

## 9650 Health and Dental Benefits for Annuitants

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

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

The 2007-08 employer contribution for health premiums maintains the average 100/90 percent contribution formula established in Government Code Section 22871. Under this formula, the state averages the premiums of the four largest health benefit plans in order to calculate the maximum amount the state will contribute toward the retiree's health benefits. The state also contributes 90 percent of this average for the health benefits of each of the retiree's dependents. The retiree is responsible for paying all health benefit plan costs that exceed the average of the four largest benefit plans. The 2007-08 monthly contribution maximums are \$471 for a single enrollee, \$886 for an enrollee and one dependent, and \$1,129 for an enrollee and two or more dependents. Dental care premiums vary by plan and number of dependents.

### 3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
10 Health and Dental Benefits for Annuitants	-	-	-	\$1,006,238	\$1,139,495	\$1,281,825
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$1,006,238</b>	<b>\$1,139,495</b>	<b>\$1,281,825</b>
<b>FUNDING</b>				<b>2006-07*</b>	<b>2007-08*</b>	<b>2008-09*</b>
0001 General Fund				\$1,006,238	\$1,076,664	\$1,262,712
0950 Public Employees Contingency Reserve Fund				-	62,831	19,113
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$1,006,238</b>	<b>\$1,139,495</b>	<b>\$1,281,825</b>

### LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

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

### DETAILED BUDGET ADJUSTMENTS

Baseline Adjustment Descriptions	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Health Care Premium Increase	\$-	\$-	-	\$186,048	-\$43,718	-
<b>Totals, Baseline Adjustments</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$186,048</b>	<b>-\$43,718</b>	<b>-</b>
<b>TOTALS, BUDGET ADJUSTMENTS</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$186,048</b>	<b>-\$43,718</b>	<b>-</b>

\* Dollars in thousands, except in Salary Range.

## 9650 Health and Dental Benefits for Annuitants - Continued

### Health Benefits

Retirement System <sup>1</sup>	Number of Retirees			Cost by System		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
PERS State Employees	132,445	137,091	141,889	\$927,330	\$1,053,888	\$1,191,468
District Agricultural Employees	305	316	327	2,137	2,429	2,746
Legislators	117	118	120	882	1,002	1,133
Teachers	178	172	166	1,182	1,343	1,518
Judges	1,539	1,591	1,643	10,916	12,406	14,026
<b>Totals</b>	<b>134,584</b>	<b>139,288</b>	<b>144,145</b>	<b>\$942,447</b>	<b>\$1,071,068</b>	<b>\$1,210,891</b>

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

## 9650 Health and Dental Benefits for Annuitants - Continued

### Dental Benefits

Retirement System <sup>1</sup>	Number of Retirees			Cost by System		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
PERS State Employees	107,339	111,096	114,984	\$62,580	\$67,081	\$69,539
District Agricultural Employees	291	301	312	170	188	195
Legislators	108	109	111	73	84	87
Teachers	122	118	114	73	86	89
Judges	1,423	1,475	1,527	895	988	1,024
<b>Totals</b>	<b>109,283</b>	<b>113,099</b>	<b>117,048</b>	<b>\$63,791</b>	<b>\$68,427</b>	<b>\$70,934</b>

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

## 9650 Health and Dental Benefits for Annuitants - Continued

### DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>\$1,019,368</u>	<u>\$1,076,664</u>	<u>\$1,262,712</u>
<b>Totals Available</b>	<b>\$1,019,368</b>	<b>\$1,076,664</b>	<b>\$1,262,712</b>
Unexpended balance, estimated savings	<u>-13,130</u>	<u>-</u>	<u>-</u>
<b>TOTALS, EXPENDITURES</b>	<b>\$1,006,238</b>	<b>\$1,076,664</b>	<b>\$1,262,712</b>
0950 Public Employees Contingency Reserve Fund			
APPROPRIATIONS			
001 Budget Act appropriation	<u>\$-</u>	<u>\$62,831</u>	<u>\$19,113</u>
<b>TOTALS, EXPENDITURES</b>	<b>\$-</b>	<b>\$62,831</b>	<b>\$19,113</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$1,006,238</b>	<b>\$1,139,495</b>	<b>\$1,281,825</b>

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\* Dollars in thousands, except in Salary Range.