2023)	64,585	60,405	3,711	128,701

Program Provisions Summary

This section summarizes overall eligibility provisions for retiree health coverage, the various plans offered by the Commonwealth.

Eligibility

Eligible employees who retire from the state and meet one of the following eligibility criteria are eligible to receive REHP benefits:

- 25 or more years of service;
- 20 or more years of service and superannuation age as follows:
 - Hired before 1/1/2011: Age 50 for Park Rangers, Capitol Police, and certain enforcement officers or 60 for general employees;
 - Hired between 1/1/2011 – 12/31/2018: Age 55 for Park Rangers, Capitol Police, and certain enforcement officers or 65 for general employees;
 - Hired on or after 1/1/2019: Age 55 for Park Rangers, Capitol Police, and certain enforcement officers or 67 for general employees;
- Disability retirement – requires five years of service (no service requirement for enforcement officers).

Covered Family Members

Spouses and dependents are eligible for subsidized postemployment medical coverage while the retiree is alive. The PPACA, signed into law on March 23, 2010, increased the dependent child age limit to age 26 and applied to the Commonwealth effective January 1, 2011.

Retiree Contribution*

Retirement before July 1, 2005: Commonwealth pays full cost.

Retirement after June 30, 2005 and before July 1, 2007: retiree contributions are 1% of final annual salary.

Retirement on or after July 1, 2007 and before July 1, 2011: retiree contributions are 3% for non-Medicare and 1.5% for Medicare of either final gross annual base salary or Final Average Salary, whichever is less.

Retirement on or after July 1, 2011: retiree contributions are 3% of Final Average Salary for non-Medicare and 1.5% of Final Average Salary for Medicare.

Hired on or after August 1, 2003: In addition to the retiree contributions above, non-Medicare retirees who elect the Choice PPO plan are required to pay the incremental cost between the Choice PPO plan and the least expensive plan (LEP) in county of residence through monthly pension deductions (PPO buy-up).

Surviving spouses of deceased retirees may continue to participate in the plan if they pay the full cost of the coverage.

* Certain bargaining units may have different retiree contribution arrangements

Changes in Program Provisions

None.

Benefit Provisions Summary

Medical Plans

This section summarizes the various medical and prescription drug plans offered by the Commonwealth effective January 1, 2024.

Medical	Benefit Provisions	Eligibility
Basic PPO	<u>In Network</u>	
	Deductible	\$1,500 individual, \$3,000 family
	Out-of-Pocket Limit (including deductibles and co-pays)	\$9,450 individual, \$18,900 family
	Doctor Office Visits	PCP: \$20 co-pay Specialist: \$45 co-pay
	Inpatient	Covered in full (after deductible)
	Lifetime Maximum	None
	<u>Out of Network</u>	
	Deductible	\$3,000 individual, \$6,000 family
	Out-of-Pocket Limit (including deductibles)	\$9,450 individual, \$18,900 family
	Doctor Office Visits	PCP: 30% coinsurance (after deductible) Specialist: 30% coinsurance (after deductible)
Choice PPO	<u>In Network</u>	
	Deductible	\$400 individual, \$800 family
	Out-of-Pocket Limit (including deductibles and co-pays)	\$9,450 individual, \$18,900 family
	Doctor Office Visits	PCP: \$20 co-pay Specialist: \$45 co-pay
	Inpatient	Covered in full (after deductible)
	Lifetime Maximum	None
	<u>Out of Network</u>	
	Deductible	\$800 individual, \$1,600 family
	Out-of-Pocket Limit (including deductibles)	\$9,450 individual, \$18,900 family
	Doctor Office Visits	PCP: 30% coinsurance (after deductible) Specialist: 30% coinsurance (after deductible)
	Inpatient	30% coinsurance (after deductible)
	Lifetime Maximum	None

Benefit Provisions Summary (cont.)

Medical Plans (cont.)

Medical	Benefit Provisions	Eligibility
Custom HMO	<p>In Network</p> <p>Deductible None</p> <p>Out-of-Pocket Limit (including deductible and co-pays) \$9,450 individual, \$18,900 family</p> <p>Doctor Office Visits PCP: \$5 co-pay Specialist: \$10 co-pay (Referral Required)</p> <p>Inpatient Covered in full</p> <p>Lifetime Maximum None</p>	Non-Medicare eligible annuitants retired from the Commonwealth and their eligible dependents living within the HMO service area.
Medicare Open-Access PPO	<p>In and Out-of-Network</p> <p>Deductible Annual Medicare Part B deductible</p> <p>Out-of-Pocket Limit (including deductible) \$2,500 per person</p> <p>Doctor Office Visits PCP: \$20 co-pay (after deductible) Specialist: \$30 co-pay (after deductible)</p> <p>Inpatient Covered in full (after deductible)</p> <p>Lifetime Maximum None</p>	Medicare eligible annuitants retired from the Commonwealth and their eligible dependents.

Prescription Drug

Non-Medicare:

The co-payments for all prescriptions covered by the plan are:

- Prescriptions at a Network Pharmacy (30-day supply): \$15 Generic / \$40 Preferred* / \$80 Non-Preferred*
- Mail Order or Retail Maintenance at a CVS Pharmacy (90-day supply): \$22.50 Generic / \$60 Preferred* / \$120 Non-Preferred*
- Retail Maintenance at a Rite Aid Pharmacy (90-day supply): \$30 Generic / \$80 Preferred* / \$160 Non-Preferred*

*Plus an additional out-of-pocket cost for the difference between brand and generic, if one exists.

Medicare:

The co-payments for all prescriptions covered by the plan are:

- Prescriptions at a Network Pharmacy (30-day supply): \$12 Generic / \$30 Preferred* / \$60 Non-Preferred*
- Mail Order or Retail Maintenance at a CVS Pharmacy (90-day supply): \$18 Generic / \$45 Preferred* / \$90 Non-Preferred*
- Non-Preferred Retail Network (up to a 90-day supply): \$24 Generic / \$60 Preferred* / \$120 Non-Preferred*

*Plus an additional out-of-pocket cost for the difference between brand and generic, if one exists.

