

# The State of Louisiana

## Actuarial Valuation Report As of July 1, 2020

Information Required Under Governmental Accounting Standards Board  
Statement No. 75

Fiscal Year Ending: June 30, 2021

August 2021





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August 23, 2021

Buck was retained to complete this actuarial valuation report which provides information for the State of Louisiana Postretirement Benefits Plan (“Plan”) for the fiscal year ending June 30, 2021. The purposes of the valuation are to provide reporting and disclosure information for financial statements of the Plan and of the State of Louisiana, as well as for governmental agencies and other interested parties. This valuation report contains information that is required for compliance with the Governmental Accounting Standards Board’s Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (“GASB 75”).

### **Purpose of This Report**

GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, and Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, and is effective for fiscal years beginning after June 15, 2017. The State of Louisiana elected to adopt GASB 75 for Fiscal Year 2018.

The State of Louisiana may use this report as a source of information for its financial statements. Use of this report for any other purpose may not be appropriate and may result in mistaken conclusions due to failure to understand applicable assumptions, methodologies, or inapplicability of the report for that purpose. This report should not be provided except in its entirety.

Because of the risk of misinterpretation of actuarial results, you should ask Buck to review any statement you wish to make on the results contained in this report. Buck will accept no liability for any such statements made without prior review by Buck.

Future actuarial measurements may differ significantly from current measurements due to such factors as the following: retiree group benefits program experience differing from that anticipated by the assumptions, changes in assumptions, changes expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period), and changes in plan provisions, applicable law or regulations. Retiree group benefit models necessarily rely on the use of approximations and estimates and are sensitive to changes in these approximations and estimates. Small variations in these

approximations and estimates may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences other than the required disclosures related to the sensitivity to discount rate and healthcare cost trend rate assumptions is beyond the scope of this report.

### **Data, Assumptions, Methods and Plan Provisions**

This valuation was performed using employee census data, claims and enrollment data, and plan provisions provided by the State of Louisiana personnel. Although we did not audit the data, we reviewed the data for reasonableness and consistency with the prior year's information. A detailed review of the data and its sources beyond that necessary to develop the analysis was not performed and is beyond the scope of the analysis. The results of the valuation are dependent on the accuracy of the data.

The entry age normal liabilities presented herein were determined as of July 1, 2020 using data as of that date provided by the State of Louisiana. Liabilities and certain expense items are allocated to each agency based on the individual agency's proportionate share percentage as of July 1, 2020. The individual agency's proportionate share percentage is based on the agency's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the State of Louisiana reporting entity. For excluded agencies, liabilities and expense items are calculated directly by agency.

The assumptions, methods, and plan provisions used were the same as those in the State of Louisiana Actuarial Valuation as of July 1, 2019 dated May 22, 2020, except for the following:

- The discount rate has been decreased from 2.79% to 2.66% since the previous valuation, which increased the Plan's liability.
- Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, we do not believe this experience is reflective of what we can expect in future years. Plan claims and premiums increased less than had been expected, which decreased the Plan's liability. In addition, the estimate of future EGWP savings was increased, based on an analysis of recent EGWP experience. This further reduced the Plan's liability.
- We rely upon the economic assumptions used in the June 30, 2020 actuarial valuations for the four Statewide Retirement Systems. Two of these systems, the Louisiana State Employee Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL) have adopted new salary scale assumptions for the June 30, 2020 valuation. We have updated our economic assumptions to reflect the updated salary scale assumptions. This slightly increased the Plan's liability. The Louisiana State Police Retirement System (LSPRS) and the Louisiana School Employees' Retirement System (LSERS) salary scale assumptions have not changed since the prior year.

- Several demographic assumptions have been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.
  - Medical participation rates have been decreased since the previous valuation, as shown on page 19 of this report. This change decreased the Plan’s liability.
  - The life participation rate has been decreased from 52% to 36% since the previous valuation, which decreased the Plan’s liability.
  - The age difference between future retirees and their spouses has been updated since the previous valuation, as described on page 20 of this report. This change increased the Plan’s liability.
  - The assumed percent of participants assumed to be Medicare-eligible upon reaching age 65 has been updated since the previous valuation, as described on page 21 of this report. This change increased the Plan’s liability.
  - Medical plan election percentages have been updated since the previous valuation, as shown on page 20 of this report. This change contributed towards the decrease in the Plan’s liability associated with updating baseline per capita costs (PCCs) and premiums.

The impact of these changes from the prior valuation are as follows:

**Change in Actuarial Accrued Liability from 7/1/2019 Valuation (in \$1,000s):**

	<u>Included Agencies</u>		<u>Excluded Agencies</u>	
<b>7/1/2019 Valuation</b>	7,722,339		5,031,032	
Expected growth during the year	<u>124,646</u>		<u>131,176</u>	
Expected at 7/1/2020	7,846,985		5,162,208	
<u>Change due to Experience:</u>				
Updated Census	149,637	1.9%	58,815	1.1%
Other	<u>9,579</u>	0.1%	<u>4,286</u>	0.1%
Total Plan Experience	159,216		63,101	
<u>Change due to Assumptions:</u>				
1. Discount rate (from 2.79% to 2.66%)	162,172	2.1%	106,021	2.1%
2. Updated PCCs / Premiums / Plan Election %'s	(248,665)	-3.2%	(171,629)	-3.3%
3. LASERS/TRSL salary scale revisions	24,856	0.3%	19,918	0.4%
4. Updated spouse age difference assumption	31,043	0.4%	33,459	0.6%
5. Updated Medicare eligibility rates	390,167	5.0%	139,904	2.7%
6. Updated medical participation rates	(56,250)	-0.7%	(51,088)	-1.0%
7. Update life participation rates	<u>(24,836)</u>	-0.3%	<u>(14,286)</u>	-0.3%
Total Assumption Changes	278,487		62,299	
Net Change	437,703	5.6%	125,400	1.6%
<b>7/1/2020 Valuation</b>	8,284,688		5,287,608	

### Subsequent Events or Trends

We considered the potential impact of the COVID-19 pandemic on the July 1, 2020 liabilities, including the following factors:

- The potential increase in incurred claims resulting from a higher volume of PCP, ER, urgent care, and telehealth visits related to COVID-19 testing and treatment, and;
- The potential decrease in incurred claims due to a short-term reduction in utilization of medical and dental preventive care, elective or non-critical procedures, and other services that can be considered discretionary, and;
- The potential impact of higher than expected mortality related to COVID-19.

Due the lack of credible experience data and the offsetting nature of the items listed above, and the long-term nature of the liability projections, we did not make any explicit adjustments to our calculations.

### ASOP 56

Actuarial Standards of Practice No. 56 (“ASOP 56”) requires actuaries to disclose information when performing actuarial services with respect to designing, developing, selecting, modifying, using, reviewing, or evaluating models. In performing this assignment, we used the following models:

Model Name	Intended Purpose	Material Inconsistencies, Unreasonable Output, Limitations or Weaknesses	Reliance
ProVal	Valued the OPEB liabilities, P&L expense and projected pay-as-you-go costs	None known	Buck relied on the model, which was developed by actuaries at Winklevoss Technologies. We reviewed the model for reasonableness before using it.

### Actuarial Certification

The assumptions used for financial accounting purposes were selected by the plan sponsor with our advice. In our opinion, the actuarial assumptions used are appropriate for purposes of the valuation and are reasonably related to the experience of the Plan and to reasonable long-term expectations. The cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. To the best of our knowledge, the information fairly presents the actuarial position of the State of Louisiana Postretirement Benefits Plan in accordance with the requirements of GASB Statement No. 75.

