

## **Information on Health Benefits for Pre-Medicare PERS Retirees--RHIPA**

### **Retiree Health Insurance Premium Account (RHIPA)**

The RHIPA subsidies are set forth in statute at ORS 238.415. For qualified state employees, the RHIPA plan pays a portion of the difference between the pre-Medicare health insurance premium for retired members and for active PEBB employees. The portion is a sliding scale starting with 50% of the difference paid for employees with 8-10 years of service, up to 100% of the difference paid for employees with over 30 years of service—generally between \$75-\$275 (see ORS 238.415(3)). Again, this is a portion of the difference between the costs of the two premiums, not a percentage of the premiums themselves.

A fact sheet with the rates for 2010 is available at the PERS Health Insurance web site here:

[http://www.pershealth.com/PDF\\_files/Rates\\_Benefits/RB\\_RHIPA\\_rates\\_2010.pdf](http://www.pershealth.com/PDF_files/Rates_Benefits/RB_RHIPA_rates_2010.pdf)

The RHIPA program is described at p. 26 of the agency's CAFR in the Notes to the Financial Statements. That's where you probably saw the total participants and the cost for the fiscal year ending June 30, 2009 as .10% of PERS-covered payroll. The average subsidy amount is found in our CAFR on p. 92. Here's a link to the CAFR again:

[http://www.oregon.gov/PERS/docs/financial\\_reports/2009\\_cafr.pdf](http://www.oregon.gov/PERS/docs/financial_reports/2009_cafr.pdf)

Rates for this program are projected to increase to recover the UAL resulting from 2008 investment losses; please see p. 31 of the actuary's 2008 valuation report, linked here:

[http://www.oregon.gov/PERS/docs/financial\\_reports/actuarial\\_service/2008\\_system\\_valuation\\_presentation.pdf](http://www.oregon.gov/PERS/docs/financial_reports/actuarial_service/2008_system_valuation_presentation.pdf)

Lastly, in response to your separate question on the Mercer July 2010 Actuarial Experience study comparing RHIPA to the "PEBB alternative," a word of explanation. The "PEBB alternative" allows state employees to continue their PEBB coverage after retirement but pay the full premium. Our RHIPA plan just pays for a portion of the difference in costs as explained above. So, for most retired members, they get better coverage by buying through the PEBB alternative than they could by purchasing the partially subsidized coverage under RHIPA; that's proved out by the participation numbers (about 3900 retired members in PEBB; about 709 in RHIPA).

[Source: PERS Administration—3-11-2010 email to Rep. Richardson]