Actuarial Methods Summary

Actuarial Cost Method

The Actuarial Cost Method used to determine the Total OPEB Liability is the Entry Age Normal (EAN) method as prescribed by GASB Nos. 74 and 75. This method is in the family of future benefit cost methods, which requires an estimate of the projected benefit payable at retirement to determine costs and liabilities.

The Normal Cost (or Service Cost) is the annual allocation required for each participant from entry date to the assumed retirement date so that the accumulated allocation at retirement is equal to the liability for the projected benefit. The projected benefits are based on estimates of future years of service and projected health benefit costs. The normal cost is developed as a level percent of compensation as prescribed by GASB Nos. 74 and 75.

The Present Value of Future Benefits is equal to the value of the projected benefit payable at retirement discounted back to the participant's current age. Discounts include such items as interest and mortality. The present value of future normal cost allocations is equal to the discounted value of the normal costs allocated from the participant's current age to retirement age.

The difference between the Present Value of Future Benefits and the Present Value of Future Normal Cost allocations represents the Total OPEB Liability at the participant's current age.

The Total OPEB Liability for participants currently receiving payments is calculated as the actuarial present value of future benefits expected to be paid. No normal cost is allocated for these participants.

Financial and Census Data

The Commonwealth of Pennsylvania provided the participant data, financial information and plan descriptions used in this valuation. The actuary has checked the data for reasonableness but has not independently audited the data. The actuary has no reason to believe the data is not complete and accurate and knows of no further information that is essential to the preparation of the actuarial valuation.

Plan Fiduciary Net Position

Market value of assets as of the measurement date.

Census Date

December 31, 2023 for June 30, 2024 measurements.

Measurement Date

June 30, 2024 for fiscal year ended June 30, 2024 trust financial statements (GASB No. 74) and for fiscal year ending June 30, 2025 participating employer financial statements (measurement date as of the end of the prior fiscal year end for GASB No. 75).

Changes in Actuarial Methods

None

Actuarial Assumptions Summary

Economic Assumptions

The economic assumptions were selected for consistency with SERS where applicable. The discount rate was selected based on the requirements prescribed in GASB Nos. 74 and 75.

Discount Rate	6.09% as of June 30, 2024 (5.65% as of June 30, 2023)																																																																
Long-Term Expected Rate of Return	6.75%																																																																
Inflation¹	2.50%																																																																
Payroll Growth¹	2.80%																																																																
Salary Scale¹	<p>The career salary scale shown below includes average increases in the employee salary due to promotions and longevity growth. In addition to the career salary scale below, it is assumed that the salary schedules will increase by 2.80 percent per year.</p> <p><u>Career Salary Scale for Members</u></p> <table border="1"><thead><tr><th>Completed Years of Service</th><th>Annual Increase</th><th>Completed Years of Service</th><th>Annual Increase</th></tr></thead><tbody><tr><td>1</td><td>4.15%</td><td>16</td><td>1.25%</td></tr><tr><td>2</td><td>3.25</td><td>17</td><td>1.20</td></tr><tr><td>3</td><td>2.90</td><td>18</td><td>1.15</td></tr><tr><td>4</td><td>2.70</td><td>19</td><td>1.15</td></tr><tr><td>5</td><td>2.50</td><td>20</td><td>1.10</td></tr><tr><td>6</td><td>2.35</td><td>21</td><td>1.00</td></tr><tr><td>7</td><td>2.15</td><td>22</td><td>0.95</td></tr><tr><td>8</td><td>2.10</td><td>23</td><td>0.90</td></tr><tr><td>9</td><td>2.00</td><td>24</td><td>0.85</td></tr><tr><td>10</td><td>1.60</td><td>25</td><td>0.80</td></tr><tr><td>11</td><td>1.55</td><td>26</td><td>0.70</td></tr><tr><td>12</td><td>1.45</td><td>27</td><td>0.60</td></tr><tr><td>13</td><td>1.40</td><td>28</td><td>0.50</td></tr><tr><td>14</td><td>1.35</td><td>29</td><td>0.50</td></tr><tr><td>15</td><td>1.30</td><td>30+</td><td>0.50</td></tr></tbody></table>	Completed Years of Service	Annual Increase	Completed Years of Service	Annual Increase	1	4.15%	16	1.25%	2	3.25	17	1.20	3	2.90	18	1.15	4	2.70	19	1.15	5	2.50	20	1.10	6	2.35	21	1.00	7	2.15	22	0.95	8	2.10	23	0.90	9	2.00	24	0.85	10	1.60	25	0.80	11	1.55	26	0.70	12	1.45	27	0.60	13	1.40	28	0.50	14	1.35	29	0.50	15	1.30	30+	0.50
Completed Years of Service	Annual Increase	Completed Years of Service	Annual Increase																																																														
1	4.15%	16	1.25%																																																														
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¹ For consistency with the pension plan of which these participants are members, these assumptions are based on those disclosed in the Commonwealth of Pennsylvania SERS 2015-2019 experience study and adopted by the Board in July 2020.

Actuarial Assumptions Summary (cont.)

Demographic Assumptions

The demographic assumptions were selected for consistency with SERS where applicable. The retiree health specific assumptions were selected based on recent experience.