It is important to note that the measurement of postretirement medical obligations is extremely sensitive to the assumptions chosen. The results presented above and in more detail in the next sections are based upon one set of reasonable assumptions. Other sets of equally reasonable assumptions can yield materially lesser or greater obligations.

This report represents a statement of actuarial opinion by the undersigned actuary. Stephen Oates is an Associate of the Society of Actuaries, and a Member of the American Academy of Actuaries. He has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. This report has been prepared in accordance with all applicable Actuarial Standards of Practice and he is available to answer questions about it.

Respectfully submitted,

A handwritten signature in cursive script that reads "Stephen R. Oates".

Stephen Oates, ASA, EA, MAAA  
Principal, Health & Productivity Actuary  
Buck

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## Summary – Included Agencies

This section summarizes results for Primary Government, Component Units, and Fiduciary Funds of the State of Louisiana Consolidated Annual Financial Report in total. Appendix A presents results by Agency, summarized into subtotals for Primary Government, Component Units, and Fiduciary Funds. Liabilities and certain expense items are allocated to each agency based on the individual agency's proportionate share percentage as of July 1, 2020. The individual agency's proportionate share percentage is based on the agency's individual OPEB actuarial accrued liability (AAL) in relation to the total OPEB AAL liability for all participating entities included in the State of Louisiana reporting entity.

The results for the Excluded Agencies are summarized later in this report, using the same assumptions and plan provisions as documented for all other agencies.

To the extent that Agencies offer subsidies to their employees that differ from those documented in this report, these results do not reflect these differences and may not be suitable for financial reporting.

### Plan membership:

Membership Status as of July 1, 2020	Medical <sup>[1]</sup>	Life Insurance	Medical <sup>[1]</sup> and/or Life Insurance
Inactive plan members currently receiving benefits	34,432	24,626	41,128
Spouses of Inactive plan members currently receiving benefits	10,366	8,374	12,912
Inactive plan members entitled to but not yet receiving benefits	N/A	N/A	N/A
Active plan members	<u>44,807</u>	<u>54,665</u>	<u>54,665</u>
Total	89,605	87,665	108,705

[1] Participants with current LSU medical coverage are not included in this valuation.

The State of Louisiana funds the Plan on a pay-as-you-go basis.

### Total OPEB Liability

Measurement Date	July 1, 2020	July 1, 2019	July 1, 2018
Reporting for Fiscal Year End	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability (in 1,000s)	\$8,284,688	\$7,722,339	\$8,536,315



# GASB 75 Results – Included Agencies

## Schedules of Changes in Total OPEB Liability

<b>Change in Total OPEB Liability</b>			
<b>Measurement Date</b>	<b>July 1, 2020</b>	<b>July 1, 2019</b>	<b>July 1, 2018</b>
<b>Reporting for Fiscal Year End</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Total OPEB liability at beginning of year	\$7,722,339	\$8,536,315	\$8,690,978
Service cost	191,013	221,327	228,131
Interest	216,859	256,685	274,649
Changes of benefit terms			
Differences between expected and actual experience	159,216	120,061	(47,837)
Changes of assumptions or other input	278,487	(1,121,805)	(318,631)
Benefit payments	<u>(283,226)</u>	<u>(290,244)</u>	<u>(290,975)</u>
Net changes	562,349	(813,976)	(154,663)
Total OPEB liability at end of year	\$8,284,688	\$7,722,339	\$8,536,315

**A. Benefit changes:** None.

**B. Changes of assumptions:**

1. The discount rate has decreased from 2.79% to 2.66%.
2. Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, we do not believe this experience is reflective of what we can expect in future years.
3. The salary scale assumptions were revised for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana.
4. Medical participation rates, life participation rates, the age difference between future retirees and their spouses, Medicare eligibility rates, and medical plan election percentages have all been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

## Sensitivity of the Total OPEB Liability

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 9,717,113	\$ 8,284,688	\$ 7,153,974

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 7,144,983	\$ 8,284,688	\$ 9,744,012

## GASB 75 OPEB Expense

Components of OPEB Expense for the Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019
Service cost	\$191,013	\$221,327	\$228,131
Interest on the total OPEB liability and net cash flow	216,859	256,685	274,649
Projected earnings on OPEB plan investments	0	0	0
Current period effect of benefit changes	0	0	0
Current period difference between expected and actual experience	35,381	26,680	(10,630)
Current period effect of changes in assumptions or other input	61,886	(249,290)	(70,807)
Current period recognition of prior years' deferred outflows of resources	26,680	0	0
Current period recognition of prior years' deferred inflows of resources	(462,700)	(213,410)	(131,973)
<b>Total OPEB expense</b>	<b>\$69,119</b>	<b>\$41,992</b>	<b>\$289,370</b>

## Deferred Inflows and Outflows of Resources

Following are the details of the recognized and deferred inflows and outflows of resources.

Annual Amortization of Deferred (Inflows)/Outflows	
Amounts reported as deferred (inflows)/outflows of resources related to OPEB will be recognized in future fiscal years as follows:	
2022	(270,129)
2023	(166,063)
2024	(14,037)
2025	48,635
2026	0
Thereafter	0

## Deferred Inflows and Outflows of Resources (continued)

### Amortization of Experience (Gains)/Losses

Fiscal Year Ending June 30,	2018	2019	2020	2021	Outflows	Inflows	Total
Amount established	\$ -	\$ (47,837)	\$ 120,061	159,216			
Recognition Period	-	4.50	4.50	4.50			
Amount recognized in FY							
2018	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
2019	-	(10,630)	-	-	-	(10,630)	(10,630)
2020	-	(10,630)	26,680	-	26,680	(10,630)	16,050
2021	-	(10,630)	26,680	35,381	62,061	(10,630)	51,431
2022	-	(10,630)	26,680	35,381	62,061	(10,630)	51,431
2023	-	(5,317)	26,680	35,381	62,061	(5,317)	56,744
2024	-	-	13,341	35,381	48,722	-	48,722
2025	-	-	-	17,692	17,692	-	17,692
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
Deferred Balance at 6/30							
2018	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
2019	-	(37,207)	-	-	-	(37,207)	(37,207)
2020	-	(26,577)	93,381	-	93,381	(26,577)	66,804
2021	-	(15,947)	66,701	123,835	190,536	(15,947)	174,589
2022	-	(5,317)	40,021	88,454	128,475	(5,317)	123,158
2023	-	-	13,341	53,073	66,414	-	66,414
2024	-	-	-	17,692	17,692	-	17,692
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at July 1, 2019 is 4.5 years.

