

Age	Male Retiree Annual OPEB Cost	Female Spouse Annual OPEB Cost	Total Annual Medical and Drug Cost
50	\$11,899	\$10,882	\$22,781
55	\$14,131	\$12,596	\$26,727
60	\$16,782	\$14,609	\$31,391
64	\$19,253	\$16,443	\$35,696
65	\$3,650	\$3,103	\$6,753*
70	\$4,230	\$3,343	\$7,573
75	\$4,559	\$3,599	\$8,158

Above table is of per capita health costs: Medical and prescription drug claims costs for the year beginning July 1, 2019, including administrative fees, are shown in the table below for retirees and for spouses at selected ages. *These costs are net of deductibles and other benefit plan cost sharing provisions*

\*This is an 81% decrease in cost to Vermont from age 64 to 65 due to Medicaid being the primary source of insurance.

The above chart is being used for a hypothetical example of a couple covered by VSERS. Please note that VSTRS does not cover spouses. The couple has the same birth year and birth month. The Male works for the State of Vermont and retires at age 55 (e.g. Group C or D of VSERS) The Female spouse and Male retiree rely on the state retirement health care plan for their medical insurance coverage.

The Male is retired for a decade before he and his wife are eligible for Medicare, which dramatically reduces the cost to the state. How much does the state spend on health care costs for this decade? Taking an average of the lowest cost at age 55 and the highest cost at age 64, this couple is expected to incur an average of \$31,211 in medical costs per year. ***That is a cost to the state of \$312,115 during this “early retirement” decade.*** This doesn't include any medical cost inflation over that decade and is merely a snapshot using today's expected costs.

This compares to the next decade under Medicare (ages 65-74) costing the state \$74,555 (taking the average of costs at age 65 and 75 of \$7,455 for 10 years). ***This Medicare retirement decade costs the state 76% less than the total costs of the “early retirement” decade.***

Most of the literature indicates that most of the OPEB cost is related to the early retirement years, prior to Medicare eligibility.

Data in chart above is from Segal's June 2020 GASB 75 report for VT state employees OPEB plan (see page 30 of the report):

[https://www.vermonttreasurer.gov/sites/treasurer/files/VSERS/PDF/2020/TRE-VSERS\\_GASB\\_No.75\\_Report\\_2020.pdf](https://www.vermonttreasurer.gov/sites/treasurer/files/VSERS/PDF/2020/TRE-VSERS_GASB_No.75_Report_2020.pdf)