Mortality	<p>Pre-Retirement Mortality: Pub-2010 General Employees Headcount Weighted Mortality Tables, and adjusted for mortality improvements using projection scale MP-2021.</p> <p>Post Retirement Mortality: Healthy Participants: Pub-2010 General Healthy Retiree Headcount Weighted Mortality Tables, with rates set forward one year for females, and adjusted for mortality improvements using projection scale MP-2021. Disabled Participants: Pub-2010 Non-Safety Disabled Retiree Headcount Weighted Mortality Tables, with rates set forward two years for males and females, and adjusted for mortality improvements using projection scale MP-2021.</p>																								
Disability Incidence¹	<p>Pre-Retirement Disability:</p> <table border="1"><thead><tr><th>Age</th><th>Male</th><th>Female</th></tr></thead><tbody><tr><td>25</td><td>0.01%</td><td>0.02%</td></tr><tr><td>30</td><td>0.03</td><td>0.05</td></tr><tr><td>35</td><td>0.06</td><td>0.08</td></tr><tr><td>40</td><td>0.09</td><td>0.16</td></tr><tr><td>45</td><td>0.20</td><td>0.26</td></tr><tr><td>50</td><td>0.33</td><td>0.40</td></tr><tr><td>55</td><td>0.44</td><td>0.50</td></tr></tbody></table>	Age	Male	Female	25	0.01%	0.02%	30	0.03	0.05	35	0.06	0.08	40	0.09	0.16	45	0.20	0.26	50	0.33	0.40	55	0.44	0.50
Age	Male	Female																							
25	0.01%	0.02%																							
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40	0.09	0.16																							
45	0.20	0.26																							
50	0.33	0.40																							
55	0.44	0.50																							

¹ For consistency with the pension plan of which these participants are members, these assumptions are based on those disclosed in the Commonwealth of Pennsylvania SERS 2015-2019 experience study and adopted by the Board in July 2020.

Actuarial Assumptions Summary (cont.)

Withdrawal ¹	<u>General employees*</u> :								
	Age	Male				Female			
		Years of Service				Years of Service			
		0	5	9	14	0	5	9	14
	20	30.0%	N/A	N/A	N/A	40.0%	N/A	N/A	N/A
	25	21.0	6.1%	3.0%	N/A	24.8	8.5%	2.4%	N/A
	30	18.5	6.1	3.0	1.9%	21.3	7.7	2.3	2.9%
	35	18.5	4.9	1.6	1.9	16.6	4.5	2.4	2.1
	40	18.2	3.4	2.8	1.9	14.8	4.5	2.3	1.6
	45	17.4	3.4	1.6	0.6	17.8	4.3	1.1	1.6
	50	19.1	3.1	1.6	0.6	15.8	4.3	1.8	1.6
	55	19.1	2.6	0.8	0.4	15.8	4.0	1.3	1.0

<u>Hazardous Duty employees:</u>	
Years of Service	Rate
0	9.0%
1	5.0
2	3.0
3	3.0
4	2.0
5	2.0
6	1.0
7	0.6
8	0.6
9	0.6
10+	0.3

¹ For consistency with the pension plan of which these participants are members, these assumptions are based on those disclosed in the Commonwealth of Pennsylvania SERS 2015-2019 experience study and adopted by the Board in July 2020.

Actuarial Assumptions Summary (cont.)

<p>Early Retirement¹ (based on early retirement as defined by SERS; retirement prior to OPEB eligibility, as described above in the Program Provisions Summary section, will not receive other postemployment benefit)</p>	<p>General employees:</p> <p>Hired prior to January 1, 2011:</p>																																											
	<p>5 – 14 Years of Credited Service</p>				15 or More Years of Credited Service																																							
	Age	Male	Female	Male	Female																																							
	25	2.2%	4.0%	N/A	N/A																																							
	30	2.2	2.0	N/A	N/A																																							
	35	1.3	2.0	0.8%	1.4%																																							
	40	1.0	1.4	0.6	1.3																																							
	45	1.0	1.4	0.6	1.3																																							
	50	1.0	1.4	1.1	1.6																																							
	55	2.0	2.3	5.0	4.5																																							
<p>Hired on or after January 1, 2011*:</p>																																												
<table border="1"> <thead> <tr> <th>Age</th><th>Hired prior to January 1, 2019</th><th>Hired on or after January 1, 2019</th></tr> </thead> <tbody> <tr><td>35</td><td>1.5%</td><td>1.5%</td></tr> <tr><td>40</td><td>1.5</td><td>1.5</td></tr> <tr><td>45</td><td>1.5</td><td>1.5</td></tr> <tr><td>50</td><td>2.0</td><td>2.0</td></tr> <tr><td>55</td><td>5.5</td><td>5.5</td></tr> <tr><td>60</td><td>5.5</td><td>5.5</td></tr> <tr><td>61</td><td>6.0</td><td>6.0</td></tr> <tr><td>62</td><td>20.0</td><td>8.0</td></tr> <tr><td>63</td><td>10.0</td><td>10.0</td></tr> <tr><td>64</td><td>15.0</td><td>10.0</td></tr> <tr><td>65</td><td>0.0</td><td>15.0</td></tr> <tr><td>66</td><td>0.0</td><td>20.0</td></tr> </tbody> </table>						Age	Hired prior to January 1, 2019	Hired on or after January 1, 2019	35	1.5%	1.5%	40	1.5	1.5	45	1.5	1.5	50	2.0	2.0	55	5.5	5.5	60	5.5	5.5	61	6.0	6.0	62	20.0	8.0	63	10.0	10.0	64	15.0	10.0	65	0.0	15.0	66	0.0	20.0
Age	Hired prior to January 1, 2019	Hired on or after January 1, 2019																																										
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66	0.0	20.0																																										

*Early retirement rates for participants hired on or after January 1, 2011 apply only to those with 10 or more years of credited service.

Hazardous Duty employees:

1.5% at each age

¹ For consistency with the pension plan of which these participants are members, these assumptions are based on those disclosed in the Commonwealth of Pennsylvania SERS 2015-2019 experience study and adopted by the Board in July 2020.

Actuarial Assumptions Summary (cont.)

