

Connecticut State Teachers' Retirement Board



Member Health Care Survey Results

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Executive Summary

In order to better understand the medical plan needs of Connecticut's retired teachers the Connecticut State Teacher's retirement Board hired Corporate Benefit Consultants LLC to develop and conduct a survey of retired members. The survey had an overwhelmingly positive response with a very high level of useful responses. The reason for the survey is a concern by the Retirement Board that a fair number of retired teachers did not take advantage of TRB medical offerings. The Board was concerned that the reason may be that retired teachers were unable to afford coverage and were falling between the cracks. The survey responses overwhelmingly showed that the teachers that do not take the plan are a financially better off group than those that participate. Only a small portion of the group not covered by TRB group does not have coverage.

The only real financial issue expressed by survey respondents was that the town plans are very expensive. This is consistent with the concerns of the Board about the frozen stipends creating problems of unaffordable coverage for retirees below age 65 and those that are not Medicare eligible

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Introduction

In order to better understand the need that retired teachers have the Teachers Retirement Board engaged Corporate Benefits Consultants to design and perform a survey of retired members. The primary questions addressed here was whether the financial position of the membership impacted upon the ability of the membership to purchase health insurance.

The population of the retired TRB participants with regards to the health insurance can be broken down into three broad categories. The first group is the participants in the town plans. Under the Teachers Retirement Act the members with ten or more years service may participate in the plan of the last employing Board of Education until the member becomes Medicare eligible. We refer to this group as the Town Subsidy group. During this period of time the member may receive the stipend provided by the TRB to help offset the cost of the plan. If a member is not Medicare eligible they have the opportunity to remain in the plan of the last employing Board of Education.

Once the member becomes Medicare eligible they have the opportunity to join the TRB plan. Under the TRB plan the member receives a relatively comprehensive supplement to Medicare that provides the opportunity for medical care, prescription drugs, vision benefits, hearing aids and dental care. We refer to this group as the Stirling group. The current cost of that program is just in excess of \$120 per member per month.

The third group is composed of individuals who have served ten years in the system but have determined to take neither the stipend nor the TRB plan. We refer to this group as the Non-participating group. This is the group that the TRB generally has the least information about and to a large extent is the reason for this study. One of the concerns of the Board is whether individuals who retired

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prior to salary enhancement are being negatively affected by the rapid increase in the cost of the plans of the last employing Board of Education. Over the last five years many Boards of Education in Connecticut have faced double digit increases in the cost of health insurance. As a result retirees have faced significant increases in cost while the stipend amount provided by the Boards has been fixed. One significant fact that is being examined is whether the retirees that are not participating in the last employing BOE plans are losing out on coverage because of the extra expenses associated with not being Medicare eligible.

The Survey

In order to examine the issue of affordability a sample questionnaire was developed. The reaction to the questionnaire was overwhelming with over 70% of the plan participants who received the questionnaire responded. The questionnaire is found as Appendix A of this report.

The respondents are classified into four groups: Total, those that participate in the Stirling plan, those that participate in the town plans, and those that receive a pension but do not participate in the plan of the last employing Board of Education.

Descriptive Statistics

In addition to the individual's survey responses we obtained a number of other statistics concerning the individuals surveyed, which we believe to be important economic indicators. Those are Age when surveyed, Age at Retirement, Retirement Year and Years of Service.

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We have some anecdotal information about the wealth of teachers. Generally teachers in Connecticut are higher paid currently than in the past. This is primarily as a result of having worked for Connecticut schools after the passage of the Enhancement Act. We also expect that teachers retiring at a younger age would be wealthier and would have less years of service.

Table One outlines the descriptive statistics for the teachers in the sample. Table One indicates that for the entire sample the average age is 65 years old and that they retired at age 59. Their average length of service was 29 plus years. The sample population on average retired during calendar year 2000.

Table One indicates that there are substantial differences between the subgroups of the population. The primary concern raised by the Board that lead to this study was whether the portion of the teacher population that is not taking the insurance is under financial distress. The data in Table One seem to indicate that the opposite is true. The sample of non-participating individuals was younger than average (age 64) and younger than both (the Stirling group and the Town subsidy group) of the other sample means. In addition they retired more recently and had less years of service than the Stirling and Town Subsidy groups. All of these are presumed to be indicia of the uninsured group being wealthier than the other two sub populations.