## Deferred Inflows and Outflows of Resources (continued)

### Amortization of Changes in Assumptions or Other Inputs

Fiscal Year Ending June 30,	2018	2019	2020	2021	Outflows	Inflows	Total
Amount established Recognition Period	\$ (591,241) 4.48	\$ (318,631) 4.50	\$ (1,121,805) 4.50	\$ 278,487 4.50			
Amount recognized in FY							
2018	\$ (131,973)	\$ -	\$ -	\$ -	\$ -	\$ (131,973)	\$ (131,973)
2019	(131,973)	(70,807)	-	-	-	(202,780)	(202,780)
2020	(131,973)	(70,807)	(249,290)	-	-	(452,070)	(452,070)
2021	(131,973)	(70,807)	(249,290)	61,886	61,886	(452,070)	(390,184)
2022	(63,349)	(70,807)	(249,290)	61,886	61,886	(383,446)	(321,560)
2023	-	(35,403)	(249,290)	61,886	61,886	(284,693)	(222,807)
2024	-	-	(124,645)	61,886	61,886	(124,645)	(62,759)
2025	-	-	-	30,943	30,943	-	30,943
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
Deferred Balance at 6/30							
2018	\$ (459,268)	\$ -	\$ -		\$ -	\$ (459,268)	\$ (459,268)
2019	(327,295)	(247,824)	-		-	(575,119)	(575,119)
2020	(195,322)	(177,017)	(872,515)		-	(1,244,854)	(1,244,854)
2021	(63,349)	(106,210)	(623,225)	216,601	216,601	(792,784)	(576,183)
2022	-	(35,403)	(373,935)	154,715	154,715	(409,338)	(254,623)
2023	-	-	(124,645)	92,829	92,829	(124,645)	(31,816)
2024	-	-	-	30,943	30,943	-	30,943
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at July 1, 2019 is 4.5 years.

## Summary – Excluded Agencies

This section summarizes results for Excluded Agencies. Excluded agencies are those agencies excluded from the State of Louisiana Consolidated Annual Financial Report. Appendix B presents results by Agency for the Excluded Agencies, using the same assumptions and plan provisions as documented for all other agencies. Liabilities and expense items are calculated directly by agency.

To the extent that Agencies offer subsidies to their employees that differ from those documented in this report, these results do not reflect these differences and may not be suitable for financial reporting.

### Plan membership:

Membership Status as of July 1, 2020	Medical <sup>[1]</sup>	Life Insurance	Medical <sup>[1]</sup> and/or Life Insurance
Inactive plan members currently receiving benefits	21,656	12,743	24,409
Spouses of Inactive plan members currently receiving benefits	6,114	3,476	6,957
Inactive plan members entitled to but not yet receiving benefits	N/A	N/A	N/A
Active plan members	<u>31,310</u>	<u>32,258</u>	<u>32,258</u>
Total	59,080	48,477	63,624

[1] Participants with current LSU medical coverage are not included in this valuation.

The State of Louisiana funds the Plan on a pay-as-you-go basis.

### Total OPEB Liability

Measurement Date	July 1, 2020	July 1, 2019	July 1, 2018
Reporting for Fiscal Year End	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability (in \$1,000s)	\$5,287,608	\$5,031,032	\$5,436,890

# GASB 75 Results – Excluded Agencies

## Schedules of Changes in Total OPEB Liability

<b>Change in Total OPEB Liability</b>			
<b>Measurement Date</b>	<b>July 1, 2020</b>	<b>July 1, 2019</b>	<b>July 1, 2018</b>
<b>Reporting for Fiscal Year End</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Total OPEB liability at beginning of year	\$5,031,032	\$5,436,890	\$5,437,736
Service cost	151,573	167,248	176,881
Interest	142,340	164,604	173,198
Changes of benefit terms			
Differences between expected and actual experience	63,101	52,594	(56,040)
Changes of assumptions or other input	62,299	(628,072)	(131,347)
Benefit payments	<u>(162,737)</u>	<u>(162,232)</u>	<u>(163,538)</u>
Net changes	<u>256,576</u>	<u>(405,858)</u>	<u>(846)</u>
Total OPEB liability at end of year	\$5,287,608	\$5,031,032	\$5,436,890

**A. Benefit changes:** None.

**B. Changes of assumptions:**

1. The discount rate has decreased from 2.79% to 2.66%.
2. Baseline per capita costs (PCCs) were updated to reflect 2020 claims and enrollment for the prescription drug costs and retiree contributions were updated based on 2021 premiums. 2020 medical claims and enrollment experience were reviewed but not included in the projection of expected 2021 plan costs. Due to the COVID-19 pandemic, we do not believe this experience is reflective of what we can expect in future years.
3. The salary scale assumptions were revised for the Louisiana State Employees' Retirement System and the Teachers' Retirement System of Louisiana.
4. Medical participation rates, life participation rates, the age difference between future retirees and their spouses, Medicare eligibility rates, and medical plan election percentages have all been updated based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

## Sensitivity of the Total OPEB Liability

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
Total OPEB liability	\$ 6,224,978	\$ 5,287,608	\$ 4,548,884

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 4,516,694	\$ 5,287,608	\$ 6,283,646

## GASB 75 OPEB Expense

Components of OPEB Expense for the Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019
Service cost	\$151,573	\$167,248	\$176,881
Interest on the total OPEB liability and net cash flow	142,340	164,604	173,198
Projected earnings on OPEB plan investments	0	0	0
Current period effect of benefit changes	0	0	0
Current period difference between expected and actual experience	13,146	10,957	(11,675)
Current period effect of changes in assumptions or other input	12,979	(130,848)	(27,364)
Current period recognition of prior years' deferred outflows of resources	10,957	0	0
Current period recognition of prior years' deferred inflows of resources	(237,932)	(107,084)	(68,045)
<b>Total OPEB expense</b>	<b>\$93,063</b>	<b>\$104,877</b>	<b>\$242,995</b>

## Deferred Inflows and Outflows of Resources

Following are the details of the recognized and deferred inflows and outflows of resources.

Annual Amortization of Deferred (Inflows)/Outflows	
Amounts reported as deferred (inflows)/outflows of resources related to OPEB will be recognized in future fiscal years as follows:	
2022	(200,850)
2023	(154,935)
2024	(69,789)
2025	20,900
2026	0
Thereafter	0

## Deferred Inflows and Outflows of Resources (continued)

### Amortization of Experience (Gains)/Losses

Fiscal Year Ending June 30,	2018	2019	2020	2021	Outflows	Inflows	Total
Amount established	\$ -	\$ (56,040)	\$ 52,594	63,101			
Recognition Period	-	4.80	4.80	4.80			
Amount recognized in FY							
2018	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
2019	-	(11,675)	-	-	-	(11,675)	(11,675)
2020	-	(11,675)	10,957	-	10,957	(11,675)	(718)
2021	-	(11,675)	10,957	13,146	24,103	(11,675)	12,428
2022	-	(11,675)	10,957	13,146	24,103	(11,675)	12,428
2023	-	(9,340)	10,957	13,146	24,103	(9,340)	14,763
2024	-	-	8,766	13,146	21,912	-	21,912
2025	-	-	-	10,517	10,517	-	10,517
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
Deferred Balance at 6/30							
2018	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
2019	-	(44,365)	-	-	-	(44,365)	(44,365)
2020	-	(32,690)	41,637	-	41,637	(32,690)	8,948
2021	-	(21,015)	30,680	49,955	80,635	(21,015)	59,621
2022	-	(9,340)	19,723	36,809	56,532	(9,340)	47,193
2023	-	-	8,766	23,663	32,429	-	32,429
2024	-	-	-	10,517	10,517	-	10,517
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at July 1, 2019 is 4.8 years.