<p>Normal Retirement¹ (based on normal retirement as defined by SERS; retirement prior to OPEB eligibility, as described above in the Program Provisions Summary section, will not receive other postemployment benefit)</p>	<p>General employees:</p> <p>Hired prior to January 1, 2011:</p>																																		
	Age	Male	Female																																
	51 – 52	15.0%	15.0%																																
	53 – 54	15.0	23.0																																
	55 – 57	20.0	23.0																																
	58	25.0	23.0																																
	59	25.0	28.0																																
	60	20.0	23.0																																
	61 – 64	20.0	20.0																																
	65 – 67	26.0	26.0																																
	68 – 70	23.0	23.0																																
	71 – 79	20.0	20.0																																
	80	100.0	100.0																																
	<p>Hired on or after January 1, 2011:</p>																																		
	Age	Hired prior to January 1, 2019	Hired on or after January 1, 2019																																
	55	15.0%	15.0%																																
	56	16.0	16.0																																
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	58	18.0	18.0																																
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<table border="1"> <thead> <tr> <th>Age</th><th>Rate</th><th>Age</th><th>Rate</th></tr> </thead> <tbody> <tr> <td>49</td><td>10.0%</td><td>62 – 64</td><td>20.0%</td></tr> <tr> <td>50</td><td>15.0</td><td>65</td><td>23.0</td></tr> <tr> <td>51 – 54</td><td>10.0</td><td>66</td><td>30.0</td></tr> <tr> <td>55</td><td>12.0</td><td>67 – 68</td><td>25.0</td></tr> <tr> <td>56 – 58</td><td>10.0</td><td>69 – 79</td><td>20.0</td></tr> <tr> <td>59</td><td>12.0</td><td>80</td><td>100.0</td></tr> <tr> <td>60 – 61</td><td>16.0</td><td></td><td></td></tr> </tbody> </table>				Age	Rate	Age	Rate	49	10.0%	62 – 64	20.0%	50	15.0	65	23.0	51 – 54	10.0	66	30.0	55	12.0	67 – 68	25.0	56 – 58	10.0	69 – 79	20.0	59	12.0	80	100.0	60 – 61	16.0		
Age	Rate	Age	Rate																																
49	10.0%	62 – 64	20.0%																																
50	15.0	65	23.0																																
51 – 54	10.0	66	30.0																																
55	12.0	67 – 68	25.0																																
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60 – 61	16.0																																		

¹ For consistency with the pension plan of which these participants are members, these assumptions are based on those disclosed in the Commonwealth of Pennsylvania SERS 2015-2019 experience study and adopted by the Board in July 2020.

Actuarial Assumptions Summary (cont.)

Spouse Age Difference¹	Females are assumed to be 2 years younger than males for those missing spouse age information.
Participation Rate	100% of employees who currently participate in the active health plan are assumed to elect coverage at retirement. Employees who are eligible for but currently opt out of active health coverage are excluded from the valuation. Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.
Coverage Level Election Rates	Employees are assumed to maintain their current coverage election when they retire. Current retirees are assumed to continue their current coverage election.
Surviving Spouse Continuing Coverage	45% of spouses are assumed to elect to continue coverage after the retiree's death.

¹ For consistency with the pension plan of which these participants are members, this assumption is based on the assumption disclosed in the Commonwealth of Pennsylvania SERS Actuarial Valuation Report as of December 31, 2023.

Actuarial Assumptions Summary (cont.)

Benefit Assumptions

Per Capita Claims Costs	<p>The per capita claims costs used in the valuation were developed from 2024 fully insured premiums, self-insured claims experience, and projected administrative expenses that represent the expected claims costs and administrative expenses for 2024.</p> <p>The first-year per capita claims costs below are on a "net basis" – they reflect plan costs after reduction from the total benefit costs of the member cost-sharing (deductibles, coinsurance, co-pays, provider savings, Medicare, etc.). These claims were blended based on the current year enrollment mix by plan (see Coverage section below), separately for the non-Medicare eligible and Medicare eligible population, resulting in an average claims cost per member.</p> <p>Average claims costs were age-graded using the retiree age and gender distribution, separately for the non-Medicare eligible and Medicare eligible population. Per the Actuarial Standard of Practice (ASOP) No. 6 Practice Note released in March 2021, Medicare Advantage claims costs are not age-graded as the risk-adjusted federal subsidy is intended to eliminate any cost differences due to age, gender, or health status. These age-graded claims costs are the basis for projecting the gross cost for each individual, before member contributions for coverage. The aging factors are based on the Society of Actuaries age-curve study "Health Care Costs—From Birth to Death." Future year per capita costs were projected by applying trend assumptions to the first-year costs.</p> <p>Since the claims costs table below is specific to the experience of the Commonwealth's retirees (i.e., not blended with active employees) separately for non-Medicare and Medicare, there is no implicit subsidy. However, age-graded claims were developed to project the increases in costs related to aging for retirees, spouses, and surviving spouses.</p> <p>For Non-Medicare Eligible retirees hired on or after August 1, 2003, the curve below is multiplied by a factor of 1.005 to reflect a difference in participation rates. For Medicare Eligible retirees, an additional \$300 annual premium (estimated based on current industry expectations and trends for a low premium Medicare Advantage plan) starting in 2027 is added to the curve below to reflect expiration of the negotiated \$0 premium through 2026 for the Medicare Open Access PPO.</p>
Expenses	Per Capita Claims Costs were developed to include administrative expenses.

2024 Annual Per Capita Claims Costs

Age	Non-Medicare	Medicare
	Eligible	Eligible
45	\$ 9,035	\$ 1,480
50	11,020	1,480
55	13,575	1,480
60	16,617	1,480
64	19,782	1,480
65	20,686	1,480
70	24,865	1,894
75	29,462	2,082
80	34,252	2,137
85	38,938	2,005
90	43,101	1,783
95	45,537	1,609

Actuarial Assumptions Summary (cont.)