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TABLE ONE				
Non-Participating				
	Age	Retirement Age	Retirement Year	Years of Service
Standard Deviation	7.8	4.3	6.68	7.685
Minimum	4.4	40	1964	6.4
Maximum	100	73	2006	45.1
Average	64	58.73	2001.3	28.97
TOWN SUBSIDY				
	Age	Retirement Age	Retirement Year	Years of Service
Standard Deviation	8.36	5.37295	6.62809	7.6
Minimum	53	40	1982	6.2
Maximum	84	73	2006	49.5
Average	65.9	59.1489	1992.64	31.77
STIRLING				
	Age	Retirement Age	Retirement Year	Years of Service
Standard Deviation	7.3	3.30151	7.25082	5.613
Minimum	66	52	1974	17
Maximum	93	68	2005	39.9
Average	75	61.15	1992.7	30.74
TOTAL				
	Age	Retirement Age	Retirement Year	Years of Service
Standard Deviation	8.5	4.40961	7.216972	7.538
Minimum	44	40	1964	6.2
Maximum	100	73	2006	49.5
Average	65	59.031	2000.251	29.49

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Thus the basic premise that members of the Non-participating group are uninsured because of their economic status is in opposite to what was originally expected as this is actually the group with the higher socio economic status.

The Stirling subgroup is the oldest group at an average age of 75 and had the highest age at retirement and also retired the longest time ago. The Town subsidy group seems to be the intermediate with regards to age. This group tends to be bimodal as it includes both the younger retirees that are not old enough to be eligible for Medicare as well as older retirees who predate public sector employment under Medicare.

Survey Results

In addition to the demographic data collected on the individuals we also collected the responses from 18 survey questions. We have some questions that we feel are particularly key in understanding the relationship between the individuals characteristics and their plan selection.

A summary of the results from the sample is identified in Appendix B of this report.

Medical Plan Participation And Wealth

On several important questions members of the plan reported a high degree of participation in Medical plans. On an overall basis only 13 members of the sample indicated that they did not have medial coverage if they were not covered under the TRB plan. Thus even the members not taking TRB reported a 93% coverage rate.

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Under the section of the survey where members were asked to identify the alternative source of coverage to the TRB the overwhelming majority 79% reported that they had coverage either from the last employing BOE or the coverage provided by their spouses employer. Only a very small portion 5% reported that they were unable to afford coverage.

Interestingly the individuals who do not participate in the TRB coverage reported higher levels of income. Forty six percent of the population not taking the TRB plan reported family income in excess of \$75,000 while only 8 out of 94 with incomes in excess of \$75,000 were in the other two groups.

While the questions that looked at wealth and participation were generally favorable (especially for the individuals that do not use the TRB programs) an overwhelming portion of the population commented that the plans at their Board of Education was very expensive. Fifty seven percent of the subsidy plan participant reported the plan as expensive compared with 12% reporting inexpensive or moderate.

These statistics reinforce the need to move forward with a solution to the stipend issue. Clearly the last few years of a frozen stipend does nothing to alleviate the affordability issue.

Conclusion

The purpose of this survey was to understand the medical plan needs of the retired teachers. The survey had an overwhelmingly positive response with a very high level of useful responses. Particularly there was a concern by the Board that a fair number of retired teachers did not take advantage of TRB offering. The Board was concerned that the reason may be that retired teachers were unable to afford coverage and were falling between the cracks. The survey responses overwhelmingly showed that the teachers that do not take the plan are

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a financially better off group than those that do. Only a small portion of this group does not have coverage, much less than national averages go without coverage.

The only real financial issue expressed by survey respondents was that the town plans are very expensive. This is consistent with the concerns of the Board about the frozen stipends creating problems of unaffordable coverage.