## Deferred Inflows and Outflows of Resources (continued)

### Amortization of Changes in Assumptions or Other Inputs

Fiscal Year Ending June 30,	2018	2019	2020	2021	Outflows	Inflows	Total
Amount established	\$ (370,163)	\$ (131,347)	\$ (628,072)	\$ 62,299			
Recognition Period	5.44	4.80	4.80	4.80			
Amount recognized in FY							
2018	\$ (68,045)	\$ -	\$ -	\$ -	\$ -	\$ (68,045)	\$ (68,045)
2019	(68,045)	(27,364)	-	-	-	(95,409)	(95,409)
2020	(68,045)	(27,364)	(130,848)	-	-	(226,257)	(226,257)
2021	(68,045)	(27,364)	(130,848)	12,979	12,979	(226,257)	(213,278)
2022	(68,045)	(27,364)	(130,848)	12,979	12,979	(226,257)	(213,278)
2023	(29,938)	(21,891)	(130,848)	12,979	12,979	(182,677)	(169,698)
2024	-	-	(104,680)	12,979	12,979	(104,680)	(91,701)
2025	-	-	-	10,383	10,383	-	10,383
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-
Deferred Balance at 6/30							
2018	\$ (302,118)	\$ -	\$ -		\$ -	\$ (302,118)	\$ (302,118)
2019	(234,073)	(103,983)	-	-	-	(338,056)	(338,056)
2020	(166,028)	(76,619)	(497,224)	-	-	(739,871)	(739,871)
2021	(97,983)	(49,255)	(366,376)	49,320	49,320	(513,614)	(464,294)
2022	(29,938)	(21,891)	(235,528)	36,341	36,341	(287,357)	(251,016)
2023	-	-	(104,680)	23,362	23,362	(104,680)	(81,318)
2024	-	-	-	10,383	10,383	-	10,383
2025	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-

The average of the expected remaining service lives of all employees that are provided with benefits through the plan (active and inactive employees) determined at July 1, 2019 is 4.8 years.

# Actuarial Assumptions and Methods

## Methods

### **Valuation Date**

July 1, 2020.

### **Measurement Date**

July 1, 2020.

### **Actuarial Cost Method**

Entry Age Normal, level percent of pay. Service Costs are attributed through all assumed ages of exit from active service. For current DROP participants, assumed exit from active service is the date at which DROP ends.

### **Asset Valuation**

N/A. Benefit payments are funded on a pay-as-you-go basis.

### **Miscellaneous**

The valuation was prepared on an on-going plan basis. This assumption does not necessarily imply that an obligation to continue the plan actually exists.

## Economic Assumptions

### **Discount Rate**

The discount rate used as of July 1, 2020 is 2.66% based on the June 30, 2020 S&P 20-year municipal bond index rate.

The discount rate used as of July 1, 2019 is 2.79% based on the June 30, 2019 S&P 20-year municipal bond index rate.

### **Consumer Price Index**

2.80%

### **Salary Increases**

Consistent with the pension valuation assumptions. Rates are shown below by group. For those employers that do not participate in one of the four state retirement systems, the rates for the LASERS Regular members were assumed.

**LASERS**

The rates of salary increase are consistent with the assumption used in the June 30, 2020 Louisiana State Employees' Retirement System Actuarial Valuation. This assumption has been updated since the last valuation. Sample rates shown below.

Years of Service	Regular	Judges	Other*
0	12.80%	5.05%	13.80%
5	4.90%	2.55%	5.55%
10	3.60%	2.55%	4.80%
15	3.20%	2.55%	3.55%
20	3.00%	2.55%	3.55%
25	3.00%	2.55%	3.55%
30	3.00%	2.55%	3.55%

\*Other includes Corrections, Hazardous Duty, and Wildlife employee types.

**TRSL**

The rates of salary increase are consistent with the assumption for Regular Teachers used in the June 30, 2020 Teachers' Retirement System of Louisiana Actuarial Valuation. This assumption has been updated since the last valuation.

Years of Service	
<= 1	4.60%
2 – 5	3.70%
6 – 13	3.50%
14+	3.20%

**LSERS**

The rate of salary increase is consistent with the assumption used in the June 30, 2020 Louisiana School Employees' Retirement System Actuarial Valuation.

3.25%

**LSPRS**

The rate of salary increase is consistent with the assumption used in the June 30, 2020 Louisiana State Police Retirement System Actuarial Valuation.

5.25%

## Assumed Trend

The combined effect of price inflation and utilization on gross eligible medical and prescription drug charges is according to the table below. The initial trend rate was developed using our National Health Care Trend Survey. The survey gathers information of trend expectations for the coming year from various insurers and pharmacy benefit managers. These trends are broken out by drug and medical, as well as type of coverage (e.g. PPO, HMO, POS). We selected plans that most closely match The State of Louisiana's benefits to set the initial trend. The ultimate trend is developed based on a building block approach which considers CPI, GDP, and Technology growth. The healthcare cost trend rates are shown below:

Year	Medical and Drug	
	Pre-65	Post-65
2020 – 2021	6.75%	5.25%
2021 – 2022	6.50%	5.00%
2022 – 2023	6.25%	4.75%
2023 – 2024	6.00%	4.50%
2024 – 2025	5.75%	4.50%
2025 – 2026	5.50%	4.50%
2026 – 2027	5.25%	4.50%
2027 – 2028	5.00%	4.50%
2028 – 2029	4.75%	4.50%
2029 +	4.50%	4.50%

Retiree contribution trend: Same as medical and drug trend.

## Health Care Claim Cost

Per capita costs for the self-insured plans administered by BCBS were based on prescription drug claims for retired participants for the period January 1, 2019 through December 31, 2020 and medical claims for retired participants for the period January 1, 2018 through December 31, 2019. The claims experience was trended to the valuation date. The last month of prescription drug claims experience was adjusted for incurred but not reported claims using completion factors based on prior year data.

Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2021 premiums adjusted to the valuation date using the trend assumptions above.

Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy. Details regarding the Age Morbidity Curve are found under Age-related Morbidity assumptions on the following page.

The table below indicates the assumed per capita costs normalized to male retiree age 65:

Plan	Without Medicare	With Medicare	Without Medicare	With Medicare
	Retirement date before 3/1/15		Retirement date after 3/1/15	
Medical Home HMO	19,243	4,575	18,659	4,479
People's MA HMO	N/A	1,870	N/A	1,870
Vantage MA HMO	N/A	1,594	N/A	1,594
BCBS MA HMO	N/A	2,018	N/A	2,018
Humana MA HMO	N/A	935	N/A	935
Via Benefits HRA	N/A	2,400	N/A	2,400
BCBS Pelican HRA	12,295	2,964	12,295	2,964
BCBS Magnolia Local/Local Plus	20,227	3,561	19,423	3,457
BCBS Magnolia Open Access	20,143	3,196	19,247	3,117

### Administrative Expenses

Included in medical claim costs, 10% load for life insurance. The 10% load is consistent with industry standards and covers insurer administrative costs, premium taxes as well as insurer margin and profit.

### Age Related Morbidity

Per capita costs are adjusted to reflect expected cost differences due to age and gender. Age morbidity factors for pre-Medicare morbidity were developed from "Health Care Costs—From Birth to Death" sponsored by the Society of Actuaries and prepared by Dale H. Yamamoto (May 2013)<sup>1</sup>. Table 4 from Mr. Yamamoto's study formed the basis of Medicare morbidity factors that are gender distinct and assumed a cost allocation of 60% for pharmacy, 20% for inpatient, 10% for outpatient, and 10% for professional services. Adjustments were made to Table 4 factors for inpatient costs at age 70 and below to smooth out what appears to be a spike in utilization for Medicare retirees gaining healthcare for the first time through Medicare. While such retirees were included in the study, their specific experience is not applicable for a valuation of an employer retiree medical plan where participants had group active coverage before retirement. Morbidity factors at sample ages are shown below:

Age	Male Factor	Female Factor
50	0.4612	0.5736
55	0.6085	0.6667
60	0.7829	0.7791
65	1.0000	0.9438
70	1.1873	1.1094
75	1.2752	1.2009
80	1.3381	1.2697
85	1.3479	1.3171
90	1.3235	1.3303
95	1.3047	1.2765
100	1.2878	1.1701

<sup>1</sup> <https://www.soa.org/resources/research-reports/2013/research-health-care-birth-death/>  
The State of Louisiana

## Demographic Assumptions

### **Basis for Assumptions**

We relied upon the assumptions used in the June 30, 2020 Louisiana State Employees' Retirement System, Louisiana State Police Retirement System, the Louisiana School Employees' Retirement System, and the Teachers' Retirement System of Louisiana pension valuations for the mortality, retirement, termination, disability, and salary scale assumptions.

