

OREGON PERS

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EMPLOYER NEWS

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Understanding PERS retiree health insurance



In addition to funding your employees' future retirements through contributions, your organization also contributes to the Retirement Health Insurance Account and Retirement Health Insurance Premium Account (RHIA and RHIPA).

These accounts help subsidize health insurance costs for retirees who are eligible for the PERS Health Insurance Program (PHIP).

In this article, we take a closer look at the RHIA and RHIPA programs, including who they are for, what they do, and how they work.

The PERS Health Insurance Program (PHIP)

What is it?	PHIP is an optional health-insurance program for retired Oregon public employees and their eligible family members.
What are the plans?	Retirees can choose from Medicare and non-Medicare insurance coverage provided by several health plans (as of 2022, the plans are Moda Health, Kaiser Permanente, PacificSource, Providence Health Plans, and UnitedHealthcare). Dental insurance is also available (as of 2022, the plans are Kaiser Dental and Delta Dental of Oregon).
Who is eligible?	Tier One, Tier Two, and OPSRP retirees and their spouses and dependents are eligible (OPSRP disability benefit recipients are not eligible until they are an eligible retiree). For complete information, read the Eligibility Requirements section of the PHIP website.
Who pays the premiums?	The retiree pays the monthly premium by automatic deduction from their PERS pension or automatic withdrawal from their bank account.
Exclusions and limitations	All available contracted health and dental plans have some limitations and exclusions. Learn more in the PHIP enrollment guide .

Continued

Retirement Health Insurance Account (RHIA) and Retirement Health Insurance Premium Account (RHIPA)

The RHIA and RHIPA programs offer eligible Tier One/Tier Two retirees a subsidy toward their monthly PHIP premiums. As health care and insurance costs rise, these subsidies provide some relief to retirees who are on a fixed income.

Employers fund the program through their contribution rate. (To read an example of the RHIA/RHIPA section of your statement, go to slide five of the [SB 1049 Changes to Statements presentation](#).)

Eligibility	To be eligible for the RHIA or RHIPA subsidy, the retiree must choose to join PHIP during an eligible enrollment opportunity and meet the eligibility criteria.
Where do employer RHIA/RHIPA payments go?	<p>The dollars that an employer contributes to the RHIA and RHIPA programs are not maintained in an employer-specific contribution account; rather, they are deposited into a trust account held for each program. PERS maintains the RHIA and RHIPA accounts much the same as we do the general PERS pension contribution account.</p> <p>Contributions are saved in these accounts until such time as there is an eligible retiree to draw a subsidy payment. The RHIA and RHIPA subsidy payments are administered by PHIP.</p>

RHIA

What is it?	RHIA provides eligible Tier One or Tier Two retirees a subsidy to offset the cost of PHIP Medicare health insurance. The subsidy for an eligible retiree or their surviving spouse/domestic partner or dependent is \$60 per month.
How is it funded?	Each public employer who is a member of the PERS system helps pay for RHIA. The level of employer contributions is established using the same actuarial assumptions used to determine employer contribution rates to the PERS fund.

RHIPA

What is it?	RHIPA provides eligible Tier One and Tier Two retirees (or their eligible surviving spouse, domestic partner, or dependent) a subsidy to offset the cost of PHIP pre-Medicare health insurance. This subsidy is only available to a Tier One or Tier Two retiree who is a state employee at the time of retirement and is not yet eligible for federal Medicare coverage. The subsidy is automatically applied if a retiree is eligible.
How is it funded?	RHIPA is also funded by employer contributions, which are calculated using the same actuarial assumptions used to determine employer contributions to the PERS fund. The amount of this subsidy is dependent upon the number of years of creditable state service, so it varies.

Continued

Learn more

- [PHIP Employers webpage](#)
- [PHIP 2022 New Enrollment Guide](#)
- [PHIP FAQs](#)
- [PHIP Premium Subsidies](#) (RHIA/RHIPA)
- PHIP definitions and eligibility requirements: Oregon Administrative Rules [459-035-0001](#) and [459-035-0020](#)
- [Guide to Understanding Your Rate](#)

Update on 2021 PERS Fund returns



At the January 31, 2022, PERS Board meeting, PERS actuarial consultants with Milliman updated their projections for future unfunded actuarial liability (UAL) and contribution rates based on the OPERF's full-year 2021 returns.