Trend Rates	<p>The trend rates illustrated below are used to project age-graded claims and flat rates into future years.</p> <ul style="list-style-type: none"> The 2024 to 2027 trend assumptions are based on a review of industry surveys and the Commonwealth's emerging experience. This review was done separately for non-Medicare plans by plan type and Medicare plans by plan type. The short-term trend rates also reflect an estimated impact of recent general inflation. Recent CPI-U peaked in June 2022 at 9.1%. Based on historical information available regarding how general inflation impacts medical inflation, 60% of the increase in general inflation (over the long-term assumption of 2.50%) is assumed to be reflected in higher medical costs. Based on historical observations of CPI-U for medical care lagging general CPI-U and actual 2023 experience, the remaining increase was reflected in the 2024 trend assumption. The SOA-Getzen model version 2024_1b was used to determine the trend assumptions beginning in 2028 and thereafter, based on the Commonwealth's long-term inflation assumption and reasonable Getzen model default macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy. Note that 2024-2026 Medicare benefits are prescription drug only trends as the medical portion is fully insured with a \$0 premium through 2026. <table border="1" data-bbox="421 707 1176 1305"> <thead> <tr> <th rowspan="2">Year</th><th colspan="2">January 1, 2024 Assumption</th></tr> <tr> <th>Non-Medicare Benefits</th><th>Medicare Benefits</th></tr> </thead> <tbody> <tr> <td>2024</td><td>8.2%</td><td>8.2%</td></tr> <tr> <td>2025</td><td>6.9%</td><td>6.3%</td></tr> <tr> <td>2026</td><td>6.7%</td><td>6.1%</td></tr> <tr> <td>2027</td><td>6.4%</td><td>5.8%</td></tr> <tr> <td>2028</td><td>6.1%</td><td>5.6%</td></tr> <tr> <td>2029</td><td>5.9%</td><td>5.5%</td></tr> <tr> <td>2030</td><td>5.6%</td><td>5.3%</td></tr> <tr> <td>2031</td><td>5.4%</td><td>5.2%</td></tr> <tr> <td>2032</td><td>5.1%</td><td>5.0%</td></tr> <tr> <td>2033</td><td></td><td>4.9%</td></tr> <tr> <td>2040</td><td></td><td>4.5%</td></tr> <tr> <td>2050</td><td></td><td>4.4%</td></tr> <tr> <td>2060</td><td></td><td>4.4%</td></tr> <tr> <td>2070</td><td></td><td>4.1%</td></tr> <tr> <td>2075+</td><td></td><td>3.9%</td></tr> </tbody> </table>	Year	January 1, 2024 Assumption		Non-Medicare Benefits	Medicare Benefits	2024	8.2%	8.2%	2025	6.9%	6.3%	2026	6.7%	6.1%	2027	6.4%	5.8%	2028	6.1%	5.6%	2029	5.9%	5.5%	2030	5.6%	5.3%	2031	5.4%	5.2%	2032	5.1%	5.0%	2033		4.9%	2040		4.5%	2050		4.4%	2060		4.4%	2070		4.1%	2075+		3.9%
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Medicare Eligibility	<p>Current non-Medicare eligible retirees and spouses (if covered) over age 65 are assumed to remain non-Medicare eligible.</p> <p>Current Medicare eligible retirees and spouses (if covered) under age 65 are assumed to remain Medicare eligible.</p> <p>All other retirees and spouses (if covered) are assumed to be non-Medicare eligible prior to age 65 and Medicare eligible at age 65, unless their spouse is over age 65 and non-Medicare eligible.</p>																																																		

Actuarial Assumptions Summary (cont.)

Coverage	<p>Current retirees are assumed to remain in their currently elected plan, as summarized below.</p> <p>Current employees are assumed to enroll at retirement in the same proportion as the current year retiree mix. These proportions are established separately by non-Medicare/Medicare coverage and Non-Medicare further by participants hired before/on or after August 1, 2003 to reflect enrollment when PPO buy up applies. The table below shows the current year enrollment percentage by plan.</p> <table border="1" data-bbox="412 403 1155 720"> <thead> <tr> <th data-bbox="412 403 567 460">Non-Medicare</th><th data-bbox="736 403 910 460">Adult Member Enrollment (Pre-03)</th><th data-bbox="964 403 1139 460">Adult Member Enrollment (Post-03)</th></tr> </thead> <tbody> <tr> <td data-bbox="412 466 600 492">Highmark Basic PPO</td><td data-bbox="801 466 850 492">16.3%</td><td data-bbox="1029 466 1078 492">22.5%</td></tr> <tr> <td data-bbox="412 498 572 523">Aetna Choice PPO</td><td data-bbox="801 498 850 523">70.2%</td><td data-bbox="1029 498 1078 523">52.4%</td></tr> <tr> <td data-bbox="412 530 616 555">Aetna HMO SE Region</td><td data-bbox="801 530 850 555">0.0%</td><td data-bbox="1029 530 1078 555">0.0%</td></tr> <tr> <td data-bbox="412 561 649 587">Aetna HMO Central Region</td><td data-bbox="801 561 850 587">2.7%</td><td data-bbox="1029 561 1078 587">4.0%</td></tr> <tr> <td data-bbox="412 593 665 618">Aetna HMO Western Region</td><td data-bbox="801 593 850 618">1.8%</td><td data-bbox="1029 593 1078 618">5.9%</td></tr> <tr> <td data-bbox="412 625 649 650">Geisinger HMO NE Region</td><td data-bbox="801 625 850 650">9.1%</td><td data-bbox="1029 625 1078 650">15.2%</td></tr> <tr> <td data-bbox="412 671 507 696">Medicare</td><td data-bbox="801 671 1062 696">Adult Member Enrollment</td><td></td></tr> <tr> <td data-bbox="412 703 649 728">Aetna Medicare Advantage</td><td data-bbox="899 703 975 728">100.0%</td><td></td></tr> </tbody> </table>	Non-Medicare	Adult Member Enrollment (Pre-03)	Adult Member Enrollment (Post-03)	Highmark Basic PPO	16.3%	22.5%	Aetna Choice PPO	70.2%	52.4%	Aetna HMO SE Region	0.0%	0.0%	Aetna HMO Central Region	2.7%	4.0%	Aetna HMO Western Region	1.8%	5.9%	Geisinger HMO NE Region	9.1%	15.2%	Medicare	Adult Member Enrollment		Aetna Medicare Advantage	100.0%	
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Changes in Assumptions	<ul style="list-style-type: none"> The discount rate was increased from 5.65% to 6.09%. Per capita claims costs were updated based on changes in the underlying claims and benefit provisions. The trend rates were updated based on the SOA-Getzen trend rate model version 2024_1b. The short-term trend assumptions were based on industry surveys and the Commonwealth's emerging experience, separately for non-Medicare and Medicare benefits. In addition, short-term adjustments were made to the 2024 trend to separately account for a recent sharp increase in general inflation and the impact of the IRA. 																											
Model Use	<p>Actuarial Standard of Practice No. 56 – Modeling requires disclosure of certain information regarding the actuary's use of models when issuing actuarial reports for work performed on or after October 1, 2020. For this valuation, the liability calculations and open group projections to develop service cost of future employees used in the development of the single discount rate were determined using industry-leading defined benefit valuation software developed and maintained by a third-party vendor. The model was designed specifically for the measurement of defined benefit pension and postretirement medical plan liabilities and the actuary has updated the applicable parameters for the specific plan provisions and assumptions selected for this valuation.</p> <p>An Excel-based model that calculates a long-term rate of return on assets using a target asset allocation and publicly available capital market assumptions by asset class were used to assess the reasonableness of the long-term rate of return assumption.</p> <p>The medical inflation trend rate assumptions were set using the Getzen Model of Long-Run Medical Cost Trends ("Getzen Model"), which adds transparency to the economic assumptions behind medical and prescription drug trends. The Getzen Model is an excel based projection of expected growth rates in medical premiums and expenditures from 2025 to 2103. Development of the model was sponsored by the Society of Actuaries ("SOA"), and it is used primarily in the estimation of reportable liabilities for retiree health benefits in accordance with FASB and GASB standards. It projects medical care cost increases and the health share of GDP for the next 75 years using linked formulas and assumptions developed by the author, Professor Thomas Getzen, with the assistance of a SOA project oversight group.</p>																											