The assumptions used as of the June 30, 2019 LASERS pension valuation were revised based on an experience study for the period July 1, 2013 through June 30, 2018.

The assumptions used as of the June 30, 2018 TRSL pension valuation were revised based on an experience study for the period July 1, 2012 through June 30, 2017.

The assumptions used as of the June 30, 2019 LSERS pension valuation were developed based on an experience study for the period July 1, 2011 through June 30, 2018.

The assumptions used as of the June 30, 2018 LSPRS pension valuation were revised based on an experience study for the period July 1, 2012 through June 30, 2017.

### **Mortality**

#### **LASERS**

For active lives: the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.

For healthy retiree lives: the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.

For disabled retiree lives: the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

#### **TRSL**

For active lives: the RP-2014 White Collar Employee Table, adjusted by 1.010 for males and by 0.997 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

For healthy retiree lives: the RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.366 for males and by 1.189 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

For disabled retiree lives, the RP-2014 Disabled Retiree Mortality Table, adjusted by 1.111 for males and 1.134 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

#### **LSERS**

For active lives: 130% of the RP-2014 Employee Table with Blue Collar Adjustment for males and 115% of the RP-2014 Employee Table with Blue Collar Adjustment for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

For healthy retiree lives: 130% of the RP-2014 Healthy Annuitant Table with Blue Collar Adjustment for males and 115% of the RP-2014 Healthy Annuitant Table with Blue Collar Adjustment for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

For disabled retiree lives: RP-2014 Disabled Tables for Males and Females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

## LSPRS

For active lives: the RP-2014 Total Dataset Employee Table, adjusted by 1.10 for males and by 1.05 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

For healthy retiree lives: the RP-2014 Total Dataset Healthy Annuitant Table, adjusted by 1.10 for males and by 1.05 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

For disabled retiree lives: RP-2014 Disabled Tables for Males and Females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

## Retirement

The rates of retirement are consistent with the assumptions used in the June 30, 2020 pension valuations. The retirement rates for LASERS and TRSL include DROP rates. Sample rates are shown below.

### LASERS

Age	Regular Members Years of Service				
	<10	10-19	20-24	25-29	30+
55	0%	18%	18%	60%	60%
60	35%	35%	35%	35%	35%
65	20%	20%	20%	20%	20%
66	18%	18%	18%	18%	18%
67	18%	18%	18%	18%	18%
68	18%	18%	18%	18%	18%
69	18%	18%	18%	18%	18%
70-74	18%	18%	18%	18%	18%
75+	100%	100%	100%	100%	100%

Age	Judicial Years of Service			Other* Years of Service	
	<12	12-17	18+	<10	10+
55	0%	20.8%	11.5%	0%	23.5%
60	10.8%	9.0%	23.8%	50%	24%
65	10.8%	18.2%	17.3%	32.5%	19.6%
66	10.8%	10.5%	12.2%	32.5%	19.6%
67	10.8%	10.5%	12.2%	32.5%	19.6%
68	10.8%	10.5%	12.2%	32.5%	19.6%
69	10.8%	10.5%	12.2%	32.5%	19.6%
70	10.8%	10.5%	12.2%	32.5%	19.6%
71	10.8%	10.5%	12.2%	32.5%	19.6%
72-74	10.8%	10.5%	54.5%	32.5%	19.6%
75+	100%	100%	100%	100%	100%

\*Other includes Corrections, Hazardous Duty, and Wildlife employee types.

**TRSL**

Age	Years of Service		
	<25	25-29	30+
50	3.5%	4.5%	45.0%
55	18.0%	76.0%	27.0%
60	23.5%	25.0%	23.0%
65	25.0%	23.5%	27.0%
70 +	20.0%	22.0%	22.5%

**LSERS**

Age	Retirement	DROP
47	17%	83%
50	17%	48%
55	19%	81%
60	23%	61%
65	27%	32%
70	22%	22%
75+	23%	39%

**LSPRS**

Age	
42	0%
43-49	10%
50-56	25%
57-62	50%
63-74	99%
75+	100%

**Disability Rates**

Consistent with the pension valuation assumptions. Rates at sample ages are shown below by group.

Age	LASERS Regular	LASERS Judges	LASERS Other*	TRSL	LSERS	LSPRS
40	0.10%	0.00%	0.17%	0.12%	0.17%	0.17%
45	0.15%	0.02%	0.28%	0.19%	0.31%	0.31%
50	0.22%	0.02%	0.55%	0.30%	0.59%	0.59%
55	0.30%	0.02%	0.80%	0.50%	1.11%	1.11%
60	0.00%	0.02%	0.00%	0.48%	2.68%	2.68%

\*Other includes Corrections, Hazardous Duty, and Wildlife employee types.



**Termination Rates**

Consistent with the pension valuation assumptions. Rates at sample ages are shown below by group.

**LASERS**

Regular:

Age	Years of Service					
	<1	1	2-3	4-6	7-9	10+
20	50.0%	38.0%	33.0%	23.0%	10.5%	8.0%
30	29.0%	23.0%	18.0%	13.3%	10.5%	8.0%
40	28.0%	18.0%	15.0%	13.0%	8.0%	5.5%
45	25.0%	18.0%	14.0%	12.5%	8.0%	5.0%
50	25.0%	18.0%	12.5%	11.5%	7.5%	5.0%
55	20.0%	18.0%	11.5%	8.5%	7.0%	5.0%
60	20.0%	18.0%	11.5%	8.5%	7.0%	5.0%

Judicial: Flat rate of withdrawal of 1.20% for all ages and services.

Wildlife:

Service	
0-3	8.0%
4-5	5.0%
6	3.0%

Corrections and Hazardous Duty:

Age	Years of Service						
	<1	1	2	3-4	5-7	8-9	10+
20	58.0%	39.0%	30.0%	37.0%	15.5%	6.4%	2.8%
30	43.5%	25.5%	24.0%	20.0%	13.5%	6.4%	2.8%
40	41.0%	21.0%	20.0%	15.5%	9.0%	6.4%	2.8%
45	32.0%	17.0%	12.0%	15.5%	9.0%	6.4%	2.8%
50	27.5%	17.0%	12.0%	10.0%	9.0%	6.4%	2.8%
55	27.5%	17.0%	9.0%	10.0%	9.0%	6.4%	2.8%
60	19.0%	17.0%	9.0%	10.0%	9.0%	6.4%	2.8%

**TRSL**

Age	Years of Service			
	<=1	2	3	>=4
20	25.0%	25.0%	16.5%	17.0%
30	18.0%	13.5%	11.3%	7.0%
40	16.5%	12.0%	9.0%	4.2%
45	15.0%	12.0%	9.0%	4.2%
50	15.0%	12.0%	9.0%	4.2%
55	15.0%	12.0%	9.0%	4.2%
60	15.0%	12.0%	9.0%	10.0%

