



STATE OF CONNECTICUT
TEACHERS' RETIREMENT BOARD
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APPROPRIATIONS COMMITTEE

DEFICIENCY TESTIMONY

March 27, 2012

Good afternoon Senator Harp and Representative Walker and members of the Appropriations Committee. I am Darlene Perez, the Administrator of the Connecticut Teachers' Retirement System.

The Teachers' Retirement Board (TRB) sponsors a Medicare supplemental health insurance plan for eligible retirees and spouses. One third of the health plan premium is paid for by the health plan member, one-third by the TRB health fund and one-third by the State of Connecticut. During the past two fiscal years we have been experiencing higher than anticipated enrollment in the TRB health plan.

The following table illustrates the enrollment pattern over the past decade:

Coverage Date	Membership	Increased Enrollment
January 2003	11232	
January 2004	11561	329
January 2005	11930	369
January 2006	12303	373
January 2007	12883	580
January 2008	13710	827
January 2009	15301	1,591
January 2010	16090	789
January 2011	17430	1,340
January 2012	18905	1,475

There are a variety of events that lead retirees and spouses to enroll in our plan, such as:

- 1)The natural age progression of baby boomers many of whom are turning 65 and enrolling in Medicare and the TRB plan, and
- 2)Some retirees are just learning about the TRB supplemental plan, and
- 3)Some retirees lost access to insurance through a spouse's plan, and
- 4)A few towns have contractual obligations to pay all or a portion of insurance premiums for retirees have learned they can reduce their cost by asking their retirees to join the TRB plan.
- 5)A few towns, who do not have a contractual obligation to offer a Medicare plan but have done so, are interested in closing those plans and in order to do so have offered to pay the premium for the remaining members to enroll in the TRB plan.

The towns are under no statutory obligation to offer Medicare supplemental plans to their retirees.

Based on enrollment that exceeded our planned budget we are anticipating a deficiency of \$2.4 million dollars in State contributions towards the TRB health plan.

That completes my presentation for today. I would be happy to answer your questions at this time.