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APPENDIX A

Connecticut State Teachers' Retirement Board
Survey on Participation in Medical Plans

Please answer each question

1. Are you eligible for Medicare?
 - Yes
 - No
 - Not sure
2. If you are eligible for Medicare, are you enrolled in Medicare Part B?
 - Yes
 - No
3. Are you a retiree of an organization other than a Connecticut Public School District?
 - Yes
 - No
4. Have you ever participated in the TRB medical plan?
 - Yes
 - No
5. Are you currently a participant in the TRB medical plan?
 - Yes
 - No
6. If you do not participate in the TRB medical plan, do you have any medical coverage?
 - Yes
 - No
7. If you do not participate in the TRB medical plan, please identify the reason:
 - Cannot afford coverage
 - Covered by other employment
 - Coverage under Connecticut State employees' plan
 - Coverage by spouse's plan
 - Coverage by last employing Board of Education
 - Coverage under CONNPACE
 - Coverage under Champus
 - Veterans Coverage
 - Other:

8. If you are covered under a local Connecticut school district plan, how would describe the cost to you of coverage?
 - Expensive
 - Moderate
 - Inexpensive
 - Don't know

9. How would you describe your overall general health?
- Excellent
 - Very Good
 - Good
 - Fair
 - Poor
10. Are you aware of recent plan changes that have improved medical coverages?
- Yes
 - No
 - Not sure
11. Please indicate your level of total household income from all sources:
- Less than \$25,000
 - Between \$25,000 and \$75,000
 - Greater than \$75,000
12. Do you own or rent your home?
- Own
 - Rent
13. Do you believe that the TRB medical plan is too expensive to enable you to participate in the plan?
- Yes
 - No
 - Don't know
14. Do you believe that the TRB plan is a good value for based upon the cost?
- Yes
 - No
 - Don't know
15. Have the recent improvements in the TRB dental plan made the plan more attractive to you?
- Yes
 - No
 - Don't know
16. Does the TRB provide useful/informative information regarding the medical plan coverages and costs?
- Yes
 - No
 - Don't know
17. What is your marital status?
- Single
 - Married
 - Divorced
18. If you were previously married, was your spouse eligible for Medicare?
- Yes
 - No
 - Not sure

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APPENDIX B

APPENDIX B

Question 1 Are you eligible for Medicare?

	Yes	No	Not sure
Total	98	138	13
	40%	55%	5%
Non-participating	67	122	12
	33%	61%	6%
Town Subsidy	9	16	1
	35%	61%	4%
Stirling	32	0	0
	100%	0%	0%

Question 2 If you are eligible for Medicare, are you enrolled in Medicare

Part B?

	Yes	No	Not Applicable
Total	82	152	13
	33%	62%	5%
Non-participating	46	146	0
	24%	76%	0%
Town Subsidy	6	4	13
	26%	17%	57%
Stirling	30	2	6%
	94%	6%	

Question 3 Are you a retiree of an organization other than a Connecticut Public School District?

	Yes	No
Total	12	165
	7%	93%
Non-participating	9	110
	8%	92%
Town Subsidy	2	24
	8%	92%
Stirling	1	31
	3%	97%

Question 4 Have you ever participated in the TRB medical plan?

	Yes	No
Total	52	203
Non-participating	17	184
Town Subsidy	4	19
Stirling	31	0

Question 5 Are you currently a participant in the TRB medical plan?

	Yes	No
Total	52	205
Non-participating	16	184
Town Subsidy	4	21
Stirling	32	0

Question 6 If you do not participate in the TRB medical plan, do you have any medical coverage?

	Yes	No
Total	198	16
Non-participating	175	13
Town Subsidy	21	2
Stirling	2	1

Question 7 If you do not participate in the TRB medical plan, please identify the reason:

	Cannot afford coverage	Covered by other employment	Coverage under CT ST Employee's plan	Coverage by spouse's plan	Coverage by last employing Board of Education	Coverage under CONNPACE	Coverage under Champus	Veterans Coverage	Other
Total	12 5%	10 4%	4 2%	90 39%	92 40%	0 0%	4 2%	2 1%	16 7%
Non-par	12 6%	10 5%	4 2%	88 44%	67 33%	0 0%	4 2%	2 1%	14 7%
Town Subsidy	0 0%	0 0%	0 0%	2 7%	25 89%	0 0%	0 0%	0 0%	1 4%
Stirling	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%	1 100%

Question 8 If you are covered under a local Connecticut school district plan, how would describe the cost to you of coverage?

	Expensive	Moderate	Inexpensive	Don't know
Total	82 52%	33 21%	21 13%	22 14%
Non-participating	63 50%	27 22%	18 14%	17 14%
Town Subsidy	15 57%	3 12%	3 12%	5 19%
Stirling	4 57%	3 43%	0 0%	0 0%