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# **TIAA-CREF Retirees Health Care**

## **"History"**

- ◆ **Adopted in October 1992**
  - **Assumption to pre-fund past service liability, although pre-funding not required by plan**
  - **Require update to the Board every six months**

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# **TIAA-CREF Retirees Health Care**

## **“History”**

### **◆ Amended in June 1995**

- One-year suspension on pre-funding**
- Task Force formed to evaluate program**

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# **TIAA-CREF Retirees Health Care**

## **“History”**

- ◆ **Continuation of Amendment in June 1996**
  - **Task Force Report issued in April 1996**
  - **Approval for continuation of suspension on pre-funding**
  - **Required to, in November 1996, bring forward recommended changes to the Board of Control**

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# **TIAA-CREF Retirees Health Care**

## **“Original Plan”**

- ◆ **Requires an 80 point retirement eligibility.**
- ◆ **Assumes Medigap coverage for those eligible for Medicare.**
- ◆ **Requires a 20% co-pay (subject to change).**
- ◆ **Prefunds past service liability (\$40 million reserve).**
- ◆ **Covers retiree health cost from current operations budget (pay-as-you-go).**
- ◆ **Can be terminated at any time for active and/or retired employees.**

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# **TIAA-CREF Retirees Health Care**

## **"Proposed Plan"**

### **◆ Continuing:**

- Requires an 80 point retirement eligibility.**
- Assumes Medigap coverage for those eligible for Medicare.**
- Requires a 20% co-pay (subject to change) for participants eligible for Medicare and those who retire prior to July 1, 1997.**
- Covers retiree health cost from current operations budget (pay-as-you-go).**
- Can be terminated at any time for active and/or retired employees.**

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# **TIAA-CREF Retirees Health Care "Proposed Plan"**

## **◆ Proposed Changes:**

- Require a 60% co-pay (subject to change) for eligible participants prior to Medicare coverage.**
- Do not prefund or build a reserve (not required under GASB or by the terms of the Plan).**
- Maintain the current \$2.7 million reserve as a fringe benefit contingency.**
- Continuation of benefit will be approved annually through budget process.**

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# **TIAA-CREF Retirees Health Care "Other Financial Safeguards"**

- ◆ **Maintain flexibility of co-pay.**
- ◆ **Maintain Health Care Stop Loss (established annually).**
- ◆ **Maintain \$2.7 million fringe benefits reserve.**
- ◆ **Maintain the ability to change or cancel policy at any time.**

# MTU Retirees Costs for Health Care

## TIAA-CREF RETIREES

Date	Retirees	Health Care Costs (estimated)	Retiree 20% Co-Pay (estimated)
1992	0	0	0
1993	2	\$4,700	\$1,351
1994	5	\$13,000	\$3,123
1995	9	\$39,000	\$6,841
1996	21	\$55,720	\$12,280
TOTAL		\$112,420	\$23,595

# MTU Health Care Costs

**Current Rates 2 person coverage  
(as calculated by Wausau):**

	<b>Monthly Cost</b>	<b>Annual Cost</b>	<b>20% Co-Pay</b>	<b>MTU Benefit Cost</b>
<b>Without Medicare Coverage</b>	<b>\$358.50</b>	<b>\$4,302.00</b>	<b>\$860.40</b>	<b>\$3,441.60</b>
<b>With Medicare Coverage</b>	<b>\$179.25</b>	<b>\$2,151.00</b>	<b>\$430.20</b>	<b>\$1,720.80</b>
	<b>Monthly Cost</b>	<b>Annual Cost</b>	<b>60% Co-Pay</b>	<b>MTU Benefit Cost</b>
<b>Without Medicare Coverage</b>	<b>\$358.50</b>	<b>\$4,302.00</b>	<b>\$2,581.20</b>	<b>\$1,720.80</b>

# Michigan Public Universities Retiree Medical Plan

	Retiree Health Plan	Liability Recorded	Pay-as-You Go
Central	No	-	-
Eastern	Yes	No	Reimburse - Employee
Ferris State	No	-	-
Grand Valley	Yes	No	Yes
Lake State	No	-	-
Michigan	Yes	No	Yes
Michigan State	Yes	No	Yes
Michigan Tech	Yes	No	Yes
Northern	1-Year Special	\$1.4 M Liability	Funded over 8 years
Oakland	Yes	No	Yes
Saginaw Valley	No	-	-
Wayne State	No	-	-
Western	Yes	No	Yes