

## Impact of Proposed STRS Subsidy Changes

### 2002:

#### Current Total Medical Premiums for STRS' Medical Mutual of Ohio Plans:

	<u>Retiree</u>	<u>Spouse</u>
With Medicare	\$225/month	\$225/month
Without Medicare	\$416/month	\$312/month

#### Subsidy Calculation:

- STRS provides a subsidy for medical premiums, which is based on years of service.
  - For retirees, the subsidy ranges from **51.1% at 5 years** of service for an individual with Medicare (*or 40.5% for an individual without Medicare*) to **90% at 30 years** of service.
  - For spouses, the subsidy ranges from **12.5% at 5 years** of service to **70% at 30 years** of service.
- Each additional year of service credit increases the subsidy amount by approximately 2%.

#### Examples:

**#1** - An STRS retiree with **15 years** of service credit pays either 33% or 40% of the premium (*and 64.5% of the premium for their spouse*):

	<u>Retiree</u>	<u>Spouse</u>
With Medicare	\$74/month (33%)	\$145/month
Without Medicare	\$166/month (40%)	\$201/month

**#2** - An STRS retiree with **30 years** of service credit pays 10% of the premium (*and 30% of the premium for their spouse*):

	<u>Retiree</u>	<u>Spouse</u>
With Medicare	\$23/month	\$68/month
Without Medicare	\$42/month	\$94/month

### 2007 (not worst case scenario):

#### Projected Total Medical Premiums for STRS' Medical Mutual of Ohio Plans:

- \$510/month/enrollee - With Medicare
- \$920/month/enrollee - Without Medicare

#### Subsidy Calculation:

2.2% for each year of service credit (subsidy applied to total medical plan premium)

#### Examples:

**#1** - An STRS retiree with **15 years** of service credit would pay 67% of the premium (*and 100% of the premium for their spouse*):

	<u>Retiree</u>	<u>Spouse</u>
With Medicare	\$342/month	\$510/month
Without Medicare	\$616/month	\$920/month

**#2** - An STRS retiree with **30 years** of service credit would pay 34% of the premium (*and 100% of the premium for their spouse*):

	<u>Retiree</u>	<u>Spouse</u>
With Medicare	\$173/month	\$510/month
Without Medicare	\$313/month	\$920/month

*See Reverse Side*

## Medicare Overview

Medicare has **two parts**: Medicare Part A and Medicare Part B

- Generally there is not a premium for Part A, however, there is a monthly premium for Part B.

**Medicare Part A** (*Hospital Insurance*): Covers Hospitalization, Skilled Nursing Facility Care, Home Health Care, Hospice

- You are eligible for Part A (with no premium) at age 65 if you or your spouse worked and paid Medicare taxes for at least 10 years.
  - If you do not meet the eligibility requirements above, you may be eligible to enroll for Part A when you reach age 65 by paying a monthly premium (*2002 Premium is either \$175/month or \$319/month, depending on years of covered employment*)

**Medicare Part B** (*Medical Insurance*): Covers doctors' services, outpatient hospital care and other medical services that Part A does not cover.

- If you enroll in Part B, you must pay a monthly premium (*2002 Premium is \$54/month*).
  - Note that STRS currently reimburses benefit recipients for a portion of the Part B premium.
- You may be eligible to enroll in Part B even if you or your spouse did not pay Medicare while working.