**LSERS**

Service		Service		Service	
<1	7.0%	10	4.0%	20	5.0%
1	13.0%	11	4.0%	21	5.0%
2	12.0%	12	3.0%	22	4.0%
3	9.0%	13	3.0%	23	5.0%
4	7.0%	14	2.0%	24	5.0%
5	6.0%	15	1.0%	25	5.0%
6	6.0%	16	1.0%	26	3.0%
7	6.0%	17	2.0%	27	2.0%
8	6.0%	18	3.0%	28	10.0%
9	5.0%	19	5.0%	>28	1.0%

**LSPRS**

Service	
<1	3.6%
1	2.6%
2	1.1%
3	0.9%
4	1.8%
5	2.8%
6	3.0%
7	2.7%
8	2.1%
9	1.7%
10	1.6%
11	1.4%
12 - 23	0.3%
24+	1.0%

**Participation Rate**

Medical: The percentage of employees and their dependents who are eligible for early retiree benefits that will participate in the retiree medical plan is outlined in the table below. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002 are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement. This assumption has been updated since the prior valuation based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

Years of Service	Participation %
<10	33%
10-14	60%
15-19	80%
20+	88%

Life Insurance: Future retirees are assumed to participate in the life insurance benefit at a 36% rate. This assumption has been updated since the prior valuation based on a review of OPEB experience from July 1, 2017 through June 30, 2020. Future retirees are assumed to elect a total of \$45,000 in basic life insurance and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect \$2,000 of coverage.

**Plan Election Percentage**

Current retirees are assumed to remain in their current plan. Future retirees are assumed to elect coverage based on the coverage elections of recent retirees, as follows:

Medical Plan	Pre-Medicare %	Medicare %
BCBS Pelican HRA	5%	5%
BCBS Magnolia L/LP	80%	65%
BCBS Magnolia OA	10%	20%
Medical Home HMO	5%	3%
People's MA HMO		3%
Towers Extend HIX		0%
Vantage MA HMO		1%
BCBS MA HMO		2%
Humana MA HMO		1%

This assumption has been updated since the prior valuation based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

**Dependents**

Actual data was used for spouses of current retirees. Of those future retirees electing coverage at retirement, 35% are assumed to be married at time of retirement and elect to cover their spouse in the same medical arrangement that they have elected.

As of the prior valuation, husbands were assumed to be three years older than their wives. Based on a review of OPEB experience from July 1, 2017 through June 30, 2020, this assumption was updated as follows:

Male retirees: Husbands are assumed to be three years older than their wives.

Female retirees: Husbands are assumed to be two years older than their wives.

No divorce or remarriage after widowhood was reflected.

### Medicare Eligibility

99% of future retirees are assumed to be eligible for Medicare at age 65. Retirees under age 65 at 7/1/2017 are assumed to become eligible for Medicare at age 65 at varying rates, based upon how soon they turn age 65, as follows:

Turns Age 65 by	Medicare Eligibility %
7/1/2021	90%
7/1/2022	91%
7/1/2023	92%
7/1/2024	93%
7/1/2025	94%
7/1/2026	95%
7/1/2027	96%
7/1/2028	97%
7/1/2029	98%
After 7/1/2030	99%

Retirees over age 65 are valued according to their reported Medicare status, which is assumed never to change. All current spouses are assumed to be Medicare eligible at age 65. Medicare eligibility assumptions for future spouses are consistent with the assumptions for future retirees. These assumptions have been updated since the prior valuation based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

### DROPS

Current DROPS are valued using actual DROP end dates, where available. Otherwise, the DROP period was assumed to be three years. This assumption is consistent with the plan provisions of the DROP program in LASERS, LSERS, and TRSL.

For LASERS and TRSL, 60% of retirements in the first year of normal retirement eligibility are assumed to be DROPS.

50% of DROPS are assumed to return to active employment at the end of the DROP period.

# Summary of Plan Provisions

## Eligibility

An active employee, covered by the active health plan immediately prior to retirement, is eligible for lifetime retiree medical and life insurance benefits for the retiree and spouse if he or she retires under a Statewide Retirement System (State, Teachers, Schools and Police).

<b>State Retirement Plan</b>	<b>Normal Retirement (Age &amp; Service Requirements)</b>
Alcohol and Tobacco Control	60 & 10 or 25 yos
Appellate law clerk	65 & 10 or 55 & 12 or age 70 or 18 yos
Bridge employees	60 & 10 or 25 yos
Correctional (hired before 12/31/2001)	60 & 10 or 50 & 20 or 25 yos
Correctional 2 (hired after 12/31/2001)	60 & 10 or 25 yos
Hazardous duty	55 & 12 or 25 yos
Judicial (hired before 1/1/2011)	65 & 10 or 55 & 12 or age 70 or 18 yos
Judicial 2 (hired between 1/1/2011 and 6/30/2015)	60 & 5
Judicial 3 (hired after 6/30/2015)	62 & 5
Legislator	55 & 12 or 50 & 20 or 16 yos
Police officer	60 & 10 or 55 & 25 or 30 yos
Regular Employee (hired before 7/1/2006)	60 & 10 or 55 & 25 or 30 yos
Regular Employee 2 and 3 (hired after 7/1/2006)	60 & 5
Regular Employee 4 (hired after 7/1/2015)	62 & 5
Special legislative employees	65 & 10 or 55 & 12 or 50 & 20 or 16 yos
Wildlife officer (hired before 7/1/2003)	55 & 10 or 20 yos
Wildlife officer 2 (hired after 7/1/2003)	60 & 10 or 25 yos
<b>Teachers Retirement Plan</b>	
Hired before 7/1/1999	65 & 20 or 55 & 25 or 30 yos
Hired between 7/1/1999 and 1/1/2011	60 & 5 or 55 & 25 or 30 yos
Hired between 1/1/2011 and 7/1/2015	60 & 5
Hired after 7/1/2015	62 & 5
<b>School Retirement Plan</b>	
Hired before 7/1/2010	60 & 10 or 55 & 25 or 30 yos
Hired between 7/1/2010 and 7/1/2015	60 & 5
Hired after 7/1/2015	62 & 5
<b>Police Retirement Plan</b>	
Hired before 1/1/2011	50 & 10 or 25 yos
Hired after 1/1/2011	55 & 12 or 25 yos

Early Retirement: The State offers reduced retirement at 20 years of service at any age for all groups except Correctional secondary and Wildlife Officers.