Rationale for Assumptions

Discount Rate	As prescribed by GASB Nos. 74 and 75, the June 30, 2024 single discount rate of 6.09% was based on the long-term expected rate of return on assets held in the OPEB investment pool (6.75%) and a municipal bond rate of 3.93% (based on the 20-year Bond Buyer GO Index as of the end of June 2024). Based on the stated assumptions and the projection of cash flows, the Plan's Fiduciary Net Position and future contributions were not sufficient to finance all future benefit payments of the current plan members. Therefore, the long-term expected rate of return on the OPEB Investment Pool was applied to projected benefit payments through the year 2060 (the last year in which the Plan's Fiduciary Net Position is projected to be sufficient to meet projected benefit payments) and the municipal bond rate was applied to all remaining future years to determine the Total OPEB Liability. The projection of cash flows used to determine the single discount rate for each fiscal year end assumed that employer contributions were made based on the current funding policy for all future years.
Long-Term Expected Rate of Return	The expected return in the OPEB Investment Pool is based on a building block method incorporating the underlying inflation assumption and expected real returns and investment expenses. The selected rate was supported by analyzing the target asset allocation and benchmark return expectations from PA Treasury and publicly available sources as of June 30, 2024.
Inflation, Payroll Growth, Salary Scale, Disability Incidence, Withdrawal, Early and Normal Retirement	Assumptions updated to be consistent with assumptions recommended by the Commonwealth of Pennsylvania SERS 2015-2019 experience study and adopted by the Board in July 2020.
Mortality	<p>The annuitant, survivor, and disabled participant base mortality table is consistent with the Commonwealth of Pennsylvania SERS 2015-2019 experience study, with the exception of using a headcount-weighted instead of an amount-weighted mortality table.</p> <p>The PUB-2010 tables were released by the Retirement Plans Experience Committee ("RPEC") of the Society of Actuaries ("SOA") in January 2019. The PUB-2010 tables represent a complete benchmark of U.S. public pension plan mortality experience. The plan does not have fully credible pre-retirement mortality experience, so the Pub-2010 General Employees Headcount Weighted Mortality Tables were used for the pre-retirement mortality assumption.</p> <p>Beginning in 2015, the SOA RPEC has released an annual update to the mortality improvement scale, with each of these scales reflecting an additional year of Social Security Administration ("SSA") data. RPEC did not release an update to Mortality Improvement Scale MP-2021 due to the impact of the COVID-19 pandemic on 2020 Social Security data. Therefore, Scale MP-2021 incorporates the most current information available from the Social Security Administration ("SSA"), extended further by RPEC using a methodology similar to that used by SSA.</p>

Development of June 30, 2024 Discount Rate

This section provides the development of the June 30, 2024 single discount rate consistent with the requirements of GASB 74/75.

Projection of Contributions

(All dollar amounts are in thousands)

Year Ending June 30	Contributions		Employer Contributions for Current Participants
	Total Employer Contributions	Related to Service Cost of Future Employees*	
	(a)	(b)	(c) = (a)-(b)
2025	509,278	5,514	503,764
2026	527,074	10,906	516,168
2027	553,441	16,853	536,588
2028	581,135	23,123	558,012
2029	599,903	29,983	569,920
2030	619,198	37,137	582,061
2031	640,281	44,425	595,856
2032	661,033	52,300	608,733
2033	679,745	60,484	619,261
2034	694,969	69,150	625,819
2035	705,239	78,357	626,882
2036	709,478	87,899	621,579
2037	710,689	97,659	613,030
2038	715,344	108,130	607,214
2039	723,886	118,945	604,941
2040	735,119	130,218	604,901
2041	747,719	142,186	605,533
2042	760,992	155,176	605,816
2043	772,457	168,087	604,370
2044	781,722	181,378	600,344
2045	788,543	195,507	593,036
2046	790,885	210,158	580,727
2047	791,311	224,881	566,430
2048	789,258	240,202	549,056
2049	785,592	255,968	529,624
2050	781,888	272,408	509,480
2051	774,158	289,359	484,799
2052	762,805	306,864	455,941
2053	749,852	324,989	424,863
2054	733,966	343,466	390,500
2055	713,240	362,483	350,757
2056	687,911	382,043	305,868
2057	658,198	401,951	256,247
2058	626,036	422,273	203,763
2059	593,643	443,277	150,366
2060	560,781	465,031	95,750
2061**	526,614	486,933	39,681

* Determined using an open group valuation assuming a level population.

** The exhibit only displays projections through 2061. For all years 2061+, the projected benefit payments are unfunded and discounted at 3.93% to develop the Single Discount Rate.

Development of June 30, 2024 Discount Rate (cont.)

