Response to request for a conversion of OPEB employer contributions (actual and actuarially-determined) as a percentage of state spending from percentages to dollars (Rep. LaClair)

As a reminder, the table below identifies the median actual employer OPEB contributions, and actuarially determined OPEB contributions as a percentage of state spending for all states, and states with premium-based benefit structures similar to Vermont's; and those percentages for the State of Vermont itself.

	All states	**States with premium-based benefits structures**	[redacted]	**Vermont**
Median actual employer OPEB contributions as a percentage of total state spending	1.2%	1.7%	[redacted]	1.6%
Median OPEB actuarially determined employer contributions as a percentage of total state spending	2.0%	3.1%	[redacted]	3.3%

The spending percentages for Vermont were derived from information provided in the State's comprehensive annual financial report (CAFR) for FY 2017. For FY 17 Vermont's actual employer OPEB contribution was approximately $57 million, and its actuarially determined OPEB contribution was approximately $117 million. Total state spending from general fund and unspecified other fund sources (excluding federal funds) for FY 17 was estimated by the National Association of State Budget Officers (NASBO) to be approximately $3.6 billion, which results in the given percentages.

It is worth noting that different sources of state expenditures, which may be more or less inclusive, will likely result in variation from the percentages given above.

Response to request for information on state that have closed their OPEB plans (Rep. Higley)

Several states in recent years have modified their OPEB plans, either by reducing benefits, restricting eligibility or access, or closing plans. The NASRA resource, "State OPEB Plan Designs," is accessible below and identifies recent changes by state that were known as of the publication date:

https://www.nasra.org/files/Compiled%20Resources/stateopebplandesigns.pdf

Some examples of recently closed plans include:

- Kansas eliminated subsidized retiree health care for all non-Medicare eligible retirees effective January 1, 2017
- Michigan eliminated subsidized healthcare for state employees and teachers hired on or after September 4, 2012, and established a defined contribution plan with an employer match of 2.0% of compensation plus a lump sum of $1,000-$2,000, depending on terms of employment, into an HRA account

- North Carolina eliminated retiree health benefits for public employees first hired after January 1, 2021
- General employees and teachers who retired after 7/1/09, and public safety officers hired after 7/1/00, are ineligible for subsidized retiree health care
- Public employees in Nevada hired on or after 1/1/12, or those hired on or after 1/1/10 who retire with fewer than 15 years of continuous service, are ineligible for retiree health care
- Oregon closed its state retiree healthcare plan to those hired on or after 8/29/03
- Utah does not provide subsidized retiree health care to any employee that did not have sick leave earned prior to 1/1/06
- West Virginia closed its state retiree healthcare plan to those hired on or after 7/1/10

Response to request for information on the use of federal exchanges as a substitute for state or local governments providing subsidized healthcare benefits to retirees (Rep. McCarthy)

There are some example of states leveraging the establishment of federal healthcare exchanges to reduce their OPEB liabilities and costs. Generally, this is accomplished when a state that provides subsidized retiree healthcare eliminates the subsidy in favor of providing a stipend, or fixed contribution, to selected participants to use to defray the cost of purchasing their own health coverage on private health insurance exchange. This can affect a state's liabilities by moving from a more expensive, variable OPEB benefit to a cheaper, fixed benefit arrangement.

Some examples include the State of Nevada, which transitioned its Medicare-eligible retirees to the individual marketplace effective July 2011, and statewide retirement systems for public employees and police officers and firefighters in Ohio, which eliminated subsidized retiree healthcare for Medicare-eligible retirees and established in its place a fixed-dollar health benefit.

The following report and webinar, produced by the Center for State and Local Government Excellence, discusses these arrangements in more detail:

https://slge.org/resources/medicare-marketplaces-for-public-sector-retiree-health-care

Response to request for examples of states that utilize a prefunding arrangement to cover their OPEB liabilities (Rep. Gannon)

Although most states have accumulated few OPEB assets relative to their liabilities, the number of states electing to set aside assets in trust funds for purposes of prefunding their OPEB liabilities, and the collective total of OPEB assets, continues to grow. Below are selected examples of states whose OPEB benefit structures are similar to Vermont and whose OPEB plans are characterized by some of the highest funding levels:

- The State of Alaska was an early adopter of OPEB prefunding. As of FY 19 Alaska has accumulated assets sufficient to cover 100 percent of its total OPEB liability.
- OPEB plans in Kentucky for state and local government employees and teachers have collectively accumulated assets as of FY 19 equal to approximately 48 percent of their total OPEB liability, which is relatively high for state OPEB plans.
- The State of Ohio accounts for almost 30 percent of all state OPEB assets as of FY 19, and its OPEB plans for state and local employees are collectively 53 percent funded.