**Medical Benefits**

Retirees under age 65 can elect coverage under the following plans:

- BCBS Pelican HRA
- BCBS Magnolia Local/Local Plus
- BCBS Magnolia Open Access
- Vantage Medical Home HMO

Retirees over age 65 can elect coverage under the following plans:

- BCBS Pelican HRA
- BCBS Magnolia Local/Local Plus
- BCBS Magnolia Open Access
- Vantage Medical Home HMO
- People's Medicare Advantage HMO
- Vantage Medicare Advantage HMO (Premium/Standard/Basic)
- BCBS Medicare Advantage HMO (varies by region)
- Humana Medicare Advantage HMO (varies by region)
- Via Benefits HRA

**Retired prior to March 1, 2015:**

Magnolia Local Plus	Non-Medicare and Medicare Retirees	
	In Network	Out of Network
Deductible	\$0	No Coverage
Out of Pocket Max		
Employee Only	\$2,000	
Family (EE + 2 dependents)	\$4,000	
Coinsurance	N/A	
Physicians' Services	\$25 PCP / \$50 Spec	
Hospital Services	\$100 per day; max \$300 per admission	

Magnolia Open Access	Non-Medicare Retirees		Medicare Retirees
	In Network	Out of Network	In and Out of Network
Deductible	\$300 (\$900 Family)	\$300 (\$900 Family)	\$300 (\$900 Family)
Out of Pocket Max			
Employee Only	\$2,300	\$4,300	\$3,300
Family (EE + 2 dependents)	\$4,900	\$10,300	\$7,900
Coinsurance	90%	70%	80%
Physicians' Services	90% Coverage	70% Coverage	80% Coverage
Hospital Services	90% Coverage	70% Coverage and \$50 per day copay (days 1 - 5)	80% Coverage

Vantage Medical Home HMO	Non-Medicare and Medicare Retirees	
	In Network	Out of Network
Deductible	\$0	\$2,000 (\$6,000 Family)
Out of Pocket Max		
Employee Only	\$2,000	No Max
Family (EE + 2 dependents)	\$4,000	
Coinsurance	N/A	50%
Physicians' Services	\$10 PCP / \$35 Spec	50% Coverage
Hospital Services	\$50 per day; max \$150 per admission	50% Coverage

**Retiring on or after March 1, 2015:**

Magnolia Local Plus	Non-Medicare and Medicare Retirees	
	In Network	Out of Network
Deductible	\$400 (\$1,200 Family)	No Coverage
Out of Pocket Max		
Employee Only	\$3,500	
Family (EE + 2 dependents)	\$8,500	
Coinsurance	N/A	
Physicians' Services	\$25 PCP / \$50 Spec	
Hospital Services	\$100 per day; max \$300 per admission	

Magnolia Open Access	Non-Medicare Retirees		Medicare Retirees	
	In Network	Out of Network	In Network	Out of Network
Deductible	\$900 (\$2,700 Family)	\$900 (\$2,700 Family)	\$900 (\$2,700 Family)	\$900 (\$2,700 Family)
Out of Pocket Max				
Employee Only	\$3,500	\$4,700	\$3,500	\$4,700
Family (EE + 2 deps)	\$8,500	\$12,250	\$8,500	\$12,250
Coinsurance	90%	70%	80%	80%
Physicians' Services	90% Coverage	70% Coverage	80% Coverage	80% Coverage
Hospital Services	90% Coverage	70% Coverage and \$50 per day copay (days 1 - 5)	80% Coverage	80% Coverage and \$50 per day copay (days 1 - 5)

Vantage Medical Home HMO	Non-Medicare and Medicare Retirees	
	In Network	Out of Network
Deductible	\$400 (\$1,200 Family)	\$2,000 (\$6,000 Family)
Out of Pocket Max		
Employee Only	\$3,500	No Max
Family (EE + 2 dependents)	\$8,500	
Coinsurance	N/A	50%
Physicians' Services	\$10 PCP / \$ 35 Spec	50% Coverage
Hospital Services	\$50 per day; max \$150 per admission	50% Coverage

## Prescription Drug Benefits

Pharmacy - Vantage Medical Home HMO	Retiree pays
Tier 1 - Preferred Generic	\$10 copay
Tier 2 - Non-Preferred Generic	\$40 copay
Tier 3 - Preferred Brand	\$65 copay
Tier 4 - Non-Preferred Brand	\$100 copay
Tier 5 - Specialty	\$150 copay
90 day supply for maintenance drugs	Tier 1 \$0; Tier 2-4 3 copays; Tier 5 not available

Pharmacy - all others	Retiree pays
<b>Up to \$1,500 out-of-pocket threshold</b>	
Tier 1 - Generic	50% up to \$30
Tier 2 - Preferred	50% up to \$55
Tier 3 - Non-Preferred	65% up to \$80
Tier 4 - Specialty	50% up to \$80
<b>After \$1,500 out-of-pocket threshold</b>	
Tier 1 - Generic	\$0 copay
Tier 2 - Preferred	\$20 copay
Tier 3 - Non-Preferred	\$40 copay
Tier 4 - Specialty	\$40 copay
90 day supply for maintenance drugs	2.5 times the applicable copay

## Monthly Contribution

Retirees with continuous OGB medical coverage starting before January 1, 2002 pay approximately 25% of the cost of coverage in retirement.

Employees with an OGB medical participation start (or re-start) date after December 31, 2001 pay a percentage of the total retiree contribution rate based on the following schedule:

OGB Participation	Retiree Share	State Share
Under 10 years	81%	19%
10-14 years	62%	38%
15-19 years	44%	56%
20+ years	25%	75%



Monthly rates effective January 1, 2021 are:

Medical Plan	Active Single	Pre-Medicare Member			Medicare Member		
		Member Only	Pre-65 Spouse	Medicare Spouse	Member Only	Pre-65 Spouse	Medicare Spouse
Vantage Med Home HMO	\$705	\$1,394	\$1,067	\$291	\$461	\$1,224	\$365
BCBS Pelican HRA	\$443	\$870	\$666	\$175	\$283	\$762	\$226
BCBS Magnolia Local Plus	\$709	\$1,397	\$1,070	\$292	\$462	\$1,227	\$366
BCBS Magnolia OA	\$738	\$1,448	\$1,109	\$292	\$471	\$1,269	\$375

Medicare Advantage plan monthly rates effective January 1, 2021 are:

Medical Plan	Medicare Member	
	Member Only	Medicare Spouse
People's MA HMO	\$190	\$190
Vantage MA HMO Premium	\$187	\$187
Vantage MA HMO Standard	\$152	\$152
Vantage MA HMO Basic	\$72	\$72
BCBS MA HMO - Region 1	\$165	\$165
BCBS MA HMO - Regions 2,5	\$210	\$210
BCBS MA HMO - Regions 3,4	\$180	\$180
BCBS MA HMO - Regions 6,7,8	\$255	\$255
BCBS MA HMO - Region 9	\$195	\$195
Humana MA HMO - Region 1	\$80	\$80
Humana MA HMO - Region 2	\$156	\$156
Humana MA HMO - Region 3	\$117	\$117
Humana MA HMO - Region 4	\$156	\$156
Humana MA HMO - Region 5	\$134	\$134
Humana MA HMO - Region 6	\$191	\$191
Humana MA HMO - Region 7	\$199	\$199
Humana MA HMO - Region 8	\$181	\$181
Humana MA HMO - Region 9	\$194	\$194

For purposes of this valuation, the above amounts were trended back 6 months to the valuation date.

**Life Insurance Benefits:**

	Basic	Supplemental Maximum
Under age 65	\$5,000	\$50,000
Ages 65-70	\$4,000	\$38,000
After age 70	\$3,000	\$25,000

Age Reductions:

In force life insurance amounts are reduced to 75% of the initial value at age 65 and to 50% of the original amount at age 70.

Spouse life insurance amounts of \$1,000, \$2,000 or \$4,000 are available.

Retiree Cost Share:

Retiree pays 50% of the Prudential Company of America premium.

Retiree pays 100% of the Prudential Company of America premium for spousal coverage.

Premiums vary by age.