Projection of Fiduciary Net Position

(All dollar amounts are in thousands)

Year Ending June 30	Beginning Fiduciary Net Position	Employer Contributions for Current Participants	Projected Benefit Payments	Projected Administrative Expenses	Projected Investment Earnings at 6.75%	Ending Fiduciary Net Position
	(a)	(b)	(c)	(d)	(e)	(f)=(a)+(b)-(c)-(d)+(e)
2025	914,788	503,764	459,278	6,592	61,346	1,014,028
2026	1,014,028	516,168	477,074	6,465	67,870	1,114,527
2027	1,114,527	536,588	503,441	6,303	74,462	1,215,833
2028	1,215,833	558,012	531,135	6,129	81,098	1,317,679
2029	1,317,679	569,920	549,903	5,913	87,752	1,419,535
2030	1,419,535	582,061	569,198	5,687	94,397	1,521,108
2031	1,521,108	595,856	590,281	5,478	101,018	1,622,223
2032	1,622,223	608,733	611,033	5,250	107,589	1,722,262
2033	1,722,262	619,261	629,745	5,026	114,078	1,820,830
2034	1,820,830	625,819	644,969	4,810	120,451	1,917,321
2035	1,917,321	626,882	655,239	4,582	126,666	2,011,048
2036	2,011,048	621,579	659,478	4,359	132,683	2,101,473
2037	2,101,473	613,030	660,689	4,155	138,469	2,188,128
2038	2,188,128	607,214	665,344	3,928	143,978	2,270,048
2039	2,270,048	604,941	673,886	3,716	149,156	2,346,543
2040	2,346,543	604,901	685,119	3,507	153,952	2,416,770
2041	2,416,770	605,533	697,719	3,301	158,302	2,479,585
2042	2,479,585	605,816	710,992	3,063	162,119	2,533,465
2043	2,533,465	604,370	722,457	2,865	165,333	2,577,846
2044	2,577,846	600,344	731,722	2,675	167,894	2,611,687
2045	2,611,687	593,036	738,543	2,464	169,716	2,633,432
2046	2,633,432	580,727	740,885	2,259	170,705	2,641,720
2047	2,641,720	566,430	741,311	2,087	170,781	2,635,533
2048	2,635,533	549,056	739,258	1,922	169,860	2,613,269
2049	2,613,269	529,624	735,592	1,762	167,839	2,573,378
2050	2,573,378	509,480	731,888	1,598	164,606	2,513,978
2051	2,513,978	484,799	724,158	1,445	160,039	2,433,213
2052	2,433,213	455,941	712,805	1,292	154,012	2,329,069
2053	2,329,069	424,863	699,852	1,135	146,385	2,199,330
2054	2,199,330	390,500	683,966	993	137,019	2,041,890
2055	2,041,890	350,757	663,240	860	125,765	1,854,312
2056	1,854,312	305,868	637,911	735	112,458	1,633,992
2057	1,633,992	256,247	608,198	628	96,929	1,378,342
2058	1,378,342	203,763	576,036	535	79,002	1,084,536
2059	1,084,536	150,366	543,643	438	58,476	749,297
2060	749,297	95,750	510,781	339	35,128	369,055
2061*	369,055	39,681	476,614	271	9,079	-

* The exhibit only displays projections through 2061. For all years 2061+, the projected benefit payments are unfunded and discounted at 3.93% to develop the Single Discount Rate.

Development of June 30, 2024 Discount Rate (cont.)

Development of the Single Discount Rate

(All dollar amounts are in thousands)

Year Ending June 30	Beginning Fiduciary Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments at 6.75%	Present Value of Unfunded Benefit Payments at 3.93%	Present Value of Benefit Payments Using the Single Discount Rate of 6.09%
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
2025	914,788	459,278	459,278	-	444,521	-	445,911
2026	1,014,029	477,074	477,074	-	432,547	-	436,619
2027	1,114,528	503,441	503,441	-	427,591	-	434,320
2028	1,215,834	531,135	531,135	-	422,588	-	431,927
2029	1,317,678	549,903	549,903	-	409,855	-	421,537
2030	1,419,534	569,198	569,198	-	397,411	-	411,299
2031	1,521,107	590,281	590,281	-	386,071	-	402,066
2032	1,622,223	611,033	611,033	-	374,374	-	392,327
2033	1,722,262	629,745	629,745	-	361,441	-	381,147
2034	1,820,829	644,969	644,969	-	346,772	-	367,969
2035	1,917,320	655,239	655,239	-	330,017	-	352,384
2036	2,011,047	659,478	659,478	-	311,150	-	334,319
2037	2,101,472	660,689	660,689	-	292,011	-	315,720
2038	2,188,127	665,344	665,344	-	275,474	-	299,706
2039	2,270,048	673,886	673,886	-	261,368	-	286,141
2040	2,346,544	685,119	685,119	-	248,922	-	274,223
2041	2,416,770	697,719	697,719	-	237,471	-	263,247
2042	2,479,585	710,992	710,992	-	226,687	-	252,867
2043	2,533,464	722,457	722,457	-	215,778	-	242,205
2044	2,577,846	731,722	731,722	-	204,726	-	231,239
2045	2,611,687	738,543	738,543	-	193,568	-	220,007
2046	2,633,433	740,885	740,885	-	181,904	-	208,044
2047	2,641,720	741,311	741,311	-	170,500	-	196,223
2048	2,635,534	739,258	739,258	-	159,276	-	184,455
2049	2,613,269	735,592	735,592	-	148,465	-	173,012
2050	2,573,378	731,888	731,888	-	138,377	-	162,266
2051	2,513,979	724,158	724,158	-	128,258	-	151,342
2052	2,433,215	712,805	712,805	-	118,264	-	140,424
2053	2,329,070	699,852	699,852	-	108,773	-	129,964
2054	2,199,331	683,966	683,966	-	99,582	-	119,728
2055	2,041,892	663,240	663,240	-	90,459	-	109,440
2056	1,854,314	637,911	637,911	-	81,503	-	99,222
2057	1,633,995	608,198	608,198	-	72,793	-	89,174
2058	1,378,346	576,036	576,036	-	64,584	-	79,614
2059	1,084,539	543,643	543,643	-	57,098	-	70,826
2060	749,300	510,781	510,781	-	50,254	-	62,728
2061	369,058	476,614	-	476,614	-	116,714	55,174
2062	-	442,033	-	442,033	-	104,153	48,236
2063	-	409,205	-	409,205	-	92,772	42,092
2064	-	381,604	-	381,604	-	83,243	37,001
2065	-	361,688	-	361,688	-	75,915	33,058
2066	-	344,957	-	344,957	-	69,665	29,721
2067	-	329,336	-	329,336	-	63,996	26,747
2068	-	315,783	-	315,783	-	59,042	24,175
2069	-	303,631	-	303,631	-	54,623	21,911
2070	-	291,637	-	291,637	-	50,481	19,839
2071	-	279,391	-	279,391	-	46,533	17,915