Their report (slides 223 to 227 in the [board packet](#)) shows 2021 investment returns of 20.05%, resulting in a substantive decrease in PERS' system-wide UAL and a sizeable improvement in funded status. The projected increase to collared base rates will be substantially less than previously expected.

	Actual investment return	Excluding side accounts		Including side accounts		System average collared base rate 2023-25	Increase over 2021-23 rate
		UAL	Funded status	UAL	Funded status		
Advisory valuation	15.39%	\$28.0	71%	\$22.9	76%	27.70%	3.13%
Earnings update	20.05%	\$19.7	80%	\$14.4	85%	25.5%	0.9%

(Amounts in billions)

To provide the data, Milliman used the last completed valuation's data (in this case, 2020). However, member data through 2021 may alter actual 2023-25 results.

What's next

Milliman will present initial system-average valuation results on July 22, 2022, and proposed contribution rates on September 30, 2022.

Learn more

For information on how the new rate collar methodology facilitates UAL reduction, see the article "Improved Financial Modeling Outlook" in the [February 2022 Employer News](#).

Preliminary earnings crediting update

At the January 31, 2022, PERS Board meeting, PERS staff presented preliminary earnings. As a reminder, earnings crediting is an annual process of adding the amount of interest earned (and deducting losses and administrative fees) to the various reserves within the Oregon Public Employees Retirement Fund, based on the accounts' totals on December 31.

Preliminary Earnings Crediting

Fund	Rate
Tier One Member Regular Accounts Reserve and Judges	7.20%
Tier Two Member Regular Accounts	20.19%
Employer Reserves and Benefits in Force	20.19%
OPSRP Pension Plan Member Accounts	20.44%
IAP	16.26%
Employee Pension Stability Account (EPSA) – Tier One/Tier Two	20.19%
EPSA – OPSRP	20.44%
Side accounts (established before 1/1/2021)	20.77%
RHIA	21.02%
RHIPA	18.24%
Standard Retiree Health Insurance Account (SRHIA)*	0.18%
Variable Annuity Account	18.84%

What is the difference between preliminary and final earnings crediting?

Preliminary earnings crediting is presented at the first PERS Board meeting of the year, and it accounts for activity through December 31. Final earnings crediting usually happens at the second board meeting of the year and captures “in-flight” changes that were still processing during preliminary earnings crediting. These changes may affect the final earnings crediting rate. Final earnings crediting will be presented to the board at the March 28th meeting.

*SRHIA covers all administrative services related to the PERS Health Insurance Program that are not specific to RHIA and RHIPA. The administrative activity is funded by member fees and earnings on dollars held by the SRHIA fund, which is invested in the Treasury Short-Term Fund.

Legislative update



The 2022 legislative session began on February 1, 2022. If there is no extension, the session will end by March 7.

This year, the legislature is expecting around 270 bills to be introduced. State agencies cannot introduce bills during this short session. PERS will continue tracking bills that are relevant to both PERS the agency and PERS the plan, and we will attend legislative sessions to answer questions and provide information, as needed.

Senate Bill (SB) 1522

PERS is keeping an eye on SB 1522. This bill includes an amendment that will narrow the fix for charter schools contained in SB 111 (2021). This will ensure that out-of-state salary for charter school employees back to 2003 will only be considered subject salary for those employers who promised PERS benefits to their employees in writing and made contributions on their behalf.

Learn more

To get information about bills, including to search the text of bills, go to the [Oregon Legislature Find a Bill webpage](#). The search bar helps you find bills that may involve your agency or organization.



The image shows a search bar interface. At the top, there is a dark grey header with a magnifying glass icon and the text "Search Bills". Below this is a white search input field with the placeholder text "Search..." and a magnifying glass icon on the right side.