## Summary of Participant Data – Included Agencies

The following tables summarize the valued participants:

Retirement System	Active	Retired <sup>1</sup>
<b>LASERS</b>	<b>36,299</b>	<b>34,085</b>
Appellate law clerk	84	50
Appellate law clerk 2	18	0
Alcohol and Tobacco Control	10	7
Bridge employees	2	2
Bridge employees 2	1	0
Correctional	123	1,050
Correctional 2	1,304	902
Hazardous duty	2,436	103
Judicial	48	47
Judicial 2	4	0
Judicial 3	2	1
Legislator	2	38
Police office	40	40
Regular Employee	14,767	31,401
Regular Employee 2	4,051	222
Regular Employee 3	4,353	31
Regular Employee 4	8,921	1
Special legislative employees	3	2
Wildlife officer	0	81
Wildlife officer 2	130	107
<b>TRSL</b>	<b>17,334</b>	<b>8,006</b>
<b>LSERS</b>	<b>42</b>	<b>89</b>
<b>LSPRS</b>	<b>990</b>	<b>955</b>
<b>Total</b>	<b>54,665</b>	<b>43,135</b>

Medical Plan	Active	Retired <sup>1</sup>
Vantage Medical Home HMO	1,427	347
People's MA HMO	0	1,217
Vantage MA HMO	0	550
Via Benefits HRA	0	434
LSU HMO <sup>2</sup>	7,781	3,357
BCBS Pelican HRA/HSA	6,132	860
BCBS Magnolia Local/Local Plus	34,719	19,257
BCBS Magnolia Open Access	2,529	11,507
BCBS MA HMO	0	198
Humana MA HMO	0	62
Waived	2,077	5,346
<b>Total</b>	<b>54,665</b>	<b>43,135</b>

<sup>1</sup>Retiree counts include disabled retirees and surviving spouses.

<sup>2</sup>Medical plan liabilities for LSU participants were not included in this valuation, as LSU is responsible for their liabilities.

## Active Participant Data

The following table shows a distribution of age and credited service for retirement eligibility for all active employees as of the valuation date:

Age	Credited Service for Eligibility to Retire							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
Under 25	1,087	18	0	0	0	0	0	<b>1,105</b>
25-29	3,919	534	4	0	0	1	0	<b>4,458</b>
30-34	3,923	1,751	383	16	0	0	0	<b>6,073</b>
35-39	2,934	1,852	1,615	534	26	0	0	<b>6,961</b>
40-44	2,114	1,269	1,563	1,504	543	37	2	<b>7,032</b>
45-49	1,674	1,022	1,213	1,330	1,319	419	21	<b>6,998</b>
50-54	1,413	895	1,056	1,152	1,287	1,142	321	<b>7,266</b>
55-59	1,069	785	944	1,058	1,047	1,062	623	<b>6,588</b>
60-64	659	566	763	861	707	687	578	<b>4,821</b>
65-69	210	239	319	405	359	279	404	<b>2,215</b>
70 & Over	53	67	163	200	169	163	333	<b>1,148</b>
<b>Total</b>	<b>19,055</b>	<b>8,998</b>	<b>8,023</b>	<b>7,060</b>	<b>5,457</b>	<b>3,790</b>	<b>2,282</b>	<b>54,665</b>

The following table summarizes average OGB participation service and credited pension service for active employees by retirement system:

Retirement System	OGB Years	Credited Pension Service
LASERS	9.6	12.0
TRSL	8.5	10.3
LSERS	11.3	14.6
LSPRS	12.7	14.1

## Inactive Participant Data

Counts for retirees and spouses with medical coverage (excluding LSU) are summarized below:

Age	Retirees	Covered Spouses
Under 40	10	21
40-44	34	57
45-49	201	159
50-54	721	400
55-59	2,475	999
60-64	5,215	1,759
65-69	7,012	2,186
70-74	6,918	2,070
75-79	5,025	1,470
80-84	3,571	861
85 & Over	3,250	384
<b>Total</b>	<b>34,432</b>	<b>10,366</b>

Counts for retirees and spouses with life insurance coverage are summarized below:

Age	Retirees	Covered Spouses
Under 40	5	17
40-44	17	33
45-49	95	100
50-54	352	267
55-59	1,445	653
60-64	3,111	1,179
65-69	4,657	1,673
70-74	5,146	1,748
75-79	3,971	1,415
80-84	3,015	867
85 & Over	2,812	422
<b>Total</b>	<b>24,626</b>	<b>8,374</b>

In force amount (thousands)	\$673,561	\$16,748
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# Health Care Reform

The Patient Protection and Affordable Care Act (PPACA), was signed March 23, 2010, with further changes enacted by the Health Care and Education Affordability Reconciliation Act (HCEARA), signed March 30, 2010. This valuation uses various assumptions that were modified based on considerations under Health Care Reform legislation. This Section discusses particular legislative changes that were reflected in our assumptions. We have not identified any other specific provision of Health Care Reform that would be expected to have a significant impact on the measured obligation.

## **Medicare Part D Subsidy - Shrinking Medicare Prescription Drug “Donut Hole”- Starting 1/1/2011**

The State of Louisiana no longer collects RDS due to the adoption of the EGWP approach for delivery of Medicare Rx benefits.

## **Cadillac Tax (High Cost Plan Excise Tax)**

The Further Consolidated Appropriations Act, 2020 signed by the President on December 20, 2019 repealed the Cadillac Tax, and so it is no longer included in the measurement.

We have not identified any other specific provision of health care reform that would be expected to have a significant impact on the measured obligation. As additional guidance on the legislation is issued, we will continue to monitor any potential impacts.

# Summary of Key Accounting Terms

## **Actuarially determined contribution**

A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

## **Actuarial present value of projected benefit payments**

Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

## **Actuarial valuation**

The determination, as of a point in time (the actuarial valuation date), of the service cost, total OPEB liability, and related actuarial present value of projected benefit payments for OPEB performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.

## **Actuarial valuation date**

The date as of which an actuarial valuation is performed.

## **Ad hoc postemployment benefit changes**

Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.

## **Automatic postemployment benefit changes**

Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the OPEB plan) or to another variable (such as an increase in the consumer price index).

## **Covered-employee payroll**

The payroll of employees that are provided with OPEB through the OPEB plan.

## **Discount rate**

The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:

- a. The actuarial present value of benefit payments projected to be made in future periods in which (1) the amount of the OPEB plan's fiduciary net position is projected (under the requirements of GASB 75) to be greater than the benefit payments that are projected to be made in that period and (2) OPEB plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on OPEB plan investments.

b. The actuarial present value of projected benefit payments not included in (a), calculated using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

For defined benefit OPEB that is provided through an OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75, the discount rate is equal to the municipal bond rate.

### **Entry age actuarial cost method**

A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the Actuarial accrued liability.

### **Healthcare cost trend rates**

The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

### **Inactive employees**

Individuals no longer employed by an employer in the OPEB plan, or the beneficiaries of those individuals. Inactive employees include individuals who have accumulated benefits under the terms of an OPEB plan but are not yet receiving benefit payments and individuals currently receiving benefits.

### **Measurement date**

The date at which the OPEB liability, discount rate, and fiduciary net position are measured.

### **Measurement period**

The period between the prior and the current measurement dates.

### **Net OPEB liability**

The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB 75.

### **Other postemployment benefits (OPEB)**

Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

### **Projected benefit payments**

All benefits (including refunds of employee contributions) estimated to be payable through the OPEB plan (including amounts to be paid by employers or non-employer contributing entities as the benefits come due) to current active and inactive employees as a result of their past service and their expected future service.



**Real rate of return**

The rate of return on an investment after adjustment to eliminate inflation.

**Normal costs**

The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.

**Total OPEB liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 75. The total OPEB liability is the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