Development of June 30, 2024 Discount Rate (cont.)

Development of the Single Discount Rate

(All dollar amounts are in thousands)

Year Ending June 30	Beginning Fiduciary Net Position	Projected Benefit Payments	Funded Portion of Benefit Payments	Unfunded Portion of Benefit Payments	Present Value of Funded Benefit Payments at 6.75%	Present Value of Unfunded Benefit Payments at 3.93%	Present Value of Benefit Payments Using the Single Discount Rate of 6.09%
(a)	(b)	(c)	(d)	(e)	(f)	(g)	
2072	-	266,798	-	266,798	-	42,755	16,127
2073	-	253,612	-	253,612	-	39,105	14,450
2074	-	239,857	-	239,857	-	35,586	12,882
2075	-	225,649	-	225,649	-	32,212	11,424
2076	-	211,132	-	211,132	-	29,000	10,076
2077	-	196,473	-	196,473	-	25,966	8,839
2078	-	181,817	-	181,817	-	23,120	7,710
2079	-	167,277	-	167,277	-	20,467	6,687
2080	-	152,971	-	152,971	-	18,009	5,764
2081	-	139,014	-	139,014	-	15,747	4,938
2082	-	125,508	-	125,508	-	13,679	4,202
2083	-	112,547	-	112,547	-	11,803	3,552
2084	-	100,215	-	100,215	-	10,112	2,981
2085	-	88,583	-	88,583	-	8,600	2,484
2086	-	77,704	-	77,704	-	7,259	2,054
2087	-	67,617	-	67,617	-	6,078	1,685
2088	-	58,347	-	58,347	-	5,046	1,371
2089	-	49,906	-	49,906	-	4,153	1,105
2090	-	42,293	-	42,293	-	3,386	883
2091	-	35,495	-	35,495	-	2,735	698
2092	-	29,483	-	29,483	-	2,186	547
2093	-	24,225	-	24,225	-	1,728	424
2094	-	19,681	-	19,681	-	1,351	324
2095	-	15,800	-	15,800	-	1,043	245
2096	-	12,529	-	12,529	-	796	183
2097	-	9,806	-	9,806	-	599	135
2098	-	7,566	-	7,566	-	445	98
2099	-	5,751	-	5,751	-	325	71
2100	-	4,302	-	4,302	-	234	50
2101	-	3,164	-	3,164	-	166	34
2102	-	2,286	-	2,286	-	115	23
2103	-	1,621	-	1,621	-	79	16
2104	-	1,128	-	1,128	-	53	10
2105	-	768	-	768	-	35	7
2106	-	512	-	512	-	22	4
2107	-	335	-	335	-	14	3
2108	-	214	-	214	-	9	2
2109	-	133	-	133	-	5	1
2110	-	82	-	82	-	3	1
2111	-	49	-	49	-	2	-
2112	-	28	-	28	-	1	-
2113	-	16	-	16	-	1	-
2114	-	9	-	9	-	-	-
2115	-	5	-	5	-	-	-
2116	-	3	-	3	-	-	-
2117	-	1	-	1	-	-	-
2118	-	1	-	1	-	-	-
2119	-	-	-	-	-	-	-

Glossary

Below is a brief explanation of various terms used in this report.

Annual OPEB Expense

The change in Net OPEB Liability less the change in the Deferred Outflows of Resources plus the change in the Deferred Inflows of Resources.

Collective deferred outflows of resources and deferred inflows of resources related to OPEB

Deferred outflows of resources and deferred inflows of resources related to OPEB arising from certain changes in the collective net OPEB liability or collective total OPEB liability.

Covered Employee Payroll

Annual compensation paid (or expected to be paid) to active employees covered by an OPEB plan, in aggregate.

Final Average Salary

Final Average Salary as determined by the State Employees' Retirement System for pension purposes.

Implicit Rate Subsidy

Many post-employment health plans charge the same premium rates for all participants in a non-Medicare plan regardless of their age. This single premium rate is called a blended premium rate because it blends the expected claims of both active and retired participants. Retirees are generally older than the average participant in a non-Medicare plan, which means they are expected to generate higher claims than the average participant of the plan; therefore, they are receiving a subsidy even if they pay 100% of the blended premium rate because they would be paying less in premiums than their expected claims costs. This subsidy is referred to as the "Implicit Rate Subsidy".

Net OPEB liability (NOL)

The liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria of the GASB Statements.

Normal Cost or Service Cost

The portion of the Total Present Value of Future Benefits attributed to employee service during the current fiscal year by the actuarial cost method. These terms are used interchangeably.

Other Postemployment Benefits (OPEB)

Retiree health care benefits and post-employment benefits provided separately from a pension plan (excluding termination offers and benefits).

Fiduciary Net Position (FNP)

Set equal to the market value of assets as of the measurement date.

Present Value of Future Benefits (PVFB)

The value, as of the valuation date, of the projected benefits payable to all members for their accrued service and their expected future service, discounted to reflect the time value (present value) of money and adjusted for the probabilities of retirement, withdrawal, death, and disability.

Total OPEB liability (TOL)

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the GASB Statements. The total OPEB liability is the liability of employers and non-employer contributing entities to plan members for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria of the GASB Statements.